# Quality Assurance Agreement

between

Selectrona GmbH
Industriering 19 + 21; 01744 Dippoldiswalde/ Reinholdshain
Register court Dresden, register number HRB 6208, UST-ID-Nr. DE 140 462 801

Selecrona s.r.o.
Teplická 440; CZ 41723 Košťany
District court Ústí nad Labem, reference number: C 33093 UST-ID-Nr. CZ 018 651 96

represented by Herbert Bender, CEO
- hereinafter referred to as Selectrona -

and

_____
_____
_____

represented by _____
- hereinafter referred to as supplier –

- jointly hereinafter referred to as the parties -

**Preamble**

This agreement is intended to guarantee quality and traceability of all products supplied to Selectrona by the supplier. It amends Selectrona's General Terms and Conditions of Purchase. Should this agreement include further regulations or should it be inconsistent with the General Terms and Conditions of Purchase, it shall override them.

## 1. General Agreement

### 1.1. Scope of Applicability

This agreement applies to all previous and future purchase agreements concluded by the parties. In order to meet special requirements, specific regulations may be amended to this Quality Assurance Agreement

### 1.2. Quality and Environmental Management System

The supplier undertakes to apply permanently a quality management system acc. to ISO 9001 in its respectively applicable version in its respectively applicable version as well as to improve continually its performance with the objective to enhance his quality management system to make it comply with ISO/ TS 16949 in its respectively applicable version.

The supplier undertakes to implement the environmental concept and cares to use environmentally compatible products, materials and production processes in accordance with the applicable standards and statutory regulations.

For this, he will introduce and maintain an environmental management system in accordance with ISO 14001 within the near future. Selectrona reserves the right to carry out an environmental audit at the supplier's premises.

The supplier commits to achieving a zero defect rate. The supplier needs to optimize continually its performance in that respect.
If individual project-specific quality agreements are concluded, these are only intermediate steps.

This shall not release the supplier from supplying faultless products. If an error is detected, the supplier draws up a plan of action within 14 days with which the target state can be achieved again.

To the extent that Selectrona makes available to the supplier means of production or testing, especially means and facilities within the scope of obtaining deliveries in particular, the supplier must make such means part of his quality.

The supplier undertakes to appoint a product safety officer to Selectrona. This must be communicated to Selectrona with its contact details (name, telephone number, email address).

Legal and official requirements for the products delivered to Selectrona in the exporting country, the importing country and the destination countries named by Selectrona must be met and documented by the supplier.

### 1.3. Quality Management System of the Sub-suppliers

The supplier shall oblige his sub-suppliers to comply with all duties as assumed by this Agreement and warrants their observance by its sub-suppliers.
Selectrona may require the supplier to produce documented proof that the supplier has assured himself of the effectiveness of his sub-supplier's quality management system.

### 1.4. Audit

Selectrona is entitled, if necessary accompanied by his customer, to establish by way of an audit whether the supplier warrants Selectrona's quality management requirements. Such audit may be performed as either a system audit or a process audit. For such purpose, the supplier will grant the Selectrona Company appropriate access to its operational sites subject to prior arrangement of an appointment and make available a qualified expert for support during such inspection. During such audit, the supplier will accept restrictions for securing its operational secrets.

Prior to such auditing, the supplier will be informed of the basis of the audit.
If quality problems occur, the supplier shall also accept short-term audits (within 24 hours).

If quality problems occur caused by upstream products or parts which the supplier had obtained from his sub-suppliers, the supplier shall be obliged, upon the request, to agree to an audit by Selectrona at the sub-suppliers facilities and, if necessary, to give to Selectrona's customers or their customers. The supplier shall be obliged to facilitate such an audit at the sub-suppliers premises, if necessary by contractual agreement with him. However, this shall not relieve the supplier from his liability for the sub-supplier towards Selectrona. If the supplier or sub-supplier has justified objections to the participation of Selectrona's or his customer's participation, the supplier can have the audit carried out at his own expense by a neutral office that represents the interests of Selectrona's or his customers' interests.

The result of the audit at the supplier's premises or any of his sub-suppliers, respectively, will be communicated to him. If deviations are identified, the supplier shall undertake with no delay to draw up an orchestrated action plan with deadlines in place and implement it in due time on, on own costs and to inform Selectrona.
The supplier carries out regular self-audits according to VDA 6.3 and CQI, insofar as this is applicable.

### 1.5. Documentation, Information

#### 1.5.1. Terms of Archiving

All relevant documents are to be archived for a period of 15 years after finalizing production and, if applicable, after issuance of a release for scrapping the tool. Records are to be made available to Selectrona on their request, after one day at the latest. All terms of retention/safekeeping must meet above requirements and all statutory provisions. If necessary, project-specific agreements may be concluded.

#### 1.5.2. Duty of Information if Deviations occur

If it becomes obvious that concluded agreements (e.g., on quality features, deadlines, delivery volumes) cannot be met, the supplier shall be obliged to inform Selectrona of such circumstance, without any delay and in writing. In the interest of quickly finding a solution, the supplier shall be obliged to disclose all data and facts.

#### 1.5.3. Duty of Feasibility

Any offer or quote submitted to Selectrona by the supplier shall be accompanied by a feasibility check in view of the project schedule, the quality goals, production capacity and the technical requirements. Any deviations from these requirements must be specified accordingly and communicated. Measures to minimize risks as well as lessons learned from previously existing projects, products and processes must be taken into account.

## 2. Agreement on Product Life

### 2.1. Development Planning

If the Job Order placed with the supplier includes development assignments, the requirement specification is to be laid down by the contractual partners in writing, e.g., in the form of a user requirement specification. The supplier undertakes to apply project management in the planning stage of products, processes and other interdepartmental

assignments already and to make the project schedule available to the Selectrona Company on request.

All of Selectrona's technical documentation provided to the supplier in support of serial development (such as specifications, drawings, item lists, CAD data, functional requirement specification) must be checked upon receipt by the supplier for completeness and consistency in general and in view of the envisaged purpose of application; Selectrona must be informed by the supplier without delay of any deficiencies detected thereby.

The supplier must apply appropriate preventive measures of quality planning, such as a feasibility study, a fault tree analysis (FTA), a reliability calculation, a failure mode and effect analysis (FMEA), risk analysis etc., at the development stage already. Experiences (process routines, process data, capability studies, etc.) from previous projects need to be taken into consideration. Any features for special requirements regarding documentation and archiving must be stipulated.

Manufacturing and testing conditions need to be accorded between and documented by Selectrona and the supplier for prototypes and pre-series parts. This aims at manufacturing the parts under conditions as close to serial production as possible.
Regarding all function-relevant features, the supplier must perform and document fitness analyses of the manufacturing equipment to be applied.

The start of series production must be secured with a Safe Launch Plan. The scope of the features and the exit criteria from the Safe Launch Plan are specifically agreed in the context of the feasibility study.

If specified capability parameters are not achieved, the supplier must either optimize its equipment accordingly or perform appropriate tests on the products manufactured in order to preclude faulty supplies

If not agreed otherwise, the supplier has to perform the process and production release prior to commencing any serial production, in accordance with VDA Volume 2 in its respectively applicable version. If Selectrona requires a design release, it has to precede the production and product release. The approval does not release the supplier from his liability for defects.
The machine capability index and/or process capability index for agreed features must be indicated when issuing the production process release and product release.

### 2.2. Traceability, Identification and Specification

The supplier undertakes to ensure the FIFO principle and the traceability of the products it delivers. In the event of a defect being detected, traceability must be possible in such a way that defective parts / products can be narrowed down.

The minimal requirements as stipulated by Selectrona regarding the labeling of products, parts and packaging are to be observed. The labeling of packaged products must remain recognizable throughout transport and warehousing.

The specification on the packaging unit must include the following:

- Selectrona's item No.
- Selectrona's item specification
- Selectrona's drawing No. with related index
- quantity per packaging unit
- total quantity per product

The production and test equipment that Selectrona makes available to the supplier for production must be marked as Selectrona property. The supplier is responsible for ensuring that these resources are intact and that they function properly and, if necessary, maintain and repair them.

Deviating from existing identification marking obligations requires approval by Selectrona in writing.

### 2.3. Requalification

In accordance with the production control plan, all products must be subjected annually to a complete dimensional and functional test, taking into account all applicable requirements as imposed by
Selectrona regarding material and function. The results must be made available to Selectrona for inspection, if required.
The supplier must also inform Selectrona without any delay of any detected deviations

### 2.4. Steering product and process changes

The supplier and sub-suppliers must not effect any unauthorized variations to a product (e.g., material, component, sub-assembly) or to the process, which is already applied in manufacture based on an initial sample report released by the client. This also includes variations to the process/product control plans.

All approved variations to the product and product-relevant modifications in the process chain are to be documented in the product lifecycle and treated in accordance with VDA Volume 2 "Assuring the Quality of Supplies" as well as Appendix 2 "Trigger matrix for PPA procedures" in its respectively applicable version. On request, the documentation of the product history must be handed over to Selectrona.
The respective scope of sampling is to be accorded with Selectrona. The supplier undertakes to notify Selectrona of changes in accordance with VDA Volume 2 with a period of 9 months in advance.

The supplier must mark the first delivery after a change has been implemented accordingly.

Selectrona must be informed 2 years in advance of an unavoidable product discontinuation of a supplied item.

### 2.5. Testing and Processability

I f not agreed otherwise, the supplier will set up a test schedule in his own responsibility in order to meet the objectives and specifications as agreed upon. The supplier must prove processability of all specific, functionally relevant, critical, and, if necessary, legally relevant features and SPC features by means of suitable methods (e.g., statistical process control) throughout the entire time of production.

Specific features and SPC features that are to be monitored and documented are to be obtained from the parts drawing or the technical specifications. Should no further agreement exist in this respect, the following capability parameters apply:

- Cmk ≥ 2,00
- Ppk ≥ 2,00
- Cpk ≥ 1,67

Any respective evaluations or any documentation shall be submitted to Selectrona on request within 24 hours, if not agreed upon otherwise. If the required processability is not achieved, 100% testing is mandatory.

### 2.6. Faulty Products/ Materials and Complaint Management

In the event of process disturbances or quality deviations, the supplier must analyse their causes with the use of structured methods (e.g. 8D methodology, Six Sigma), take actions for improvement and check their effectiveness. The supplier must also inform Selectrona without any delay of any subsequently detected deviations. Products not conforming to specifications can be delivered exclusively after a previous and express special release by Selectrona.

Selectrona tests the products immediately upon delivery regarding their identity and against the respective consignment papers as well as with view of obvious transport damage. Any reasons for complaint will immediately be reported.
Selectrona has no further duties of inspection pursuant to §377 HGB (German Commercial Code).

The supplier must be notified by Selectrona of any deficiencies by means of a test report of any deficient deliveries as soon as such deficiencies have been identified in the course of proper business. To that extent, the supplier waives its right of objecting to delayed reporting.

Complaints must be processed by applying the 8D procedure. Deficient parts are returned to the supplier, on request, for purposes of analysis. Before a destructive test to analyse the cause is carried out, the approval of Selectrona must be obtained. A first root cause analysis (including the 5 Why analysis and Ishikawa) must be sent to Selectrona within 5 working days. The supplier's opinion must be stated in the form of an 8D report within 10 working days of the complaint issued by Selectrona. The final 8D report must be made out acc. to form sheet FB-29.04.001.S meeting Selectrona's requirements. Urgent cases may require swifter processing.

The supplier is obliged to submit his initial position (8D report, items D1 to D3) in writing within 24 hours

If deficient deliveries cause or threaten to cause production downtimes at Selectrona or its customers, the supplier must immediately take remedial action (replacement deliveries, assorting or reworking).

As a rule, batches that give reason for complaint are returned. If no replacement can be supplied in good time, the deficient parts must be assorted or reworked by the supplier. In urgent single cases and after having announced to do so, Selectrona is entitled to remedy the deficiencies by itself or have them remedied by third parties. Costs arising thereby shall be borne by the supplier.

The supplier has to introduce a process for the systematic analysis of damaged field parts and to

ensure that the sub-suppliers in the entire supply chain use a similar procedure. This process must meet the requirements of the valid VDA volume "Marketing and Customer Care - Field Failure Analysis". If the supplier detects problems in his ongoing field monitoring of his components that could affect Selectrona products, he must inform Selectrona immediately.

The CSL process is used in the event of an accumulation of problems or repeated complaints.

### 2.7. Evaluation of the supplier

The supplier's performance is regularly assessed regarding quality, keeping delivery deadlines, cooperation and the QM service. Based on such evaluation results, the supplier must define respective remedial action and implement it.
If the supplier does not achieve the A status, suitable measures must be taken by the supplier in order to achieve the assessment status A again.

### 3. Liability

The stipulations made in this agreement, especially in view of achieving agreed quality standards and intervention limits, should not affect the warranty claims and claims for damages Selectrona may make towards the supplier arising from deficient deliveries.

### 4. Emergency Strategy

The supplier is obliged to develop an emergency strategy to avert a probable production bottleneck on his part and to guarantee the supply of Selectrona.
This emergency strategy must be subjected to a regular review. On request, the supplier must submit a documented emergency strategy to Selectrona. Moreover, the supplier is obliged to inform Selectrona of any production bottleneck immediately.

### 5. Environmental Protection and Declaration of Conformity

Pursuant to national and international legislation (inter alia, the RL 2000/53/EC Directive of 18 September 2000 – the so-called End-of-life Vehicles Directive –), every manufacturer is held liable for any ecological impact of their products.

All products that are delivered to Selectrona must comply with the provisions of the REACh and RoHS directives as well as the CMRT.

In that context, the supplier is obliged to deposit the required data for the articles delivered to Selectrona (material specification sheets) in the IMDS database system and keep it up to date. Approvals must be attached in writing to all tools/analyses stating that the materials to be processed meet the statutory requirements and do not contain any prohibited substances. Any substances subject to declaration must be indicated. This clause shall apply to any probable sub-supplier likewise.

### 6. Confidentiality

Both contractual partners undertake to treat as confidential any facts, information, knowledge and other issues mutually exchanged under this Agreement and to take precautions to prevent any third party from having access to such confidential documentation. In particular, the contractual partners shall disclose such confidential documentation to those members of staff only who are obliged to maintain confidentiality in their turn.
The obligation to maintain confidentiality exceeds beyond the term of the agreement. All provisions in this regard, such as the duration and scope of confidentiality, shall be regulated in detail in a separate confidentiality agreement.

### 7. Insurance

The supplier undertakes to take out insurance from an internationally recognized insurance company to cover sufficiently any risk of liability (e.g., product recall included).
The amount of coverage must be proven to Selectrona.

### 8. Term of the Agreement

This Quality Assurance Agreement is valid for an unspecified period. It can however be terminated by either contractual party in writing at three months' notice by the end of the year. The termination of this Agreement leaves the effectiveness of individual on-going supply contracts unaffected until they are completed, i.e. the provisions of the framework contract shall continue to apply to such agreements until the end of their respective term.

If the supplier violates essential parts of this agreement, Selectrona can terminate existing delivery contracts without notice after an unsuccessful warning. In the event of this extraordinary termination, the supplier is not entitled to any compensation claims against Selectrona.

### 9. Miscellaneous

### 9.1. Applicable Law and Place of Jurisdiction

The law of the Federal Republic of Germany applies, excluding the law relating to Contracts for the International Sale of Goods (CISG).
To the extent that the supplier is a merchant in the meaning of the German Commercial Code or a legal entity under public law or represents special property under public law, Selectrona's legal domicile is the exclusive place of jurisdiction regarding any and all disputes indirectly or directly arising from the contractual relationship.

### 9.2. Severability Clause

Should any individual provisions in this Agreement be or become ineffective or should this Agreement contain any gap, the legal validity of the remaining provisions hereof shall remain unaffected. Instead of any ineffective provisions, such effective provisions are deemed as agreed that come economically as close as possible to those intended by the parties; the same applies in the event of a gap.

### 9.3. Formal Requirements

No ancillary agreements have been made. Any amendments and/or complements require to be made in writing. This shall also apply to the waiver of the written form requirement.

**Signatures**

for _____

| _____ | _____ | _____ |
|---|---|---|
| Date | Name | Signature |

for Selectrona GmbH

| _____ | _____ | _____ |
|---|---|---|
| Date | Name | Signature |