

Agreement on Quality Assurance Concerning Deliveries to Weckerle Machines

(**Weckerle Machines – AQA**)

between Weckerle GmbH, business Unit
Machines and the following supplier:

Name of Supplier: _____

Date: _____

Signature of supplier: _____

Please, return this page to us dated and signed

Date	Revision	Reason for Change	Name
14.06.2019	01	Initial Creation	P. Ellert (General Manager Machines), C. Fuhrmann (QM-Manager)
07.04.2022	02	Chapter 6 supplemented : Measurement protocol for production parts	B. Daisenberger (Director Procurement) C. Fuhrmann (QM-Manager)
13.06.2023	03	Chapter 4. Audits: Customer deleted.	B. Daisenberger (Director Procurement) C. Fuhrmann (QM-Manager)
19.03.2024	04	Chapter 4, Audits: Prior notification of 2 days deleted. Chapter 10, Complaints: Flat-rate costs deleted 14. Delivery commitment : does not only apply to series products. 19. Third-party liability: requirement regarding sums insured deleted.	B. Daisenberger (Director Procurement) C. Fuhrmann (QM-Manager)

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1. General

The company Weckerle Machines expects its suppliers to deliver optimal quality with the investment of economically justifiable time and effort. The term optimal quality in this case does not mean the highest possible quality of a product, but rather the fulfilment of all specified requirements and on the basis of the zero-error philosophy. Therefore, the requirements of the customers are crucial for Weckerle Machines. In order to achieve this objective, Weckerle Machines has set up an effective Quality Management System. The contractual partners agree in this system that high optimized quality and reliability can only be attained if the business relationship is based on cooperation as equal partners in the manufacture of products, the inspections accompanying the process as well as the testing equipment to be used. Weckerle Machines undertakes to inform its suppliers about all known and specified requirements regarding the products. The supplier shall examine this information with due diligence. Should discrepancies arise, the supplier is responsible to clarify with Weckerle Machines. Such clarification has to be carried out prior to materials or raw materials being produced and/or delivered.

2. Scope of application

This agreement on quality assurance concerning deliveries to Weckerle Machines (hereinafter referred to as « Weckerle Machines-AQA ») is binding for all suppliers.

The Weckerle Machines-AQA constitutes an integral part of the contractual relationship and forms the legal framework of the business relationship with Weckerle Machines together with orders, the supplier's contract, the terms of purchase and ordering of Weckerle Machines and any additional agreements that may be conclude with the supplier, whereby the status of the individual integral parts of the contractual relationship is specified in the supplier's contract.

3. Demands on the quality management System of the supplier

The supplier undertakes to set up and maintain a Quality Management System which comprehensively regulates the processes relevant with regard to the assurance of quality. The Quality management system must, at a minimum, meet the requirements set forth in DIN EN ISO 9001 in the respective valid version.

4. Audits and inspections rights

The supplier shall allow Weckerle Machines to carry out a process, procedural or system audits. The content and scope of the audit shall be stipulated by Weckerle Machines; the audits will be conducted after consultation concerning the date. Within the framework of the audit, Weckerle Machines is entitled to obtain unrestricted information about the goods to be manufactured for Weckerle Machines as well as with regard to the operating resources of the supplier required for production.

The findings from the audits conducted at the supplier's company, particularly the assessment of the supplier, is based on Weckerle Machines' own assessment, which is prepared at the sole discretion of Weckerle Machines.

Weckerle Machines and the supplier undertake to treat all information in confidence, which become known to them as part of the audit.

Weckerle Machines is entitled to conduct its own checks or to arrange for checks to be carried out by authorized officers at the manufacturing facilities of the supplier – insofar as products intended for Weckerle Machines are manufactured or stored there – as to whether the obligations arising from the Weckerle Machines-AQA are being met; such inspections will take during normal business hours, with advanced notification. The supplier reserved the rights for itself and for Weckerle Machines to carry out inspections of the facilities of any sub-suppliers accordingly.

5. Supplier Assessment

Weckerle Machines reserves the right to assess its suppliers by a supplier assessment into categories. The assessment criteria are the sole discretion of Weckerle Machines and the supplier is not entitled to review them. Consequently, the supplier does not have any right to obtain information regarding the methods of such classification. Weckerle Machines will primarily base its assessment of the supplier on the parameters « product quality » and « delivery performance ». Weckerle Machines will inform the supplier at request of the result of the assessment.

6. Specifications/ Evidence – Special releases

The supplier is responsible for ensuring that the products supplied entirely comply with the agreed specifications (particularly material specifications, raw material specifications, technical drawings, specifications sheet, etc.). Amendments shall require prior written confirmation by Weckerle Machines. Consignments, which deviate from the specifications, shall not be admissible.

For drawing manufactured parts and products a test records for the tolerated measurements, for form- and position-tolerances and for the fitting tolerances is to prepare and to deliver.

The supplier undertakes to notify Weckerle Machines within 24 hours of all circumstances arising, which may have an impact on the quality of the ordered products. Any changes in the product quality shall, as a matter of principle, be processed to clause 11. Should the changes concerned be of a temporary nature, e.g. from the faulty manufacture on the batch, a written special release shall be required from Weckerle Machines. The dispatch of such batches to Weckerle Machines is subject to Weckerle Machines having granted a special release. The batches affected must be labelled «special release» upon their delivery. The supplier shall notify Weckerle Machines (responsible: purchase) within 24 hours of the occurrence of problems that have already arisen or of imminent problems which could impair the quality or reliability of the delivered products or which could jeopardize future deliveries.

7. Documents/ quality records

The supplier shall set up and maintain at least one document management system referring to DIN EN ISO 9001 in the respective valid version for the identification, amendment, collection, archiving and distribution of quality records. The system must ensure that sufficient documentation is prepared for each delivery to Weckerle Machines. This includes documentation at the companies of sub-suppliers. In the case of facts subject to documentation, the supplier is obliged to fully document quality assurance measure taken by himself or his sub-supplier and the results thereof and to retain these records for a period of at least 10 years after their preparation.

8. Planning/ quality planning

The supplier shall ensure that the documents which are material to the quality are made available at each place of work. This includes, for instance, drawings, specifications, manufacturing and testing instructions. These documents are to be examined with regard to their correctness and compliance with the specifications of Weckerle Machines and are to be subsequently released. The supplier shall ensure his product quality in the product development stage and in the case of modifications by verifiably applying effective QM methods.

Moreover, the supplier must list all steps in production and testing in internal working papers which are to be prepared by him (QM plan – product quality forward planning). Features subject to monitoring are to be specified and the nature of the monitoring is to be indicated.

The supplier shall maintain verifiable documentation on process control and process capability for all important features (reference dimensions, chemical characteristics) by recording the performance data and processing them statistically. These features are to be checked statistically and documented in the manufacturing process by the supplier.

In the case of critical materials, Weckerle Machines reserves the right to subject the supplier to additional product-specific specifications concerning quality assurance.

The mutual determination of separate AQL-Agreements (Accepted Quality Levels) shall remain unaffected.

9. Labelling and traceability

The supplier agrees on a systematic labelling of products, materials and raw materials on order to guarantee the identification of inspection status and the identification of the delivered products, materials and raw materials. The traceability of products, materials and raw materials (insofar as they are procured by sub-suppliers) is to be guaranteed by means of this labelling and the accompanying documentation.

10. Complaints and Corrective actions

Should deviations from the specifications be detected by Weckerle Machines regarding the delivered products, materials or raw materials of the supplier, the latter will be notified of such defects (Complaint report). If the supplier is responsible for the deviation, Weckerle Machines may charge the supplier the costs for the preparation of the complaint report for the assertion of possible claims due to defects. The supplier is obliged to initiate corrective action without delay and maintain the supply of materials/raw materials. In the event of the order being urgently required, the supplier shall, without delay, provide an appropriate number of staff to sort the consignment, to rework the goods or to put together a defect-free replacement consignment. Should it be necessary to return the consignment, the supplier is obliged to collect the goods within two working days at his own expense. The initiated corrective actions have to be communicated to the person in charge of preparing the inspection report within the stated time limit by means of the completely filled out Complaint report. This corrective action is to be examined to determine its sustained effectiveness in the case of future production.

Should additional costs be incurred due to delivery of defective and/or delayed products/materials/raw materials which the supplier is responsible, also such costs shall be fully reimbursed by the supplier. Except as otherwise agreed upon in writing with Weckerle Machines, this also applies, in particular, to additional creations of value regarding the products/materials/raw materials.

For the purpose of limiting damage, Weckerle Machines reserves the right – in the event of a defect whose cause is not a matter of contention between the supplier and Weckerle Machines – to arrange for the faulty products/materials/raw materials to be disposed of directly on the premises of the end customer without a separate analysis by the supplier.

Any rights of Weckerle Machines regarding defects in accordance with the law and/or on the bases of any other agreements (particularly supplier's contract and terms of procurement and order) shall remain unaffected.

11. Initial samples and batch delivery

Initial samples are products, materials and raw materials manufactured completely with serial operating resources and under serial conditions.

Upon request by Weckerle Machines, the supplier undertakes to provide corresponding initial sample parts, material specifications, data sheets or measurement reports.

Moreover, an initial viewing of samples is always necessary:

- In the case of new or modified products/processes
- Prior to the start of the serial manufacture of products made from new materials or with new materials.
- Prior to the start of the serial manufacture of products of new sub-suppliers
- In the case of outsourced materials or outsourced production
- If production has been interrupted for one year or longer.

In the case of modifications of whatever nature (e.g. product, process, tool, material), the modified features are to be re-sampled. Reference is to be made in this case to the previous initial sample test report. Serial delivery may not be affected until a release for the initial samples has been issued in writing. Should this not be possible for reasons relating to deadlines, the supplier must obtain a special release from Weckerle Machines.

The supplier shall retain all initial samples for a period of time corresponding to the intended best-before date of the product/material/raw material initially sampled but for not less than three years calculated from the respective date of inspection of the initial samples. The samples must be kept in a due and proper manner. During this period of time the supplier will grant Weckerle Machines access to the initial samples at all times.

12. Industrial property rights of the supplier

The supplier shall inform Weckerle Machines about planned measures with which the products/materials/ raw materials are to be protected by industrial property rights. Should such property rights arise, the supplier shall ensure that the use of the delivered products by Weckerle Machines does not constitute a violation of industrial property rights.

13. Material handling / storage / packing / dispatch

The supplier shall set up and maintain a system for the correct identification of his products as well as for their storage (FIFO principle), packing and dispatch. The system must ensure the prevention of mix-ups, damage or impairments of parts. For the first three serial deliveries following a modification, the packaging units and the delivery note are to be marked « modified » and with the current modification status. Weckerle Machines will determine on a case to case basis whether further deliveries are to be labelled. Deliveries of samples are to be marked clearly as such and the recipient of the consignment of samples must be indicated (name and department).

14. Delivery commitment

The supplier shall meet delivery commitments in terms of quality and adherence to delivery dates. He shall ensure that catalog and series products are delivered according to specifications and that they comply with the specifications of Weckerle Machines. All production and drawing parts must be manufactured tested and documented in accordance with the specifications and comply with the specifications of Weckerle Machines. Weckerle Machines is to be notified immediately in the event of non-fulfilment.

Costs for unscheduled tours for which the supplier is responsible are to be borne by the same. At the same time, suggestions for improvement shall be submitted to Weckerle Machines as to how additional tours can be avoided and the observance of delivery dates can be improved in the future.

15. Material-Monitoring

The supplier shall ensure that only materials and processes are used which are permitted according to the specifications. All statutory safety requirements for materials with restricted approval and for materials which are toxic, hazardous and prohibited must be complied with. Furthermore, the applicable conditions in the country of production and the country of the customers concerning the environment, electricity and electro-magnetic fields are to be met. The inspection certificate (DIN EN 10204 3.1B) and the safety data sheet in accordance with Reach regulation (EC) No 1907/2006 are to be retained at the premises of the supplier for serial deliveries and are to be made available to Weckerle Machines upon request.

16. REACH

Upon request the supplier undertakes to immediately provide free of charge all information, documents and documentation required by Weckerle Machines to fulfil the duties and obligations of REACH regulation (EC) No 1907/2006. Further, at the request of Weckerle Machines, within 45 days the supplier will provide meaningful information showing that the substances used in his product are safe for use by Weckerle Machines.

17. Conflict Minerals

Some of our customers are listed on the US stock exchange and are therefore affected by the Dodd-Frank-Act Section 1502 ("Conflict Minerals"). It requires them to disclose, whether the products they manufacture or contract to manufacture, contain conflict minerals necessary to the functionality or production of their products, that directly or indirectly finance or benefit armed groups in the Democratic Republic of Congo or specified adjoining countries.

Conflict Minerals are these: Tantalum (Ta), Tin (Sn), Tungsten (W) and Gold (Au).

The US law affects Weckerle Machines - and consequently his Suppliers - insofar as the request is passed on to Weckerle Machines and all parties concerned in the supply chain (The EU is also planning a conflict minerals ordinance to regulate trade with conflict minerals). If the Suppliers product(s) contains at least one of these minerals or it is necessary for production, the Supplier is required to report proof of origin, if requested by Weckerle Machines. This shall be done preferably by using the CFSI_CMRT Formsheets, available on www.conflictreesmelter.org or alternatively by the iPCMP Portal www.conflictminerals.com. The status has to be updated at least yearly and sent unrequested to Weckerle Machines. Final intention is - as soon as commercially practicable - to procure no longer any products containing Conflict Minerals obtained from sources that finance or support inhumane treatment in the covered countries.

18. Environment and Ethics

Weckerle Machines expects its suppliers to handle the environment responsibly and sustainably. This obliges the supplier in particular to comply with all relevant and valid laws and regulations, to observe internationally recognized standards and to promote a social and ecological sense of responsibility as well as an ethical business conduct.

We expect from our supplier to ensure that nobody, whose work contributes to the company's success is limited in his or her human rights nor does the work cause physical harm. This also implies that no children who are still of school age should be employed.

We expect from our suppliers to respect the diversity of their staff, to pay fair wages, to provide good working conditions and work place safety and to comply with legal requirements according to the ILO-Standard (ILO: International Labour Organisation).

19. Third-party liability

The supplier shall take out third-party business insurance in accordance with the scope of his liability and indemnification obligations. Please let us know the sums insured under this insurance for personal injury, property damage and financial loss per claim. The supplier undertakes to effect payment of the premiums within the stipulated time and in the full amount to diligently meet all other obligations arising from the insurance agreement. Upon request, confirmation of the insurance is to be made accessible to Weckerle Machines within five working days.

20. Supplier's safety advice

By way of fulfilment of his duty to maintain safety the supplier shall mark his products with any necessary safety notices. Weckerle Machines is to be notified of amendments of safety data sheets without delay; furthermore, updated safety data sheets are to be made available to Weckerle Machines immediately. Finished cosmetic products are exempted from the rule of a material safety data sheet (MSDS).

21. Term / application

The Weckerle Machines-AQA is valid for the term of the contractual relation between the supplier and Weckerle Machines.

22. Applicable law / place of jurisdiction

The contractual relationship between Weckerle Machines and affiliated companies of Weckerle Machines on the one hand, and the supplier on the other, shall be exclusively subject to the laws of the Federal Republic of Germany with the exclusion of the provisions of CISG (United Nations Convention on Contracts for the International Sale of Goods).

Where the supplier is a businessman, a juridical entity under public law or special fund under public law, the place of jurisdiction shall be the competent court for the registered place of business of Weckerle Machines, including in proceedings based on bills of exchange and cheques.

Weckerle Machines is entitled, at its own direction, to also appeal to the competent courts for the registered seat of the supplier or his leading branch.

23. Miscellaneous

Should any individual provisions of this Weckerle Machines-AQA be wholly or partially invalid or should the Weckerle Machines-AQA contain a loophole, the validity of the remaining provisions shall in no way be affected by this. Instead of the invalid provision, a provision shall be agreed upon which corresponds to the sense and purpose of the invalid provision. In the event of a loophole, a provision is to be agreed upon which corresponds to that which would have been agreed upon with regard to sense and purpose if consideration had been given to the matter from the outset.

For the purpose of implementing this Weckerle Machines-AQA, the parties shall each name one internal contact to whom, among other things, all notifications and declarations mentioned in this Weckerle Machines-AQA are to be submitted.

All messages must be sent to the following e-mail address: einkauf.machines@weckerle.com

The supplier hereby appoints unrequested Weckerle Machines and all affiliated companies a counterpart for issues of quality.

Should one of the contacts appointed by one party leave the services of the company, a new contact is to be named vis-à-vis the other without delay.