

## General Terms and Conditions of Quality (GT&C Quality) of Josef Blässinger GmbH + Co. KG

September 2015

### I. General Provisions

- Our General Terms and Conditions of Quality shall apply to all current and future legal relationships between the contracting parties regardless of whether or not mention is made of them in subsequent agreements. To the extent that these General Terms and Conditions of Quality contain no provisions, our General Conditions of Purchase shall apply in addition.
- Supplier's conditions in addition to, conflicting with, or differing from these General Terms and Conditions of Quality shall be valid only if we have confirmed their validity in writing. These General Terms and Conditions of Quality shall apply even if we effect a delivery without reservation, having knowledge of the Supplier's conflicting, additional or differing terms and conditions.
- Our General Terms and Conditions apply only with respect to entities within the meaning of § 310(1) of the German Civil Code (Bürgerliches Gesetzbuch, BGB).
- Should any provision of our General Terms and Conditions of Quality be or become wholly or partially invalid or unenforceable, or should there be a gap in these General Terms and Conditions, this shall not affect the validity of the other provisions. The invalid or unenforceable provision shall instead be replaced by a valid or enforceable provision that most closely reflects the purpose of the invalid or unenforceable provision. In the case of a gap, a provision shall be deemed agreed upon that reflects that which, based on the purpose of these General Terms and Conditions, would have been agreed if the parties had considered the matter at the outset.

### II. Quality Management System

- The Supplier is responsible for the suitability, appropriateness, efficiency and reliability of the quality assurance system.
- The Supplier undertakes to set up a quality management system in accordance with VDA 6.1, ISO/TS 16949:2009 or DIN EN ISO 9001:2008 in the respectively valid version, or a system that meets at least the requirements of the aforementioned standards in terms of content.
- The Supplier must prove the set-up, application and functionality of its quality management system in accordance with VDA 6.1, ISO/TS 16949:2009 or DIN EN ISO 9001:2008 by means of a valid certificate issued by an accredited institution.
- The Supplier must inform us immediately in writing and submit proposals for modifications if it notices a deterioration in quality, i.e. an increase in quality defects. We will inform the Supplier whether and which modifications are to be made relative to the original quality assurance system. Until the system has been modified, the Supplier shall ensure quality and delivery capability at its own expense by means of immediate special measures, in particular, increased test density.
- The Supplier shall be bound by the zero-defect target and shall continually optimise its services to this effect. The expected proportion of faulty units in series production must not exceed 1%. Should this limit be exceeded, the Supplier is obligated to notify us in writing and modify the system. In particular, the Supplier must make every effort to achieve 0% with respect to features critical for functionality and safety.
- The Supplier is obligated to identify the contractual products delivered to us with a marking in order to enable us, in particular within the framework of a recall, to find out immediately whether a product delivered by the Supplier is defective. The marking must be legible at all times and contain, in particular, Blässinger's article number, date of

manufacture, and Supplier's name and number. The Supplier is not entitled to change markings of the contractual products without our prior consent. The marking of products, substances and parts, packaging and transport shall be designed in such a way as to avoid deterioration and damage.

- Insofar as we provide production and testing equipment to the Supplier within the framework of the procurement of deliveries, the Supplier shall, unless otherwise agreed, include and mark them in its quality management system in the same way as its own equipment.
- The Supplier shall obligate its sub-suppliers to comply with the obligations assumed by it under this agreement.
- We are entitled to demand from the Supplier documented proof that it has satisfied itself of the effectiveness of the quality management system of its own sub-suppliers. Likewise, we may request that the Supplier submit written testing and other quality certificates obtained from its sub-suppliers.
- The Supplier shall deliver the contractual products only as described in the documentation/specifications. The Supplier shall fulfil the obligations imposed upon it by national and international norms, standards, laws and regulations. The Supplier hereby undertakes to fulfil the requirements and standards of the International Material Data System (IMDS). The same applies to products, materials and parts obtained from its sub-suppliers. The Supplier shall thoroughly and diligently check the requirements in the documentation/specifications and ensure that required target values and tolerances are adhered to. The Supplier shall consult us if any points are unclear.

### III. Receiving Inspection

- We shall inspect the contractual products immediately after acceptance – to the extent that this is feasible in the ordinary course of business – to determine whether they correspond to the ordered quantity and type and whether there are any externally visible transport damages. In the case of deliveries consisting of a large number of identical products, we must only inspect a reasonable proportion of the delivered products for type, quantity and transport damage. In case the contractual products become unsaleable as a result of the inspection, a reasonable sample of the delivered items shall suffice. In case a defect is found during these inspections or later, we will notify the Supplier of this within two weeks of the inspection or discovery of the defect. No further inspection of incoming goods shall take place.
- The Supplier shall ensure that its product liability insurance recognises the above amendment to the statutory liability provision without this affecting the existing coverage of its product liability insurance.

### IV. Samples/Prototypes/Initial Samples

- Samples/prototypes/initial samples shall be manufactured by the Supplier under serial production conditions. A sample order is sufficient for sample suppliers. The Supplier shall manufacture samples for us on a customised basis.
- The Supplier undertakes to document the products, parts and materials prior to and during testing, in order to find causes of defects in functionality and obtain insights into signs of wear and/or deformation. The Supplier shall enclose with the sample at least one measurement report and one material certificate. Further requirements shall be agreed upon on an individual basis.
- A complete initial sample test report as per the VDA form or a comparable standard shall be used before prototypes/initial samples are shipped. The documentation of the measurements must be allocable to the products, materials or parts. Proof

of material tests, heat treatments and surface methods shall be enclosed.

- The Supplier shall make it clear on the delivery documentation that the shipment relates to prototypes or initial samples and state the number of units, designation, drawing number, and revision status.
- In the event of deviations in respect of documentation/specifications, the Supplier shall file an application for non-conformity in construction or an approval of non-conformity. If such non-conformity in construction is approved, the non-conforming measurement shall be documented and indicated on the measurement report, and a copy of the approval of non-conformity shall be enclosed with the report.

### V. Approval for Serial Production

- Prior to series delivery, the Supplier must always submit its initial samples together with a completed initial sample test report or a part submission warrant (PSW). The tests shall be carried out in accordance with VDA Publication 2 (EMPB) or QS 9000 PPAP as valid at the respective time, or in accordance with a comparable standard. The initial sample test report or the material test certificate as per EN 10204/3.B or EN 10204/2.B shall be delivered as documentation.
- In respect of products, materials and parts that are subject to special regulations of the respective country relating to packaging, transportation, storage, handling and disposal owing to the composition of the products, materials and/or parts or their effect on the environment, the Supplier shall ensure complete compliance with the regulations concerned, and shall provide a data sheet for the further distribution of those products, materials and/or parts abroad, as well as an accident procedures sheet (transportation).

### VI. Serial Production in Cases where the Supplier is the Manufacturer

- In the case of series delivery, the Supplier shall take all adequate quality assurance measures to ensure the contractually agreed quality.
- The Supplier shall monitor, assess and steer its manufacturing processes on an ongoing basis. The manufacturing processes shall be subject to statistical monitoring and safeguarded by means of appropriate test methods. The production process shall be continually optimised.
- If deviations are discovered, a test report shall be drawn up. Subject to consultation and agreement with the Supplier, the products, materials or parts shall be returned immediately and/or a sorting campaign and/or follow-up work shall take place forthwith.

### VII. Documentation in Cases where the Supplier is the Manufacturer

- The Supplier is obligated to maintain records of the details of the quality assurance system and the implementation of the quality assurance measures, in particular the tests, and to keep these records and any samples of the contractual products in a clearly organized manner. The documents and samples shall be kept for ten years.
- On request, the Supplier shall allow us to inspect these documents.
- We are to be notified in writing of any modifications to the manufacturing process, materials or sub-suppliers for the products, substances and parts, including the test procedures or other quality assurance measures. Depending on the nature and scope of the modifications, we shall decide whether a new approval of the serial production is required.

## General Terms and Conditions of Quality (GT&C Quality) of Josef Blässinger GmbH + Co. KG

September 2015

### VIII. Quality Audits

1. We are entitled to determine, by means of an audit of the Supplier, whether the quality management system can ensure fulfilment of the requirements in respect of quality. The audit may, subject to prior notice, be conducted as a process and product audit.
2. On request, the Supplier shall allow us to inspect the production and test documentation, as well as other documents, records, tools and measuring equipment in connection with manufacturing. The Supplier shall provide explanations for the records to us and provide copies of the records as well as any samples.
3. In order to maintain the quality standard, we are entitled to request that the Supplier increase the corresponding quality requirements, in particular by increasing the number of tests to be conducted or by changing the testing methods.

### IX. Confidentiality

1. The confidential matters, operations and financial circumstances of the respective other contractual partner shall be kept secret. In particular, business and trade secrets, financial circumstances, prices and clientele shall also be subject to confidentiality. Likewise, the contracting parties shall impose this obligation of confidentiality upon all employees and subsuppliers involved. Drawings, models, templates, samples, calculations, information, etc. may not be made available or otherwise accessible to unauthorised third parties. Copying of such documents is permitted only within the scope of the operational requirements and the provisions of copyright law. The obligation of confidentiality shall also apply after the execution of this contract.
2. Documents covered by the obligation to maintain confidentiality and provided to the other party which are designated as confidential or are recognized by the other party as business and trade secrets shall be labelled by it as confidential.
3. The Supplier shall pay Blässinger a contractual penalty in the amount of EUR 10,000.00 for each case of culpable breach of the confidentiality obligation. In the event of ongoing violations, the contractual penalty shall be forfeited anew on a monthly basis. In this case, the contractual penalty is limited to EUR 100,000.00. The assertion of further claims for damages remains unaffected.

### X. Place of Jurisdiction, Choice of Law

1. Exclusive place of jurisdiction for any and all disputes arising out of the contractual relationship shall be our registered office. We are also authorised to file suit at the registered office of the Purchaser or with any other courts of competent jurisdiction.
2. The legal relations with the Supplier shall be governed by the laws of the Federal Republic of Germany. The provisions of the UN Convention on Contracts for the International Sale of Goods (CISG) are expressly excluded.