Quality Assurance Agreement

between

SIKORA GmbH

and

Supplier

(hereinafter referred to as “Supplier”)

Preamble:

In the interest of ensuring planning and execution reliability and to facilitate the smoothest possible management of existing business relationships, this agreement is entered into to ensure the quality of the components and manufactured products to be delivered.

1. Purpose of the Agreement

The purpose of this agreement is to ensure a consistently high quality of the services/products to be delivered and to reduce duplicate inspections. This document sets forth the fundamental quality requirements and regulations arising from the supply relationship between the partners. The Quality Management Agreement applies to all current and future orders. In the event of any conflicts, the terms of this Agreement shall prevail.

2. Supplier’s Responsibility

It is the supplier’s sole responsibility to ensure that its products – including those of its subcontractors – always comply with the current documented release version during the start-up phase and in series production, and that they conform to the technical requirements specified in the drawings and specifications.

3. Subcontracting

In the event of subcontracting, the supplier agrees to negotiate with its subcontractors regarding the quality-related services associated with the obligations it has assumed under this agreement and to strive to conclude a corresponding agreement.

4. Quality Assurance System

The supplier maintains a quality assurance system in accordance with DIN EN ISO 9001:2015.

5. Audit Process

The supplier shall permit the customer to conduct audits after coordinating with the supplier. These may be process and/or product audits. To this end, the supplier shall grant the customer

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unimpeded access to all quality-related areas of its facility during normal operating and business hours, as well as access to all quality-related documents, provided that such access does not demonstrably conflict with the confidentiality interests of the customer or third parties.

If an audit is conducted by a third party, the supplier may, prior to the start of the audit, require proof that the third party has agreed to maintain confidentiality and that the supplier may also assert any breaches of this obligation in its own name.

The supplier may refuse to allow a third party to conduct an audit if it can raise valid objections against the third party. These would include, among other things, ties to competitors arising from articles of association or corporate group regulations.

Upon completion of the audit, a final report must be prepared in collaboration with the supplier.

Each party shall bear its own costs for the audit. If third parties are commissioned to conduct the audit, the customer shall bear the costs.

6. Initial Sample Inspection

Definition of Initial Sample

Initial Samples are parts, products, and materials that are manufactured entirely using production equipment under production conditions and tested to ensure they meet all required characteristics. They are produced in accordance with valid drawings, CAD data sets, and test specifications, and using the required material.

If Initial Samples are produced before the start of series production, the equipment and process conditions should be brought as close as possible to the eventual series production conditions, provided this is economically and technically feasible. Any resulting deviations from the specification must be corrected through individual rework.

If initial samples are to be produced at a time when the individual pieces of equipment are not yet available, these samples serve solely to demonstrate compliance with the specifications. They do not establish any claim to a higher quality that may have been achieved.

6.1 Initial Sample Inspection

The supplier shall conduct an Initial Sample Inspection in the following cases:

- new Products
- quality-related changes to the product
- quality-related changes to materials
- quality-related changes to the manufacturing process
- change in the manufacturing location

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6.2 Inspection of Initial Samples

Upon receipt of an order from the customer, the supplier must submit a number of production-series products – to be agreed upon on a product-specific basis – along with the accompanying documentation in a single copy. (Initial Sample Forms, SIKORA GmbH).

The evaluation of initial samples is based on the contractually agreed-upon component specifications, the drawings, and the design data. To the extent that tolerances are specified in the component descriptions, the relevant property is also considered to be met if the component falls within the tolerance at the outer edge.

The production of limit samples requires a separate agreement.

7. Changes

Changes to the Product and Similar Changes

The supplier is not authorized to make changes to contractual agreements – such as specifications, process changes, or deadlines – without the customer's consent.

7.1 Change of Subcontractors

The supplier is only authorized to change a subcontractor with the customer's prior written consent.

8. Disclosure Obligations

Upon the customer's identification and notification of quality defects, the supplier is required to respond to the quality defects in the form of an 8D report, specifying:

- The scope of the items affected by these quality deviations
- The causes of these quality deviations
- Immediate or planned measures taken to rectify the defect
- Placing all inventory on hold and ensuring that no defective goods are delivered to the customer
- Schedule for long-term Quality Improvements

The supplier shall provide the 8D report to the customer unsolicited within 24 hours (D-3) and shall submit the complete 8D report for the correction of the quality defect within 10 business days.

The supplier shall immediately notify the customer in writing of any manufacturing problems, changes in the procurement market, or product changes that may affect the quality or reliability of the contractual products.

The customer shall indicate to the supplier, in the specifications, drawings, or other product-descriptive documents, any features that are particularly relevant to quality, or shall provide such information upon request.

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In particular, the customer shall notify the supplier as soon as it becomes aware that a part is a safety-related part.

If specifications, drawings, or other product documentation refer to standards specific to the customer, the customer shall provide the supplier with these standards.

9. Marking and Traceability

The supplier is aware that, pursuant to the Equipment and Product Safety Act, it is required to install, maintain, and further develop a labeling and traceability system.

10. Documentation Retention Requirements

The supplier shall archive the test documentation for 10 years after delivery of the tested item (e.g., quality certificates, pressure and weld tests, etc.).

Regarding documents created before, during, or shortly after the start of series production and that remain relevant throughout the entire series production run, the retention period begins at the end of series production, and such documents will be made available within 2 business days upon the customer's request.

11. Final Inspections

To ensure that all delivered products meet the defined requirements, the supplier must conduct inspections. Interim and final inspections (outgoing goods inspections) during the manufacturing process are intended to prevent scrap and rework in order to minimize costs and time loss.

12. Incoming Inspection

Upon delivery, the customer shall inspect mass-produced parts in accordance with a sampling matrix, verifying their identity and checking for any clearly visible damage to the packaging or resulting from transport.

13. Defective Deliveries

Defective deliveries are the responsibility of the supplier and will be reported by the customer via a complaint report.

If the defective parts are rejected, the supplier is obligated to organize and carry out the sorting process.

The resulting costs are borne entirely by the supplier.

14. Remedies for Failure to Comply with the Quality Assurance Procedure and for Violations of Obligations to Cooperate

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In the event that

- the supplier culpably fails to meet essential requirements of the contractually agreed-upon quality assurance procedure, or
- the supplier refuses, without legal grounds, to provide essential information required under the contract, or
- if the supplier refuses, without legal grounds, to allow an audit that has been agreed upon or lawfully requested by the customer, or
- if the supplier culpably violates other material obligations to cooperate,

then the customer has the right to:

- To refuse to accept ordered products until the supplier fulfills its obligations to cooperate, demonstrates compliance with the contractually agreed quality assurance procedure, or the customer proposes specific corrective actions in response to the negative results of the audit.
- To withdraw from the next delivery order, in whole or in part, following the fruitless expiration of a grace period accompanied by a threat of rejection.
- To demand reimbursement for any additional expenses incurred by the customer as a result of conducting an inspection of the goods upon receipt due to the breaches of contract.

The aforementioned rights exist in addition to the customer's other statutory rights.

If the supplier has culpably breached this agreement for reasons other than those mentioned above, the customer is entitled to all statutory claims.

15. Confidentiality

The parties agree to treat as confidential all information they receive from the other party in connection with this Quality Assurance Agreement, not to disclose such information to third parties, and to ensure that it does not fall into the hands of third parties, to the extent and for as long as such information

- are not or have not become generally available, or
- have not been disclosed to the recipient by an authorized third party without an obligation of confidentiality, or
- were not already verifiably known to the contracting party prior to the date of receipt.

The term "third parties" does not include companies affiliated with the respective partner within the meaning of Section 15 of the German Stock Corporation Act (AktG), nor does it include individuals and companies commissioned by the partner for the purpose of fulfilling the contract (in particular, USD's suppliers), provided that they have been or will be subject to the same confidentiality obligations.

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16. Term, Validity

This agreement shall enter into force upon its signing and shall remain in effect indefinitely. It may be terminated by either party by registered letter with three months' notice, effective at the end of a calendar year. However, such termination applies only to projects that had not yet been legally agreed upon between the parties as of the date of termination. During the term of a project or multiple projects, this agreement may be terminated with effect on the current project or multiple current projects only for good cause.

Termination of this Agreement does not automatically result in the termination of the Framework Agreement. Termination of the Framework Agreement does not automatically result in the termination of this Agreement. The general provisions of the Framework Agreement – in particular, the provisions governing the choice of law, jurisdiction, and arbitration – shall continue to apply to this QA Agreement even after the termination of the Framework Agreement.

17. Amendments

Any additions, deletions, or modifications to the provisions of this Agreement shall be binding on the parties only if they are in writing and have been signed by the duly authorized representatives of both parties. All additions, deletions, or modifications must specifically refer to this Agreement.

18. Severability

Should any provision of this Agreement be invalid, the validity of the remaining provisions shall remain unaffected. The invalid provision shall be replaced by the applicable law.

19. Arbitration

All disputes arising in connection with this contract or its validity shall be finally settled in accordance with the Rules of Arbitration of the German Institution of Arbitration (DIS), to the exclusion of ordinary court proceedings.

The place of arbitration is Bremen.

There shall be three arbitrators.

The Rules of Arbitration in effect at the time the arbitration proceedings are initiated shall apply (currently available at: www.dis-arb.de).

20. Governing Law, Contract Language

Unless otherwise agreed, German law shall exclusively govern the relationship between the supplier and the customer. The contract language is German.

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Quality Assurance:

Purchasing:

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Signatures:

Supplier:

SIKORA GmbH:

Date:

Date: