

Supplier Quality Agreement - SQA

Materials / Tools / Services

Innomotive Safety Systems GmbH & Co KG
Rudolf-Diesel-Straße 9

51674 Wiehl-Bomig

- in the following called „Innosafes“ -

and

Name Supplier
Full Address

- in the following called „SUPPLIER“ -

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1 Skope, subject matter

This agreement is an indispensable part of the delivery contract with Innosafes and for the business relationship between the SUPPLIER and Innosafes.

For companies joining Innosafes in the future, this agreement shall apply from the point in time at which the supplier can recognize that the respective company is part of Innosafes.

The subject of the agreement is all products and services delivered by the SUPPLIER (hereinafter referred to as products).

This quality assurance agreement defines the mandatory framework conditions between the SUPPLIER and Innosafes. In addition, individual quality assurance measures can be agreed between Innosafes and the SUPPLIER.

2 Quality management system of the supplier / sub-supplier

The SUPPLIER undertakes to maintain a quality management system with the obligation to set zero defects and to continuously improve its services.

If the SUPPLIER purchases production or test equipment, software, services, material or other preliminary deliveries from sub-suppliers for the manufacture or quality assurance of the products, it will include these in its quality management system within the meaning of this agreement or take suitable measures to ensure the quality of the preliminary deliveries itself.

Innosafes can demand proof from the SUPPLIER that the SUPPLIER has convinced himself of the long-term effectiveness of the quality management system of his sub-supplier.

3 Quality responsibility of the sub-suppliers

If the sources of supply (sub-suppliers) are contractually regulated by Innosafes (e.g. in the construction drawing or specification of Innosafes), the SUPPLIER must procure the products, materials, tools or services from approved sources. The SUPPLIER can suggest alternative suppliers at any time. A delivery release must be obtained in writing from Innosafes in advance (sampling to Innosafes).

The use of the sources of supply approved by Innosafes, including tool and measuring device suppliers, does not release the SUPPLIER from the responsibility to ensure the quality of the procured products. The SUPPLIER is solely responsible for quality for the sub-suppliers.

4 Audit

Der LIEFERANT gestattet Innosafes durch Audits festzustellen, ob seine The SUPPLIER permits Innosafes to determine through audits whether its quality assurance measures meet the requirements of Innosafes.

Upon prior agreement, an audit can be carried out as a system audit, as a customer-specific assessment audit, and as a process or product audit.

The SUPPLIER grants Innosafes - and, if necessary, its customers - access to all production sites, test centers, warehouses and adjacent areas as well as inspection of quality-relevant documents, provided that these are used in the context of production for the scope of the contract. Necessary and appropriate restrictions on the part of the SUPPLIER to safeguard its trade secrets are accepted. If necessary, the SUPPLIER will also carry out joint audits at its sub-suppliers.

Innosafes will inform the SUPPLIER of the result of these audits. If, from Innosafes' point of view, measures are necessary, the SUPPLIER undertakes to immediately draw up an action plan, implement it on time and inform Innosafes of this.

5 Information und documentation

If it becomes apparent that agreements made such as quality features, capabilities, deadlines, delivery quantities cannot be adhered to, the SUPPLIER will inform Innosafes of this immediately in writing. The SUPPLIER will also inform Innosafes immediately of any discrepancies detected after delivery. In the interest of joint damage avoidance / limitation, the SUPPLIER shall disclose all necessary data and facts to Innosafes.

The SUPPLIER undertakes to submit a change request to Innosafes on

- Changes to manufacturing processes, processes and materials (also at sub-suppliers)
- Change of sub-suppliers
- Change of test procedures / facilities
- Relocation of production sites
- Relocation of production facilities on site

in time so that Innosafes can check whether the planned changes could have negative effects. The SUPPLIER will design its documentation according to Innosafes' specifications. The SUPPLIER will only make the requested change after the application has been approved by Innosafes.

The SUPPLIER will keep records of the implementation of the quality assurance measures, in particular of measured values and test results, and keep these records and samples of the products in an orderly and secure manner. The obligation to keep the documents and records is at least 15 years after completion of the development project; for components requiring documentation at least 15 years after the end of series production.

6 Agreements on product and process

The products must correspond to the agreed or warranted quality (e.g. specifications, data sheets, drawings, samples).

6.1 Development, planning, feasibility study

The SUPPLIER will immediately check whether a description submitted by Innosafes (e.g. specification, specification sheet, data sheets, drawings) is obviously unclear, incomplete or obviously deviating from a possibly agreed sample. If the SUPPLIER recognizes that this is the case, it will inform Innosafes immediately before starting the production process or performing the service.

A component of the supplier nomination is the confirmation of the manufacturability of the scope of delivery by the SUPPLIER. If the SUPPLIER classifies a product as not manufacturable, a technical discussion with Innosafes is absolutely necessary before the nomination. As a quality document, the confirmation of manufacturability is part of every offer or confirmation of changes.

If the order to the SUPPLIER includes development tasks, the requirements will be laid down in writing by the contractual partners, e.g. in the form of a specification sheet. The SUPPLIER undertakes to carry out suitable project management as early as the planning phase of products, processes and other cross-departmental tasks and to allow Innosafes to inspect the associated documents upon request.

In the development phase, the SUPPLIER uses suitable preventive methods of advance quality planning (e.g. reliability calculations, fault tree analyzes, FMEA). Experience (e.g. process flows, process data, capability studies) from similar projects must be taken into account. The SUPPLIER carries out process planning (e.g. work plans, test plans, operating resources, tools, machines, etc.). The SUPPLIER ensures the suitability of the production facilities. The quality is monitored through regular internal audits.

6.2 Initial sampling, product requalification

For prototypes and pre-series without prior initial sampling, the manufacturing and testing conditions must be coordinated and documented between the customer and the supplier.

If Innosafes orders initial samples, the SUPPLIER shall submit initial samples including the initial sample documentation of the product to the agreed extent in due time prior to the start of series production under series conditions. The sampling planning agreed in advance is part of the initial sampling. The sampling planning is part of the product-specific quality assurance agreement as an annex to this agreement. In order to ensure that the measurement results can be compared, the measurement methods and equipment must be coordinated with Innosafes in advance. Series production may only be started after written approval by Innosafes.

For series deliveries and services, the supplier undertakes to carry out an annual requalification test in the scope of the initial sampling (including dimensional accuracy, material testing, reliability tests, legal requirements, environmental guidelines in accordance with the requirements of ISO TS 16949). Deviations from this requirement (time frame / scope) must be agreed in writing with Innosafes in the product-specific quality assurance agreement as an annex to this agreement.

6.3 Manufacturing, labeling of products, tools, traceability

The SUPPLIER is responsible for establishing a test concept in order to meet the agreed drawings and specifications. The test concept must be coordinated with Innosafes in order to ensure the comparability of the test results. In the case of ongoing series, the SUPPLIER has to prove the process capability for all function-relevant features by means of suitable procedures (e.g. statistical process control or manual control card technology) over the entire production time. Upon request, the supplier will provide Innosafes with the relevant evidence.

If the required process capability is not achieved, the supplier carries out a 100% check. The production process must be further optimized accordingly in order to achieve the required values of the process capabilities.

The SUPPLIER will take into account information and suggestions from Innosafes with regard to improving the quality of the products through changes in the production process and in quality assurance within the scope of its possibilities on its own responsibility.

The SUPPLIER undertakes to label products, parts and packaging in accordance with the agreements made with Innosafes. He must ensure that the labeling of the packaged products is legible during transport and storage.

The SUPPLIER undertakes to ensure the traceability of the products he has delivered. If an error is detected, the traceability and the delimitation of the defective parts / products / batches etc. must be guaranteed in such a way that the parts / products / batch affected by the defect can be displayed as precisely as possible when the first comment is made.

If Innosafes provides the SUPPLIER with production and test equipment, in particular tools and equipment, in connection with the purchase of deliveries, these must be permanently marked as Innosafes property. The SUPPLIER is responsible for the integrity and proper function, adequately insures the tools and arranges maintenance and repairs.

The supplier must prepare emergency plans for events such as interruptions in the energy supply, shortage of labor, failure of important operating resources and field complaints. Upon request, the supplier must submit the emergency plans to Innosafes.

6.4 Delivery, special trips, incoming goods inspection

The SUPPLIER delivers the products in suitable and - if agreed - exclusively in means of transport approved by Innosafes in order to avoid damage and loss of quality

(e.g. pollution, corrosion, chemical reactions). If there are additional packaging instructions for the product, these must be followed.

The incoming goods inspection at Innosafes is limited to externally recognizable transport damage as well as the determination of the compliance with the quantity and identity of the ordered products at least on the basis of the delivery papers. Any complaints found will be reported immediately. The SUPPLIER undertakes to align its quality management system and quality assurance measures with this reduced incoming goods inspection.

Special trips by the SUPPLIER (additional freight costs such as courier trips, taxi trips, etc.) must be reported to Innosafes immediately. The SUPPLIER will notify the Innosafes dispatcher of the special trips in writing (e-mail, fax). For Innosafes, special trips are an indicator of process disruptions - at Innosafes or at the SUPPLIER. Innosafes strives to take countermeasures at short notice in order to stabilize the delivery process again.

6.5 Complaints, measures

If Innosafes discovers defects, these will be reported to the SUPPLIER in the ordinary course of business. In this respect, the SUPPLIER waives the objection of late notification of defects.

In the event of process disruptions and quality deviations, the SUPPLIER analyzes the causes, initiates corrective measures and checks their effectiveness according to Innosafes specifications. The SUPPLIER receives the rejected products back to the agreed extent.

He undertakes to analyze every deviation and to inform Innosafes in due time of the cause of the deviation, initiated error correction and preventive measures and their effectiveness in the form of an action plan.

If there is a threat of production stoppages at Innosafes or their customers due to the delivery of products that do not meet the specification, the SUPPLIER must take appropriate immediate measures to remedy the situation in coordination with Innosafes (replacement deliveries, sorting, reworking, special shifts, express transport, etc.).

If, in exceptional cases, the SUPPLIER cannot deliver a product that meets the specification, he must obtain special approval from Innosafes before delivery. A delivery of non-approved (EMPB) products is only possible after prior agreement and a special approval obtained beforehand. The special release is scheduled by Innosafes. In the given time, the supplier will eliminate the cause of the problem and send a final report (8D report) to Innosafes.

6.6 Quality requirements / quality costs

Innosafes pursues a zero-defect strategy to ensure long-term customer satisfaction. The customer will only work with Innosafes in the long term if they are convinced of the sustainable quality of our products.

The SUPPLIER's quality problems must be dealt with by the SUPPLIER within 24 hours at the latest (first SUPPLIER statement).

In principle, the SUPPLIER has the right to repair or replace the parts complained about by Innosafes. However, if Innosafes comes to a standstill as a result of a defect or if the customer is in default, Innosafes has the right to carry out rework or sorting in-house or at the customer's expense or to request it from the SUPPLIER.

Directly allocable costs are charged to the SUPPLIER (e.g. sorting effort, transport, rework, special shifts, analysis costs, reject costs of the end product due to defective product from the SUPPLIER, complaint costs from the customer).

7 Environmental protection / occupational safety, REACH

The SUPPLIER undertakes to comply with all legal regulations on environmental protection and to keep the effects on people and the environment low through an appropriate environmental protection organization and appropriate operational environmental protection. For this purpose, the introduction and further development of an environmental management system (EMS) is expected.

The SUPPLIER undertakes to comply with all legal regulations and safety-related requirements for occupational health and safety. As the SUPPLIER carries out work on the Innosafes premises, he will comply with the relevant Innosafes safety and accident prevention regulations and take into account Innosafes instructions on how to behave on the premises.

All materials used in the manufacture of parts, as well as the manufacturing processes applied, must comply with the applicable legal and safety requirements for restricted, toxic and dangerous substances. The SUPPLIER ensures this during the production of the parts. For deliveries within or to the European Union (EU), the SUPPLIER will meet its obligations in accordance with the European chemicals regulation REACH EG No. 1907/2006. This applies in particular to the information obligation under Article 33, after each SUPPLIER of a product has notified Innosafes of a substance listed under Article 59 (SVHC substances on the candidate list). The SVHC substances on the candidate list are updated on an ongoing basis. The SUPPLIER will inform himself about this independently and fulfill his obligation to inform Innosafes according to REACH. If the customer specifies materials that do not meet the requirements, the SUPPLIER will inform the customer immediately.

The supplier ensures that the materials used by him or his sub-suppliers are free of radioactive contamination (e.g. cobalt-60). Products must be free from ionizing radiation that goes beyond the natural level of radiation. For such disregard, reference is made to the liability of the supplier.

8 Supplier management at Innosafes / supplier classification

The quality management system at Innosafes is based on the requirements of IATF 16949, ISO 14001, ISO 18001, specific customer requirements and Innosafes goals.

The annual supplier evaluation by Innosafes is derived from this. Annual quality targets are agreed between Innosafes and the SUPPLIER. Failure to meet the agreed targets does not release the supplier from his obligation to process all complaints and to continue continuous improvement (CIP).

9 Liability / Duration of the Agreement

The quality assurance agreement does not affect the SUPPLIER's liability for warranty claims and claims for damages by Innosafes due to defects in the delivery.

This quality assurance agreement is valid for an unlimited period. However, it can be terminated in writing by either of the two contractual partners with a notice period of 3 months. The termination of this agreement does not affect the validity of current orders.

10 Final provisions

Changes and additions to this quality assurance agreement must be made in writing.

Should any provision of this quality assurance agreement be wholly or partially ineffective, this shall not affect the validity of the remaining provisions; in this case the contractual partners will agree on an effective provision that comes closest to the economic purpose of the ineffective provision. The same applies to any gaps.

This quality assurance agreement is subject to German law to the exclusion of conflict of laws. The place of jurisdiction is Gummersbach in Germany.

Place, Date

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Name / Signature / Position
Innomotive Safety Systems GmbH & Co. KG

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SUPPLIER

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