

Quality Assurance Agreement (QAA)

between

all affiliated companies of
Bomatec Holding AG
Hofstrasse 1
CH-8181 Höri

- as per attachment, hereinafter referred to as 'BOMATEC' -

and

XXXXXXXX
XXXXXXXX
XXXXXXXXXXXXXXXXXX
XXXXXX

including businesses and persons
connected with this company

- hereinafter referred to as the Business Partner or Supplier -

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2 General

2.1 Introduction

BOMATEC offers its customers high-quality products with the goal of having “zero defects”. In order to achieve and maintain this goal, our suppliers must meet the requirements of our customers and thus, this QAA.

2.2 Purpose

This QAA defines the general requirements of the quality and environmental management of BOMATEC’s suppliers. The goal is to ensure that these requirements are met by the supplier, including the continuous improvement process in all divisions of the supplier, in order to achieve steadily growing economic and qualitative success along the entire supply chain.

2.3 Scope

This QAA applies to all suppliers of BOMATEC supplying quality-relevant products and/or providing services affecting quality. This QAA shall also be applied to all of the supplier’s subcontractors.

3 General requirements

3.1 Requirements of the quality management system

The supplier’s quality management system must at minimum be ISO 9001 certified. Suppliers for series and spares production in the automotive industry should be IATF 16949 certified or strive towards IATF 16949 certification. The supplier must notify BOMATEC of any changes regarding the validity of the certificates. Furthermore, the relevant effective issues of the specific quality management requirements in the automotive industry (e.g. VDA or AIAG volumes) shall be applicable.

3.2 Requirements of the environmental management system

The supplier’s environmental management system should meet the requirements of the ISO 14001 standard. Certification according to this standard is desirable and should be pursued. Furthermore, the supplier undertakes to meet the requirements of the latest version RoHS EC Directives 2011/65/EC and 2015/863/EU, all requirements of the effective EU chemicals regulation REACH 1907/2006, PFOA 2020/786/EC, conflict minerals (CMRT), Cobalt (CRT), Mica (MRT) in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, EU-POP guideline no. 2019/1021, TSCA Restrictions (PBT) and CA Prop65. CO2/Carbon footprint must be reduced as much as possible with long term target to zero level. Focus of sustainability activities is the

reduction of CO2 emissions over the entire product life cycle – from development to raw material extraction and recycling.

Environmental Responsibility:

The supplier shall act in accordance with the precautionary principle with regard to potential environmental risks, take initiatives to promote greater environmental responsibility, and encourage the development and dissemination of environmentally friendly technologies. The use of substances and materials hazardous to the environment and health shall be avoided as far as possible. This also requires identifying environmentally friendly alternative solutions that are effective in the long term.

Chemicals and other substances that may pose a hazard if released into the environment must be identified. Hazardous substance management must be established for these so that they can be safely handled, transported, stored, reprocessed, reused or disposed of through appropriate procedures.

Environmentally Friendly and Energy-Efficient Production:

Optimum environmental protection must be ensured at all stages of production. This includes a proactive approach to avoid or minimize the consequences of accidents that may have a negative impact on the environment.

Particular importance is attached to the application and further development of energy and water saving technologies, characterized by the use of emission reduction, reuse and recycling strategies.

Energy consumption must be analyzed so that it can be systematically used to implement optimization actions.

Environmentally Friendly and Energy-Efficient Products:

All products manufactured along the supply chain must meet the environmental standards of their market segment. This includes the complete product life cycle and all materials used. Impacts on the environment and the health of employees are avoided or minimized in all activities throughout the product life cycle.

In development, raw material extraction, the use phase of products through to recycling - as well as other activities - the economical use of energy, water and raw materials, the use of renewable resources and the minimization of environmental and health damage are taken into account.

3.3 Environment, safety, health, resources, counterfeit parts/material and social responsibility

In accordance with our corporate principles, we oblige our suppliers to use energy, production material and resources as economically as possible in the production and to limit the waste of residual material in terms of design and processes. Any waste accrued is to be recycled in an environmentally sound manner or, if meaningful recycling is not possible, disposed of in an environmentally friendly manner.

The supplier undertakes to keep the impacts on and risks to human health and the environment to a minimum by means of an appropriate occupational safety, health and environmental protection organization (e.g. OHSAS 18001/ISO 26000/UN Global Compact Principle, OECD standard).

Supplier undertakes a system to avoid counterfeit parts/material in the production/supply chain.

Furthermore, the supplier undertakes to meet its social responsibility and to act accordingly at every level (see also the corporate principles of BOMATEC and OECD standard). Focus must be on regulation to working hours, modern slavery, harassment and non-discrimination, corruption, extortion and bribery, privacy and data protection, fair competition and anti-trust, GHG emissions, energy efficiency and renewables, and more

3.4 Requirements of the documentation/communication

The supplier must control all quality-related data and documents and archive them for 15 years unless otherwise stipulated. Upon request, BOMATEC must be allowed inspection of all quality-related documents. The supplier must ensure that the quality-related documents used (e.g. drawings, specifications, standards) are always the most current versions.

BOMATEC and the supplier shall jointly ensure that communication and the exchange of data work flawlessly at every level.

3.5 Requirements of IT security

The supplier is responsible for complying with the security-relevant regulations, measures and standards, in particular for securing central data storage and archiving. The supplier undertakes to continuously review the IT security standards and to adapt them to the current requirements.

3.6 Risk assessment

Supplier has a system to minimize and avoid all kind of risk (general company, production process and supply chain and other risks) during all process according to the ISO9001/ ISO 14001 / IATF16949 regulations. A Product Safety Representative/Product Safety & Conformity Representative (PSB/PSCR) is part of the organization with all necessary knowhow.

3.7 Contingency plan

SUPPLIER shall prepare contingency plans (Emergency plans - DRP: Disaster Recovery Plan) to satisfy customer requirements in the event of an emergency, such as utility interruptions, labour shortages, key equipment failure, major forces, delivery interruptions of public services (water, gas, electricity), infrastructure perturbation, cyber attack... and field returns. (see IATF 16949: 2016, § 6.1.2.3). Bomatec will be allowed by SUPPLIER to audit the contingency plan.

4 Requirements of the production process and product approval

4.1 Advanced quality planning

The supplier must prepare a detailed project schedule together with BOMATEC and comply with this schedule (e.g. pursuant to VDA Volume 4 or APQP). If a schedule variance is on the horizon, BOMATEC must be notified as early as possible and the supplier must present solutions so as to still meet the deadline.

The supplier is responsible for preparing appropriate QFD analyses, feasibility studies, zero-defect strategies, control plan, FMEA study including derived from this quality assurance and measurement concepts, process flow diagrams, inspection plans including test equipment and gauges, concept for equipment, resource scheduling, maintenance and packaging, as well as personnel qualification etc.

The supplier undertakes to use and comply with new, competitive technologies and development planning processes, taking into account the technical conditions. It shall contribute its experience from the start of the project or development.

4.2 FMEA and special characteristics

In addition to the special characteristics defined in the quality-related documents (e.g. drawings), BOMATEC shall, if and when required, define additional special characteristics and notify the supplier of these. The supplier must perform an FMEA/PFMEA and also periodically planned a reverse-FMEA/PFMEA within its scope of responsibility (e.g. in accordance with VDA Volume 4 or AIAG) in order to determine the risks of its production and in turn define its own special characteristics. Unless agreed otherwise, the minimum requirements listed below must be met for special characteristics.

Process level	Process capability
Production process and product release	$C_m / C_{mk} > 1.67$
Production process and product release	$P_p / P_{pk} > 1.67$
Series production	$C_p / C_{pk} > 1.33$

A capable series process is given when a long-term process capability study yields a capability factor of $C_{pk} \geq 1.33$. If the process is not capable ($C_{pk} < 1.33$), the supplier is obliged to immediately take appropriate corrective action. The supplier must perform a 100% inspection until process capability has been achieved. The achieved process capability must be verified.

4.3 Production process and product release

The production process must be geared towards the goal of zero defects according to the principle of "avoiding faults instead of discovering faults". The production process and product release takes place upon written approval by BOMATEC once the supplier has provided proof of qualification. This means that the supplied initial sample and the corresponding documentation (e.g. in accordance with VDA Volume 2 or PPAP incl. IMDS) must be complete and in good order. Until the process is mastered and capable, the supplier must, together with BOMATEC, take measures to ensure that the requirements are met. The supplier must continuously check the production processes and test procedures, taking into account any problems that have occurred during the start-up and series production

phase (with internal audit, process audit VDA6.3 and other tools) and, if required, install a safe launch concept.

The supplier is responsible for continuously checking and verifying the process capability for defined characteristics of both products produced in-house and externally produced products. Supplier is responsible to provide evidence (on annual basis) showing each special process (heat treatment, plating, coating, welding, soldering, molding and ...) was assessed and conforms to applicable CQI-XX standard. In case of process non-conformities, supplier is expected to implement corrective actions to bring the process to compliance.

4.4 International material data system, IMDS

The supplier must, if so required as part of the sampling, enter the information on the substances (MDS) into the IMDS via the Internet as required within the scope of the EU End-of-life Vehicle Directive and/or supply the required information to BOMATEC.

4.5 Capability of the inspection, measuring and test equipment used

The supplier must verify the capability (repeatability, reproducibility, total variance) of the inspection, measuring and test equipment used pursuant to VDA Volume 5 or MSA type 1, 2 or 3 study

4.6 Initial sampling documentation

The following subsections describe the key aspects of sampling.

4.6.1 Sample, prototype and pre-production parts

The contact person for the scope and time of sampling of prototypes and pre-production parts/other samples is the respective project manager or the responsible staff member of the purchasing department. The suppliers undertake to prepare, evaluate and document a test report for sample, prototype and pre-production parts in accordance with the drawing specifications, where required. The sample parts and the test report must be labeled accordingly and sent to BOMATEC.

4.6.2 Initial samples are required in the following cases:

- The product is ordered for the first time with ISTR/PPAP
- Drawing amendment / product modifications
- Tool modifications / new tool development
- Process changes
- Material changes
- Internal/external relocation of production
- After changing subcontractors
- Stoppage of production > 1 year

Exceptions with respect to the procedure and scope are only permitted upon consultation with BOMATEC.

4.6.3 Series parts (initial samples) with ISTR/PPAP

Initial samples are products that have been manufactured and tested under series conditions (machines, systems, resources, inspection, measuring and test equipment).

- Production on series tools under series conditions at full capacity.
- The inspection, measuring and test equipment used must comply with the series production status.
- The capabilities (e.g. Cpk, Cgk, R&R study, Run @ Rate) must be verified.
- Suitability of all means and routes of transport for timely delivery free of defects.

Unless agreed otherwise, five parts are to be documented by means of an initial sample test report.

The initial samples are to be delivered to BOMATEC together with the initial sample test report and the documents in accordance with VDA/PPAP submission levels 3 (unless otherwise agreed) by the agreed deadline. They must be clearly labeled as initial samples. To identify the characteristics, identical numbers must be used in the initial sample test report and in the current drawing to be supplied, which has been approved by BOMATEC.

BOMATEC shall be allowed inspection of all documents if required.

Any deviations from the BOMATEC specification, which were not detected during the production process and product release shall entitle BOMATEC to make a complaint about them at a later stage.

5 Requirements of the series production

5.1 Delivery commitment

The supplier must meet its delivery commitment (delivery dates and quantities). If the supplier realizes that the delivery commitment cannot be met, it must notify BOMATEC without delay. The supplier must present approaches so as to still meet the delivery commitment.

5.2 Labeling

The requirements agreed with BOMATEC with respect to labeling on the product and packaging must be complied with. Labeling for the supplier's own process control must be approved by BOMATEC. Any rework must be labeled and documented separately.

5.3 Batch segregation, packaging, transport

The batch the individual product belongs to must be directly discernible on the delivered products or packaging. The details must be specified mutually between BOMATEC and the supplier, including the definition of a batch.

5.4 Incoming goods inspection BOMATEC

Upon receipt of the products delivered by the supplier, BOMATEC shall inspect these with respect to quantity, identity and apparent damage in transit. Additional tests are not necessarily scheduled and shall be defined within the scope of the inspection planning. Any defects within a delivery shall be notified to the supplier.

5.5 Complaints/objections

In the case of complaints due to the results of the incoming goods inspection or a customer complaint, the supplier must respond without delay. It shall immediately confirm receipt of the complaint in writing and submit an initial report (8D report) to BOMATEC, stating immediate measures, within 24 hours. The causes of defect and corrective measures must be submitted immediately, no later than within five calendar days. The relevant tools such as Ishikawa, 5 Whys, etc. are to be used to this end. The supplier has a maximum of ten working days, as far as possible, to submit the completed 8D report. For no trouble found (NTF) parts; a report stating NTF with no supporting data will not be accepted.

In order to prevent any delay in delivery, production downtimes etc., BOMATEC reserves the right to authorize rework/sorting by the supplier itself or by a third party at the supplier's expense. By agreement, 100% of the subsequent deliveries shall be separately inspected with

respect to the defect and labeled clearly. Any costs incurred, such as administration, sorting, handling, transport, repair, replacement, recall costs etc. shall be charged by agreement. We reserve the right to assert further claims, in particular statutory claims for damages. Within the scope of its product monitoring obligation, the supplier is responsible for monitoring its products and to communicate any transferrable findings from this.

5.6 Traceability

The supplier undertakes to set up a traceability system and to assure this system for every part and product (by means of production and material batches). If an error is identified, it must be possible to trace the error so as to limit the quantities of defective products.

5.7 Special approvals

The supplier must deliver the products in accordance with the specifications. Should there be any temporary variations, it is possible request variation approval from BOMATEC. The variation approval must be made in writing and is only permissible for a limited quantity or a limited period of time. It must be granted by BOMATEC in writing. With the variation approval, the supplier's responsibility (product liability, damage compensation) remains in force. Any additional costs resulting from special approvals shall be borne by the supplier.

5.8 Transport

All products must be protected against contamination, moisture, temperature-related damage, damage, scratching and ingress of foreign objects (from the outside and the inside) during transport in accordance with their intended use. The required packaging must be agreed with BOMATEC. The supplier must employ special measures to protect the products in the case of longer transport routes and times. Even if the products are stored for a period exceeding the delivery timeframe, this must not result in any defects.

5.9 Emergency strategy

The supplier must establish and document an "emergency strategy" for handling any emergencies that may occur (such as disruptions of production, failures to deliver, fire etc.). The supplier must allow insight into the documents upon request.

5.10 Requalification testing

The supplier is obliged to submit all products to a full dimensional inspection and functional test in accordance with the control plan on an annual basis. The applicable customer specifications for material and function must be taken into account. The result must be reported to BOMATEC upon request. Any deviations from this obligation must be made in writing between the supplier and BOMATEC.

5.11 Continuous improvement / lessons learned

The supplier is obliged to maintain and verify a continuous improvement process. The supplier shall use the feedback of experience from both previous and current projects (for instance from field failures, shop floor incidents, project handling, product safety) as lessons learned for new projects/developments, but also during its own current series production and that within the supply chain.

5.12 Changes to the product or process

Any product improvements and measures to increase productivity from the supplier's point of view must be agreed with BOMATEC. The supplier must notify BOMATEC of all changes to the product or process. The triggers are described in section 4.6. All changes are always followed by new sampling unless BOMATEC waives this arrangement in writing. The production process and product release following any change takes place upon written approval by BOMATEC once the supplier has provided proof of qualification.

5.13 Parts history documentation

The supplier must ensure that a meaningful, complete part history is maintained for every product. It contains, for instance, information on tool corrections, process optimizations, index changes, new materials and any other relevant changes. The maintenance history must be made available on request and for initial sampling/PPAP.

6 Supplier evaluation and development

6.1 Supplier's audits

BOMATEC and the end customer are entitled to ascertain by means of an audit whether the supplier's and the subcontractors' quality assurance measures meet the requirements. The audit can be performed as a process or product audit (VDA) and must be announced in due course prior to its planned implementation. Appropriate restrictions on the part of the supplier to safeguard its business secrets shall be accepted. If there are any quality issues at the supplier's that are caused by the services and/or deliveries of its subcontractors, the supplier shall be obliged to facilitate an audit of the subcontractor concerned. If any defects are identified during auditing, the supplier undertakes to rectify these defects within a reasonable, defined period of time.

6.2 Supplier evaluation

BOMATEC shall perform supplier evaluations to monitor and assure the delivery quality. This includes quality, delivery performance, support and other aspects; it is communicated to the suppliers on an annual basis and upon request.

6.3 Quality targets

BOMATEC reserves the right to define product-specific quality targets with suppliers. These quality targets shall be agreed between BOMATEC and the supplier. For reasons of product liability, BOMATEC expects a delivery quality compliant with the specifications, with the goal of achieving a zero-defect rate. If the supplier deviates from the zero-defect objective, BOMATEC expects the supplier to initiate and specify all required steps to ensure a significant improvement of the quality situation. In the case of transgressions over a longer period of time or major deviations, joint targets and problem-solving measures must be agreed.

6.4 Subcontractors

The supplier must select subcontractors in accordance with the same standards as described in this QAA and assure their quality by means of a supplier management system. The supplier shall assume full responsibility for the raw materials, vendor parts etc. it uses with respect to quality, process reliability, availability, compliance with defined standards, etc.

7 Obligation to maintain confidentiality

Unless a specific NDA has been entered into, the supplier undertakes to treat as confidential during the term of contract all information received about BOMATEC and about the subject matter of the agreement.

8 Product safety, liability and insurance

The supplier must do everything organizationally and technically feasible in order to ensure the product safety of its parts as well as the parts of its subcontractors, and to minimize product liability risks.

The supplier shall ensure and also obliges its subcontractors to ensure that:

- there is a distinctive quality awareness in the entire company
- when developing components, the required product safety is assured
- product safety is given specific attention during the quality planning
- the quality capability of the production processes is ensured and verified
- the probability of the occurrence of faulty products is minimized by means of appropriate quality assurance measures for series production
- the timely detection of faulty products in the production process is ensured at the earliest possible time by means of appropriate measures (minimizing costs/squandering added value)
- quality data and compliance tests required by law are documented in detail
- a material tracking system is used in order to limit the impact of any defects that have occurred
- the responsible staff are informed and trained at length with regard to quality, product safety and product liability
- an on-site product safety officer (PSO) has been appointed for every step within the supply chain (where required, for instance in projects with the Volkswagen Group).

The supplier must ensure adequate insurance coverage at all times, in particular adequate business and product liability insurance, as well as recall cost liability insurance.

9 Term of the agreement

This QAA shall be for an unlimited period. However, it can be terminated by either of the two contracting parties in writing, giving six months' notice. Even after termination of this agreement, the obligations specified herein shall remain in full force and effect until the running individual contracts have been fully executed.

10 Final provisions

As a supplement to this QAA, BOMATEC's terms and conditions of purchase shall apply. The court of jurisdiction for any legal disputes resulting from or related to this QAA shall be the respective registered office of BOMATEC.

This Quality Assurance Agreement (QAA), as well as any corresponding arrangements, amendments and supplements must be made in writing in order to be effective.

The same applies to the written form requirement.

11 Further applicable documents (currently valid version)

- ISO 9001 (currently valid version)
- ISO 14001 (currently valid version)
- IATF 16949 (currently valid version)
- VDA series of publications
- AIAG series of publications
- REACH, RoHS, PFOA, CA Prop65, EU-POP guideline no. 2019/1021 Conflict Minerals
- AIAG CQI-xx
- the technical specifications, shipping instructions, standards, legal regulations and provisions applicable to the respective product
- Corporate principles of BOMATEC

12 Signatures

Supplier

Bomatec AG

City/Date:

Höri,

.....
First name, Name

.....
Christoph Bolliger
CEO

.....
Martin Hauri
Head of QM

13 Attachment

Listing of affiliated companies of BOMATEC Holding AG:

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China

Bomatec (Malaysia) Sdn. Bhd.
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