



QUALITY ASSURANCE AGREEMENT

HANSA-FLEX AG
Zum Panrepel 44
28307 Bremen, Germany

(hereinafter referred to as "HANSA-FLEX")

1. Intention and object

This quality assurance agreement regulates the quality assurance measures in the relationship between the supplier and HANSA-FLEX. Its purpose is to achieve the required quality with a high degree of certainty and at the lowest possible cost. To meet our customer's requirements, the supplier and its sub-suppliers must be involved accordingly.

This Quality Assurance Agreement binds all existing and future contracts between HANSA-FLEX and the supplier. It is an integral part of HANSA-FLEX's terms and conditions of purchase.

HANSA-FLEX reserves the right to conduct value analysis in cooperation with the supplier at any time. This quality assurance agreement includes all orders fulfilled by the supplier to HANSA-FLEX. HANSA-FLEX is entitled at any time to obtain information about the measures taken to secure this agreement. This includes:

- Certificates
- Evidence of product, process, and test equipment quality
- Batch-dependent acceptance test certificates
- Evidence of quality inspection of raw material suppliers by the supplier

The Supplier shall keep the evidence for at least **10** years. Longer statutory retention periods remain unaffected.

2. Certifications

The supplier undertakes to permanently apply a certified quality management system in accordance with **DIN EN ISO 9001** or a system which at least fulfils all the substantive requirements of this standard. HANSA-FLEX is committed to protecting the environment and its employees and is certified in accordance with **ISO 14001** and **DIN EN ISO 45001**. HANSA-FLEX expects suppliers to make a voluntary commitment to environmental protection and occupational health and safety in the form of an implemented environmental protection and occupational health and safety management system. In the medium term, HANSA-FLEX expects the supplier to achieve at least certification in accordance with DIN EN ISO 14001 and occupational health and safety DIN EN ISO 45001.

The supplier must develop the QM system of his sub-suppliers with the aim that these sub-suppliers fulfil his requirements according to DIN EN ISO 9001 or a system which fulfils at least all the substantive requirements of this standard. If the supplier procures pre-supplies (input materials, software, services, manufacturing and/or testing equipment, etc..) for the quality assurance and/or the manufacture of the goods, the supplier shall ensure the quality of such pre-supplies either by its own means and/or by contractually integrating the sub-supplier into the supplier's QM system.

The supplier is obliged to regularly identify risks and opportunities of its goods. The identified risks must be analyzed and evaluated to initiate countermeasures in good time. The supplier must check the implementation for effectiveness. The supplier must communicate the results of risk management to HANSA-FLEX in text form, insofar as this concerns products delivered or to be delivered to HANSA-FLEX.

The supplier shall provide evidence of any certifications by submitting a copy of the certificate upon request by HANSA-FLEX. Any changes to the certificates shall be notified and evidenced in writing without delay.

The qualitative assessment by HANSA-FLEX can be found in the Supplier Management Guidelines. If HANSA-FLEX provides the supplier with production and testing equipment, the supplier must include this in its quality management system in the same way as its own production and testing equipment.

3. Quality planning, duty to inform, special releases

Effective quality planning is the basis for continuous improvements and error prevention. If the supplier intends to manufacture its products using new processes or to relocate production/parts of production to other manufacturers/sites or to relocate the production tools, these changes must be notified to HANSA-FLEX in writing without delay and approved by HANSA-FLEX in advance. To create optimum quality planning, the supplier shall use the following standards:

- EN ISO 9001

Should the supplier plan to implement changes in the production process, e.g.:

- Changes to the technical design of the products (merchandise),
- Change in manufacturing processes,
- Change in testing processes,
- Relocation of the production site,
- Use of other raw materials, etc.

the supplier undertakes to notify HANSA-FLEX of the changes in writing without delay and to have them approved. For this purpose, the supplier shall use the *Engineering Change Notification* form provided digitally by HANSA-FLEX, if required, to request release by HANSA-FLEX. The information must be received by HANSA-FLEX before the supplier begins implementation. In the case of deviations in dimensions, quality and properties approved by HANSA-FLEX, the supplier shall indicate the number of the deviation request on the delivery documents. Should HANSA-FLEX decide to approve the product after inspection, this shall not release the supplier from its obligations to deliver faultless products and shall not constitute a waiver on the part of HANSA-FLEX of warranty and liability (indemnity) claims regarding the delivery of faulty products.

HANSA-FLEX points out at this point that, in accordance with the provisions of HANSA-FLEX's terms and conditions of purchase, the supplier shall be responsible for all consequences and costs arising from a breach of this obligation, HANSA-FLEX and/or third parties.

4. Technical documents and certificates

The technical data to be complied with by the supplier are specified in the following documents and records:

- HANSA-FLEX drawings and specifications: The supplier receives current drawings and specifications before the initial order. The current drawing numbers with revision status are shown in the orders. The supplier undertakes to check the revision status against the order and, if necessary, to request missing or more up-to-date drawings.
- If required by HANSA-FLEX, acceptance test certificates in accordance with EN 10204,3.1 must be supplied for the items supplied.
- For general cargo items that are not manufactured according to HANSA-FLEX drawings, the corresponding 3D models must be provided if requested by HANSA-FLEX.

5. Ensuring product and process quality

The responsibility for using effective systems to monitor and continuously improve process and product quality lies with the supplier.

All items supplied must comply with rules, regulations, and ordinances in the current version, such as:

- Regulation (EC) No 1907/2006 (REACH Regulation)
- Directive 2011/65/EU (RoHS)
- SCIP entry (Substances of Concern In articles as such or in complex objects (Products)) according to ECHA
- Dodd-Frank Act SEC. 1502 ("Conflict Minerals")

Conformity must be confirmed in writing by the supplier at the request of HANSA-FLEX.

6. Monitoring of production processes

The supplier shall draw up a quality inspection schedule for the items delivered to HANSA-FLEX, showing all incoming inspections of raw materials, intermediate inspections, and final/outgoing inspections.

The supplier undertakes to monitor and document the production process for all items supplied to HANSA-FLEX by using suitable statistical methods in such a way that the process capability of critical features and main features can be demonstrated at any time over the entire production period. HANSA-FLEX continuously monitors the performance of suppliers and evaluates them using various key figures. Specific key figures, e.g., the ppm key figure of the quantity complained about, can be found in the supplier evaluation manual.

7. Quality assurance of subcontractors

The supplier shall take suitable quality assurance measures to ensure the quality of its suppliers. Statutory testing and inspection obligations of the supplier remain unaffected by this. The supplier shall check the raw materials used for HANSA-FLEX upon receipt at least for identity, for externally visible damage and deviations from the ordered quality and shall have the delivered quality confirmed by test certificates. The supplier shall check the trustworthiness of this record and make it available to HANSA-FLEX on request. The form of the incoming goods inspection shall be constantly adapted to the delivered quality of the goods. If quality deviations are detected, the supplier shall intensify the incoming goods inspection accordingly, so that defective goods are reliably detected and treated in accordance with the specifications.

8. Labelling and traceability of the manufacturing/supply lots

The supplier undertakes to mark the goods delivered to HANSA-FLEX in such a way that confusion and mixing of parts / materials from different production lots is excluded (batch marking). All determined measurement and test results as well as process data must be clearly assignable to a production lot by means of a batch number. The products must be delivered in separate batches. Mixing of batch lots is not permitted. The identification of the batch must be shown on request on the containers (packaging), the delivery papers and, if possible, on the parts themselves.

For traceability, the supplier marks the delivery lots with the batch number and archives the associated documents.

9. Initial sample / PPAP

For initial deliveries of new products for HANSA-FLEX, the supplier shall provide HANSA-FLEX with initial samples with PPAP documentation in accordance with the technical details specified by HANSA-FLEX. The requirements and the scope of testing shall be determined by HANSA-FLEX in a specification document. Initial samples are to be provided with suitable labelling.

New initial samples for HANSA-FLEX are required and must be announced by the supplier:

- in the case of amended or revised revision levels of the technical specification
- in the event of relocation of the place of manufacture
- for new manufacturing processes and procedures (also when machines are modified)
- for new raw materials and suppliers (by arrangement)
- in case of loss of certificates (e.g., the ISO 9001)
- in the event of assessment uncertainties (by arrangement)

The PPAP documentation serves to record the required technical designs and the quality level. If the technically agreed design is not achieved, the samples may only be delivered if a written deviation authorization from HANSA-FLEX is attached to the PPAP documentation. The supplier shall keep the PPAP documentation for at least 10 years after issue.

10. Logistical quality requirements

The respective HANSA-FLEX logistics guideline applies to ensure logistics quality.

11. Emergency plans

To keep the effects of unforeseen events (e.g., tool breakage, machine failure, loss of software, etc.) as low as possible, the supplier must have contingency plans in place for all process steps that may have an influence on quality and delivery reliability, at the latest when production of agreed delivery scopes begins. These emergency plans must be updated at regular intervals and must be submitted to HANSA-FLEX on request.

12. Audit law / quality talks

HANSA-FLEX and HANSA-FLEX's customers are entitled to determine by means of an audit whether the supplier's quality assurance measures ensure compliance with HANSA-FLEX requirements. Within the scope of his deliveries, the supplier must also enable the auditing of his sub-suppliers, if necessary. HANSA-FLEX reserves the right to visit these sub-suppliers insofar as this is required to verify the existence and function of the quality management system and to assess the sub-supplier's production processes. Accordingly, the supplier shall ensure, by means of

corresponding contractual agreements, that HANSA-FLEX can convince itself of the effectiveness of the management systems of its sub-suppliers and business partners involved in the processing of orders from HANSA-FLEX by means of audits in the same way as it can convince itself of the effectiveness of the management systems of the supplier.

The audit can be carried out as a system, process, capacity, or production audit and must be agreed in good time before the planned implementation. Audits by approved certification bodies shall be considered. Reasonable restrictions on the part of the supplier to safeguard his trade secrets are accepted. If quality problems occur which are caused by services and/or deliveries of sub-suppliers, the supplier shall in any case be obliged to facilitate an audit at the sub-supplier concerned.

An audit does not release the supplier from his responsibility for quality. He remains responsible for the quality of his products and those of his sub-suppliers.

Regular quality meetings are held with HANSA-FLEX. The aim of the discussion is to coordinate and establish target agreements regarding quality development. If necessary, the supplier must disclose the Q-documentation created during these discussions. The necessity and scope of this disclosure must be agreed in advance.

In the event of a poor-quality situation, HANSA-FLEX reserves the right to invite the supplier to a quality meeting without delay. During the discussion, a catalogue of measures will be agreed, which may include technical support from HANSA-FLEX.

13. Incoming goods inspection at HANSA-FLEX

HANSA-FLEX shall carry out the obligation to inspect incoming goods in accordance with § 377 of the German Commercial Code (HGB) to the extent described below. Inspection of incoming goods for:

- Identity
- Quantity
- obvious defects
- external transport damage
- Inspection status according to point 5.

In all cases, HANSA-FLEX's notice of defects shall be deemed to have been given without undue delay and in good time if it is sent within a period of five working days, calculated from receipt of the goods or, in the case of hidden defects, from discovery.

14. Complaints law, complaints handling, measures

HANSA-FLEX is entitled to return products which are subsequently found to be defective with a debit note. Return deliveries shall be at the supplier's expense. In the case of justified complaints, the supplier shall draw up an action plan with a time limit (4D or 8D report on request) to remedy the defects or process errors and shall initiate the measures without delay. The supplier's reaction time **must not exceed 24 hours from receipt of the complaint**. We expect the final report (as specified) within 7 working days after receipt of the complaint or, if applicable, the rejected goods to be examined.

If complaints are made about commercial goods (goods from the supplier) or HANSA-FLEX parts according to drawings, the supplier shall make its technical know-how available if required. Damages incurred by HANSA-FLEX in connection with insufficient quality of deliveries, documentation and advice by the supplier shall be borne by the supplier. HANSA-FLEX reserves the right to charge complaint processing fees. The flat-rate processing fee is € 75 net and may be increased by repeat errors. The internal billing rate for costs incurred by sorting and reworking is currently € 38 net / hour. HANSA-FLEX reserves the right to adjust the rates.

Suppliers of hose goods undertake to carry out impulse and burst pressure tests for the common HANSA-FLEX hose/fitting combinations once a year as part of the periodic control tests.

15. Entry into force of the quality assurance agreement, duration, and termination

a. Entry into force

This Quality Assurance Agreement shall automatically come into force two weeks after the document has been published unless the supplier objects in writing. A separate consultation meeting shall be scheduled within 2 weeks of the objection.

b. Duration

The quality assurance agreement is open-ended.

c. Cancellation

It can be terminated in writing by the parties with a notice period of 3 months to the end of the quarter.

16. Place of performance, place of jurisdiction and applicable law

The place of performance, place of jurisdiction and applicable law shall be determined in accordance with HANSA-FLEX's Terms and Conditions of Purchase.

17. Severability Clause

If any provision of this Agreement is or becomes invalid, the validity of the remaining provisions of this Agreement shall not be affected thereby.