QUALITY ASSURANCE TERMS (QAT)

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1 Preamble

LEONI is committed to maintaining and further developing a quality management system according to IATF 16949. LEONI wants and needs to pass on this claim, and the claim that LEONI's customers formulate in the context of their specific requirements, to its suppliers. The following requirements essentially reflect the necessary automotive standard.

2 Applicability

2.1 These Quality Assurance Terms (QAT) are an integral part of the Supply Contract(s) for Production Material and related services (hereinafter "Products") concluded between LEONI and the Supplier (individually or collectively hereinafter "Party" or "Parties") (e.g. General Supply Agreement, Nomination Agreement, long-term agreement or project-specific supply agreement) or will become part of a Supply Contract yet to be concluded between the Parties. These Quality Assurance Terms shall also apply provided (a) no Supply Contract between the Parties will be/has been concluded or (b) a Supply Contract between the Parties will be/has been terminated.

2.2 For the Purpose of these Quality Assurance Terms, the term Production Material refers to material and products (e.g. raw materials, goods, parts, commodities, etc.) which are incorporated into the LEONI products distributed to LEONI's customers.

2.3 To the extent that these Quality Assurance Terms are part of a Supply Contract, the applicability of these Quality Assurance Terms for the Supplier and its Affiliates (collectively or individually hereinafter "Supplier") and LEONI and its Affiliates (collectively or individually hereinafter "LEONI") corresponds to the applicability of the Supply Contract.

2.4 If the applicability of these Quality Assurance Terms is not determined by a Supply Contract, these Quality Assurance Terms shall apply for all deliveries and services regarding products from the Supplier and its Affiliates to LEONI and the Affiliates of LEONI. The Supplier can at any time request from LEONI a list of the Affiliates of LEONI, and LEONI can at any time request from the Supplier a list of the Affiliates of the Supplier.

2.5 For the Purpose of these Quality Assurance Terms, (i) Affiliates of LEONI shall be legal entities, which are controlled directly or indirectly by LEONI AG and (ii) Affiliates of the Supplier shall be legal entities, which are controlled directly or indirectly by the Supplier. For

the purpose of these definitions ”Control” or ”Controlling” shall mean to have, directly or indirectly, equal or more than 50% of company shares or voting rights.

2.6 The Supplier completely guarantees and is responsible for that the Affiliates of the Supplier, accept the terms and conditions of these Quality Assurance Terms as legally binding and obligatory. The risk of non-acceptance bears the Supplier.

2.7 These Quality Assurance Terms lay down the mandatory agreements between the Supplier and LEONI with regard to quality assurance and quality management at the Supplier and its subcontractors. In addition to these Quality Assurance Terms, individual quality assurance measures can be agreed between LEONI and the Supplier or between individual business units or plants of LEONI and the Supplier (except for PPM agreements). PPM agreements can be concluded in individual cases, but only by the purchasing department of LEONI with the Supplier, and will then become an integral part of these Quality Assurance Terms.

2.8 The following enclosures are integral part of these Quality Assurance Terms:

- Enclosure 1 - Standard hourly rates for internal resources (employees)

2.9 In case a new version of these Quality Assurance Terms is published by LEONI, the Supplier undertakes to reasonably and without undue delay negotiate with LEONI on such new version with the aim of concluding an agreement on the new version at the latest within three (3) months of receipt. The applicable version is the version which is effective at the date of the placement of the order respectively the last-amended version which has been provided to the Supplier in text form. LEONI reserves the right to amend these Quality Assurance Terms from time to time. In this case, LEONI will inform the Supplier about the changes and provide the revised Quality Assurance Terms to the Supplier. If the Supplier does not object within 2 weeks after the receipt of the revised Quality Assurance Terms, the new version shall replace the former version.

3 Requirements for the quality management of the Supplier [IATF16949: Section 4]

3.1 To ensure a flawless and consistent quality of the products, the Supplier will establish a quality management (QM system).

3.2 The QM system must conform to IATF 16949 in the current version and proof must be provided. In cases where, due to the IATF regulations, certification according to IATF 16949 is not possible, the Supplier must prove a QM system according to ISO 9001 in the currently valid version and the QM system of the supplier must comply with IATF 16949. The proof is to be furnished by presenting a certification issued by an internationally recognized and accredited certification company (e.g. IATF, German accreditation body). Any deviation from the requirement for a certification of the QM system according to IATF 16949 requires the special approval of LEONI.

3.3 The Supplier shall inform LEONI immediately if the certificate:

- has been revoked,
- has expired without successful recertification, or
- has been temporarily placed on suspension.
- If no recertification is planned, the Supplier must inform LEONI at least 3 months before the expiration date of the certificate.

3.4 After successful recertification, new certificates shall be sent to LEONI without explicitly being requested.

3.5 All Parties are committed to the zero-defect goal; this represents the agreed quality level.

3.6 The Supplier will oblige its sub-suppliers to comply with the requirements of these Quality Assurance Terms.

4 Product safety [IATF16949: Section 4.4.1.2]

4.1 The Supplier must have documented processes for the management of product safety-related products and production processes. This process must comply with the relevant product safety requirements of IATF 16949.

4.2 The Supplier shall designate a product safety manager.

5 Carrying out audits [IATF16949: Section 8.4.2.4.1]

5.1 The Supplier allows LEONI to carry out audits.

5.2 After prior notice with a reasonable deadline, an audit can be carried out at LEONI's discretion as a system, process, requalification or product audit or as a process acceptance (e.g. run@rate).

5.3 The Supplier will grant LEONI and, where necessary, its customers, access to all business premises, test centers, warehouses and adjacent areas as well as the right to inspect the quality-relevant documents. Necessary and reasonable restrictions shall be accepted in order to safeguard the Supplier's business secrets.

5.4 LEONI shall inform the Supplier of the result of the audit. If LEONI considers measures to be necessary, e.g. due to deviations or potential for improvement, the Supplier, if necessary in coordination with LEONI, must prepare a suitable action plan, implement it in the short term, check for effectiveness and inform LEONI accordingly.

5.5 In the event of quality problems, which may have or could have been caused by the sub-supplier, the supplier will enable LEONI to carry out or attend an audit of the sub-supplier at the discretion of LEONI.

6 Control of non-compliant results [IATF16949: Section 10.2]

6.1 Warranty management [IATF16949: Section 10.2.5 and 10.2.6]

The Supplier must define and implement a warranty management process that includes methods for analysing defective parts, including a "no-trouble-found (NTF)" approach.

6.2 Quality and supplier development talks due to non-conforming results

At the request and discretion of LEONI, quality and supplier development talks will be held at a LEONI location or at the Supplier's location. The Supplier will provide LEONI with the contact data of the persons-in-charge, in particular in the production, logistics and quality assurance departments.

6.3 Procedure for non-compliant results [IATF16949: Section 8.5.6.1.1 and 8.7]

The provisions set out in IATF 16949 apply, which are concretized as follows:

- the period and scope of a deviation approval, the relative quantity delivered, the type of the labelling and the whereabouts must be documented;
- all charge carriers with a deviation approval must be additionally labelled;
- products which are not labelled or those suspected of being defective shall be classified as defective;
- staff training sessions to isolate and separate faulty or suspected products must be carried out and documented;
- rework may only be carried out after a risk assessment has been made by the supplier and with approval of LEONI;
- work instructions for dismantling, reworking, checking and labelling must be created and provided by the Supplier and have to be approved by LEONI.

6.4 Additional requirements of LEONI [IATF16949: Section 10.6.2]

In the case of complaints, the Supplier is obligated to analyse and work on these according to the 8D system and to supply LEONI with an 8D report.

The procedure for handling complaints is set out as follows:

6.4.1 3D-Report

The complaint-issuing body of LEONI must have received an initial reply from the Supplier at the latest on the following working day of LEONI after the Supplier has received the complaint.

6.4.2 5D-Report

The complaint-issuing body of LEONI must have received a root cause analysis and an action plan based on the root cause analysis from the Supplier at the latest within 10 working days of LEONI after receipt of the complaint by the Supplier.

The Supplier may only reject the complaint if the rejection is accompanied by evidence of a root cause analysis.

6.4.3 8D-Report

The complaint-issuing body of LEONI must have received confirmation of the implementation of the measures from the 5D report from the Supplier at the latest within 40 working days of LEONI after receipt of the complaint by the Supplier. Delays in the implementation of the agreed measures must be reported to LEONI before the end of the agreed deadlines. LEONI certainly reserves the right to verify the measures at the Supplier. This can be done in the form of an audit.

6.4.4 Adjustment of deadlines

Where necessary, in particular in the event of a complaint due to a reclamation from LEONI customers, LEONI may also set a reasonable shorter period.

Insofar as it is not possible for the Supplier to transmit the complete reports within the periods specified in 6.4.2 to 6.4.4, the Parties may mutually agree to an extension of the time limit. In this case, the complaint-issuing body must have received a detailed interim report from the Supplier. The interim report must clearly indicate the date by which the respective full report (or possibly the next interim report) will be provided. The length of time between two interim reports may not exceed 14 calendar days.

The first three deliveries after a complaint must be clearly marked by the Supplier for each delivery address in both the shipping documents and the charge carriers. The content of the marking shall be agreed with the complaint-issuing body.

6.5 Further requirements in the case of non-conforming results

6.5.1 If the Supplier does not succeed in restoring the agreed quality level within a reasonable or mutually agreed deadline, LEONI may demand from the Supplier the support of external service providers at the Supplier’s expense.

6.5.2 The Supplier shall compensate LEONI´s costs incurred due to defective products of the Supplier (including claims for damages of LEONI customers) according to Section 19 of these QAT.

6.6 Supplier Escalation Process

6.6.1 In case the supplies and services of the Supplier do not meet quality, delivery or planning requirements, the supplier shall be included into the Supplier Escalation Process of LEONI, so that improvement measures at the Supplier can be accelerated and effectively implemented.

6.6.2 The Supplier shall inform LEONI immediately that the Supplier has received a customer status from a LEONI customer for deviations from quality, delivery or planning agreements insofar as supplies and services are affected, that LEONI receives from the Supplier.

6.6.3 The Supplier shall compensate LEONI´s costs incurred due to the Supplier Escalation Process of LEONI.

6.6.4 In particular, the Supplier shall bear the cost of process audits and problem analyses insofar as these become necessary as a result of reductions in quality. Furthermore, the Supplier shall bear the cost of follow-up audits and the verification of measures deriving from

regular audits where these are shown to be necessary by an audit result that indicates the possibility of potential reductions in quality on the part of the Supplier.

7 Change management [IATF16949: Section 8.2.4 and 8.5.6]

7.1 The Supplier is obligated to obtain the consent of LEONI before undertaking any

- changes to the manufacturing process (in particular test methods and test equipment, manufacturing processes),
- relocation of the production site and/or production facilities (also in-company),
- changes to the design of the product,
- changes of drawings, processing specifications or data sheets,
- changes in the material or its composition,
- amendment of the aforementioned points at its sub-suppliers and
- change of sub-supplier.

7.2 In case of parts imposed by the customer of LEONI (directed parts) the Supplier is obligated to obtain the consent of the customer of LEONI.

7.3 LEONI must be notified by means of a parts change notification (PCN) to the e-mail address pcn@leoni.com.

7.4 The Supplier must provide LEONI with free samples in reasonable numbers at least six (6) months before the agreed first delivery. The Supplier must agree in good time with LEONI beforehand on the specific number of samples. In general, samples are required for every production site of LEONI. Unless otherwise agreed, the samples shall be delivered in accordance with DDP production site LEONI INCOTERMS 2020, including packaging.

7.5 Before the change is implemented in the series, sampling approval must be obtained in coordination with LEONI.

7.6 The Supplier shall bear all reasonable costs incurred by LEONI and LEONI's customers as a result of the change, insofar as the change originates from the Supplier or the change is a change of or related to parts imposed by the customer of LEONI (directed parts).

These costs include in particular but are not limited to

- costs due to substantial interventions and changes in LEONI's production facilities, for example by the acquisition and adaption of test and production equipment or the adjustment of test and production equipment (e.g. camera systems),
- increase in logistics costs and storage costs by changing the size of the packaging,
- costs of significant changes in development documentation of LEONI to LEONI´s customers (for example amendments of drawings, validation tests, bill of materials, etc.) and
- any other additional expenses arising from the changes.

8 Feasibility Assessment [IATF16949: Section 8.2.3]

For the planning and processing of any projects, a project-specific and documented feasibility analysis of the Supplier is required. This analysis is an integral part of the offer and is to be issued together with it.

9 Advanced Quality Planning [IATF16949: Section 8.1]

9.1 General

Development projects must be coordinated by the Supplier with LEONI in accordance with the respective requirements of LEONI and, if necessary, those of LEONI customers in regard to content and dates. The Supplier will provide qualified employees in sufficient numbers and with sufficiently free resources.

9.2 Statutory and regulatory requirements, specifications, standards and drawings [IATF16949: Section 8.4.3.1, 8.4.2.2 and 8.6.5]

The Supplier undertakes

- to identify, obtain and comply with the relevant legal and regulatory requirements and regulations applicable to the exporting country, the importing country and, if notified, the country of destination,
- to identify, obtain and comply with the specifications, standards and drawings in the current version (according to the information in the drawing and in the specifications),
- to evaluate and comply with the requirements of all specifications,
- to define and comply with specific characteristics, required parameters and process capabilities in coordination with LEONI,
- to point out any missing information and misleading requirements and
- pass on all applicable statutory and regulatory requirements as well as all special features relating to products and processes to its sub-suppliers.

9.3 Failure Mode and Effects Analysis (FMEA)) [IATF16949: Section 8.3.5.2]

9.3.1 Insofar as the product is developed by the Supplier (developmental sovereignty), the Supplier must create a design FMEA and complete the measures from the FMEA prior to sampling.

9.3.2 The Supplier has to create an FMEA process and complete the measures from the FMEA prior to sampling.

9.3.3 In the event of changes or complaints, the Supplier is obliged to update the existing FMEA.

9.3.4 The FMEA is to be produced on the basis of a generally accepted set of rules (e.g. VDA Volume 4 or AIAG FMEA) and must be presented to LEONI on request for inspection.

9.3.5 At the request of LEONI, the Supplier must create FMEA interfaces for LEONI or the sub-supplier.

9.4 Production Steering Plan (Control Plan) [IATF16949: Section 8.5.1.1]

9.4.1 The Supplier must create a production steering plan (PLP) for the respective production site and for all products to be delivered on the system, subsystem, component and/or material levels. The PLP must provide an overview of all requirements for the respective component, and include all process steps from the receipt of the goods to dispatch, including requalification.

9.4.2 For prototypes, pre-series and series volumes, the Supplier must create a PLP in which the information from the risk analyses of the development (if provided by LEONI or LEONI customers), the process flow diagram and the results of the risk analyses are incorporated into the manufacturing process (such as FMEA). The PLP must have a link to this.

9.4.3 On request, the supplier must provide LEONI with the conformity data and measurement results collected during the implementation of the specifications from the PLP.

9.4.4 The following must be included in the PLP by the Supplier:

- Measures used to control and monitor the manufacturing process, including verification of set-up procedures and, in particular, initial and production releases,
- Initial and partial settlement, where applicable,
- information required by LEONI or LEONI customers (if applicable),
- methods for monitoring the steering of special characteristics, both for those specified by LEONI or LEONI customers, and for those which the Supplier itself has defined and
- established response plans in the event that defective products are detected or the process has been evaluated as statistically unstable (not controlled) or deemed incapable.

9.4.5 The Supplier must check the PLP and revise it if necessary,

- if it is determined that it has supplied LEONI with defective products,
- if changes occur that affect the product, the production process, measured values, logistics, supply sources, production volumes or risk analyses (FMEA),

- after a complaint and introduction of the appropriate corrective measures (if applicable) and
- based on a risk analysis at fixed/scheduled times.

9.4.5 At the request of LEONI, the Supplier must obtain a new release after a review or revision of the PLP.

9.5 Capability proof [IATF16949: Section 8.3.5.2 and 9.1.1.1]

9.5.1 The Supplier must demonstrate the robustness of its processes as well as the ability to measure using statistical methods.

9.5.2 The characteristics of the capability study must be coordinated with LEONI. The calculation, execution and documentation of the skills will be provided by the Supplier independently. The process capability studies must be carried out and documented on the basis of a generally accepted set of rules (in particular VDA volumes 4 and 5 or AIAG MSA/SPC).

9.5.3 The following limits are valid for proving the process capability, whereupon LEONI reserves the right to define different capability parameters for specific products or projects:

- Short-term ability: cmk ≥ 1.67 (50 parts)
- Preliminary process capability: ppk ≥ 1.67
- Long-term capability: cpk ≥ 1.33 (min. 30 x 5 parts)

9.5.4 The Supplier shall provide proof of capabilities free of charge to LEONI, hand it over on request, and provide such proof also for the current series.

9.5.5 If the above-mentioned process capability parameters are not reached, the Supplier must take appropriate measures. Until the process capability is reached or restored, the Supplier must check 100% of the affected part characteristics.

9.6 Process approval [IATF16949: Section 8.3.5.2]

The product and process quality as well as the confirmation for the achievement of the serial cycle time (capacity confirmation) must be demonstrated by the Supplier by means of a suitable examination (e.g. process series, run@rate). LEONI reserves the right to accompany the process approval by the Supplier or to carry out its own investigation.

10 Substance and material data management, IMDS [IATF16949: Section 8.3.4.4]

10.1 The Supplier must ensure the traceability of all the substances used in the delivered products, in parts of these products, or for the manufacture of these products or parts of these products. The Supplier will provide LEONI with the relevant documents and information in appropriate form upon request.

10.2 For all products delivered to LEONI, the Supplier must observe and comply with the national, European and international regulations applicable to the products in respect of declarable substances, materials or sources of production valid at the time of delivery. This applies in particular to the requirements laid down in Regulation (EC) No 1907/2006 (REACH), Directive 2011/65/EU (RoHS II), Directive 2015/863/EU (RoHS III) and Regulation (EU) No 528-2012 (BPR).

10.3 Should a used ingredient, a used material or a production source be subject to declaration or banned, the Supplier must inform LEONI immediately. The Supplier is also obligated to disclose the use of conflict minerals in accordance with the requirements of section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act as well as the Regulation (EU) 2017/821 (3TG) and applicable regulations connected thereto and to provide LEONI with the relevant documents and information in the form requested by LEONI.

10.4 The Supplier must keep the material data in IMDs (www.mdsystem.com) and make it available to LEONI. The LEONI IMDs ID is 213.

10.5 Insofar as it is not compatible with the legal requirements, the delivered products may not contain any parts that are hazardous to health or harmful to the environment. If the products contain dangerous substances or preparations, the Supplier must provide LEONI with a fully completed safety data sheet in accordance with the applicable statutory requirements.

11 Production process and product release [IATF16949: Section 8.3.4.4]

11.1 Initial samples, first sample test report, submission stage, IMDS, technical cleanliness, re-samplings

11.1.1 The Supplier shall carry out the initial sampling for LEONI in accordance with VDA Volume 2 (PPF) or AIAG PPAP. As far as necessary, for example, different agreements can be made in the context of projects. Unless otherwise agreed, the Supplier shall submit the initial sample report including the documents specified in the LEONI initial sampling requirement s for suppliers (AA3151 enclosure 1).

11.1.2 Technical cleanliness requirements must be documented in the initial sample test report (EMPB).

11.1.3 The materials used are to be proven by means of material test reports. The IMDS entry (see paragraph 10) is an indispensable component of the EMPB.

11.1.4 The production of first-sample parts must be carried out under series production conditions with serial off-tool parts and in the serial production process. At least 5 parts should be measured per tool and nest.

11.1.5 The parts must be marked as “initial samples” and sent to the place specified in the order. Additional documents may be requested from the initial sample inspection point.

11.1.6 The first sample documents must be presented in English in principle.

11.1.7 Initial samplings of the Supplier for LEONI are free of charge for LEONI. This principle also applies to re-samplings due to changes caused by the Supplier.

11.1.8 Re-sampling scopes must be handled like the first sampling scopes.

11.1.9 In the case of a factually justified rejected initial sampling, LEONI reserves the right to charge the Supplier for the actual cost of a re-sampling.

11.2 Reference, border and master samples

- Master samples are patterns that embody the released state of development and are a binding reference.
- Boundary patterns are patterns that embody the permissible tolerances derived from the master samples.
- Reference patterns are patterns that represent the permissible characteristics of characteristic values.

The master, border and reference samples must be coordinated with LEONI, labelled and directed, and kept protected from environmental influences. They shall be made available to LEONI on request. As far as master samples are used, e.g. for coatings, moulds, colours etc., the Supplier will procure and monitor these for start-up and series production.

11.3 Parts history

11.3.1 The Supplier undertakes to keep a parts history for all products delivered by it to LEONI. All product and process changes are documented in this history.

11.3.2 The parts history contains in particular:

- Drawing number,
- LEONI Drawing Index,
- Item designation,
- reason for change,
- change manager,
- date of use,

- production status (hand samples, prototypes, pre-series or series tools),
- parameter sets (collection of individual parameters, including permissible tolerances) and
- tool changes.

11.4 Prototype and pre-production parts – Labelling of packaging and documents

11.4.1 The respective packaging units for prototype and pre-series parts must be labelled by the Supplier in a way clearly visible (e.g. by means of a sticker) with the relevant note

- Attention prototype or
- Attention pre-series.

11.4.2 Unless otherwise agreed in the respective project, a further marking (e.g. by label or sticker) must be given at least with information on

- part number (LEONI and/or customer),
- part name,
- part index,
- production date,
- expiry date (if applicable),
- note on the condition in the parts history and,
- if available, batch number and drawing number including index.

11.4.3 Each delivery must be made with the project-specific documents attached in accordance with LEONI's specifications. These include in particular:

- current test proofs,
- current parts history and
- release/technical delivery release of LEONI or the customer.

11.5 Prototypes-pre-series and serial parts-product labelling

11.5.1 Each component must be marked as unlosable according to the component drawing. The labelling is carried out by inserts in the tool or by suitable stickers, indelible if necessary.

11.5.2 The following must be stated at least:

- Part number (LEONI and/or customer),
- part index,
- production date,
- material identification and
- country of origin.

11.5.2 Further identifications can be defined by LEONI or the customers of LEONI in a project-specific manner.

11.5.3 In the case of components whose dimensions, function or geometry do not permit such labelling, the identification must be carried out in coordination with LEONI e.g. on the packaging or packing labelling.

12 Management of production tools, testing, measurement and manufacturing facilities [IATF16949: Section 7.1.3.1]

12.1 The Supplier must provide sufficient resources for the development, manufacture and verification of tools and test equipment required for the manufacture of products and the provision of related services.

12.2 The tools, test equipment and manufacturing equipment must be available prior to initial sampling.

12.3 The construction of test gauges and measurement recordings has to be coordinated with LEONI. They must be designed in such a way that they can cover the entire product development and production period.

12.4 The Supplier must implement and maintain a tool management system, in particular for tools owned by LEONI or the customer of LEONI.

12.5. This tool management system includes in particular

- maintenance and repair facilities, intervals as well as personnel,
- storage and processing,
- setup,
- tool change programs for wear tools,
- documentation of changes to tool specifications including the technical change status of the product,
- documentation of tool changes and
- identification, in particular (a) tool identification (master or inventory number), (b) tool status (e.g. “for production”, “in repair” or “for scrapping”), (c) owner of the tools and (d) storage location.

12.6 The Supplier must also introduce and maintain a test equipment management system for all test equipment used for the production of products and their release. This system must include a method for recording test equipment capabilities in accordance with VDA Volume 5 or AIAG MSA and their documentation.

12.7 The Supplier must ensure at its own expense that the customer owned (owned by LEONI or the customer of LEONI) tools, testing, measurement and manufacturing facilities are permanently labelled in a visible location, so that the owner and the usability of each individual part can be determined. LEONI may provide type plates which must be affixed by the Supplier so that they cannot be lost.

12.8 The approval takes place on site by LEONI and is part of the overall release. The final release is made by a first sampling of the components completed. The Supplier must introduce a system for monitoring activities in case processes, products or services are outsourced to external providers.

13 Retention of documents and records [IATF16949: Section 7.5.3.2.1]

13.1 The supplier must define, document and implement a document and record retention system. This applies in particular to documents and records concerning:

- Product and process releases,
- tools (their maintenance and ownership),
- product and process development,
- purchase orders and
- contracts and contract changes.

13.2 These documents and records shall be kept for a period of 15 years. This period starts with the end of serial and spare parts production. The steering of these documents and records must meet the legal, regulatory and internal requirements of the Supplier as well as customer requirements of LEONI and its customers.

13.3 The system for storing these documents and records should be based on the VDA Volume 1 or on AIAG APQP.

14 Mass production

14.1 Release of series production

Series production shall not be started until LEONI has given its approval. The first sample release by LEONI does not relieve the supplier of its responsibility for product quality in series production. The supplier should be guided by the VDA volume “robust production process” or by AIAG APQP.

14.2 Re-qualification tests [IATF16949: Section 8.6.2]

14.2.1 All products must be subject to an annual re-qualification test, unless agreed otherwise with LEONI. In the context of the re-qualification test, in particular, the requirements for

- dimensions
- materials and

- functions

must be inspected; the respective customer requirements of LEONI and its customers must also be taken into account

14.2.2 The contents of the examination are part of the first sampling documentation and must be coordinated with LEONI. The re-qualification test must be included in the production steering plan.

14.2.3 The results of the re-qualification tests must be made available to LEONI at any time and free of charge upon request. If a re-qualification test does not exist, the supplier must inform LEONI immediately; this also applies if the non-existence occurs only once.

14.3 Special releases [IATF16949: Section 8.5.6.1.1 and 8.7.1.1]

14.3.1 Deviations from delivery specifications are generally not permissible and must be immediately reported by the supplier to LEONI. This applies in particular to deviations from released

- drawings, materials and product characteristics,
- production processes and
- packaging.

14.3.2 Exceptionally, temporary or quantitatively limited special releases may be issued in writing by LEONI.

14.3.3 In the case of developments of the Supplier as well as in the case of parts imposed by the customer (directed parts), the Supplier must prepare a risk assessment with regard to the deviation and hand it over to LEONI upon requesting special release at the latest.

14.3.4 In the case of parts imposed by the customer (directed parts), the Supplier must also obtain a release from the end customer and hand it over to LEONI.

14.3.5 The granting of a special release is at the free discretion of LEONI.

14.3.6 All deliveries made on the basis of a special release must be marked with additional labels on all load carriers.

15 Labelling and traceability [IATF16949: Section 8.5.2.1]

15.1 The Supplier must introduce and implement processes for the identification and traceability of products delivered to LEONI. The Supplier must in particular ensure that the containment (determination of clear starting and end points) of products already delivered or already in the field is possible, if these show quality- and/or safety-relevant errors.

15.2 The Supplier must carry out analyses in respect of traceability for all products which

- take into account the degree of risk and significance of the error for employees, customers and end-users,
- meet the internal requirements, customer requirements and regulatory requirements regarding traceability, and
- include the development and documentation of traceability plans.

15.3 In these traceability plans, the necessary traceability systems, processes and methods must be defined.

15.4 Traceability systems, processes and methods are to be documented for the respective products, processes and production sites, which

- enable the Supplier to detect faulty or suspected products,
- allow the Supplier to separate defective or suspected products,
- ensure that the deadlines required by the customer and/or the supervisory authorities are complied with,
- ensure that appropriate documented information is kept in a form and manner (electronic, paper, archival) that allows the Supplier to comply with the required deadlines,
- ensure the standard marking of individual products, if specified by the customer or in official regulations, and

- ensure that the requirements for marking and traceability are extended to externally supplied products with safety- or registration-relevant characteristics.

15.5 The traceability plan must be agreed and implemented by the Supplier prior to sampling with LEONI.

16 Tests by the Supplier

The Supplier is obligated to carry out appropriate receipt, intermediate and outbound tests (in particular goods issue checks) to ensure that no defective products are delivered to LEONI.

17 Contingency plans and strategies [IATF16949: Section 6.1.2.3]

17.1 The Supplier must prepare contingency plans that include precautions and ensure that the product manufactured after a disaster, in which production has been stopped and the regular shutdown processes have not been complied with, continues to meet customer specifications after the restart of the production.

17.2 In particular, the Supplier must

- identify and evaluate internal and external risks to all production processes and manufacturing facilities in order to maintain production output and ensure compliance with LEONI's customer requirements and their customers,
- create contingency plans depending on the risks and repercussions for LEONI,
- create contingency plans to maintain the parts supply even in case of one of the following events: Failure of essential production facilities, interruption of supply of externally supplied products, processes and services, recurring natural disasters, fire, interruptions of supply systems, labour shortage or disruptions of infrastructure,
- in addition to the contingency plans, set up a notification process to LEONI, which includes the extent and duration of situations that have an impact on LEONI's business operations,
- check the contingency plans regularly for efficacy (e.g. simulations where appropriate),
- evaluate the contingency plans (at least annually) by a multidisciplinary team, including the top management, and update them, if necessary, and
- document the contingency plans and keep documented information about changes, including those persons that caused the change.

18 Customer-specific requirements [IATF16949: Section 4.3.2]

18.1 The Supplier must meet the customer-specific requirements of LEONI and its customers.

18.2 General customer-specific requirements are included in this agreement. These are to be implemented by the Supplier.

18.3 To the extent that additional customer-specific requirements are to be met by LEONI and its customers, LEONI will inform the Supplier of these customer-specific requirements and make the relevant project-specific agreements with the Supplier.

18.4 The Supplier will find information on such additional customer-specific requirements for example on the Internet at

http://www.iatfglobaloversight.org/ and

https://www.LEONI.com/suppliers.

19 Costs and expenses in case of a defect

19.1 The Supplier is obliged to settle all costs and expenses that LEONI incurs directly or indirectly due to the Supplier's defective Products (see Sections 10 and 11 of the General Supply Agreement (GSA) if such GSA is concluded between the Parties or Sections 10 and

11 of the General Terms and Conditions of Purchasing as of 11/2021 (GTCP) if no GSA is concluded between the Parties). This includes, for example, costs arising from the analysis and testing of the defective Products, as well as costs for line stoppage, extra shifts and overtime hours, scrap, equipment, logistics and administration, both at LEONI and LEONI´s customers.

19.2 LEONI is also entitled to demand compensation from the Supplier for further costs and expenses based on statutory provisions and other contractual provisions.

20 Costs for usage of internal resources

20.1 For the bearing of costs according to Sections 6.5, 6.6, 7.6 and 19 of these Quality Assurance Terms, the Supplier shall also bear the reasonable and indicated costs incurred by the use of internal resources, in particular employees and equipment, by LEONI or the customers of LEONI. In such case, a reasonable market price shall be used to determine the costs. For the cost calculation of internal resources, LEONI may apply the standard hourly rates for internal resources (employees) as set out in Enclosure 1.

20.2 LEONI shall be entitled to assert claims for compensatory damages in a lump-sum amount of 50,- EUR per 8D-report and quality complaint accepted by the Supplier for the processing of 8D-reports and quality complaints. The Supplier may provide evidence that no damages have been incurred or of a lower amount of damages. LEONI reserves the right to provide evidence of a greater amount of damages and to assert a respective claim.

21 Term and Termination

21.1 These Quality Assurance Terms shall be valid for an unlimited period.

21.2 These Quality Assurance Terms may be terminated exclusively in accordance with (i) Sections 21 and 22 of the GSA, if such GSA is concluded between the Parties, or (ii) Sections 20 and 21 of the GTCP, if no GSA is concluded between the Parties.

21.3 In case these Quality Assurance Terms are terminated, these Quality Assurance Terms shall also apply beyond the contract term to deliveries and services, for which a binding individual contract between the Supplier and LEONI has been concluded until the expiry of these Quality Assurance Terms.

22 Jurisdiction and Venue, Arbitration Clause, Choice of Law

22.1 For jurisdiction and venue as well as for arbitration Section 24 of the GSA shall apply if such GSA is concluded between the Parties. Section 23 of the GTCP shall apply if no GSA is concluded between the Parties.

22.2 For choice of law shall Section 25 of the GSA shall apply if such GSA is concluded between the Parties. Section 24 of the GTCP shall apply if no GSA is concluded between the Parties.

23 Miscellaneous

Section 26 of the GSA shall apply if such GSA is concluded between the Parties. Section 25 of the GTCP shall apply if no GSA is concluded between the Parties.

Enclosure 1 - Standard hourly rates for internal resources (employees), last updated December 2021

The following standard hourly rates shall be applicable for cost calculation of internal resources (employees) of LEONI in case of (i) participation in Supplier Escalation Process (see Section 6.6 of the QAT), (ii) parts changes of directed parts (see Section 7.6 of the QAT) and (iii) supplies and deliveries of defective Products from the Supplier to LEONI (see Section 19 of the QAT):

Area	**Locations**	**Q-Service/Operator hourly rate [EUR]**	**Engineer hourly rate [EUR]**
Competence Center	Germany	35	75
	France		
Europe	Great Britain	27	63
Europe	Italy	14	36
	Portugal		
	Spain		
Eastern Europe 1.belt	Poland	14	30
	Slowakia		
Eastern Europe 2.belt	Romania	11	27
	Ukraine		
Eastern Europe 3. belt	Bulgaria	10	25
	Serbia		
Russia		16	41
	Russia		
North Africa I	Tunisia	8	16
	Egypt		
North Africa II	Morocco	11	22
Asia	China	11	25
	Korea		
	India		
North America	USA	35	75
Central/South America	Mexico	11	27
	Brazil		

In accordance with Section 20 of the QAT, LEONI shall be entitled to assert claims for compensatory damages in a lump-sum amount of 50,- EUR per 8D-report and quality complaint accepted by the Supplier.