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Quality Assurance Agreement

Date:

between the
ARNO Group
- hereinafter: ARNO -

and

(Name and address)

Preamble

This Quality Assurance Agreement (QAA) is the contractual specification of the technical and organisational framework conditions that are necessary to achieve the quality requirements of the ARNO Group. The QAA describes the minimum requirements with regard to quality management and quality assurance. Both parties are committed to the zero-error-target.

§ 1 Management System

1. Quality

The supplier undertakes to:

- maintain an adequate, efficient and reliable quality management system (hereinafter referred to as "QM system") which is aligned with the current state of standards,
- manufacture and test the contractual products in accordance with the specifications of this QM system,
- comply with the respective legal, official, technical standards applicable to the contractual products,
- the applicable country-specific environmental regulations, see 5.3
- the ARNO Code of Conduct, see 5.4 Social responsibility.

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2. Scope of the agreement

- a. This QAA is an indispensable part of every contract and supply relationship between the respective supplier and ARNO. All ARNO companies named in Annex 1 are entitled to order from the supplier on the basis of this agreement.
- b. The subject of the QAA are all products and services supplied by the supplier. It also applies to all products supplied by the supplier to third parties on the basis of ARNO orders. Insofar as the supplier carries out product developments for ARNO or is involved in such, this agreement also applies to all activities and results from these activities.
- c. In addition to this agreement and unless otherwise agreed by the parties, all contracts between the supplier and ARNO for the supply of products or the provision of services shall be governed exclusively by ARNO's terms and conditions of purchase as amended from time to time. If ARNO's terms and conditions of purchase change, the supplier shall be informed immediately of the new version of the terms and conditions of purchase.

3. Responsibility of the supplier

3.1 Product quality

The products must always comply with the agreed or warranted quality (e.g. specifications, data sheets, drawings, samples). The supplier shall immediately check whether a description submitted by ARNO (e.g. specification, specification sheet, data sheets, drawings) is obviously faulty, unclear, incomplete or obviously deviates from a possible sample. If the supplier recognises that this is the case, he will inform ARNO of this.

3.2 Inspections / inspection planning

The supplier shall carry out risk-based test planning to ensure that the specification and other requirements are consistently met. The test planning shall be documented in a test plan. Only suitable and calibrated test equipment may be used. The performance of the tests and their measurement results must be documented.

The supplier shall grant ARNO insight into these test plans upon request.

3.4 Deviations / complaints

Should the supplier receive a complaint, he is obliged to analyse the defect and take suitable measures to ensure the following:

Narrowing down the error to the affected delivery lots.

- Review of inventories,
- Blocking of faulty stock,
- Take measures to prevent the recurrence of the fault,
- Statement to ARNO within 3 working days.

3.5 Parts to be released

The supplier is obliged to send ARNO the affected products as release parts before delivering new products. The quantity of release parts will be agreed in writing between the supplier and ARNO. The release parts must be completely manufactured under series production conditions.

Once the release parts have been checked by ARNO and a positive release decision has been sent, the products concerned are deemed to have been approved by ARNO.

3.6 Information requirements



Before delivery of the products, the supplier shall ensure that the product complies with the agreed requirements and specifications. If it becomes apparent that agreements made, e.g. quality characteristics, deadlines, delivery quantities, cannot be complied with, the supplier shall inform ARNO of this immediately in writing. The Supplier shall also inform ARNO immediately of any deviations identified after delivery. In the interest of joint damage avoidance/limitation, the supplier shall disclose all required data and facts to ARNO.

3.7 Documents and goods inspection checks

The supplier shall ensure that all proofs, data sheets and test certificates, including those of the materials used, which are required to fulfil this QAA and to comply with the statutory provisions, are kept for 10 years. The proofs are to be presented to ARNO on request.

3.8 Packaging and transport

The products shall be delivered in packaging suitable for transport and storage, which ensures sufficient protection against quality degradation and contamination. Labelling must be in accordance with our conditions of purchase and delivery or pictograms.

4. Responsibility ARNO

4.1 Incoming goods inspection

ARNO carries out an incoming goods inspection. ARNO reserves the right to check further product features. The supplier confirms compliance with the order specification upon delivery and waives any further inspection obligations on the part of ARNO.

4.2 Product complaints

4.2.1 ARNO shall notify defects immediately after discovery. The supplier waives the objection of delayed notification of defects.

4.2.2 ARNO reserves the right to reject entire deliveries or parts of deliveries and to immediately demand defect-free replacement deliveries if, in particular, an acceptance criterion according to the incoming goods inspection plan is exceeded during the incoming goods inspection or if provisions of this agreement and additional product-related specifications are demonstrably not observed.

4.2.3 Acceptance of the delivery by ARNO does not mean waiver of replacement delivery by the supplier for defective products discovered later within the scope of the statutory regulations.

4.2.4 The supplier shall be informed by ARNO whether the defective goods can be conditionally processed, sorted out or reworked or must be scrapped. If the supplier has work carried out by third parties, it is not released from the task of instruction, disposition and the necessary replacement delivery.

4.3 Quality performance assessment

ARNO continuously evaluates the supplier's quality performance. If the supplier's quality performance is downgraded, ARNO informs the supplier. The supplier shall immediately initiate measures to reliably remedy the defects that led to the downgrading.

The action plan is to be submitted to ARNO within 20 working days.



5. Other

5.1 Audit

ARNO ist berechtigt, nach Anmeldung Audits, auch in Form von Remote Audits in der Lieferkette durchzuführen. Der Lieferant gewährleistet Zugang zu allen Fertigungsstätten im eigenen Unternehmen und gegebenenfalls bei Zulieferanten.

5.2 Liability

Liability shall be in accordance with statutory or individual contractual provisions. The agreement of quality targets or intervention limits does not release the supplier from liability for warranty or claims for damages by the customer due to defects in the deliveries.

5.3 Environment

The supplier observes the valid country-specific and regional environmental laws as well as the regulations of the European Union in his responsibility as a manufacturer.

5.4 Social responsibility

The supplier undertakes to fully comply with our ARNO Code of Conduct.

5.5 Health protection and occupational safety

The supplier assures that the legal health and safety regulations of the country of manufacture are complied with in the production of the products.

5.6 Term of the agreement

The QAA runs for an indefinite period and can be terminated in writing by either party with 6 months' notice to the end of a quarter. The supplier relationship is thus terminated.

5.7 Secrecy obligation

With regard to confidentiality, we refer to the confidentiality obligation signed by you.

5.8 Severability clause

Should any provision of this contract be invalid, this shall not affect the validity of the remaining provisions. The parties undertake to replace the invalid provision with a valid provision that comes as close as possible to the invalid provision.

Confirmation of the supplier:

We hereby confirm receipt and acknowledgement of this QAA.

Our company complies with the requirements of the QAA.

There is an annex with additional agreements/restrictions.

Supplier

Place, date, stamp, signature