

Quality Assurance Agreement (QAA)
OILES Deutschland GmbH
(hereinafter referred to as OILES)

and

-hereinafter referred to as "the Supplier"-

General Validity:

This QAA regulates the cooperation between OILES and the Supplier to fulfil all quality requirements for processes and products to ensure legal and contractual requirements are met, in particular to safety and the capability for type approval. ISO 9000, ISO 9001, IATF 16949 and TISAX in accordance with VDA-ISA are therefore relevant standards and are component parts of this QAA which apply in their entirety in the version valid at the time of concluding this contract¹. They establish direct mutual contractual obligations. This also applies, including services, to the extent that VDA 6.3 is referred to in this QAA.

As the more specific agreement, the QAA always takes priority over other contractual agreements. Supplementary or deviating agreements between OILES and the Supplier, if specified, are included in Appendix 1 of this QAA. OILES' or the Supplier's General Terms & Conditions do not apply to this QAA. **The Supplier acknowledges that his obligations arising from this QAA also apply to all supply relationships with affiliated companies (§ 15 AktG) [Stock Corporation Act] of OILES.**

¹ We herewith refer to the fact that fulfilling all requirements of ISO 9001:2015 is a statutory part of European type approval legislation (Regulation 371/2010) and is therefore a prerequisite for the declaration of conformity for production in accordance with Article 12 of Directive 2007/46/EC.

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1 Fundamentals

As a manufacturer of safety- and function-relevant products for motor vehicles, OILES and the Supplier, irrespective of their position in the value-added chain, as relevant interested parties² towards customers and users of the end products are legally obliged³ and are jointly obliged in their own interests to prevent foreseeable failures and risks. The principle of error and risk avoidance must be applied to all assessments of impacts of individual processes⁴ and their interaction⁵ on the product and its potential risks.

2 Terminology

All terms in this QAA as well as in other agreed applicable documents have primarily been determined according to the definitions from the sets of rules referred to such as ISO 9000/ISO 9001/IATF 16949 and VDA [*German Association of the Automotive Industry*] standards in the currently valid versions.

Codes/rules and regulations recognized and commonly used in the global automotive industry, especially for the quality management system (IATF 16949 - 3.1), are to be applied to the processes of product realization, testing, measurement and risk analysis e.g. IATF 16949, APQP, PPAP, VDA 4 Process Safety (FMEA), VDA 6.3, ISO 26262, TISAX (VDA-ISA). These shall be used primarily for the interpretation and application of this QAA.

Standards (e.g., DIN, ISO, SAE etc.) from recognized national and international standards organizations represent minimum standards. These cannot be used as state of the art of science and technology or as recognised rules of technology. These would never replace the need for precise technical specifications.

Harmonised standards (EN standards) are European standards which form the presumption of conformity with European legislation. These are always binding as a normative component of type approval law. Test certificates issued by the Supplier according to harmonized standards (e.g., acceptance test certificates according to EN 10204 - 3.1) are accepted by OILES for the purposes of declarations of conformity.

Product safety (IATF 16949 - 4.4.1.1) is the legal requirement for the safety of products. Particularly, Directive 2001/95/EC⁶, the Product Safety Act and EU Regulation 661/2009⁷ with

² ISO 9001 - 4.2

³ ISO 9000 - 2.3.4.4

⁴ VDA 6.3 - 2.4

⁵ ISO 9000 - 2.2.2; ISO 9001 - 4.4.1

⁶ Regulation (EC) 661/2009 of 13.07.2009 concerning type-approval requirements for the general safety of motor vehicles, their trailers and systems, components and separate technical units intended therefor, Official Journal of the European Union of 31.07.2009 L 22/1

⁷ Official Journal of the European Union of 31.07.2009 L 200/1

the respective amendments or new regulations apply. Deviations from legal requirements are not at the disposal of the contractual partners of this QAA. Applying safety regulations according to legal systems outside the European Union and the EEA (European Economic Area) requires special agreement.

Customer-related processes (ISO 9001 - 8.2 and IATF 16949 - 8.2.3.) cover all communications between OILES and the Supplier to ensure specification and compliance with the agreed provisions. All communication processes include the obligation to provide all essential information to the other contractual partner even without request (obligation to deliver) and to retrieve all the information required to perform the services due (obligation to collect).

Quality ability is the Supplier's ability to fulfil and provide evidence of agreed, presumed or customary quality requirements for products and production processes at each stage of the concretisation of a product. Validation of the quality ability for releasing the Supplier for series delivery is conditional on successful sampling according to VDA 2 (PPF) or QS 9000 (PPAP)⁸.

Sampling Sampling provides the supplier with a proof that it has fulfilled the agreed quality requirements of a respective product. Proof is provided by submitting the agreed verification documents, e.g. according to VDA 2 (PPF) or (PPAP) according to IATF.

Process parameters are variables which influence the process and are used for controlling and regulating processes.

3 Basics, Obligation to Participate, to Provide Information

3.1

The basis of the cooperation with OILES according to this QAA is the sustainable, comprehensive quality ability of the Supplier based on his professional competence. The Supplier shall provide a valid certificate of its quality management system (QMS) in accordance with ISO 9001 as amended throughout the entire supply relationship⁹. A QMS in accordance with ISO 9001 can only be accepted as a minimum requirement and as a step towards further development of the quality management system. In any case, the Supplier, together with OILES, must comply with the requirements of OILES' customers, particularly IATF 16949. Any further contractual or statutory provisions shall remain unaffected. The QMS must be documented¹⁰ and recorded. OILES must be notified immediately in writing of any loss or restriction of the certificate. If the Supplier is not certified, the effectiveness of the processes of its QMS must be proven in accordance with ISO 9001.

⁸ VDA 6.3 - P5.6.7 and P6.1

⁹ ISO 9001 - 4.4.1

¹⁰ IATF 16949 - 7.5.1.1

3.2

The Supplier is also responsible for ensuring compliance with statutory product safety¹¹. Not achieving the Supplier's relevant obligations to participate and communicate is a breach of the obligation to reduce failures which is always an independent breach of duty of this QAA.

3.3

The Supplier shall fulfil additional OILES customers' requirements of its QMS (Customer Specific Requirements), which become a constituent part of this QAA upon notification by OILES.

3.4

The short-term processing ability and provisional processing ability C_{mk} / C_{pk} must always achieve a value of > 1.67 . For long-term processing ability, a level of at least $C_{pk} > 1.33$ ¹² must be maintained. OILES is entitled to demand higher processing ability requirements in individual cases.

3.5

Unless otherwise agreed, the provisions of ISO 9001 - 8.5.1¹³ shall apply to the control of production and the provision of services.

3.6

Quality and processing data must be recorded by the Supplier¹⁴ and must be able to be evaluated. They must be presented to OILES at any time on request. The Supplier is not entitled to refuse performance.

4 Coordinators

4.1

OILES and the Supplier must appoint a Coordinator for each product to be supplied: Coordinators are responsible process owners in terms of IATF 16949 - 5.1.1.3. Naming a coordinator multiple times for several products is permitted. The Coordinators are responsible for all measures and determinations according to this QAA. They define the quality plans, verification documents, including storage¹⁵ as well as the interfaces for all related services, measurements and tests or inspections.

4.2

The Coordinator must be responsible for quality according to IATF 16949 - 5.3 and of that of a

¹¹ IATF 16949 - 4.4.1.2 und IATF 16949 - 6.1.2.1

¹² VDA 6.3 - P6.4.1

¹³ "Management of production and services."

¹⁴ VDA 6.3 - P6.5.2

¹⁵ IATF 16949 - 7.5.3.2

Customer Representative according to IATF 16949 - 5.3.2. He must have the required level of objective staffing resources at his disposal in a multidisciplinary¹⁶ manner.

4.3

The Supplier shall appoint a Product Safety / Product Liability Representative, with the role of unconditionally eliminating safety-relevant failures, errors and incidents of any kind. The Supplier shall designate a Product Safety Representative (PSR) in writing to the following office:

OILES

Corporate Quality Management

Supplier Management

E-mail: ...

The Supplier shall submit a valid PSR Certificate to OILES as proof without being asked.

Unless otherwise agreed, a Coordinator shall have a role of a Product Safety Representative¹⁷ and shall be named by OILES in this capacity to OILES' customers.

5 Product Requirements Document, Functional Specifications Document

The requirements for the product which must be developed, manufactured or supplied by the Supplier must be defined by the Coordinators with appropriate application of Section IATF 16949 - 8.2 (Requirements for Products and Services) by OILES and the Supplier. As a rule, the basis for this is a Product Requirements Document drawn up by OILES in accordance with OILES' customers' requirements or the Product Requirements Document of OILES' customer, which the Supplier converts into a Functional Specifications Document with its evaluation of producibility and feasibility¹⁸ in agreement with OILES.

6 Responsibility Matrix, Maturity Level Assurance, Functional Safety

6.1

OILES and the Supplier must define their interface responsibilities for all components, including the measuring procedure and measuring methods as well as the testing and measuring equipment, in a Responsibility Matrix as per agreement and if required.

6.2

All determinations and results including test equipment, from the application of the responsibil-

¹⁶ IATF 16949 - 3.1

¹⁷ IATF 16949 - 5.3.1 ff.

¹⁸ IATF 16949 - 7.1.3.1; IATF 16949 - 8.2.3.1.3

ity matrix, including the agreed changes during the ongoing project development must be documented / recorded by the Coordinators. This also includes all measures to exclude interference causing failures and errors and recording the effectiveness of the exclusion in a reproducible manner.

6.3

The Responsibility Matrix is used as part of the Project Management Plan¹⁹ to determine milestones (for orientation: VDA volume "Maturity Level Assurance for New Parts"). It must be adapted and updated by the Coordinators in mutual agreement according to the progress of the project or at the request of the OILES' customer.

6.4

The processes to be defined by Coordinators in accordance with ISO 26262 apply to the Responsibility Matrix for Supplier products with relevance to the functional safety of vehicles. The result of confirmation measures (audit, review, assessment including their work products) must be recorded and documented by the Coordinators. ISO 26262, Chapter 8:14 (proven-in-use argument) applies to carry-over components. Unless otherwise agreed, the Supplier's Coordinator shall assume the role of the Functional Safety Manager according to ISO 26262. If agreements with OILES' customer are required, based on Development Interface Agreement (DIA) in accordance with ISO 26262, the Supplier must participate in the DIA on request by OILES.

Information: *Functional safety according to ISO 26262 is addressed for all products with electrical and/or electronic components which may have a direct or indirect influence on control systems in the vehicle. Experiences from the respective products must be introduced here.*

7 Field Failure Analysis

If requested by OILES, the Supplier shall, in agreement with OILES, carry out the Field Failure Analysis in accordance with the VDA volume "Field Failure Analysis" valid at the time of concluding the contract, if this is required by contract or in accordance with the VDA 6.3. The assessment shall be carried out in accordance with the VDA "Field Failure Analysis" audit standard.

¹⁹ VDA 6.3 - P2

8 Development

8.1

Unless otherwise agreed, the requirements²⁰ and processes according to ISO 9001 8.3/IATF 16949 - 8.3 apply to development services. These record all inputs²¹ in a product development plan, process steps, milestones (maturity level assurance including failure analysis according to Section 7) and measures according to APQP including inspection planning, test equipment planning and risk analysis²². Special characteristics²³ with reference to the product and the production process must also be determined by the Supplier as part of the presentation of development results²⁴, irrespective of OILES' regulations. These, together with the Part Submission Warrant (PSW) or an equivalent Supplier declaration, complete/conclude as confirmation of the series production capability of the product (particularly function, reliability, safety, VDA 6.3 - P.3.3; P4.1). The handover from development process to production is determined²⁵ by the Coordinators.

8.2

The determination concerning the Responsibility Matrix (Section 6) and the Maturity Level Assurance apply for development accordingly²⁶.

9 Prototypes

Insofar as development and/or production of prototypes is agreed, OILES and the Supplier must conclude special agreements in accordance with IATF 16949 - 8.3.4.3.

10 Initial Sample Test Report (ISTR)

10.1

Unless otherwise agreed, initial sampling shall be carried out based on the Functional Specifications Document (Item 5) in accordance with version of VDA 2 (PPF) as amended at the time the contract was concluded. The production process and product approval must be completed after OILES has approved the Initial Sample Test Report (ISTR). The ISTR determines the agreed quality of the product to be delivered. At the request of OILES,

²⁰ Including the statutory requirements for the product and the requirements of the country of destination provided these have been specified by OILES

²¹ IATF 16949 - 8.3.3.1

²² VDA 6.3 - P32.4

²³ IATF 16949 - 8.3.3.3

²⁴ IATF 16949 - 8.3.5.2

²⁵ VDA 6.3 - P4.8

²⁶ IATF 16949 - 8.3.3.1. lit. c

reference or limiting samples including associated documentation must be stored/deposited with OILES and/or provided to OILES' customer.

10.2

If OILES is required by one of its customers to carry out initial sampling in accordance with IATF (PPAP), the Supplier is obliged to cooperate accordingly. The Part Submission Warrant (PSW) is the Supplier's binding and independent declaration of fulfillment of all IATF (PPAP) conditions according to the agreed submission stage.

10.3

For all changes to products or production processes, the Supplier shall carry out new initial sampling of the product in accordance with the triggering criteria of VDA 2 (PPF), at the request of OILES.

10.4

All measuring equipment used in connection with initial sampling must be listed in the Initial Sample Test Report, together with the measuring equipment manufacturer's declaration of conformity.

10.5 Requalification

The CONTRACTOR is obliged to carry out an annual requalification test after the initial sample release without incurring any costs. This includes a complete dimensional and functional test in accordance with the specification of the product to be delivered.

The results must be documented in writing and the complete documentation must be handed over within 24 hours as per CUSTOMER's request. The evaluation of the functional test shall be carried out in consultation with OILES.

The type, scope and documentation of the requalification test must be recorded in the production control plan.

11 Change Management, Component History

11.1

Any intended change²⁷ to the product or to production process by the Supplier or one of its sub-suppliers is subject to change management²⁸ agreed by the Coordinators. OILES must be informed of this immediately, and in all details to such an extent that OILES and OILES'

²⁷ ISO 9001 - 8.2.4/IATF 16949 - 8.5.6

²⁸ VDA 6.3 - P2.5 and P6.1.5

customer can assess the effect of the intended change on the product to be manufactured by OILES or its application by OILES customer. The Supplier is not entitled to make such assessment. IATF 16949 - 8.5.6.1.1 applies for temporary changes. At the request of OILES, the Supplier must carry out new sampling, FMEA's or other tests and must provide²⁹ full evidence thereof. OILES' approval/consent does not affect the Supplier's sole responsibility. Until OILES has decided on a change, the Supplier must apply³⁰ for a special release or deviation approval in individual cases.

11.2

If OILES requests changes, then the Supplier must carry out with these changes. The Supplier can make the implementation of the changes without being dependent on the cost regulation.

11.3

Each joint determination, particularly the current status of revisions of drawings and index³¹ shall be recorded by the Coordinators in parts history for the components (VDA 2 (PPF) Table 1 No. 19) and mutually confirmed in writing. The format of the parts history and the type of communication between OILES and the Supplier shall be agreed. In every phase of product realization, the parts history is the document controlled by the Coordinators which determines the final status of the agreement between OILES and the Supplier. The accuracy of the parts history can only be refuted or disproven by proof of falsification.

12 Releases

12.1

Releases by OILES require fulfilment of all agreements made with documentary proof from the Supplier as a prerequisite. OILES relies on the Supplier's particular expertise on the product to be delivered and OILES bases the correctness and completeness of all details from the Supplier on the integrity of its declarations. A release by OILES therefore in no cases constitutes the legal transaction of a consent, approval or acceptance by OILES. It does not limit the comprehensive responsibility of the Supplier for its declarations and the trust placed therein.

12.2

The provisions of IATF 16949 - 8.6.1 shall apply to Supplier's releases. At the request of OILES, the Supplier must provide OILES documented information or grant access to inspect such information, while maintaining its legitimate confidentiality interests.

²⁹ VDA 6.3 - P6.1.5

³⁰ IATF 16949 - 8.7.1.1

³¹ VDA 6.3 - P6.1.5

13 Supplier Management, Incoming Goods Inspections

13.1

The Supplier may only use sub-suppliers who have sufficient ability to provide quality according to the conditions imposed and according to this QAA. The Supplier shall monitor sub-suppliers in accordance with IATF 16949 - 8.4.1 and IATF 16949 - 8.4.2.4; IATF 16949 - 8.6.4. The Supplier shall apply this QAA accordingly in its supplier management. At the request of OILES, the Supplier must provide evidence of the corresponding application of the sub-supplier. The Supplier must notify OILES immediately of any planned changes by or to sub-suppliers and must obtain OILES' approval.

13.2

Irrespective of this, the Supplier shall endeavour to ensure that OILES can audit a sub-supplier in accordance with this QAA. If the sub-supplier declines to do this, OILES may demand the Supplier to immediately cease purchasing products or services for OILES products from this source or to carry out and provide documentary evidence of a 100 % inspection of all products supplied by this Supplier.

13.3

To ensure the quality of procured products, the Supplier must monitor the scope of procurement and perform and document incoming goods inspections³². The incoming goods inspection methods shall be determined³³ in agreement with OILES (e.g., applying statistical methods according to IATF 16949 - 9.1.1.2) on a product-specific basis according to the functional and safety relevance of the purchased parts and its suitability for the Supplier's product. Special characteristics must be verified separately. They must be included in the production control plan, including the response plan.

13.4

Sub-supplier's inspection certificates according to DIN EN 10204 are regarded as Supplier inspection certificates. The Supplier must ensure through a documented process that only defect-free purchased products can enter the further production process³⁴.

14 Suppliers of Directed Parts

14.1

If the Supplier is a Supplier designated by OILES' customer (Directed Parts Supplier), this QAA shall be regarded as an independent quality framework agreement with OILES. The

³² VDA 6.3 - P5.5

³³ ISO 9001 - 8.4.2 lit. c

³⁴ VDA 6.3 - P5.1

product responsibility which the Directed Parts Supplier has assumed towards the joint customer (particularly quality, warranty or guarantee and liability) shall apply with the effect of a contract with protective effect in favour of OILES. The provisions of IATF 16949 - 8.4.1.3 are directly applicable³⁵.

14.2

Directed Parts Suppliers shall ensure that the products to be delivered to OILES correspond to the latest status of sample approved by the joint customer. They shall provide OILES with all information and technical data required for using their products and, in their view, required for validation by OILES, under their own responsibility for completeness, to ensure failures and errors are prevented in the product which will be manufactured by OILES. They must notify OILES immediately of any change agreed with the joint customer. The same applies if the Directed Parts Suppliers themselves or the joint customer have doubts about the agreements or technical specifications made to date.

15 Failure Mode and Effects Analysis (FMEA)

To prevent safety-relevant quality losses from occurring during series production and to limit the required testing expenditure in economic terms, completing an analysis of potential defects and its consequences is required. Appropriate precautions must be taken to safeguard the process if weak points are identified. The FMEA must be carried out and evaluated in accordance with the AIAG & VDA FMEA-Handbook.

The Supplier must grant access to the FMEA at any time upon request.

16 Special Characteristics, Product Characteristics

16.1

Special characteristics are product characteristics or production process parameters that may have an impact on safety or regulatory compliance, fit, function, performance or further processing of the product ³⁶. Special characteristics must be marked in drawings and documents in accordance with OILES' specifications.

16.2

The mechanical capability tests for special characteristics must be demonstrated in agreement

³⁵ VDA 6.3 - P2.5 and P3.1

³⁶ IATF 16949 - 3.1.; VDA 6.3 - P6.2.3

with OILES for all special characteristics ³⁷. A process FMEA must always be verified for special characteristics. OILES' may also request a system FMEA.

16.3

Special characteristics must be specially identified in the control plan and must be systematically monitored (SPC). OILES must be informed immediately of any deviation and the corrective action taken.

16.4

The Supplier must determine and continuously demonstrate the process capability for special characteristics and characteristics specified by OILES. If evidence for the capability of a characteristic cannot be provided, the Supplier is obliged to carry out a 100% inspection. OILES may demand higher proof of capability for special characteristics, in reference to Clause 3.4.

16.5

The Supplier is responsible for checking whether additional characteristics need to be defined in individual cases, to ensure product safety and the failure-free condition of a product during verification and validation and failure-free status of the production process.

16.6

The monitoring product and production process parameters for special characteristics and all quality records shall be stored by the Supplier for a period of 15 years on suitable data carriers or data systems. Upon request, the Supplier shall make this data available within 48 hours, in particular cases of recalls, servicing actions or product liability. The Supplier's right to refuse performance is excluded.

16.7

If, for example, the Supplier is unable to maintain or ensure the legibility of data files and their storage, due to closure/cessation of business operation, the data files must be transferred to OILES or to a third party designated by OILES at the request of OILES. Any outsourcing of data stocks to third parties or to Cloud requires the express consent of OILES.

17 Production Control Plan

17.1

Without prejudice to individual agreements between OILES and the Supplier, the provisions of IATF 16949 - 8.5.1.1 shall apply to the production control plan. Unless otherwise agreed, the production control plan must contain at least the elements according to IATF 16949 - A.2.

³⁷ VDA 6.3 - P8

17.2

The production control plan shall specify recording and documentation of all production process parameters that are suitable for providing proof of a trouble-free production process in the Supplier's business³⁸. The testing and measuring equipment used by the Supplier must be suitable for the intended purpose and must be listed³⁹ in the production control plan. The Supplier must make this documentation available to OILES immediately upon request as evidence to the authorities (e.g., within the framework of proof of conformity with production in accordance with Article 12 of Directive 2007/46/EC, Annex X) or for the preservation of evidence. The Supplier is not entitled to refuse performance.

17.3

The production control plan must describe all verification processes of the procured products which demonstrate compliance of these products with the agreed quality. The test methods must be agreed with OILES.

17.4

Special characteristics must be designated as such in the production control plan. The Coordinators between OILES and the Supplier must determine in the control plan how to ensure compliance with the requirements of the special characteristics, including measurement and testing⁴⁰ equipment and the methods and procedures for providing records and documentation.

18 Production Equipment, Tools

18.1

OILES customers' production equipment (e.g., tools, devices, test equipment) must be marked using a classification specified by OILES. The production resources must be fully integrated into Supplier's maintenance activity. Further details must be regulated by a tool transfer agreement at the request of OILES.

The Supplier is committed to document and monitor all production equipment and tools provided by OILES in detail by means of component lists / part lists and images.

18.2

OILES reserves the right to make provisions for tool management, for example in accordance with VDA 6.1 - 14.4, tool capability requirements as well as maintenance cycles, etc.

³⁸ VDA 6.3 - P6.2.1

³⁹ VDA 6.3 - P6.4.2

⁴⁰ VDA 6.3 - P6.2.3

19 Measuring Equipment, Test Equipment Capability

19.1

The Supplier must ensure and document that only measuring equipment complying with the statutory provisions of the German Metrology Act is used. The Supplier must provide evidence of the declaration of conformity issued by the manufacturer for the measuring instrument for each measuring instrument used and guarantee the measurement stability of the measuring instrument used. For measuring equipment for products in the automotive industry, a DAkkS-accredited calibration shall be verified in accordance with the requirements of IATF 16949. OILES must be notified immediately of any change to or deviation from the measuring equipment used and these may only be used to monitor measurement inaccuracies with the consent of OILES.

19.2

The Supplier is obliged to conduct ongoing tests of test equipment's capability. The Supplier must describe the processes required for this test and document and record completion thereof in an inspection schedule which conforms with the QM plan, according to defined inspection instructions for evidentiary proof of test equipment capability. DIN EN ISO 10012 applies.

20 PPM Agreement (Target Agreement)

Through consistent and logical advance quality planning and monitoring series production with a focus on failure prevention and continuous improvement, the Supplier commits itself to the strategic quality goal of zero defects in a "Zero Defect Strategy".

OILES regularly carries out a supplier evaluation of the quality provided by the supplier. The assessment is based on the product quality defect rate according to the PPM calculation formula and classification of the Supplier:

- | | |
|--------------|--------------------|
| • A-Supplier | 0-100 Ppm |
| • B-Supplier | 101-1300 Ppm |
| • C-Supplier | 1301 Ppm and above |

Deviations from this require a written agreement in a product-specific quality assurance agreement. This does not affect the Supplier's obligation to make a zero-defect delivery.

Insofar as separate Ppm agreements have been concluded with the Supplier, these should be considered, particularly in production process-related fluctuations within the framework of agreed targets. These determine intervention limits and inspection scopes. These do not entitle the Supplier to deliver defective products.

21 IMDS

All material data must be entered in the IMDS (International Material Data System) at the request of OILES. The data must comply with the applicable specifications and the current REACH requirements. These may not be altered without OILES' consent.

22 Safety Data Sheets

22.1

The Supplier must provide product-specific safety data sheets at OILES' request. The safety data sheets must contain all national and European Union legal information and evidence to ensure authorised use and safe handling by OILES and/or third parties.

22.2

The Supplier must provide OILES with all instructions and information necessary for safe handling of the product of OILES and its customers, particularly handling, installation and transportation or protection against influences from EMC (electromagnetic compatibility), EDS (electrostatic discharge) etc., based on its own expertise.

23 Contingency Plans

The Supplier shall provide OILES with evidence of the existence of contingency at least to the extent specified in IATF 16949 - 6.1.2.3, which ensure product safety and the supply of contractual products to OILES⁴¹.

Effectiveness reviews of the contingency plans are carried out regularly by the Supplier, particularly cyber attacks on Information Technology systems (IT systems). In the event of the cyber attack, the Supplier shall inform OILES immediately.

24 Escalation Process, Supplier Evaluation

If the Supplier has problems guaranteeing the assured quality (e.g., critical defects, so-called "yard holds" and delivery stops at the customer's premises, notifications from customers about a special customer status (supplier classification) due to quality or delivery problems caused by the Supplier, warranty cases, actions in the field and recall actions, persistently poor quality performance), OILES reserves the right to accept the Supplier into the program "critical suppliers". This program comprises the following four escalation levels, into which the Supplier is classified by OILES:

⁴¹ VDA 6.3 - P3.4

Level 0: "Supplier is conspicuous"

Level 1: "Supplier causes major problems"

Level 2: "Supplier is critical – status "new business on hold"

Level 3: "Supplier is not suitable for OILES – status "business on hold".

Depending on the level, OILES may demand quality improvement measures from the Supplier at the Supplier's expense and carried out at the Supplier's premises. Measures and exit criteria for de-escalation are defined in a so-called Level sheet and are agreed with Suppliers.

De-escalation takes place once the exit criteria have been fulfilled and OILES has verified implementation of the corrective measures at the Supplier's site.

OILES reserves the right to issue guidelines for supplier evaluation (see Section 20).

25 Auditing

25.1

OILES is entitled to audit the Supplier itself at any time, or have it audited by quality auditors (DIN EN ISO 19011) following advance written notification. OILES shall inform the Supplier on the reason of the audit, the type of audit and the scope of the audit. If the tasks have not been delegated to the Coordinator, the Supplier must nominate a person responsible for the preparation and implementation of the audit, who shall be present throughout the audit and during the subsequent coordination meeting. The responsible person shall represent the Supplier in the audit and shall provide the Supplier with all necessary authority to do so.

25.2

The Supplier must allow the audit to take place immediately if there is reason to believe that the overall degree of fulfilment could fall below ≤ 90 or that the degree of fulfilment of a process element VDA 6.3 (2016) - P2-P7 or a process step E_1-E_n could be rated < 80 .

25.3

After each audit, the effects of the audit results and the resulting measures to be implemented by the Supplier within a reasonable period (stated by OILES) shall be determined by OILES during the meeting. On request, the Supplier must provide OILES with the appropriate proof and evidence of the implementation and effectiveness of corrective measures.

25.4

OILES may also request information, quality records and other documentation on the product and/or production processes at any time outside the scope of an audit, which may be the subject of an audit. The Supplier is not entitled to refuse performance in this respect.

26 Monitoring and Control of Defective Products

Products suspected of being defective or not classified must be kept in a storage area for blocked stock⁴². The storage area for blocked stock must be organised in such a way that removal from the storage area for blocked stock for other purposes is excluded. Any after-processing of blocked products requires the consent of OILES. Blocked products must be scrapped, if OILES request this. These should not be used for any other purpose, i.e. as spares or replacement parts on the black market. The control of blocked products must be documented by the Supplier. The documentation shall be kept for a period of 15 years and handed over to OILES upon request.

27 Claim Management

27.1

The Supplier must set up and maintain a claim management system. The supplier shall appoint an employee who is responsible and accountable for all OILES' claims. If an employee is not appointed, the Coordinator will be deemed responsible and accountable for this. Within the framework of the Supplier's claims organisation, it must be ensured that all product and production process parameters are available immediately to be able to determine a risk period and to guarantee rapid complaint processing, so that OILES can fulfil its own obligations of supplementary performance towards OILES customers. The Supplier's right to refuse performance is excluded.

27.2

Unless otherwise agreed or requested by OILES, the Supplier shall immediately prepare and process an 8D report for each claim. OILES expects feedback from the Supplier within 48 hours based on a 3D report. The 8D Report must be signed by the person responsible for the claim and a competent employee in accordance with the "four eyes" principle (requiring a witness).

28 Traceability

28.1

Ensuring traceability⁴³ serves to isolate faulty or defective products in or from the value chain or in the field and to limit damages. The labelling of products and the methods of identification shall be defined with OILES in such a way that a "dirt point" and a "clean point" of the products

⁴² IATF 16949 - 8.7.1.2; VDA 6.3 - P6.2.4 and P6.2.5

⁴³ VDA 6.3 - P6.1.4; IATF 16949 - 8.5.2

supplied can be determined. Traceability includes the availability of the production process parameters of the process-accompanying tests to be assigned to the products in the entire manufacturing process (e.g., temperature, pressure, current, etc.) as well as the flow chart of the internal processes.

28.2

OILES reserves the right to set guidelines to ensure traceability according to the requirements of OILES' customers and will coordinate the implementation with the Supplier.

29 Warranty and Guarantee

Within the scope of the warranty, the Supplier shall also be liable for damages incurred due to claims by third parties (customers) to OILES, insofar as the cause of the defect is the fault of the Supplier.

This includes costs which OILES must bear towards its customer due to complaints of defective parts from the Supplier (including incidental warranty costs).

OILES and the customer shall initially bear the costs incurred themselves. The determination of the respective shares for assuming the costs depends on the system of the technical factor, if specified.

The procedure for forming the technical factor is as follows:

Rejected parts are collected over a defined period. Afterwards, the rejected parts are examined and analysed with the participation of OILES' customer, if applicable.

After settlement between OILES and the customer according to the technical factor, the extent to which the Supplier is responsible for OILES for the costs resulting from the settlement must be determined.

From this amount, all costs incurred by OILES on these defective parts are to be compensated by the Supplier to OILES or settled by the Supplier with OILES to this extent. This also applies to costs for the procurement of the components damaged in the field and expenses for analysing components damaged in the field by OILES. Settlement payments are always based on the causative side.

In general, suitable corrective and preventive measures must be introduced for optimisation, with the aim of avoiding field damaged components.

30 IT Security

30.1

The Supplier shall maintain an information security management system based on DIN/ISO IEC 27001 in the version applicable in each case and must organise infrastructure measures (ISO 9001 - 7.1.3. lit. d) in such a way that security-relevant incidents are identified. Without prejudice to statutory regulations, the Supplier must document every security-relevant incident (e.g. cyber-attacks, hacker attacks, Trojan horses, viruses, spying on domestic or foreign services or organisations, etc.) in the IT system and must store it there for ten years. The Supplier must report any internal or external security incident to OILES immediately on any security-relevant internal or external incident. OILES and the Supplier shall evaluate the possible effects of such incidents together on the protection of trade secrets, confidentiality obligations towards third parties and information security and shall define corrective measures. If effective corrective measures cannot be taken securely, OILES is entitled to terminate electronic business transactions with the Supplier.

30.2

OILES is entitled to audit the effectiveness of IT security measures taken by the Supplier or to have them audited by a third party committed to confidentiality. OILES may require the Supplier to adjust its IT management, if OILES is required by customers or authorities. The obligations to provide information and to participate in accordance with § 8a ff of the Act to Increase the Security of Information Technology Systems (IT Security Act of 24.07.2015, Federal Law Gazette I, page 1324) exist directly as contractual obligations between OILES and the Supplier. At the request of OILES, the Supplier must submit the VDA questionnaire for IT assessment.

30.3

Non-compliance with the provision on IT security is always a violation of the confidentiality agreements and an independent breach of duty in accordance with § 280 paragraph 1 BGB [Civil Code].

30.4

Storage on an external server (cloud, etc.) is only permitted with the consent of OILES. The Supplier guarantees that OILES will be assured access to an external server. The documents and information must be surrendered to OILES without delay upon request, to defend against warranty or product liability claims. The Supplier is not entitled to refuse performance.

30.5

The Supplier is obliged to maintain an IT contingency plan and to regularly train its employees on data protection.

31 Duration and Termination

31.1

This QAA has been concluded for an indefinite period. It may be terminated by OILES and the Supplier with a notice period of 12 months. Termination shall not affect the continued validity of this QAA for the duration of the Supplier's delivery obligations existing beyond the end of the notice period or established up to the termination of the Supplier's delivery obligations founded in the QAA.

31.2

In any case of termination of the QAA, the obligations of confidentiality, documentation, disclosure of information and documents as well as IT security remain in force.

32 General Information

32.1

This QAA is subject to German law. The exclusive place of jurisdiction shall be the regional court responsible for the registered offices of OILES. This also applies to legal disputes between overseas (*foreign*) affiliated OILES' companies and those of the supplier.

32.2

Amendments, supplements, termination or cancellation of this QAA must be made in writing and signed by authorized representatives of OILES and the Supplier.

32.3

Should any provision of this QAA be or become invalid, the remaining provisions remain unaffected. In the event of the invalidity of a provision, OILES and the Supplier shall agree on a valid provision that comes closest to the original provision legally, economically and technically.

32.4

It is agreed that this QAA has been negotiated and concluded as an individual agreement, particularly the joint responsibility for failure prevention throughout the entire supply chain.

Translation only. For means of interpretation the German version is binding.

Butzbach, on

_____, on the _____

OILES Deutschland GmbH

Supplier



Stamp



Stamp