QUALITY ASSURANCE TERMS (QAT)

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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) are an integral part of the Supply Contract(s) for Production Material and related services (hereinafter "Products") concluded between LEONI and the Supplier (individually or collectively hereinafter "Party" or "Parties") (e.g. General Supply Agreement, Nomination Agreement, long-term agreement or project-specific supply agreement) or will become part of a Supply Contract yet to be concluded between the Parties. These Quality Assurance Terms shall also apply provided (a) no Supply Contract between the Parties will be/has been concluded or (b) a Supply Contract between the Parties will be/has been terminated.

2.2 For the Purpose of these Quality Assurance Terms, the term Production Material refers to material and products (e.g. raw materials, goods, parts, commodities, etc.) which are incorporated into the LEONI products distributed to LEONI's customers.

2.3 To the extent that these Quality Assurance Terms are part of a Supply Contract, the applicability of these Quality Assurance Terms for the Supplier and its Affiliates (collectively or individually hereinafter "Supplier") and LEONI and its Affiliates (collectively or individually hereinafter "LEONI") corresponds to the applicability of the Supply Contract.

2.4 If the applicability of these Quality Assurance Terms is not determined by a Supply Contract, these Quality Assurance Terms shall apply for all deliveries and services regarding products from the Supplier and its Affiliates to LEONI and the Affiliates of LEONI. The Supplier can at any time request from LEONI a list of the Affiliates of LEONI, and LEONI can at any time request from the Supplier a list of the Affiliates of the Supplier.

2.5 For the Purpose of these Quality Assurance Terms, (i) Affiliates of LEONI shall be legal entities, which are controlled directly or indirectly by 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.

2.6 The Supplier completely guarantees and is responsible for that the Affiliates of the Supplier, accept the terms and conditions of these Quality Assurance Terms as legally binding and obligatory. The risk of non-acceptance bears the Supplier.

2.7 These Quality Assurance Terms lay down the mandatory agreements between the Supplier and LEONI with regard to quality assurance and quality management at the Supplier and its subcontractors. In addition to these Quality Assurance Terms, individual quality assurance measures can be agreed between LEONI and the Supplier or between individual business units or plants of LEONI and the Supplier (except for PPM agreements). PPM agreements can be concluded in individual cases, but only by the purchasing department of LEONI with the Supplier, and will then become an integral part of these Quality Assurance Terms.

2.8 The following enclosures are integral part of these Quality Assurance Terms:

- Enclosure 1 – Standard hourly rates for internal resources (employees)
- Enclosure 2 – Supplier Escalation Process of LEONI
- Enclosure 3 – 360° Supplier Evaluation
- Enclosure 4 – 8D Process Requirements
- Enclosure 5 – Contacts at LEONI
- Enclosure 6 – Deviation Approval

2.9 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, this new version shall apply if the Supplier does not object to the application within 4 weeks after having received from LEONI a copy in text form. If the Supplier objects to the new version of the Quality Assurance Terms, the Supplier undertakes to reasonably and without undue delay negotiate with LEONI on such new version with the aim of concluding an agreement on the new version at the latest within three (3) months of receipt. The applicable version of the Quality Assurance Terms is the version which is effective at the date of the placement of the order.

3 Requirements for the Quality Management of the Supplier [IATF16949: Section 4]

3.1 To ensure a flawless and consistent quality of the products and services, the Supplier shall establish and demonstrate a quality management system (QM system).

3.2 The Supplier´s QM system shall comply with IATF 16949 in the current version. In cases where certification according to IATF 16949 is not possible due to the IATF 16949 regulations, the supplier shall demonstrate a QM system in accordance with ISO 9001 in the current version and the Supplier's QM system must comply with the applicable requirements of IATF 16949.

3.3 As evidence the Supplier shall submit a valid certificate from an internationally recognized and accredited certification company (e.g. IATF, German accreditation body) to LEONI. Any deviation from the requirements for the certification of the QM system according to IATF 16949 requires separate approval from LEONI.

3.4 The Supplier shall inform LEONI immediately if the certificate is revoked, expired without successful recertification or temporarily suspended. If no recertification is planned, the Supplier shall inform LEONI at least 3 months before the certificate expires.

3.5 After successful recertification, new certificates shall be provided to LEONI without explicitly being requested.

3.6 Information under Section 3.4 of these Quality Assurance Terms shall be provided by e-mail to certificates@leoni.com .

3.7 Certificates under Sections 3.3, 3.4 and 3.5 of these Quality Assurance Terms shall be uploaded by the Supplier via the SAP Ariba Network @ LEONI which can be accessed via https://www.leoni.com/en/company/suppliers/suppliers/aribaleoni/ , if the Supplier is participating in the ARIBA process; otherwise the Supplier shall provide the certificate by e-mail to certificates@leoni.com .

3.8 The Supplier shall oblige its sub-suppliers to comply with the requirements of these Quality Assurance Terms.

4 Customer-specific requirements [IATF16949: Section 4.3.2]

4.1 The Supplier must meet (a) the customer-specific requirements of LEONI and (b) the customer-specific requirements of LEONI´s customers, if these are relevant for the Products. The customer-specific requirements of LEONI's customers shall be deemed as relevant, if LEONI's customer is known by the Supplier (e.g. for customer directed parts or if this is communicated within a Request for Quotation of LEONI, a Supply Contract with LEONI and/or an Order of LEONI). Such relevant customer-specific requirements shall be respected by the Supplier irrespective whether these are addressed by LEONI's customers (a) to LEONI, (b) to LEONI´s suppliers, (c) to sub-suppliers of LEONI´s suppliers or (d) to the supply chain in general.

4.2 If a customer directed Supplier has a different agreement with or deviation permit from LEONI's customer, the Supplier is obliged to inform LEONI about this without undue delay.

4.3 General customer-specific requirements are included in this agreement.

4.4 To the extent that additional customer-specific requirements are to be met by LEONI and its customers, LEONI will inform the Supplier of these customer-specific requirements and make the relevant agreements with the Supplier. These additional customer-specific requirements shall apply if the Supplier does not object to the application within 4 weeks after having received from LEONI a copy in text form.

4.5 In addition to Section 4.4 above, the Supplier has (a) to be aware of all applicable additional customer-specific requirements and (b) to consider the respective actual versions of the additional customer-specific requirements. The Supplier will

find information on such additional customer-specific requirements for example on the Internet at http://www.iatfglobaloversight.org/ and https://www.LEONI.com/en/suppliers .

4.6 Information on such additional customer-specific requirements also may be available on customer portal sites of LEONI´s customers. If relevant, the Supplier has to apply with the respective customer of LEONI for the access to the customer portal in order to ensure the availability of the valid additional customer-specific requirements.

5 Retention of documents and records [IATF16949: Section 7.5.3.2.1]

5.1 The supplier must define, document and implement a document and record retention system. This applies in particular to documents and records concerning:

- Product and process releases,
- tools (their maintenance and ownership),
- product and process development,
- purchase orders and
- contracts and contract changes.

5.2 These documents and records shall be kept for a period of 15 years. This period starts with the end of serial and spare parts production. The steering of these documents and records must meet the legal, regulatory and internal requirements of the Supplier as well as customer requirements of LEONI and its customers.

5.3 The system for storing these documents and records should be based on the VDA Volume 1 or on AIAG APQP.

6 Product safety [IATF16949: Section 4.4.1.2]

6.1 The Supplier shall have documented processes for the management of product safety-related products and production processes. This process must comply with the relevant product safety requirements of IATF 16949. For supplementary descriptions and recommendations reference is made to VDA publication “Product Integrity”.

6.2 The Supplier shall designate a qualified Product Safety and Conformity Representative (PSCR) and inform LEONI about the contact data and possible changes of the contact data. The communication of the contact data shall be made by the Supplier via the SAP Ariba Network @ LEONI which can be accessed via https://www.leoni.com/en/company/suppliers/suppliers/aribaleoni/ , if the Supplier is participating in the ARIBA process; otherwise the Supplier shall provide the information by e-mail to supplier.management@leoni.com .

7 Quality Objectives [IATF 16949: Sections 6.2.2.1, 10.2.1, VDA6.3: P5.1]

7.1 As part of LEONI´s quality policy and in the interests of its customers, LEONI is committed to the Zero Defect Strategy. Accordingly, the Supplier also shall commit to the Zero Defect Strategy.

7.2 The Supplier shall regularly monitor and improve the internal and external quality performance.

7.3 At least the following performance indicators shall be considered:

- IPB (Incidents per Billion = Number of accepted complaints x 10^9 / Total parts delivered),

- NoC (Number of Complaints = Number of accepted complaints within a defined period of time),
- NoRC (Number of recurrent complaints = Number of recurrent complaints within a defined period of time. Recurrent complaints are defects with the same failure symptom on the same part type reoccurring within 12 month),
- 8D-Quality (8D-Quality = average evaluation score by LEONI for the quality of the 8D-reports from the Supplier (criteria according to Enclosure 4 – 8D Process Requirements; 8D Report Evaluation for BMW shall be applicable for BMW projects only).
- 8D-Delay = number of complaints with delays of qualified feedback

7.4 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 Audits and Technical Visits [IATF16949: Section 8.4.2.4.1]

8.1 The Supplier allows LEONI to carry out audits and technical visits.

8.2 After prior notice with a reasonable deadline, an audit or technical visit can be carried out at LEONI's discretion as a system, process, requalification or product audit or as a process approval (e.g. run@rate).

8.3 The following periods shall be deemed as reasonable deadlines:

- Planned audits / technical visits: three (3) months in advance;
- Unplanned audits / technical visits because of LEONI or customer related escalations, serious quality incidents (e.g. product safetey relevant uality incidents, serial failures, recurrent failures, quality incidents causing customer disruption or blocking actions by the customer): asap, latest 2 weeks after LEONI´s request.

8.4 The Supplier will grant LEONI and, if applicable, LEONI´s customers access to all relevant development areas, production sites, warehouses and test centers as well as the right to inspect the quality-relevant documents. Necessary and reasonable restrictions shall be accepted in order to safeguard the Supplier's business secrets.

8.5 The Supplier shall analyze the root causes for all non-conformities identified during the audits and technical visits and define an reasonable action plan. The root cause analysis and the action plan shall be submitted to LEONI.

8.6 The Supplier shall realize the action plan and ensure its effectiveness. Therefore the effectiveness of the actions shall be verified reasonably by the Supplier. For non-conformities, which can directly affect LEONI and LEONI customers, effective short term actions have to be implemented immediately, latest within 24 hours.

8.7 The Supplier shall (a) submit the action plan to LEONI at the latest 14 days after the audit or technical visit and (b) close the actions at the latest 60 days after the audit or technical visit. Deviating realization periods can be mutually agreed by the Parties in specific cases, e.g. shorter periods in case of technical visits imposed by LEONI´s customers.

8.8 In the event of quality problems, which may have or could have been caused by a sub-supplier, the Supplier will, at LEONI´s option, enable LEONI to carry out or participate in an audit or technical visit of the sub-supplier at the discretion of LEONI.

9 Feasibility Assessment [IATF16949: Section 8.2.3]

For the planning and processing of any projects, a project-specific and documented feasibility analysis of the Supplier is required. This analysis is an integral part of the Supplier´s offer and shall be submitted as part of the Supplier´s offer to LEONI.

10 Quality Planning

10.1 General [IATF16949: Section 8.1]

Development projects must 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.

10.2 External requirements [IATF16949: Sections 8.4.3.1, 8.4.2.2 and 8.6.5]

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
- pass on all applicable statutory and regulatory requirements as well as all special features relating to products and processes to its sub-suppliers.

10.3 Failure Mode and Effects Analysis (FMEA) [IATF16949: Section 8.3.5.2]

10.3.1 If a product is developed by the Supplier (developmental sovereignty), the Supplier shall realize a design FMEA before sampling and complete the measures from the FMEA.

10.3.2 The Supplier shall carry out a process FMEA before sampling and complete the measures from the FMEA.

10.3.3 In case of changes or complaints, the Supplier is obliged to review and update the existing FMEA.

10.3.4 The FMEA shall be drawn up on the basis of a generally accepted set of rules (e.g. VDA Volume 4 or AIAG FMEA) and shall be presented to LEONI for inspection upon request.

10.3.5 At the request of LEONI, the Supplier shall define qualified FMEA interfaces for LEONI or the respective sub-supplier.

10.4 Control Plan [IATF16949: Section 8.5.1.1]

10.4.1 The Supplier shall develop control plans (in accordance with IATF 16949 Annex A) at the system, subsystem, component, and/or material level for the relevant manufacturing site and all product supplied, including those for processes

producing bulk materials as well as parts. Family control plans are acceptable for bulk material and similar parts using a common manufacturing process.

10.4.2 The Supplier shall have a control plan for pre-launch and production that shows linkage and incorporates information from the design risk analysis (if provided by the customer), process flow diagram, and manufacturing process risk analysis outputs (such as FMEA).

10.4.3 The Supplier shall, if required by LEONI, provide measurements and conformity data collected during execution of either the pre-launch or production control plans..

10.4.4 The Supplier shall include in the control plan :

- control used for the manufacturing process control, including verification of job set-ups and, in particular, initial and production releases,
- first-of/last-off part validation, as applicable,
- methods for monitoring of control exercised over special characteristics (see IATF 16949 Annex A) defined by LEONI, relevant customers of LEONI and the Supplier,
- the information required by LEONI and relevant customers of LEONNI
- and
- specified reaction plans (see IATF 16949 Annex A) when a nonconforming product is detected and/or the process becomes statistically unstable or not statistically capable .

10.4.5 The Supplier shall review control plans, and update it as required, for any of the following :

- if the Supplier determines it has shipped a nonconforming product to LEONI,
- when any change occur affecting the product, the manufacturing process, measurement, logistics, supply sources, production volume changes or risk analyses (FMEA) (see IATF 16949 Annex A),
- after a complaint of LEONI and introduction of the associated corrective actions (if applicable) and
- at a set frequency based on a risk analysis.

10.4.6 If required by LEONI or by relevant customers of LEONI, the Supplier shall obtain LEONI´s approval after review or revision of the control plan.

11 Substance and material data management, IMDs [IATF16949: Section 8.3.4.4]

11.1 The Supplier shall ensure the traceability of all the substances used in the products delivered to LEONI, in parts of these products or for the manufacture of these products or parts of these products. The Supplier shall provide LEONI with the relevant documents and information in an appropriate form upon request.

11.2 For all products delivered to LEONI, the Supplier shall observe and comply with the national, European and international regulations applicable to the products in respect of declarable substances, materials or sources of production valid at the time of delivery. This applies in particular to the requirements laid down in Regulation (EC) No 1907/2006 (REACH), Directive 2011/65/EU (RoHS II), Directive 2015/863/EU (RoHS III) and Regulation (EU) No 528-2012 (BPR).

11.3 Should a used ingredient, a used material or a production source be subject to declaration or banned, the Supplier shall inform LEONI immediately. The Supplier is also obliged to disclose the use of conflict minerals in accordance with the requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act as well as the Regulation (EU) 2017/821 (3TG) and applicable regulations connected thereto and to provide LEONI with the relevant documents and information in the form requested by LEONI.

11.4 The Supplier shall keep the material data in IMDs (www.mdsystem.com) and make it available to LEONI. The LEONI IMDs ID is 213.

11.5 Insofar as it is not compatible with the legal requirements, the delivered products may not contain any parts that are hazardous to health or harmful to the environment. If the products contain dangerous substances or preparations, the Supplier must provide LEONI with a fully completed safety data sheet in accordance with the applicable statutory requirements.

12 Labelling and traceability [IATF16949: Section 8.5.2.1]

12.1 Prototype and pre-production parts – Labelling of packaging and documents

12.1.1 The respective packaging units for prototype and pre-series parts must be labelled by the Supplier in a way clearly visible (e.g. by means of a sticker) with the relevant note

- Attention prototype or
- Attention pre-series.

12.1.2 Unless otherwise agreed in the respective project, a further marking (e.g. by label or sticker) must be given at least with information on

- part number (LEONI and/or customer),
- part name,
- part index,
- production date,
- expiry date (if applicable),
- note on the condition in the parts history and,
- if available, batch number and drawing number including index.

12.1.3 Each delivery must be made with the project-specific documents attached in accordance with LEONI's specifications. These include in particular:

- current test proofs,
- current parts history and
- release/technical delivery release of LEONI or the customer.

12.2 Prototypes-pre-series and serial parts-product labelling

12.2.1 Each component must be marked as unlosable according to the component drawing. The labelling is carried out by inserts in the tool or by suitable stickers, indelible if necessary.

12.2.2 The following must be stated at least:

- Part number (LEONI and/or customer),
- part index,
- production date,
- material identification and
- country of origin.

12.2.3 Further identifications can be defined by LEONI or the customers of LEONI in a project-specific manner.

12.2.4 In the case of components whose dimensions, function or geometry do not permit such labelling, the identification must be carried out in coordination with LEONI e.g. on the packaging or packing labelling.

12.3 The Supplier shall introduce and implement processes for the identification and traceability of products delivered to LEONI. The Supplier shall in particular ensure that the containment (determination of clear starting and end points) of products already delivered or already in the field is possible, if these show quality- and/or safety-relevant errors.

12.4 Therefore, the Supplier shall conduct an analysis of internal, customer, and regulatory traceability requirements for all products, including developing and documenting traceability plans, based on the level of risk or failure severity for employees, customers, and consumers. These plans shall define the appropriate traceability systems, processes, and methods by product, process, and manufacturing location that:

- enable the Supplier to identify nonconforming and/or suspect products ,
- allow the Supplier to segregate nonconforming and/or suspect products ,
- ensure the ability to meet and/or regulatory response time requirements from LEONI, the relevant LEONI customers and/or the supervisory authorities ,
- ensure documented information is retained in the format (electronic, hardcopy, archive) that enables the Supplier to meet the response time requirements ,
- ensure serialized identification of individual products, if specified by the customer or regulatory standards
- ensure that the identification and traceability requirements are extended to externally provided products with safety/regulatory characteristics.

12.5 The traceability plan shall be agreed and implemented by the Supplier prior to sampling with LEONI.

13 Contingency plans and strategies [IATF16949: Section 6.1.2.3]

13.1 The Supplier shall

- identify and evaluate internal and external risks to all manufacturing processes and infrastructure equipment essential to maintain production output and to ensure that the customer requirements are met;
- define contingency plans according to risk and impact to LEONI and the relevant LEONI customers;
- prepare contingency plans for continuity of supply in the event of any of the following, but not limited to: (i) key equipment failures (also see IATF 16949, Section 8.5.6.1.1), (ii) interruption from externally provided products, processes and services, (iii) recurring natural disasters, (iv) fire, (v) pandemics, (vi) utility interruption, (vii) cyber-attacks on information technology systems, (viii) labor shortages or (ix) infrastructure disruption;
- include, as a supplement to the contingency plans, a notification process to LEONI and other interested parties for the extent and duration of any situation impacting customer operations;
- periodically test the contingency plans for effectiveness (e.g., simulations, as appropriate); for cybersecurity: testing shall include a simulation of a cyber-attack, regular monitoring for specific threats, identification of dependencies and prioritization of vulnerabilities. The testing is appropriate to the risk of associated customer disruption;
  Note: cybersecurity testing may be managed internally by the Supplier or subcontracted as appropriate
- conduct contingency plan review (at a minimum annually) using multidisciplinary team including top management, and update as required;
- document the contingency plans and retain documented information describing any revision(s), including the person(s) who authorized the change(s);
- include in contingency plans the development and implementation of appropriate employee training and awareness.

13.2 The contingency plans shall include provisions to validate that the manufactured product continues to meet the specifications from LEONI and its relevant customers after the re-start of production following an emergency in which production was stopped and if the regular shutdown processes were not followed.

13.3 In case of a bottleneck risk, the Supplier shall ensure the availability of an authorized contact person at relevant production sites at any time to coordinate emergency related activities.

14 Management of production tools, testing, measurement and manufacturing facilities [IATF16949: Section 7.1.3.1]

14.1 The Supplier shall provide sufficient resources for the development, manufacture and verification of tools and test equipment required for the manufacture of products and the provision of related services.

14.2 The tools, test equipment and manufacturing equipment must be available prior to initial sampling.

14.3 The construction of test gauges and measurement recordings has to be coordinated with LEONI. They must be designed in such a way that they can cover the entire product development and production period.

14.4 The Supplier must implement and maintain a tool management system, in particular for tools owned by LEONI or the customer of LEONI.

14.5. This tool management system shall include in particular

- maintenance and repair facilities, intervals as well as personnel,
- storage and processing,
- setup,
- tool change programs for wear tools,
- documentation of changes to tool specifications including the technical change status of the product,
- documentation of tool changes and
- identification, in particular (a) tool identification (master or inventory number), (b) tool status (e.g. “for production”, “in repair” or “for scrapping”), (c) owner of the tools and (d) storage location.

14.6 The Supplier shall also introduce and maintain a test equipment management system for all test equipment used for the production of products and their release. This system shall include a method for recording test equipment capabilities in accordance with VDA Volume 5 or AIAG MSA and their documentation.

14.7 The Supplier shall ensure at its own expense that the customer owned (owned by LEONI or the customer of LEONI) tools, testing, measurement and manufacturing facilities are permanently labelled in a visible location, so that the owner and the usability of each individual part can be determined. LEONI may provide type plates which must be affixed by the Supplier so that they cannot be lost.

14.8 The approval takes place on site by LEONI and is part of the overall release. The final release is made by a first sampling of the components completed. The Supplier shall introduce a system for monitoring activities in case processes, products or services are outsourced to external providers.

15 Manufacturing process capability [IATF16949: Section 9.1.1.1]

15.1 The Supplier shall demonstrate the robustness of its processes as well as the ability to measure using statistical methods.

15.2 The characteristics of the capability study must be coordinated with LEONI. The calculation, execution and documentation of the skills will be provided by the Supplier independently. The process capability studies must be carried out and documented on the basis of a generally accepted set of rules (in particular VDA volumes 4 and 5 or AIAG MSA/SPC).

15.3 The following limits are valid for proving the process capability, whereupon LEONI reserves the right to define different capability parameters for specific products or projects:

- Short-term ability: cmk ≥ 1.67 (50 parts)
- Preliminary process capability: ppk ≥ 1.67
- Long-term capability: cpk ≥ 1.33 (min. 30 x 5 parts)

15.4 The Supplier shall provide proof of capabilities free of charge to LEONI, hand it over on request, and provide such proof also for the current series.

15.5 If the above-mentioned process capability parameters are not reached, the Supplier shall define and realize appropriate measures. Until the process capability is reached or restored, the Supplier shall check 100% of the affected part characteristics.

16 Production process and product approval process [IATF 16949: Section 8.3.4.4]

16.1 Process approval

The product and process quality as well as the confirmation for the achievement of the serial cycle time (capacity confirmation) must be demonstrated by the Supplier by means of a suitable examination (e.g. process series, run@rate). LEONI reserves the right to accompany the process approval by the Supplier or to carry out its own investigation.

16.2 Initial sampling

16.2.1 The Supplier shall carry out the initial sampling for LEONI in accordance with VDA Volume 2 (PPF) or AIAG (PPAP) and in accordance with the specific requirements of the respective customers of LEONI. The Supplier is responsible for the conduction of the initial sampling and the determination of the sampling procedure. The sampling procedure shall be aligned by the Supplier with LEONI regarding to the specific requirements of the respective customers of LEONI, and such alignment shall be documented by the Supplier and LEONI in written form. The Supplier shall take the lead in the determination of the sampling procedure and the PPF/PPAP submission level and align with LEONI, particularly within project frameworks. If the Supplier fails to take the lead with the determination of the sampling procedure and the PPF/PPAP submission level, the respective customer requirements for the sampling procedure and the PPF/PPAP submission level shall be applicable (as usually communicated to the Supplier in enquiries of LEONI, e.g. in enquiries for serial parts and project enquiries). Unless otherwise agreed, PPF/PPAP submission level 2 is required. Timely submission of the initial sample test report (ISIR) and provision of the complete PPA/PPAP report, including the material data sheet and data entry into the IMDs (see Section 11.4 of the QAT), shall be made by the Supplier without the need for an explicit request of LEONI.

16.2.2 Requirements for technical cleanliness shall be documented in the initial sample inspection report (ISIR).

16.2.3 The materials used must be verified through material test reports. The IMDs entry is an indispensable part of the ISIR.

16.2.4 The production of initial sample parts must be carried out under series conditions with serial tools and in the serial production process. At least 5 parts should be measured per tool and cavity .

16.2.5 The parts must be marked as “initial samples” and sent to the location specified in the order. Additional documents can be requested from the initial sample testing center .

16.2.6 In the case of any deviations the Supplier shall inform LEONI and request for a deviation permit (and if required provide a deviation permit, approved by OEM, if available).

16.2.7 The first sample documents must generally be submitted in English.

16.2.8 Initial samples from the Supplier for LEONI are free of charge for LEONI. This principle also applies to subsequent samples due to changes made by the Supplier.

16.2.9 Number of Samples

The following Numbers of samples for sampling and re-sampling shall apply:

- Housings, seals, grommets, cable channels etc.: 5 parts per tool cavity
- Wires: samples only on request of LEONI
- Terminals: 25 parts (loose or from band / reel)
- Tapes, labels: 5 roles per batch

16.2.10 Reference Parts

The number of reference samples shall ensure the realization of a further complete scope of testing for the initial sampling. The reference parts must be taken per batch (batch = products that are manufactured under unchanged production parameters).

16.2.11 Subsequent sampling scopes must be handled like initial sampling scopes.

16.2.12 In the event of a factually justified rejection of the initial sampling, LEONI reserves the right to charge the Supplier with the additional costs and expenses of the subsequent sampling.

16.2.13 In the following cases the Supplier shall analyze and eliminate the root causes and deliver provide an 8D-Report, if requested:

- Rejected PPA/PPAP (e.g. dimensional deviations, accepted IMDs Data sheet is missing);
- Initial sampling is submitted to LEONI too late.

16.3 Reference, limit and master samples

16.3.1 Definitions:

- Master samples are samples that represent the released state of development and are a binding reference.
- Limit samples are samples that represent the permissible tolerances derived from the master samples.
- Reference samples are samples that represent the permissible characteristics of characteristic values.

16.3.2 The definition and usage of master, limit and reference samples must be coordinated with LEONI, labelled and directed, and kept protected from environmental influences. They shall be made available to LEONI on request. As far as master samples are used, e.g. for coatings, moulds, colours etc., the Supplier will procure and monitor these for start-up and series production.

16.4 Parts history

16.4.1 The Supplier shall establish and maintain a parts history for all products delivered by it to LEONI. All product and process changes shall be documented in this history.

16.4.2 The parts history contains in particular:

- Drawing number,
- LEONI Drawing Index,

- Item designation,
- reason for change,
- change manager,
- date of use,
- production status (hand samples, prototypes, pre-series or series tools),
- parameter sets (collection of individual parameters, including permissible tolerances) and
- tool changes.

16.5 Release of series production

Series production shall not be started until LEONI has given its approval. The first sample release by LEONI does not relieve the Supplier of its responsibility for product quality in series production. The supplier should be guided by the VDA volume “robust production process” or by AIAG APQP.

16.6 Special process assessments (CQI)

16.6.1 “CQI” means “Continuous Quality Improvement” and stands for a series of process-specific requirements that are applied in the automotive industry supply chain. The CQI standards formulate requirements for technical processes that frequently occur in the industrial automotive supply chain.

16.6.2 Some special and critical production processes need high attention. For such processes the Supplier shall carry out self-assessments according to the AIAG CQI rules and consider those requirements for the process release.

16.6.3 Upon LEONI´s request, copies of the performed special process assessment cover sheet shall be provided to LEONI within one working day.

16.6.4 The following standards for special processes shall be considered:

- CQI-9 (heat treating)
- CQI-11 (plating)
- CQI-12 (coating)
- CQI-15 (welding)
- CQI-17 (soldering)
- CQI-23 (molding)
- CQI-27 (casting)

16.6.5 The standards and templates for the assessment are available at: www.aiag.org

17 Inspections by the Supplier

The Supplier is obliged to perform appropriate incoming, intermediate and final inspections (in particular inspection of outgoing goods) to ensure that no defective products are delivered to LEONI.

18 Requalification [IATF16949: Sections 8.6.2 and 9.1.1.1]

18.1 All products and manufacturing processes shall be subject of an annual requalification, unless agreed otherwise with LEONI. In the context of the re-qualification test, in particular, the requirements for

- dimensions
- materials and
- functions

shall be inspected; the respective customer requirements of LEONI and LEONI´s customers must also be taken into account.

18.2 The contents of the examination are part of the first sampling documentation and must be coordinated with LEONI. The re-qualification test must be included in the control plan.

18.3 The results of the requalification shall be made available to LEONI at any time and free of charge upon LEONI´s request. If a requalification does not exist, the Supplier shall inform LEONI immediately; this also applies if the non-existence occurs only once.

18.4 The Supplier is also responsible for the realization of the requalification at his suppliers and sub-suppliers.

18.5 The requalification can be accompanied by employees of LEONI and LEONI´s customers or by commissioned third parties (external service providers).

19 Change management [IATF16949: Sections 8.2.4 and 8.5.6]

1 9.1 The Supplier is obliged to obtain the consent of LEONI before undertaking any

- changes to the manufacturing process (in particular test methods and test equipment, manufacturing processes),
- relocation of the production site and/or production facilities (also in-company),
- changes to the design of the product,
- changes of drawings, processing specifications or data sheets,
- changes in the material or its composition,
- amendment of the aforementioned points at its sub-suppliers and
- change of sub-supplier.

19.2 In case of parts imposed by the customer of LEONI (directed parts) the Supplier is obliged to obtain the consent of the customer of LEONI.

19.3 LEONI shall be notified by means of a parts change notification (PCN) by e-mail to pcn@leoni.com .

19.4 The Supplier must provide LEONI with free samples in reasonable numbers at least six (6) months before the agreed first delivery. The Supplier must agree in good time with LEONI beforehand on the specific number of samples. In general, samples are required for every production site of LEONI. Unless otherwise agreed, the samples shall be delivered in accordance with DDP production site LEONI INCOTERMS 2020, including packaging.

19.5 Before the change is implemented in the series, sampling approval must be obtained in coordination with LEONI.

19.6 The Supplier shall bear all reasonable costs and expenses incurred by LEONI and LEONI's customers as a result of the change, insofar as the change originates from the Supplier or the change is a change of or related to parts imposed by the customer of LEONI (directed parts). These costs and expenses include in particular, but are not limited to

- costs due to substantial interventions and changes in LEONI's production facilities, for example by the acquisition and adaption of test and production equipment or the adjustment of test and production equipment (e.g. camera systems),
- increase in logistics costs and storage costs by changing the size of the packaging,
- costs of significant changes in development documentation of LEONI to LEONI´s customers (for example amendments of drawings, validation tests, bill of materials, etc.) and
- any other additional expenses arising from the changes.

20 Control of nonconforming outputs [IATF16949: Sections 8.5.6.1.1 and 8.7]

20.1 Concessions [IATF16949: Section 8.5.6.1.1 and 8.7.1.1]

20.1.1 Deviations from delivery specifications are generally not permitted and shall be immediately reported by the Supplier to LEONI. This applies in particular to deviations from released

- drawings, materials and product characteristics,
- production processes and
- packaging.

20.1.2 Exceptionally, temporary or quantitatively limited special releases may be issued in writing by LEONI.

20.1.3 In the case of developments of the Supplier as well as in the case of parts imposed by the customer (directed parts), the Supplier must perform a risk assessment with regard to the deviation and provide it to LEONI upon requesting the respective special release at the latest.

20.1.4 In the case of parts imposed by the customer (directed parts), the Supplier must also obtain a release from the end customer and provide it to LEONI.

20.1.5 The granting of a special release is at the free discretion of LEONI.

20.1.6 All deliveries made on the basis of a special release must be marked with additional labels on all load carriers. The period and scope of a concession or a deviation permit, the affected deliveries and the type of labeling shall be documented.

20.1.7 Products shipped under concession or deviation permit shall be properly identified on each shipping.

20.1.8 Requirements for concessions

- The Supplier shall use a LEONI standard template for a request of concession, see Enclosure 6 – Deviation Approval;
- The period and scope of a deviation approval, the relative quantity delivered, the type of the labelling and the whereabouts must be documented;
- all charge carriers with a deviation approval must be additionally labelled;
- products which are not labelled or those suspected of being defective shall be classified as defective;
- staff training sessions to isolate and separate faulty or suspected products must be carried out and documented;
- repair may only be carried out after a risk assessment has been made by the supplier and with approval of LEONI;
- work instructions for dismantling, reworking, checking and labelling must be created and provided by the Supplier and have to be approved by LEONI.

20.2 Active failure notification [IATF 16949: Section 8.7.1.6]

In the event of self-detected failure or external/internal non-conformity event in products or services delivered to LEONI, the Supplier shall inform immediately LEONI. Such information shall be provided in accordance with Enclosure 5 – Contacts at LEONI.

20.3 Control of reworked product [IATF 16949: Section 8.7.1.4]

The Supplier shall utilize risk analysis (such as FMEA) methodology to assess risks in the rework process prior to a decision to rework the product. In case of a product safety relevant product, a consent from LEONI is required for each rework process.

20.4 Control of repaired product [IATF 16949: Section 8.7.1.5]

The Supplier shall utilize risk analysis (such as FMEA) methodology to assess risks in the repair process prior to a decision to rework the product. A consent from LEONI is required for each repair process. Instructions for disassembly or rework,

including re-inspection and traceability requirements shall be created and provided by the supplier and approved by LEONI.

21 Nonconformity and corrective action [IATF16949: Section 10.2]

21.1 Supplier´s defect analysis and elimination [IATF16949: Section 10.6.2]

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 [IATF16949: Sections 10.2.5 and 10.2.6]

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 24 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.

22 Supplier Monitoring and Evaluation

22.1 LEONI systematically evaluates the Supplier performance because of the Zero-Defect-Strategy, to maintain good business partnership and to provide qualified feedback to its direct material suppliers. For the Supplier evaluation, LEONI differs between the regular Supplier Monitoring and the global central 360° Supplier Evaluation.

22.2 Regular Supplier Monitoring

LEONI measures e.g. the delivery and quality performance regularly. In the event of significant effects or performance losses, LEONI will contact the relevant suppliers and, if necessary, request the analysis of the situation and the implementation of adequate measures. The respective Supplier shall evaluate the request, analyze the root cause(s) and define appropriate actions .

22.3 Central 360° Supplier Evaluation

22.3.1 The central 360° Supplier Evaluation is carried out once annually.

22.3.2 The evaluation contains five evaluation pillars. The calculation methodology is described in the Enclosure 3 – 360° Supplier Evaluation.

22.3.3 The Supplier shall analyze all B-, C-rated evaluation criteria and analyze the root cause analysis for the findings, define appropriate actions in case of devi-

ations from the control limits, negative performance trends and non-fulfilled requirements. The feedback is required for quality, logistic and sustainability related topics.

Table: 360° Supplier evaluation - classification for the evaluation pillars

Classification	Explanation	Supplier activities*	LEONI activities
A	Capable	• Analysis singular B-, C-evaluation within the pillar and define necessary actions.	No further activity
B	Conditionally capable	• Analysis of B-, C-evaluations. Definition of actions. • Provision of action plan	• Evaluation of action plan. • Invite for alignment meeting, if action plan is not sufficient
C	„red flag“ for sourcing decisions	• Analysis of B-, C-evaluations. Definition of actions. • Provision of action plan	• Evaluation of action plan. • Invitation for alignment-meeting • Definition of Supplier Development Program

*The Supplier does not need to provide an action plan for the commercial and technology evaluation.

23 Supplier Development

Based on, for example, the results of Supplier Monitoring, the results of the 360° Supplier Evaluation, the Supplier's current delivery and quality performance and critical quality topics, LEONI plans and carries out quality and supplier development discussions at a LEONI location or at the supplier location with an appropriate lead time. The Supplier shall ensure the availability of the relevant contact persons and the professional analysis and feedback on the requested topics at least within four (4) weeks after announcement.

24 Costs and expenses in case of a defect

24.1 The Supplier is obliged to settle all costs and expenses that LEONI incurs directly or indirectly due to the Supplier's defective Products (see Sections 10 and 11 of the General Supply Agreement (GSA) if such GSA is concluded between the Parties or Sections 10 and 11 of the General Terms and Conditions of Purchasing as of February 2024 (GTCP) if no GSA is concluded between the Parties). 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.

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

25 Costs for usage of internal resources

25.1 For the bearing of costs and expenses according to Sections 16.2.12, 19.6, 21.3.2, 21.4.6 and 24 of these Quality Assurance Terms, 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).

25.2 LEONI shall be entitled to assert claims for compensatory damages in a lump-sum amount of 100,- 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.

26 General Supplier information and contact data

26.1 New Suppliers are obliged to provide us with general information as part of the Supplier Release Process, e.g. as requested with the SSA (Supplier Self Assessment). In the coming years, LEONI will implement SAP S/4HANA worldwide. Part of this project is the implementation of the SAP Ariba Network @ LEONI.

26.2 The Supplier shall update all relevant information in case of changes within the SAP Ariba Network @ LEONI which can be accessed via https://www.leoni.com/en/company/suppliers/suppliers/aribaleoni/ , if the Supplier is participating in the ARIBA process. If the Supplier is not participating or access/upload to the SAP Ariba Network @ LEONI is not possible, the Supplier shall provide updated general information from the Supplier Self Assessment (SSA) by e-mail to supplier.management@leoni.com .

26.3 Relevant contacts at LEONI are described in Enclosure 5 – Contacts at LEONI.

27 Term and Termination

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

27.2 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.

27.3 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.

28 Jurisdiction and Venue, Arbitration Clause, Choice of Law

28.1 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.

28.2 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.

29 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.