

Quality Assurance Agreement

Between: **Walther Spritz- und Lackiersysteme GmbH**
Kärntner Str. 18-30
D - 42327 Wuppertal

or: **Walther Spritz- und Lackiersysteme GmbH**
Im Wiesengrund 28
D - 57290 Neunkirchen-Struthütten

referred to as „Walther“ below

and:

referred to as “Supplier” below

1. Purpose and Scope

The Quality Assurance Agreement (referred to as QAA below) set out below identifies and stipulates the quality assurance procedures agreed between the contractual parties for future supplies with the intention to safeguard the quality of the products. This QAA specifies and details the Supplier's obligations from the purchase/supply agreement and the purchasing conditions of Walther with regard to quality assurance.

The QAA describes the minimum requirements for the Supplier's management system and defines rights and duties with respect to the quality of the products to be supplied. The provisions of the present QAA apply to all existing and future purchase/supply agreements between Walther and Supplier. Any covenant or specific change or amendment shall be made in writing. It shall be attached as an annex to this QAA.

This agreement becomes effective when signed by both contractual parties and is concluded for an indefinite period of time.

2. Supplier's Quality Management System

The Supplier is responsible for the quality of its supplies and services as a matter of principle. The object of the agreement must conform to the state of the art in science and technology.

The Supplier is obliged to review specifications and descriptions received from Walther about the object of the agreement with regard to any errors and for feasibility. In order to ensure compliance with specifications from Walther, an efficient quality management system shall be established, applied and maintained according to the requirements of DIN EN ISO 9001 – as amended – and its efficiency shall be confirmed by an independent accredited certification organization.

If a certification should not exist, the supplier shall conduct the further development of the QM system in accordance with the requirements of the

current version of the DIN EN ISO 9001 standard. These requirements must be known and applied. The Supplier is committed to the zero-defect target and shall continuously optimize its services to that effect and further develop its sub-suppliers accordingly.

The Supplier shall use suitable marking of the objects of the agreement or – if this should not be possible – ensure in another way that it is possible to determine the scope of objects of the agreement that are or may be affected by a defect found. The Supplier shall keep Walther informed about its marking system in such a way that Walther is in a position to determine this information at any time.



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Stand: 08/2014

3. Information and Production Organization Requirements

Whenever it should become evident that a covenant laid down (e.g. Q characteristics, delivery quantity, deadlines) cannot be complied with, the Supplier is obliged to inform Walther about this without delay.

The Supplier assures that the object of the agreement complies with the specification provided by Walther (drawing, data sheet, sample, etc.).

The Supplier shall review the specification immediately with respect to any obvious errors, lack of clarity or incompleteness and, if such a deficiency should be found, shall inform Walther without delay.

If the specification of parts is changed, the Supplier must ensure that the parts of the previous version are supplied first. They must not be delivered together with parts produced within the new index.

4. Outgoing and Incoming Inspection

The Supplier agrees to inspect the quality of the products within the scope of a comprehensive goods outgoing inspection in such a way that an additional goods incoming inspection at Walther can be limited to taking random samples, verifying compliance with the type of goods and checking for any obvious transport damage visible on the outer packaging, relying upon diligent performance of quality inspection by the Supplier.

The Supplier shall establish suitable test procedures on its own to safeguard the quality and create test schedules which reflect the characteristics to be verified, the scope of testing and the testing equipment. The results shall be recorded, kept on file and made available to Walther as necessary.

The Supplier shall ensure that all testing equipment required for testing the products to be manufactured for Walther is available at any time and be able to demonstrate that it is subject to permanent monitoring, calibration and maintenance.

5. Packaging, Storage and Transport

The Supplier shall establish a procedure that avoids inappropriate handling, e.g. damage, exceeding the storage life or other foreseeable quality deterioration.

The goods to be supplied to Walther must be packaged in such a way that any foreseeable transport damage is avoided.



6. Sampling Procedure

Prior to commencing series shipments, initial samples shall be submitted to Walther in good time for initial sample inspection and approval in the following cases:

- In case of new products
- In case of a change of sub-supplier
- In case of a modification of a product
- In case of a change in material
- If new tools or modified or new production processes are used

These samples must have been manufactured completely using series production equipment under series production conditions and they must have been inspected with regard to all quality criteria. The sample parts shall be submitted including the test results in the form of initial sample inspection reports.

These shipments shall be clearly marked as initial samples. The number of initial samples and the content-related and formal requirements for the sampling procedure are either defined with the order or have to be agreed with Walther.

For multi-cavity tooling, samples shall be measured and submitted separately from each cavity. Walther will generally inspect sample parts, communicate the results to the Supplier in a test report and approve series shipments if the samples comply with the requirements. Samples released for production shall be confirmed as released by both contractual parties. Both Walther and the Supplier shall retain one sample identified as released each so that the approved sample can be used as a reference in case of any complaint. The retention period ends on phase-out of the associated production or when the production is changed and a new accepted sample is available. The retention of the test results determined is exclusively governed by the time-limits specified.

7. Retention Periods for Quality Relevant Documentation

The Supplier is obliged to retain the specific quality documentation for the period specified: For all parts, 10 years from creation

8. Accessibility and Delivery to Customers

The test documentation maintained by the Supplier in relation to products of Walther shall be accessible for inspection at any time. The Supplier shall support Walther in the defence against any claim asserted by a third-party and allow inspection of the relevant quality documentation for this purpose and make it temporarily available as far as necessary for the purpose of providing evidence for defence.



9. Suppliers' Actions in Case of Defects

If it should turn out during series monitoring that defective products exist, the production process must be interrupted and corrected immediately. The products manufactured since the last 'pass' assessment shall be subjected to a 100% inspection. If the investigation of the scope of defects should reveal that defective products may already have been shipped, the competent quality assurance office of the receiving Walther plant shall be notified immediately. Walther requests that the action taken to remedy the defects are communicated at the same time in the form of an 8D report. In case of serious issues, the Supplier is requested to have qualified personnel on site within 24 hours. The Supplier is obliged to sort out or rework defective shipments at its own expense in such a way that Walther does not incur any loss. If necessary, a replacement delivery must be made on a date specified by Walther.

If a product recall should become necessary because of a defective product of the Supplier, the Supplier commits to cooperate with Walther in the interest of limitation of damage; the costs incurred by the recall shall be at the Supplier's charge unless Walther should be responsible for the defect.

The Supplier agrees to indemnify Walther against any claims arising out of product liability if the claim asserted by a third party is attributable to the defective product of the manufacturer.

If the Supplier should have work performed by a third party, it shall not be free from the responsibility of instruction, disposition and any replacement delivery that may become necessary.

10. Special Approval

For any intended deviation from the specification, a deviation approval must be applied for. The customer-specific application form may be used for this purpose. Products involving an approved deviation shall be supplied separately. In this case, the delivery note and the packing units shall be provided with a note indicating the nature of the deviation. A copy of the deviation approval shall be included with the shipping documents. The

period of validity of the deviation approval is limited with respect to either quantity and/or time.

11. Audits

Walther reserves the right to conduct an audit at the Supplier's to determine whether the Supplier's quality management system is suitable to ensure compliance with Walther's quality requirements. The audit may be carried out as a process or product audit.

Walther will announce the agent's visit in time, i.e. with a lead time of 3 working days. The Supplier shall make available all the documents required for this purpose that are not confidential.

Within the scope of the supplies, the Supplier shall also facilitate auditing its sub-suppliers together with agents of Walther.

12. Confidentiality

The Supplier commits to keeping information and knowledge confidential, regardless of how it was obtained, and it will neither disclose it to any third party without the contractual partner's written consent nor use it for any purpose other than the one for which it was transferred. Sub-suppliers must be committed to confidentiality accordingly.

This provision shall survive the term of this agreement as long as the data, information and knowledge subject to confidentiality do not become publicly known.

13. Incoming Goods Inspection and Notification of Defect

Since the application and documentation of the required inspections is the sole responsibility of the Supplier, Walther will inspect the goods supplied on arrival only by taking random samples, verifying compliance with the type of goods (identity check) and checking for any obvious transport damage visible on the outer packaging. Any defect actually found will be notified within the time-limits stipulated in the purchasing conditions of Walther.

The Supplier shall include with each shipment an inspection certificate duly filled in and signed as evidence of the



inspection.

14. Additional Clause

The Supplier is obliged to transfer the provisions of the present Quality Assurance Agreement with the same wording to the sub-suppliers involved with the Walther product concerned.
egal intent is achieved as far as possible.

15. Severability Clause

This agreement shall remain in effect in all other respects if any individual provision should be found to be invalid. The invalid provision shall then be interpreted in such a way that its original economic and I



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