Quality management agreement

QMA Automotive Edition May 2025

between

Süddeutsche
Gelenkscheibenfabrik GmbH Co. KG
Gerhard-Zeidler-Str. 6
84478 Waldkraiburg

- hereinafter known as SGF or the Customer -

and

:::

- hereinafter known as the Supplier -

Preamble

The manufacture of high quality products is an essential need of modern industries. To assure quality there is a need to set out the legal relationships between the signatory parties. All processes must be designed for “continuous improvement” and have as their objective “zero errors”- a PPM-Agreement will be concluded separately (according to Annex 1). The Customer expects the Supplier to comply with the standards set out in DIN EN ISO 9001 or IATF 16949.

This QMA shall apply in addition to the purchase order/delivery schedule but shall take precedence over the other agreements between SGF and the Supplier. The Supplier's general terms of business shall be inapplicable.

Section A:
The Supplier's quality management system

§ 1 Requirements

1. The Supplier has effectively introduced a QM system at its company so as to demonstrate its quality capability. The Suppliers quality management system at least complies with the requirements of the current version of standard DIN EN ISO 9001.
2. As evidence of this the Supplier shall submit the current certificate issued by an accredited certification company.
3. The Supplier's QM system shall be developed and maintained with the objective that it complies with the requirements of the current version of technical specification IATF 16949.
4. Suppliers and their sub-contractors of components and materials which are installed in the Customer's products for the Volkswagen (VW) brand should strive to implement the following requirements:
- Formula Q-capability (supplier quality capability assessment directive)
The Supplier shall be responsible for ensuring that the documents are up to date. (Download at www.vwgroupsupply.com possible).
The Supplier undertakes to inquire from the customer before accepting the order whether the components to be supplied will be installed in VW products.

§ 2 Documentation

1. The Supplier shall document its quality assurance work. The Supplier must keep all the quality-relevant records required to verify the agreed quality, in particular records of measured values, inspection results, product samples and tests, for a period of at least 15 years after the delivery of its products and make them available at any time at the request of the Customer. The documents should be kept on data media in duplicate and if possible these should be stored in separate buildings. The storage of the documents should be protected against any access by unauthorized third parties and against all environmental influences in at least two separate locations.
2. Components which must be archived: are products for which there may be an increased risk of bodily injury and/or property damage in the event that they are defective. These products and their features are clearly marked in the Customer's technical documents.
The Supplier undertakes to produce and use instructions for handling components which must be archived and to record the inspection results of these features in suitable form pursuant to the specifications in the inspection plans for the specific components. The archiving period for components which must be archived shall be 25 years. The archiving system must be such that it complies with the standard level of diligence for internal affairs and also the diligence of an upstanding businessman and that this level of diligence can be verified by the Supplier.
3. On request or during audits the Supplier shall allow the Customer to examine all the quality records relating to the product and shall provide the Customer with copies or extracts from the documents.
This shall not include documents which the Supplier has a justified claim to keeping confidential, such as *expertise* where the Supplier has necessarily accepted an undertaking to third parties to keep such documents confidential.

§ 3 Control Plan

The supplier undertakes to maintain a production control plan. The yearly requalification must be included.

§ 4 Risk assessment

1. The Supplier must establish a procedure with which it can estimate the risk posed by defects which affect its products. Any identified risks or defects shall be reported to the Customer without delay.
2. After giving advance notice, the Customer shall be entitled to visit the Supplier's business premises and conduct audits, on request also accompanied by the Customer's customers.
The Supplier must provide the resources required to conduct these audits. To this end the Supplier shall in particular permit the Customer to inspect its QMS, view the existing documentation and conduct its own quality tests.
3. The above provision shall also apply to the Supplier's sub-contractors. The Supplier should notify them of this promptly in writing and request their consent.

§ 5 QM methods

1. The Supplier uses acknowledged QM methods and procedures to control processes, including risk analyses (for example FMEA), process safety verifications, ongoing in-process monitoring (SPC, dispatch inspections, etc.) and capability tests (Cpk and Cmk). These are important instruments to detect errors at an early stage and to prevent errors.
Acknowledged statistical methods must be used where sensible for critical features and features which are important to function so as to obtain information about the capability of the process and about compliance with the specified quality requirements at an early stage.
2. A production feasibility, testing capability and delivery analysis must be completed as soon as possible after the receipt of product inquiries. Modification wishes or unclear points must be clarified with the Customer without delay in writing.
3. The production of a quotation shall also be regarded as a declaration of agreement to conduct the production feasibility, testing capability and delivery analysis.

§ 6 Inspection equipment, machinery and process capability

1. The Supplier shall ensure by the use of suitable statistical methods that the machines, tools, measuring and inspection equipment and the processes in which they are used are suitable and capable of manufacturing the products to be supplied to the Customer.
The capability verifications described in the MSA reference manual or VDA Volume 5 must be available for all the tools, inspection equipment and gauges used to monitor critical and special features.
2. In cases whereby the process does not or temporarily does not fulfil the Customer's requirements, a 100 % inspection shall be required. Process improvements must be made and these must be documented as part of a complaint notification. Increased tests are required until a Cpk value of at least 1.33 is achieved on a consistent basis. For this purpose the Supplier must produce a revised inspection plan for these intermediate measures.

§ 7 Continuous improvement process (CIP)

1. The Supplier has introduced a structured process of continuous improvement at its company for all products, processes, procedures and services and verifiably uses it for the products to be supplied to the Customer and for its activities related to the business relationship.
2. The effectiveness of the CIP shall be verified by the Supplier by the continuous improvement of its quality, prices, supply performance, flexibility and cooperation.
3. The relevant CIP programmes and actions shall be provided by the Supplier at the request of the Customer without delay.

§ 8 Regulatory and statutory requirements – additional quality principles

1. In addition to the above-mentioned standards and generally applicable statutory regulations, standards and provisions, SGF order documents are in particular considered binding. Examples thereof

are order drawings, including regulations specified therein such as DIN standards, SGF standards, technical delivery conditions, data sheets, etc.,
- agreed test instructions and inspection equipment,
- additional order information, e.g. packaging instructions,
- special legal provisions,
- special environmental protection and recycling regulations, and

any other quality-related agreements.

Applicable regulatory and statutory requirements (also regarding product safety) as well as product- and process-related characteristics must be passed on along the supply chain to the manufacturing location.
2.The supplier must document the process used to ensure that all externally provided processes, products and services fulfill the respectively applicable regulatory and statutory requirements of the exporting country, the importing country, and the destination country designated by the customer (provided that these have been communicated to the supplier).
If the customer has stipulated special monitoring activities for certain products that are subject to regulatory and statutory requirements, the supplier must ensure that these monitoring activities are carried out continuously and as stipulated.

§ 9 Supply sources specified by the customer

If stipulated by the customer, certain products, materials or services must be procured from specified sources. In this case, the supplier must still fulfill all requirements of Section 8.4. ff of the DIN EN ISO 9001:2015 (with the exception of IATF Section 8.4.1.2) standard - respectively in the current version - (when managing the supply sources specified by the customer.
Any exceptions must be set forth in special agreements or contracts.

Section B:
Pre-production

§ 1 Purchase order documents

1. The Supplier must check the contract documents supplied to it immediately after receipt to ensure that they are complete, completely clear, feasible and up to date.
2. The Supplier must notify the Customer without delay of any defects and risks identified during a review of the documents.

§ 2 Intended use

1. Unless the Customer's purchase order contains information to this effect, the Supplier shall find out about the intended use and application of its goods.
2. In the event of a breach of this duty, the suitability of the goods for the application intended by the Customer shall be regarded as having been assured.

§ 3 Composition and IMDS/CAMDS

1. The Supplier shall provide evidence on submission of the initial samples showing the composition of the materials used and their components and details of the environmental aspects related to them.
2. All materials must be verifiably registered in the IMDS (International Material Data System) and CAMDS (China Automotive Material Data System). The Supplier shall provide such evidence at the Customer's request.

Section C:
Production

§ 1 Dispatch and receiving inspection and testing

1. The Customer hereby transfers its receiving inspection and testing duties to the Supplier's dispatch inspection and testing department.
2. The Supplier shall exempt the Customer from any claims made by third parties caused by the omission or incorrect form of these inspection and testing duties.
3. The legal consequences of section 377 of the German Commercial Code (HGB) shall not apply in the relationship of the parties to each other for the obligations of the Supplier according to this stipulation.
4. The Supplier shall submit the above provisions to its liability insurer for insurance cover and in the event that no such cover can be obtained, must immediately notify the Customer of this in writing.

§ 2 Product and process approval

1. For the product approval the Supplier must submit initial samples to the Customer as described in PPAP (reference manual production part approval process) or VDA volume 2 (Assurance of the quality of goods) which comply with all contractually agreed specifications and properties. Unless expressly specified elsewhere, the Supplier must use Level 3 for the submission to PPAP as the standard level for all documents (minimum requirement). If the submission is in compliance with VDA, submission level 2 shall be used as a basis unless agreed to the contrary (minimum requirement). This allows any deviations to be corrected promptly and thus prevent systematic errors in serial production.
2. The initial samples and all the components and materials used in their manufacture must be manufactured in full using standard equipment and in serial production conditions.
3. The results of the process approval may be reviewed or requested by the Customer at the Supplier's premises.

§ 3 Labelling, traceability

1. The Supplier must ensure the traceability of its products (at least per lot). It undertakes to maintain a system which ensures the traceability of its products from dispatch to the raw material.
2. Products must be labelled such that in the event that a fault occurs, it is possible to identify all the products which will be affected by such a fault.
3. Raw materials and outsourced components must be stored separately and processed on a "first in, first out" basis.

§ 4 Early warning of faults

1. The Supplier shall notify the Customer without delay of all recognisable factors hindering the proper fulfilment of the contract, particularly of difficulties in acquiring precursor products, difficulties in meeting deadlines, shipping and delivery problems, recognisable quality problems regarding subcontractors, or an increased error quotient in the Supplier products.
2. In these cases and in the case of a complaint, the Supplier shall notify the Customer without delay of remedial action, investigate return shipments and provide the Customer with support in the form of trained personnel.

§ 5 Sub-contractors

1. The Supplier shall select and monitor its sub-contractors on the basis of their technical and qualitative capacities. It shall not replace specified suppliers with other suppliers.
2. The Supplier shall not be authorised to use sub-contractors for services which must be provided to the Customer without obtaining the Customer's prior consent.

3. The Supplier is fully responsible for assuring the quality of the raw material used for and the components outsourced for the Customer.
4. Receiving inspections and tests must be documented by test certificates. The content of these documents must be reviewed to ensure that it is correct and the content must also be monitored – for example by means of an audit.
5. The Supplier shall ensure that its sub-contractors use suitable quality control measures and that the quality of the products to be supplied to the Customer meets the specified requirements.
In particular, the Supplier shall ensure that its sub-contractors have suitable procedures and test plans and that they work to them.
In this respect the Supplier must ensure that its sub-contractors establish an appropriate QMS. To this end the Supplier shall systematically conduct inspections or audits at their premises.
6. The Customer shall be entitled to attend the technical and commercial negotiations between the Supplier and its sub-contractor and must be notified promptly of them. The Supplier shall also strive to achieve consent for this in its contractual agreements with its sub-contractors.

§ 6 China clause

1. The Supplier shall give preference to those sub-contractors which have adequate experience in the manufacture of the products. It shall label and provide notification about raw materials and semi-finished products from Asia as such.
2. The Supplier shall be liable for products supplied to the Supplier which give the impression that they meet the specifications (fakes), regardless of who is at fault. It shall adjust its receiving inspection and testing procedures to identify such products.

§ 7 Quality documents

Every supplied batch must be accompanied by an inspection certificate as agreed in the sampling.
All products must be subjected to an annual layout inspection and functional testing (requalification), unless otherwise is agreed with SGF. The layout inspection must at least contain the tested characteristics that do not accompany the series.

§ 8 Special approvals

1. In the event of non-conforming goods, the Supplier may request that the Customer issues a special approval.
2. This request is to be made in writing and must at least contain the following information:
Customer product number with revision status, Supplier product number, product quantity, period affected, reason for request, action, deadlines and responsible person to rectify the defect.
3. Affected consignments must be clearly labelled.
4. The Supplier undertakes to label the products which are the subject of a special approval.
5. If the Customer amends the specification of the product, the Supplier shall immediately review this specification and notify the Customer also without delay of the effects of the change to the production process, to deadlines and lead times in writing by submitting documents which contain all the relevant information and references.
6. This special approval shall not release the Supplier from its liability for damage caused by these goods.

§ 9 Sampling procedures

1. The Supplier is obliged to notify each process change in advance and to carry out a renewed sampling. These measures shall particularly include, but not be limited to changes to suppliers, production processes, raw material, sub-contractors and inspection methods.
2. Details are set out in the initial sampling documents.

§ 10 Damaged part analysis

If requested by the Customer, the Supplier, in consultation with the Customer, shall conduct the damaged part analysis in accordance with the current VDA volume “Damaged part analysis field” at the time of contract conclusion. The assessment shall be carried out in accordance with the VDA “Damaged part analysis field” audit standard.

§ 11 Emergency plan

The Supplier undertakes to develop an emergency plan for the event of a business interruption, regardless of the reason, to ensure continuous supply to the Customer with the forecast production quantities, to the extent that this is economically and technically reasonable. This emergency plan is available at the Suppliers’s premises and can be viewed by the Customer.

Section D:
Cooperation

§ 1 Environmental protection – occupational health and safety

1. With the aim of using resources efficiently and the sustained protection of the environment, the Customer regards it as a duty to include its suppliers in its environmental policy objectives and to motivate and promote them accordingly. In terms of product environmental compatibility and occupational health and safety, the Customer demands that its suppliers comply with and observe the statutory regulations, official guidelines and standards that are relevant to them.
2. The Customer's corporate policy must be observed when entering into an agreement to supply goods (e.g. Code of Conduct at www.sgf.com).
3. Emissions protection, the protection of water and soil, recycling and green-based management are a central concern for the companies. Manufacturing-based environmental protection avoids relocation effects by taking a holistic view of all environmental influences.
4. The Customer expects the Supplier to be responsible in how it treats common property and the employees to use a positive, proactive attitude to environmental topics.
5. The Supplier's strategies to improve environmental aspects should include the following areas:
- Manufacturing process
- Reduction of energy use
- Labelling and packaging
- Recycling and reuse
- Waste disposal

6. The Customer recommends that the Supplier obtains and maintains certification pursuant to the latest version of DIN EN ISO 14001, DIN EN ISO 50001 and DIN EN ISO 45001.

Section E:
Claims and Liability

§ 1 Exchange of experience

1. In the event that defective products are supplied (and in particular in the event of damage resulting from the supply of defective products), the Supplier undertakes to cooperate fully and provide the required information without delay.
2. To this end the Supplier must document its experience with the product, if possible quoting any previous defects which have occurred with other customers, and supply this to the Customer on request.
3. The Supplier undertakes that in the event of claims being lodged by the Customer or by a customer of the Customer which could be linked to a defect on the product, it shall support the Customer in

clarifying the cause of the defect and in particular shall take all the action required to identify the cause of the defect.

§ 2 8D Report - Complaints processing

1. The supplier is required to immediately investigate any complaints regarding products within the scope of a root cause analysis. He is required to separate the defective parts and provide a risk assessment within 24 hours regarding already delivered products and those in the supply chain.
2. The supplier must immediately compile the results and planned corrective measures, including scheduling for their implementation, in an 8D report and forward this to the customer. Verification and confirmation of the effective implementation of the corrective measures shall be provided to the customer. The documentation of a complaint must ,at minimum, take the form of an 8D report. Other analysis options such as a 5 Whys analysis, Ishikawa diagram, FMEA, etc. can also be requested.
3. The supplier is required to send an initial statement in writing to the client regarding the receipt of the complaint and containment (8D report processed up to 3D) and/or safety measures within 24 hours. The conclusion of the complaint (8D report completed and accepted by SGF) shall take place within 10 working days. If the deadlines are exceeded, we reserve the right to charge an administrative fee of EUR 250. The rejected products shall be returned to the supplier to the agreed scope. If the delivery of products that do not meet the specification threatens production downtimes for the customer or the customers of the customer, the supplier must take immediate measures for remedy at his own expense in agreement with the customer within 24 hours (replacement deliveries, sorting work, reworking, special shifts, express shipping, etc.).
4. Depending on the consequences of the defect characteristic, the customer reserves the right to receive an appointment for a visit within 24 hours after the defect is detected. If there are quality issues with corresponding consequences, this visit can span several days in order to coordinate immediate measures as well as to monitor their implementation.
5. After the conclusion of a justified complaint, the supplier will be charged for all complaint-related costs. This includes, for example, sorting effort, rework costs, production downtimes, analysis costs, scrapping costs for single parts and assemblies, administrative costs, special transports.
The payment demands on the part of the customer result from the type and scope of the defect as well as its impact. These costs are independent of other damage claims.

§ 3 Escalation for quality problems

1. If there are recurring defects in the deliveries, the supplier will be invited to a quality meeting. In addition, § 2 Section 4 can also be applicable here.
If there is a repeated delivery of parts with the complained about error pattern or it fails the agreed PPM delivery quality, the customer reserves the right to visit the supplier on site. This will be announced on short notice. The supplier shall ensure access to the production facilities and prepare accordingly.
Within the scope of the visit, the effectiveness of the corrective measures will be checked and additional quality assurance measures defined if necessary.
2. In the event that additional defective deliveries take place despite quality assurance measures being implemented, then the problem will be escalated further.
Escalation level 1 applies to the handling of severe quality and logistics problems with the supplier. Additional measures will be agreed with the supplier and a distinction will be made for these measures between delivery and field quality.
If level 1 is applied, the delivery quality will be ensured up to verification of the effectiveness of the measures taken to prevent errors via a 100% check by the supplier.
3. If the measures taken in level 1 do not lead to an improvement in delivery quality, escalation level 2 will take place. In level 2, an external quality officer will be used at the supplier to ensure the quality

of delivered products. The costs of this shall be borne by the supplier. This course of action will be maintained until verification is obtained regarding the assurance of delivery quality.
As a matter of principle, the supplier's management is informed regarding both escalation levels.
In serious cases, the customer reserves the right to inform the supplier's respective certification organization.

§ 4 Damage calculation

1. The Customer may at its discretion charge the additional costs incurred and demand compensation or demand the following lump sums for dealing with the defect: Complaint EUR 250, sorting non-conforming products / rework EUR 45 per hour (all amounts are net).
2. The Supplier shall be at liberty to provide evidence that the costs were in fact less than this. The Customer shall be at liberty to provide evidence that the costs were in fact higher than this.

§ 5 Setting a deadline

1. The Customer shall be entitled to set the Supplier a reasonable deadline to respond to a complaint lodged by the Customer.
2. If no response is forthcoming within the set deadline, the Customer shall be entitled to demand a contract penalty of EUR 250 if the order value is in excess of EUR 1,000. The contract penalty shall be set off against any claim for compensation.
3. The Customer reserves the right to claim additional damages.

§ 6 Supply chains

The Supplier shall provide assurance that it shall provide compensation for damage caused by its products in the same way as to the Customer for other clients of the Customer and in the event that third parties suffer damages.

§ 7 Responsibility

The Supplier hereby provides the assurance that its products, consultancy services as well as all other services and works services are not defective. This shall in particular include compliance with the raw material specifications and drawings defined by the Customer.

§ 8 Advice

Any defective advice provided by the Supplier and any advice which should have been given but was not shall be regarded as a product defect.

§ 9 Product release

A product release shall not result in any loss of rights in the event of concealed defects.

§ 10 Indemnification, Hold Harmless

1. In the event that the Customer is sued for compensation, the Supplier undertakes to indemnify the Customer from and hold harmless against such claims if and in as far as the damage was caused by a defect in the products delivered by the Supplier.
2. In such cases the Supplier shall pay all costs and expenses, including the costs of any legal prosecution or product recall action.

§ 11 Insurance confirmation

1. The agreements in this QMA which extend the Supplier's liability on a contractual basis over statutory liability shall require the consent of the insurer in order to maintain insurance cover.
2. The Supplier undertakes to submit the agreements shown in Section C § 1 "Dispatch and receiving inspection and testing" and in Section E "Liability" of this QMA to its public liability insurer to this contract in order to obtain confirmation that its cover will not be adversely affected.

3. If these proposed terms are wholly or partly rejected by the insurer, the Supplier must notify the Customer of this situation without delay.

Section F:
Concluding provisions

§ 1 Contract term and termination

1. This QMA shall come into force when it has been signed and shall be concluded for an indefinite period of time. The contract may be terminated by giving notice of 6 months to the end of a month. The QMA shall apply to all goods and services relating to contract goods which are ordered after this agreement comes into force.
2. If supply contracts, purchase orders or other contracts are in force beyond the date of the termination, the termination of the QMA shall not come into force until they have been completed in full and without defects.
3. The right to terminate the contract without notice for an important reason shall not be affected by this.
4. In the event that this QMA is correctly terminated with immediate effect, the parties shall be entitled to terminate existing supply contracts, purchase orders or other contracts at the same time.
5. All notice of termination must be given in writing.

§ 2 Jurisdiction and applicable law

1. The place of jurisdiction shall be the court with jurisdiction for the Customer's registered office or the place of jurisdiction of the Supplier at the Customer's discretion.
2. The place of fulfilment shall be the place to which the goods must be supplied as set out in the order.
3. The laws of the Federal Republic of Germany shall be exclusively applicable to the contract relationships with the Customer.
The applicability of the CISG, the UN Convention on Contracts for the International Sale of Goods ("Vienna Purchasing Rights") and the law of conflict shall be excluded.
4. If individual parts of this contract are invalid, this shall not affect the validity of the other provisions. The parties to the contract shall strive to replace the invalid provision with another provision which is as close as possible to the commercial and legal objective of the original formulation.
5. Changes or amendments to this agreement, including this clause requiring written form, must be made in writing. The signing of this agreement and any adjustment agreements fulfill the written form requirement if electronic signatures are made via an electronic signature service (e.g. DocuSign, Adobe Acrobat Sign).

§ 3 Precedence

This is a translated version from the original German version of the "SGF QMV Automotive Ausgabe Mai 2025". If there are any differences between the understanding of this agreement and the German original version the latter prevails and is controlling.

Signatures of the parties to the contract

Süddeutsche Gelenkscheibenfabrik GmbH Co. KG Gerhard-Zeidler-Str. 6 84478 Waldkraiburg	Supplier
Place, date	Place, date
_____ Name	_____ Name
_____ Signature	_____ Signature
_____ Company stamp	_____ Company stamp

Annex 1: PPM-Agreement