

# QUALITY ASSURANCE TERMS (QAT)

Between

**LEONI Bordnetz-Systeme GmbH**

Flugplatzstr. 74, 97318 Kitzingen, Germany,

(hereinafter "LEONI")

and

**... [PLEASE INSERT NAME OF SUPPLIER]**

**... [PLEASE INSERT ADDRESS OF SUPPLIER]**

(hereinafter "Supplier")

(individually or collectively hereinafter "Party" or "Parties")

the following Agreement is concluded:

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## 1 Preamble

LEONI is committed to maintaining and further developing a quality management system according to IATF 16949. LEONI wants and needs to pass on this claim, and the claim that LEONI's customers formulate in the context of their specific requirements, to its suppliers. The following requirements are considering the essential automotive standards.

## 2 Applicability

2.1 These Quality Assurance Terms (QAT) form an integral part of any Supply Contract for production materials and related services (hereinafter "Products") between LEONI and the Supplier (individually or collectively the "Party" or "Parties"), including but not limited to General Supply Agreements, Nomination Agreements, long-term or project-specific supply contracts. These QAT shall also apply if no formal Supply Contract exists, or if it has been terminated.

2.2 For the purposes of these QAT, "Production Material" refers to goods incorporated into LEONI products delivered to LEONI's customers.

2.3 The applicability of these QAT extends to either Party's Affiliates. For the purpose of these QAT (i) Affiliates of LEONI shall be legal entities, which are controlled directly or indirectly by LEONI AG but only to the extent that these Affiliates are organized in the Wiring Systems Division of LEONI AG and (ii) Affiliates of the Supplier shall be legal entities, which are controlled directly or indirectly by the Supplier. For the purpose of these definitions "Control" or "Controlling" shall mean to have, directly or indirectly, equal or more than 50% of company shares or voting rights.

2.4 The Supplier shall ensure its Affiliates accept these QAT as legally binding. Any risk of non-acceptance lies with the Supplier.

2.5 These QAT define mandatory quality assurance and management obligations between LEONI and the Supplier, including their respective Affiliates and subcontractors. Additional plant-specific quality agreements may be concluded, except for PPM targets, which are defined solely by LEONI's purchasing department.

2.6 The following Enclosures are integral to these QAT and remain unchanged:

- Enclosure 1 – Hourly rates for internal resources
- Enclosure 2 – LEONI Supplier Escalation Process
- Enclosure 3 – 360° Supplier Evaluation
- Enclosure 4 – 8D Process Requirements
- Enclosure 5 – LEONI Contact Directory
- Enclosure 6 – Deviation Approval Process

2.7 LEONI reserves the right to amend these Quality Assurance Terms from time to time. In case a new version of these Quality Assurance Terms is published by LEONI and made available to the Supplier in text form, the Supplier shall review the new version and raise any objections within four (4) weeks of receipt. If the Supplier does not provide any objections within this period, the new version will be considered accepted unless the Supplier requests an extension or indicates a need for further discussions.

In case of objection, the Parties shall endeavor to reach an agreement within a reasonable period.

### 3 Requirements for the Quality Management of the Supplier

3.1 The Supplier shall maintain and demonstrate an effective quality management system (QMS) compliant with the current version of IATF 16949. Where IATF 16949 certification is not feasible, the Supplier must have a QMS compliant with ISO 9001 and meet all applicable IATF 16949 requirements.

3.2 The Supplier shall provide LEONI with a valid certificate from an internationally recognized and accredited certification body. Any deviations or changes regarding certification status (revocation, expiration, suspension) shall be communicated immediately, with notification of non-renewal provided at least three months prior to expiry.

3.3 Certificates and relevant recertification documents shall be submitted via the SAP Ariba Network. If the Supplier does not use ARIBA, submission must be via email to [certificates@leoni.com](mailto:certificates@leoni.com).

3.4 The Supplier shall ensure that all applicable LEONI Quality Assurance Terms (QAT) and OEM requirements are communicated and flowed down to its own suppliers and subcontractors as necessary. These obligations shall be transferred throughout the supply chain, and may be reflected in quality agreements, technical contracts, or equivalent documentation. This document serves to consolidate the essential requirements to be respected at all tiers of the supply chain.

### 4 Customer requirements (CR) and Customer specific requirements (CSR)

4.1 The Supplier shall comply with (a) LEONI's CR and CSR and (b) the CR and CSR of LEONI's customers relevant to the Products. Relevance is assumed if LEONI's customer is known to the Supplier, e.g., through customer-directed parts, RFQs, contracts, or orders. These requirements must be met regardless of whether they are addressed to LEONI, LEONI's suppliers, sub-suppliers, or the supply chain in general.

4.2 The Supplier shall promptly inform LEONI of any differing agreements or deviation permits granted directly by LEONI's customers.

4.3 LEONI will communicate additional customer-specific requirements as needed. Such requirements become binding unless the Supplier objects in writing within 4 weeks of receipt.

4.4 The Supplier is responsible for maintaining, monitoring and awareness of all applicable customer-specific requirements, including their current versions, accessible via official sources such as the IATF Global Oversight website, LEONI's portal, and relevant customer portals. If access to customer portals is required, the Supplier shall apply for access in a timely manner.

## 5 Retention of documents and records

The Supplier shall comply with all customer-specific requirements issued by LEONI and, where applicable, those of LEONI's customers. The Supplier is responsible for proactively obtaining such requirements through designated portals or direct communication.

In the event of any deviations or conflicting agreements, the Supplier shall inform LEONI without undue delay and request approval prior to implementation.

## 6 Product safety

The Supplier shall implement documented processes to manage product safety-related products and production processes in line with IATF 16949 requirements and is encouraged to consider the VDA publication "Product Integrity" for further guidance. A qualified Product Safety and Conformity Representative (PSCR) must be appointed, and their contact details, including any updates, shall be shared with LEONI, either via SAP Ariba Network @ LEONI which can be accessed via the LEONI website or, if not using ARIBA, by email to [supplier.management@leoni.com](mailto:supplier.management@leoni.com).

## 7 Quality Objectives

7.1 In alignment with LEONI's quality policy and customer expectations, the Supplier shall commit to the Zero Defect Strategy by continuously monitoring and improving both internal and external quality performance.

7.2 The Supplier shall track key performance indicators, including:

- IPB (Incidents per Billion = accepted complaints  $\times 10^9$  / total parts delivered),
- NoC (Number of Complaints within a defined period),
- NoRC (Number of Recurrent Complaints with the same failure symptom on the same part type within 12 months),
- 8D-Quality (average LEONI evaluation score of the Supplier's 8D reports, per Enclosure 4), and
- 8D-Delay (number of complaints with delayed qualified feedback).

7.3 LEONI prefers to conclude specific Quality Target Agreements with its suppliers on the way towards the Zero Defect Strategy. Therefore the supplier can provide a proposal for a specific quality target. Initially the following control limits are valid as long as the Supplier and LEONI have not agreed on a specific Quality Target Agreement:

- Recurrent complaints (NoRC): 0
- 8D-Quality: 8
- Process audit (self-assessment, LEONI audit, customer audit): A classification according VDA 6.3
- IPB: 0
- NOC: 0
- 8D-Delay: 0

## 8 Incoming Goods Inspection

8.1 LEONI is only obliged to check, without undue delay after receipt of the Products at the production sites of LEONI, which have made the respective delivery schedules, whether the Products correspond to the ordered quantity and the ordered type and whether externally identifiable transport damage or any other externally identifiable defects exist.

8.2 LEONI will undertake reasonable efforts to inform the Supplier without undue delay of any defects in the delivery as soon as these are discovered during the ordinary course of business. In any case, a report shall be deemed in good time if it is received by the Supplier within a period of fourteen (14) calendar days after the date of the determination of the damage or defect.

8.3 Apart from the obligations of LEONI under Sections 8.1 and 8.2 above, the Supplier shall waive the plea of a late notification of defects.

8.4 Any acceptance of work will take place after completion of such by way of LEONI's formal countersignature on the respective record of acceptance. In relation to any performance which cannot be subsequently checked or examined, the Supplier shall give LEONI a duly written notice requiring the examination. Any fictional acceptance by way of failing to respond to a request for inspection, or by way of payment or actual use is hereby excluded.

## 9 Warranty

9.1 Supplier warrants - in addition to statutory and common law warranty obligations - that the Products (i) are of good workmanship and free of defects, (ii) fit for the intended purpose, (iii) comply with specifications, drawings and samples furnished to or by LEONI and/or LEONI's customers and (iv) are in accordance with best available techniques in terms of engineering, design, development and manufacturing.

9.2 The warranty period expires 48 months after delivery to LEONI. In case applicable statutory or warranty periods provide for a longer warranty period or a later start of the warranty period, these provisions shall apply.

9.3 In case of an acceptance of work, the aforementioned limitation period will start upon formal acceptance.

9.4 LEONI, at its option, may reject and return at Supplier's risk and expense Products that fail to conform to the requirements of the Supply Contract or are otherwise defective. The Supplier shall, at LEONI's choice, render supplementary performance by repairing defective Products or replacing them with non-defective Products; the place of supplementary performance shall be either at LEONI's Plant or at any other location at which the Product is situated due to the contractual use at the time of the subsequent performance. In urgent cases, LEONI is entitled to remediate the defects itself at the Supplier's expense or to instruct a third party to do so on its behalf. Communication with Supplier shall be done as feasible; however Supplier understands that the trade usages of the automotive industry and the circumstances that OEMs being the customers of LEONI regularly keep control of the process.

9.5 Any costs, losses or expenses that LEONI incurs directly or indirectly due to the Supplier's defective Products shall be fully borne by Supplier as costs of the supplementary performance, irrespective of whether these costs, losses and expenses are incurred by LEONI or LEONI's customer. This includes but is not limited to costs and expenses required for the purpose of supplementary performance, in particular transport, workmen's travel, work and materials costs, losses and expenses of inspecting, sorting, repairing or replacing defective Products. If LEONI or its customer have mounted the Product or attached the Product to another good in accordance with the Product's type and purpose before the defect became obvious, the Supplier shall bear the necessary expenses for dismounting the defective and for mounting or attaching the repaired or supplemental Product as costs of supplementary performance.

9.6 If the same kind of Products are repeatedly found to be defective, after giving a written warning upon receipt of the Products which are once again found to be defective, LEONI shall also be entitled to withdraw from further Supply Contracts which have not yet been fully performed, and to demand compensatory damages for breach in respect thereof. LEONI's right to assert further claims remains unaffected.

9.7 If the number of defects exceeds epidemic failure warranty rates, as agreed between the Parties, the Supplier shall within the agreed time schedule take all necessary steps to stop shipment, collect and repair all affected Products in the field and to avoid any further delivery of Products with the same potential root cause of such defects.

9.8 Notwithstanding Section 1.1.4 stated in the GSA, this Section 9 shall also apply if the delivery has been rendered to any Affiliate of LEONI and/or any costs, damages, losses or expenses have been incurred by any Affiliate of LEONI.

## 10 Liability for Defects and Recalls

10.1 In case of the delivery of defective products, the Supplier is in general liable according to the applicable law. Section 10.4 shall fully apply if done in connection with product recalls, service campaigns, technical service bulletins by LEONI or its customers.

10.2 In case LEONI is exposed to strict liability, in particular but not limited to product liability, the Supplier shall indemnify and hold harmless LEONI of any claim to the extent he would himself be liable directly. A compensation between LEONI and the Supplier shall be settled by applying the principles of contributory negligence under applicable law correspondingly. This also applies if the Supplier is held liable directly.

10.3 The Supplier shall be liable for compensation regarding actions which LEONI undertakes in order to avoid any damage (for example, but not limited to, recall campaigns or other corrective service actions which are customary in the automotive industry). Prior to any recall or corrective service action which is partially or wholly due to a defect in a Product supplied by the Supplier, LEONI will notify the Supplier, give the Supplier the opportunity to collaborate and discuss the efficient conduct of the action, if the prior notification or consultation of the Supplier is reasonable considering the particular urgency. The costs of the recall/corrective service action shall be borne by the Supplier insofar as the action is due to a defect in a Product supplied by the Supplier, except if the defect is not attributable to the Supplier. A contributory negligence on LEONI's part under applicable law shall be taken into account regarding the costs which are borne by the Supplier.

10.4 The Supplier is obliged to reimburse all costs and expenses incurred by LEONI from its customers for defective products due to the Supplier's defective products. In this regard, the Supplier knows and acknowledges that the warranty costs can be calculated by LEONI's customers based on acceptance rates, shopping carts, flat-rate costs or other warranty cost calculation methods. Insofar as LEONI's customer applies a reference market procedure or a similar procedure, which is common in the automotive industry, for determining and settling warranty claims against LEONI due to defective Products, this procedure shall be applied accordingly for the relationship between the Supplier and LEONI. If, at LEONI's discretion, the liability of the Supplier will be determined on this basis, the Supplier shall be liable in the same manner as LEONI towards its customer, insofar as the defect is attributable to the Supplier's Products.

10.5 Insofar as the applicable law mandatorily requires negligence or intent, this shall remain unaffected.

10.6 This Section 10 shall also apply if any damages, costs, damages, losses or expenses have been incurred by any Affiliate of LEONI.

## 11 Audits and Technical Visits

11.1 The Supplier shall allow LEONI and, if applicable, LEONI's customers, to conduct, process, product, and Run@Rate audits, as well as technical visits. These may be planned or triggered by escalations or serious quality issues. Reasonable access shall be granted to development, production, warehouse, and test areas, as well as quality-relevant documentation, with appropriate protection of business confidentiality.

11.2 For planned audits/visits, a notice of three (3) months shall apply. For unplanned audits/visits (e.g., major incidents, customer disruption, escalation), the visit shall occur as soon as possible, but no later than two (2) weeks after LEONI's request.

11.3 The Supplier shall (i) analyze all non-conformities found during audits or visits, (ii) define and submit a corrective action plan to LEONI within 14 days, and (iii) ensure effective implementation within 60 days, unless otherwise agreed. For critical issues affecting LEONI or its customers, containment actions must be implemented within 24 hours.

11.4 In the event of quality problems, which may have or could have been caused by a sub-supplier, the Supplier shall enable LEONI, to audit or participate in a visit to the sub-supplier's site.

11.5 The Supplier will pay a fix amount for the costs of process audits and problem analyses, if both parties agree that they become necessary based on relevant quality deviations. The fixed amount is 1000,-€ / day.

## 12. Feasibility Assessment

The Supplier shall conduct and document a project-specific feasibility assessment for the planning and execution of any project within the respective requirements of LEONI and, if necessary, those of LEONI customers. This feasibility assessment constitutes an integral part of the Supplier's offer and shall be submitted to LEONI together with the Supplier's offer.

## 13 Quality Planning

13.1 Development projects shall be coordinated by the Supplier with LEONI in accordance with the respective requirements of LEONI and, if necessary, those of LEONI customers in regard to content and dates. The Supplier shall ensure the availability of the necessary resources, e.g. qualified employees, for the project.

13.2 The Supplier shall ensure the application and proper use of the relevant automotive quality core tools, including but not limited to APQP, VDA MLA, FMEA, SPC, MSA, PPAP, Control Plan, and Process Approach, in accordance with the latest officially published versions of the respective manuals. These tools shall be applied as required during the phase planning and product realization process.

13.3 The Supplier shall:

- identify, obtain and comply with the relevant legal and regulatory requirements and regulations applicable to the exporting country, the importing country and, if notified, the country of destination,
- identify, obtain and comply with the specifications, standards and drawings in the current version (according to the information in the drawing and in the specifications),
- evaluate and comply with the requirements of all specifications,
- define and comply with specific characteristics, required parameters and process capabilities in coordination with LEONI,

- point out any missing information and misleading requirements and shall ensure that all applicable statutory, regulatory, and customer-specific requirements, along with any special product and process features, are communicated to its sub-suppliers.

## 14 Substance and Material Compliance

The Supplier shall ensure compliance with all applicable environmental and material regulations, including REACH, RoHS, BPR, and conflict minerals legislation. Material data shall be maintained in the IMDS database, referencing LEONI ID 213.

## 15 Labelling and traceability

### 15.1 Labelling of Prototype and Pre-Production Parts

The Supplier shall label packaging units for prototype and pre-series parts clearly (e.g., with a visible sticker) indicating their status (e.g., "Prototype" or "Pre-Series"). Unless otherwise agreed, labels must also include key details such as part number(s), part name, part index, production date, expiry date (if applicable), part history status, batch number, and drawing reference.

### 15.2 Labelling of Serial Production Parts

Each component must be permanently and clearly marked according to specifications, including part number(s), part index, production date, material identification, and country of origin. When marking on the component is impractical, identification shall be done on packaging or packing labels in coordination with LEONI.

### 15.3 Traceability Requirements

The Supplier shall implement systems to ensure full identification and traceability of delivered products. This includes the ability to quickly contain and segregate products with quality or safety issues at any stage, including those already delivered or in the field.

### 15.4 Traceability Planning and Documentation

The Supplier shall analyze applicable internal, customer, and regulatory traceability requirements and develop documented traceability plans based on risk and product criticality. These plans shall ensure:

- Identification and segregation of nonconforming or suspect products,
- Compliance with response times for regulatory or customer requests,
- Proper retention of traceability records in suitable formats,
- Serialized identification where required.
- Inclusion of externally sourced products with safety or regulatory relevance.

### 15.5 Approval

The traceability plan shall be agreed with LEONI prior to initial sampling and fully implemented thereafter.

## 16 Contingency plans and strategies

The Supplier shall establish, maintain, and annually review documented contingency plans covering risks such as natural disasters, cyber-attacks, labor disruptions, and critical equipment failures. Such plans shall include notification procedures to LEONI in case of disruption.

## 17 Management of Production Tools, Test Equipment, Process Capability and Product approval Process

17.1 The Supplier shall ensure full operational readiness of production tools, test and measurement equipment, and manufacturing facilities before initial sampling. All such tools and equipment, including those owned by LEONI or its customers, must be clearly labeled, properly maintained, and managed under a documented system covering traceability, storage, maintenance, and change documentation.

17.2 The Supplier is responsible for conducting and documenting process capability studies and product and process approvals per VDA (Volumes 2, 4, 5) or AIAG (APQP, PPAP, MSA, SPC) guidelines. The Supplier shall meet the following process capability indices unless otherwise agreed:  $CmK \geq 1.67$ ,  $PpK \geq 1.67$ ,  $CpK \geq 1.33$ . If these values are not met, corrective actions and 100% inspection shall be implemented until capability is restored.

17.3 Initial samples and subsequent re-sampling must be produced under series conditions and submitted free of charge to LEONI in accordance with applicable customer-specific requirements. Unless otherwise agreed, PPAP level 2 is mandatory. LEONI reserves the right to reject samples and charge additional costs for resampling. The PPAP it's free of charge in the event of first triggered PPAP open LEONI request or new released part (project).

17.4 Any subsequent PPAP submissions resulting based on supplier own change request or rejection (e.g. Missing or wrong information but not limited to) all related costs incurred by LEONI shall be borne by the supplier. This includes any additional costs incurred by LEONI due to resulting impacts on its internal processes. The supplier shall pay an amount of 500,-€ / approved PPAP.

17.5 The Supplier shall maintain product history, ensure traceability of all changes, and obtain LEONI's written approval before series production begins. Special process self-assessments shall be performed according to applicable AIAG CQI standards (e.g., CQI-9, CQI-11, etc.) and submitted upon request within one working day.

17.6 The Supplier remains solely responsible for quality and compliance with all customer and regulatory requirements throughout the product lifecycle, regardless of LEONI's involvement in approval or release processes.

## 18 Requalification Testing

The Supplier shall conduct annual periodical requalification testing of Products and production processes, unless explicitly agreed otherwise with LEONI.

Following IATF16949 at its latest published version and OEM requirements, the frequency of requalification is determined by LEONI.

## 19 Change management

19.1 The Supplier shall obtain LEONI's consent before implementing any changes, including but not limited to:

- Manufacturing process (e.g. test methods, equipment),
- Production site or facility relocation (internal or external),
- Product design, drawings, specifications, or material composition,
- Sub-supplier changes or modifications at sub-supplier level.

All such changes must be formally communicated via a Parts Change Notification (PCN) sent to pcn@leoni.com. For any change to be considered, the Supplier shall provide, at its own expense, free-of-charge samples in an agreed quantity, delivered DDP (Incoterms 2020) to each affected LEONI site at least six (6) months prior to the first planned delivery

19.2 The Supplier shall bear all justified costs incurred by LEONI or its customers due to such changes, including but not limited to:

- Adaptation or acquisition of production/testing equipment,
- Increased logistics or packaging-related costs,
- Modifications in technical or customer documentation,
- Any other directly resulting costs or consequences.

## 20 Nonconforming Products and Concessions

Products deviating from specifications require prior written deviation approval by LEONI. Deliveries based on concessions must be properly labeled and segregated.

## 21 Complaint Management and Corrective Actions

### 21.1 Supplier's defect analysis and elimination

21.1.1 The defect analysis and elimination within the context of this Section begins with the reporting of a problem by LEONI and extends to the introduction of measures that permanently prevent a reoccurrence of this problem or a problem with the same cause.

21.1.2 The Supplier shall analyze the root causes of the complained parts and define the necessary actions by using the 8D-methology. The requirements for the 8D process and the reporting deadlines for the 3D- and 5D-report are generally described within the Enclosure 4 – 8D Process Requirements (8D Report Evaluation for BMW shall be applicable for BMW projects only) and VDA volume „8D - Problem Solving in 8 Disciplines“.

21.1.3 The Supplier shall only reject the complaint if the rejection is accompanied by evidence in the form of a meaningful analysis that can prove that the parts complained about were delivered in accordance with the requirements. The complaint-issuing body of LEONI shall have received confirmation of the implementation of the measures from the 5D report from the Supplier at the latest within 40 working days of LEONI after receipt of the complaint by the Supplier. Delays in the implementation of the agreed measures shall be reported to LEONI before the end of the agreed deadlines. LEONI certainly reserves the right to verify the measures at the Supplier.

#### 21.1.4 Adjustment of deadlines

21.1.4.1 If necessary, especially in the event of a complaint from LEONI customers, LEONI can also set an appropriate shorter deadline.

21.1.4.2 If the Supplier is unable to submit the complete report within the required deadline, the parties may mutually agree to an extension of the deadline. In this case, LEONI shall have been provided with a detailed interim report from the Supplier. The interim report must clearly state by when the respective final report (or the next interim report) is to be submitted. The period between two interim reports may not exceed 14 calendar days.

21.1.5 The first three (3) deliveries following a complaint must be clearly marked by the Supplier for each delivery address both in the shipping documents and on the load carriers. The content of the labeling shall be agreed with LEONI and documented in the 8D-report.

## 21.2 Warranty management

The Supplier shall implement and maintain a warranty management process and include in the process a method for warranty part analysis, including NTF (no trouble found).

## 21.3 Further requirements in the case of non-conforming results

21.3.1 If the Supplier does not succeed in restoring the agreed quality level within a reasonable or mutually agreed period, LEONI may demand from the Supplier the support of external service providers at the Supplier's expense.

21.3.2 The Supplier shall compensate LEONI's costs and expenses incurred due to defective products of the Supplier (including claims for damages of LEONI customers) according to Section 23 of these QAT. In particular, the Supplier shall bear the costs and expenses for process audits, problem analysis and technical visits due to a significantly negative quality trend, persistent deviation on quality targets/ control limits or critical quality problems, potentially caused by the Supplier. In addition, the Supplier shall bear the costs and expenses for follow-up audits and a technical visit to review the measures from audits and technical visits, if necessary. A follow-up audit or a further technical visit is necessary e.g. in case of significant quality risks, VDA 6.3 C-classification or if the effectiveness of the measures is not evident.

## 21.4 Supplier Escalation Process

21.4.1 In case the supplies and services of the Supplier do not meet quality, delivery or planning requirements, the Supplier might be included into the Supplier Escalation Process of LEONI.

21.4.2 In case of an escalation, the Supplier will receive an escalation letter from LEONI with the explanation for the escalation and the de-escalation criteria for the escalation levels 0, 1, 2.

21.4.3 The Supplier shall realize and feedback an appropriate root cause analysis and action plan to eliminate the root causes and fulfil the de-escalation criteria. In case the supplies and services of the Supplier do not meet quality, delivery or planning requirements, the Supplier shall be included into the Supplier Escalation Process of LEONI, so that improvement measures at the Supplier can be accelerated and effectively implemented.

21.4.4 The Supplier shall inform LEONI immediately if the Supplier receives a special status customer notification related to quality or delivery issues for products and services provided to LEONI. The Supplier also shall inform LEONI immediately if the Supplier receives a customer status from a LEONI customer for deviations from quality, delivery or planning agreements insofar as supplies and services are affected, that LEONI receives from the Supplier.

21.4.5 The escalation criteria and requirements are explained in Enclosure 2 – Supplier Escalation Process of LEONI.

21.4.6 The Supplier shall compensate LEONI's costs and expenses incurred due to the Supplier Escalation Process of LEONI. Section 21.3.2 sentence 2 above shall apply.

## 21.5 Warranty and Nonconforming Product Management

The Supplier shall maintain a warranty management process compliant with IATF 16949, including NTF ("No Trouble Found") analysis capability. If the Supplier fails to restore agreed quality levels within a reasonable period, LEONI may mandate external expert support at the Supplier's expense.

The Supplier shall bear all costs incurred by LEONI or its customers resulting from defective supplies, including but not limited to:

- Costs for audits, technical visits, and analysis related to quality deviations or risks,
- Follow-up audits and on-site reviews when corrective measure effectiveness is unclear,
- Customer claims, field returns, and additional documentation or validation work.

#### 21.6 Escalation Process

If the Supplier repeatedly fails to meet quality, delivery, or planning requirements, LEONI may place the Supplier under its Supplier Escalation Framework.

- LEONI will issue a formal escalation letter detailing the reasons and de-escalation criteria for levels 0, 1, or 2.
- The Supplier shall promptly implement and communicate root cause analysis and an action plan to address the escalation.
- If the Supplier receives a special status or alert from LEONI's customer (e.g. Q-Help, New Business Hold), LEONI must be informed without delay.
- The Supplier shall bear all costs associated with LEONI's escalation measures.

## 22 Supplier Monitoring and Development

Supplier performance shall be monitored through regular assessments and the annual Central 360° Supplier Evaluation. Suppliers receiving B or C ratings must perform root cause analyses and implement improvement actions as set out in Enclosure 3 – 360° Supplier Evaluation.

## 23 Cost Recovery

23.1 The Supplier is obliged to settle all costs and expenses that LEONI incurs directly or indirectly due to the Supplier's defective Products. This includes, for example, costs arising from the analysis and testing of the defective Products, as well as costs for line stoppage, extra shifts and overtime hours, scrap, equipment, logistics and administration, both at LEONI and LEONI's customers.

23.2 LEONI is also entitled to demand compensation from the Supplier for further costs and expenses based on statutory provisions and other contractual provisions.

23.3 The Supplier shall also bear the reasonable and indicated costs and expenses incurred by the use of internal resources, in particular employees and equipment, by LEONI or the customers of LEONI. In such case, a reasonable market price shall be used to determine the costs. For the cost calculation of internal resources, LEONI may apply the standard hourly rates for internal resources (employees) as set out in Enclosure 1 – Standard hourly rates for internal resources (employees).

23.4 LEONI shall be entitled to assert claims for compensatory damages in a lump-sum amount of 500,- EUR per 8D-report and quality complaint accepted by the Supplier for the processing of 8D-reports and quality complaints. The Supplier may provide evidence that no damages or damages of a lower amount have been incurred. LEONI reserves the right to provide evidence of a greater amount of damages and to assert a respective claim.

## 24 General Supplier information

The Supplier shall maintain current company and contact information through SAP Ariba platform or via designated LEONI contacts if Ariba participation is unavailable.

## 25 Term and Termination

25.1 These Quality Assurance Terms shall be valid for an unlimited period.

25.2 These Quality Assurance Terms may be terminated exclusively in accordance with (i) Sections 21 and 22 of the GSA, if such GSA is concluded between the Parties, or (ii) Sections 20 and 21 of the GTCP, if no GSA is concluded between the Parties.

25.3 In case these Quality Assurance Terms are terminated, these Quality Assurance Terms shall also apply beyond the contract term to deliveries and services, for which a binding individual contract between the Supplier and LEONI has been concluded until the expiry of these Quality Assurance Terms.

## 26 Jurisdiction and Venue, Arbitration Clause, Choice of Law

26.1 For jurisdiction and venue as well as for arbitration Section 24 of the GSA shall apply if such GSA is concluded between the Parties. Section 23 of the GTCP shall apply if no GSA is concluded between the Parties.

26.2 For choice of law shall Section 25 of the GSA shall apply if such GSA is concluded between the Parties. Section 24 of the GTCP shall apply if no GSA is concluded between the Parties.

## 27 Miscellaneous

Section 26 of the GSA shall apply if such GSA is concluded between the Parties. Section 25 of the GTCP shall apply if no GSA is concluded between the Parties.

**LEONI Bordnetz-Systeme GmbH**

**... [PLEASE INSERT NAME OF SUPPLIER]**

\_\_\_\_\_, \_\_\_\_\_  
(location) (date)

\_\_\_\_\_, \_\_\_\_\_  
(location) (date)

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