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Quality and Environmental Assurance Agreement

between

Bader GmbH & Co. KG

Metzgerstr. 32 – 34
73033 Göppingen
Germany

- hereinafter referred to as “**Bader**”

and

«**Company name**»

«Address line_1»

«Address line_2»

«Land» - «Postcode» «City»

- hereinafter referred to as “**Supplier**”

1. Area of Application

This Quality and Environmental Assurance Agreement (QAA) concluded with Bader is also valid to the same extent for all companies and business premises belonging to the Bader Group, as well as companies and business premises related to B-parts suppliers of the Bader Group, insofar as no bilateral agreements have been affected.

This agreement constitutes the contractual definition of the technical, logistical and organisational frame conditions and processes between Bader and the B-parts supplier with the objective target of receiving faultless subcontracted supplies.

2. Quality, environmental, energy, occupational safety and information security management system

As a minimum standard, the supplier shall commit to maintain an efficient Quality Management System in accordance with DIN EN ISO 9001 (most recent version), with the objective of higher qualification according to ISO/TS 16949 (most recent version), respectively IATF 16949 (most recent version).

In addition, the supplier ensures environmental protection and occupational safety as well as resource conservation and strives for appropriate management systems according to the respective standard, e.g. for environment according to ISO 14001, for occupational safety according to ISO 45001, or energy management according to ISO 50001. The supplier shall submit a current certificate as proof.

The Supplier undertakes to comply with information security and shall take appropriate measures to ensure the protection of confidentiality, integrity and availability of information. The determination of the appropriate measures shall be made taking into account the state of the art.

2.1 Quality Management/Environmental Management System of the Sub-Contractors

If the Supplier procures products, production or testing equipment or other items from other suppliers for manufacturing purposes, it shall include these in its quality, environmental, energy, occupational safety and information security management system, where applicable, and shall oblige its sub-suppliers to comply with all quality, environmental, energy, occupational safety and information security requirements in accordance with this QAA.

3. Supplier Assessment

3.1 Audits

Bader shall be entitled to carry out quality audits at the supplier's premises or his sub-contractor's premises, also accompanied by his end customer. The date and extent shall be agreed amicably. Reasonable measures to safeguard the know-how of the Supplier shall be accepted in the process.

The Supplier shall be informed of the audit result in writing; in case necessary measures have been determined, the Supplier shall commit to undertake corrective action.

3.2 Supplier Assessment

Bader will regularly evaluate suppliers on the basis of quality, environment, energy, occupational safety and logistical aspects. The suppliers shall be provided with the assessment criteria.

Measures resulting from the supplier assessment shall be defined and implemented by the suppliers. If need be, possible necessary audits (see 4.1) shall be derived from this.

4. Initial Samplings and Resamplings

In the case of

- new products
- changes to products
- changes to tools
- changes to processes
- changes in material
- changes in drawings
- outsourcing
- interruption in production for more than 1 year
- customer specific agreements

the Supplier shall in due time and at no charge carry out initial sampling before delivery involving signed master samples for Bader. These initial samples must be produced under mass-produced

conditions involving serial production facilities. Initial sampling shall be carried out according to the current VDA¹ volume 2 incl. IMDS entry. However, if appropriate OEM specifications exist, it is carried out according to the current Production Part Approval Process (PPAP). Alternative coordination can be carried out with the respective QM contact person.

Product requalification must be carried out according to Customer \OEM requirement.

5. Serial Production

The Supplier shall be responsible for the use of effective systems for the monitoring of process and product quality.

All amendments to parts or to the production process shall be documented by the Supplier in the maintenance history.

The Supplier shall compile inspection plans and inspection instructions for all necessary inspections (receiving inspections, intermediate inspections, final inspections and special inspections) based on AQL accepted ISIR \ PPAP.

With regard to content the inspection plans must be arranged in such a way that all defects that come into consideration can be found using the current best available technology.

6. Verification Management/Documentation/Archiving

The Supplier shall archive all order-related and quality-related records in accordance with the regulatory requirements or customer-specific demands of the supply chain.

It should be noted that quality-relevant documents containing special characteristics must be archived in accordance with VDA Volume 1 (latest version) and made available upon request.

Upon delivery, the supplier must provide Bader with an inspection certificate for parameters based on the initial sampling or on mutually agreed test characteristics according to DIN EN 10 204 type 3.1 within 24 hours free of charge for each batch.

7. Incoming Goods Inspection

After receipt of the goods Bader shall check at random whether they comply with the ordered quantity and the ordered type and whether defects or damage are visible from the outside.

The purchaser shall notify the supplier in writing about any deficiencies of shipment as soon as such deficiencies have been discovered in the course of an orderly business practice. In case the purchaser complies with the aforesaid condition the supplier hereby waives his right to reject delayed notification of deficiency.

8. Action in case of Complaints

In the event that defects are discovered in the course of the incoming goods inspection, further processing or on the customer's premises respectively, an immediate complaint shall be made about this to the Supplier. The first 3 OK follow-up deliveries must be clearly marked.

¹ German Association of the Automotive Industry

In the event that Bader makes a complaint, the Supplier shall undertake to immediately initiate remedial action that guarantees permanent fault exclusion. On principle, the Supplier shall submit first statement in a written form within twenty four (24) hours, create and regularly update 8D report with root cause, correction and corrective action and provide Bader without being asked. In case of rejected complaint explanation must be documented in 8D report as well.

9. Product Safety / Product Liability

The end manufacturer shall bear overall responsibility for the finished end-product.

However, in the overall process chain the respective manufacturer shall bear the responsibility for parts and components used in the end-product. Products supplied by the manufacturer are warranted for the period specified by the OEM.

Therefore the manufacturer/supplier must do everything that is organisationally and technically possible to increase the product safety of his parts and that of his sub-contractors and to minimize product liability risks.

The supplier must comply with and implement the requirements according to VDA Volume "Product Integrity" (in latest version).

A product safety/product conformity representative (PSCR) must be appointed.

The OEM-dependent external qualification, nomination of a deputy as well as the performance of safety-relevant tests are confirmed in the Bader document "PSCR at suppliers".

If products flow into the VW Group, confirmation of the performance of annual D/TLD audits is required.

See also the Bader document "PSCR at suppliers" for this.

10. Environment, Emissions, Hazardous Substances

- The Supplier shall warrant compliance with Bader's "Black List", the statutory environment, emission and hazardous substances requirements and the customer-specific requirements of the supply chain.
- The Supplier shall be obligated to enter the substances used in his product in the IMDS and in the Reach systems if applicable.
- The Supplier shall comply with the respective relevant version of the specifications of EU Directive 2000/53/EG on End-Of-Life Vehicles, 2002/525/EG as well as the End-Of-Life Vehicles Act.
- Bader is an internationally active company. Hence, in consultation with Bader, known requirements must also be taken into account by other countries and compliance documented on demand (example: USA – Dodd-Frank Act).
- For the electrical heating elements, the RoHS directive, among others, must be observed

11. Term

This Agreement shall come into effect when signed and shall be valid for an indefinite period of time. Each party can give proper notice of cancellation observing a 3 month notice period. Notice of cancellation must be given in writing.

Place of jurisdiction: Göppingen

Bader:

Place / Date

_____ Name	_____ Function	_____ Signature/Stamp
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Supplier:

Place / Date

_____ Name	_____ Function	_____ Signature/Stamp
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