ELANTAS Europe

QUALITY ASSURANCE AGREEMENT

1. GENERALITY

1. The below-mentioned requirements are valid for every order/contract. Any eventual special condition or exception will be indicated in the single orders or agreed with an additional communication;
2. The requirements are referred to the current ISO, ISO 9001:2015, ISO 14001:2015, IATF and Seveso law. More specifically, for raw materials the requirements are referred also to REACH regulation, to CLP, ROHS, conflicr minerals, the norms applicable to the import/export restrictions and to other regulations applicable to chemicals;
3. The supplier undertakes the responsibility to impose the obligations deriving from ELANTAS Europe's orders to third parties and other cooperators;
4. To view our privacy disclaimer, visit the following link: www.elantas.com/europe/transparency

2. TECHNICAL INFORMATION AND INDUSTRIAL PROPERTIES

1. The technical information provided by ELANTAS Europe belongs to ELANTAS Europe and must be used exclusively for the fulfillment of ELANTAS Europe's orders. In relation to that, the supplier must store the technical documentation and eventual samples with the maximum care, in order to return them, if necessary;
2. The supplier shall hold in strict confidence all the Information shared by ELANTAS Europe and commit itself to not disclose anything to third parties.

3. ORDER REQUIREMENTS AND PURCHASE CONFIRMATION

1. The supplier must systematically verify all ELANTAS Europe's orders to make sure that:

    a. the order's requirements have been understood;
    b. eventual divergences are discussed and resolved with ELANTAS Europe;
    c. contractual requirements are completely fulfilled.

2. In case the initially agreed requirements (quantity, delivery terms, ...) cannot be respected, the supplier must promptly inform ELANTAS Europe. The supplier must strictly respect ELANTAS Europe requests, in terms of quantities and dates.

4. WARRANTY OF SUPPLY

1. No modifications to the product or to the process are allowed, unless approved and agreed in writing together with the Quality Management dept. of ELANTAS Europe;
2. In case of unavoidable variation of the specifications or of other parameters impacting on the final characteristics of the offered product / service / info security (for example change of the productive process, of the raw materials, of the production site, of the technology, of the policy and of the procedures, etc), the supplier must promptly inform ELANTAS Europe, in order to decide which type of actions have to be undertaken, so that the offered product / service / information security can be re-homologated.

5. QUALITY, PRODUCTS' SAFETY AND RELIABILITY

1. The supplier undertakes the responsibility to make all the necessary controls, in order to guarantee the reliability and the eligibility of the products and/or services to the required application and final use, as indicated in the technical documentation;

2. The supplier must guarantee a constant and punctual updating of the documentation regarding product's safety, where necessary, and inform ELANTAS Europe whereas there could be the possibility to use alternative products with an inferior degree of hazardousness. The supplier undertakes the responsibility to implement productive processes and controls able to ensure an appropriate quality according to ELANTAS Europe's prescriptions;
3. The supplier must send proactively the updated ISO certifications;
4. Besides the above-mentioned obligations and responsibilities, in case of raw materials or packaging supplies, the supplier must conform to:
    a. Criteria and procedures of product qualification, in compliance with ELANTAS Europe requirements;
    b. Supplies according to FIFO principle: all deliveries must be carried out in that way. If, for any reason, one or more supplies cannot follow this principle, the supplier has to ask to ELANTAS Europe for a derogation;
    c. Traceability of the controls: the supplier undertakes the responsibility of issuing all the written documentation of the controls that have been carried out, as well as the documents certifying the quality of products or processes, and to archive them for a period of 15 years from the last supply;
    d. Supplies traceability: the supplier undertakes the responsibility of keeping the written information related to the products that have been used to produce every single batch (manufacture);
    e. The supply chain flow down is granted (traders and distributors must guarantee it as well).

5. Responsibility deriving from product: the supplier must ensure that the product conforms to the current applicable statutory and regulatory requirements in the country of receipt, the country of shipment and the country of destination. This is applicable also the environment and the health and safety of the workers. Therefore, in case the product or the service ordered is subject to prescriptions, in Italy, in Germany or abroad, regarding workers health and safety, recyclability or environmental safeguard etc, the supplier issue the linked documentation. It must contain the subjects, the modality and the results of verification/test of the involved characteristics. These documents must be archived by the supplier for at least 10 years and must be provided to ELANTAS Europe if requested;
6. The supplier must guarantee that all products produced for ELANTAS Europe have been manufactured without any support of child labor;
7. Retained sample (where applicable): the supplier must keep a sample in his plant, that has been realized with the homologated process and equipment;
8. In case of non-conformity, the supplier must fill the 8D-report containing the root cause analysis, the containment, corrective and preventive actions. To this purpose, ELANTAS Europe will send its own report with the preliminary details and the description of the non-conformity. It has to be intended as closed once ELANTAS Europe accepts the analysis and the measures proposed by the supplier, including eventual corrective actions;
9. Any discontinuation has to be announced 12 months in advance and, if needed, a stock for additional 12 months stock has to be granted;
10. The supplier must grant, after agreement between parts, the authorization to ELANTAS Europe personnel to have access to his productive sites for the performance of AUDITS regarding the system/process/product. The audit can be conducted only by ELANTAS Europe or also in cooperation with a third party. The supplier must agree the same obligations to its own suppliers;
11. If your products will be used for formulations of finished products employed for safety components (for example car braking systems), we will inform you. These products will be subject to ELANTAS qualification and any need for modification to the process / product must be authorized by ELANTAS before their release into production;
12. The supplier shall notify ELANTAS Europe of any planned change to design, process or site according to VDA 2 Appendix 8 Trigger Matrix;

13. Suppliers of raw materials and services that may impact the quality of ELANTAS Europe products used in automotive applications shall be certified to the ISO 9001 standard;
14. The suppliers ref. point 13, namely those involved in the applications for the automotive sector, must submit the PPAP (according to AIAG) or PPA (according to VDA). The specific level of PPAP (submission

level) required by ELANTAS Europe will be communicated to the supplier, eventually also in the PO, if not requested already during the sampling phase.
Likewise, in case of VDA, the documents to be presented for the PPA will be asked to the supplier, according to VDA and the preliminary agreement;

15. Suppliers ref. point 13 should implement, if not already in place, a plan for internal process and product audits (the use of VDA 6.5 and VDA 6.3 Check Lists is strongly recommended).
16. All products shall be subjected to an annual revalidation; unless agreed otherwise with ELANTAS Europe the results shall be documented and made available upon request for evaluation by ELANTAS Europe. For this purpose, the initial sample inspection report forms from VDA Vol.2 (PPF) or PPAP (PSW) from AIAG shall be used. If the test results are negative, the supplier shall immediately contact ELANTAS Europe".

6. DELIVERY

1. If applicable, every single material shipped to ELANTAS Europe must be properly labelled and joined by all the documents attesting to its identification and conformity. The information required are the following:
   a. Description of the product
   b. Quantity
   c. Lot of production
   d. Order number

   as well as all the additional information expressly requested by ELANTAS Europe;

2. The products/services must be clearly identified ;
3. The delivery of raw materials must always be joined by the delivery note, the COA (Certificate of Analysis) of each batch of production, if and where applicable. The COA must be consistent with the TDS values (or the technical specifications) indicated in the purchase orders;
4. The COA must be in Italian or in English for deliveries addressed to ELANTAS Europe Srl, and must be in German or in English for deliveries addressed to ELANTAS Europe GmbH;
5. Packaging must always be accompanied by a delivery note and a certificate of conformity;
6. Products/services must be accompanied by certificates of conformity/test certificates proving the compliance between the contractual specification and the current technical norms;
7. The supplier is required to keep on stock sufficient quantities of materials (such as finished products, intermediate, raw materials, general goods, packages, etc…), in order to be able to guarantee the continuity of supplies, as per point 4.1;
8. The supplier must be sure that the products addressed to ELANTAS Europe respect the following criteria:

   a. all products must be packaged, stocked and transported as to exclude the possibility of eventual damage, deterioration or spreading. These precautions must be maintained till delivery is completed;
   b. the packaging and the tankers must be completely clean in order to avoid any contamination;
   c. national and international prescriptions regarding transport of dangerous good must be totally fulfilled;
   d. the means of transport used for the delivery of the products must be in good conditions;
   e. All delivered products must be labelled according to the regulation regarding environment and safety, CLP/GHS and every other current regulation of the country of destination;

7. CONFORMITY, DELAYS AND DEFECTS

1. The Supplier warrants that the products or service supplied are free from defects, faults, non-compliance observed at any time, before or after use by ELANTAS Europe;

2. In case of a delivery of a non-conforming material, ELANTAS Europe has the faculty to:

   a. Return the material at supplier's expenses for a free replacement/repair

   b. Restore the damaged products and charge the related expenses to the supplier

c. Put the payments on-hold

d. Terminate the contract

3. ELANTAS EUROPE has the right to ask for a reimbursement to cover eventual damages caused by the non- compliance supply;
4. In case of claims and/or of non-conformity, delays of delivery etc. generating additional costs or fines, ELANTAS Europe will automatically charge them to the supplier, also compensating the expiring invoices;
5. In case ELANTAS Europe is sued for civil or contractual responsibility (including "Product liability") or in case there was a dispute regarding violation of legal prescription because of faultiness or non-conformity, the supplier is obliged to hold harmless ELANTAS Europe and indemnify all the eventual damages that have been caused.

8. QUALITY INDICATORS

1. Each continuous supplier of ELANTAS Europe will be evaluated annually according to:
   - Product quality index
   - On Time Delivery index
   - Discontinuity index
   - Special status index
   - Recall index
   - Support / Assistance

According to the total result of the evaluation, the supplier can be accepted, accepted under reservation, or rejected. If a parameter is not satisfied, ELANTAS Europe will indicate a performance target. The next year, ELANTAS Europe will verify if the target has been reached. If not, a formal request for corrective action will follow.

9. PRICES

1. The prices accepted by ELANTAS Europe are indicated on the order and can eventually change only after explicit agreement between the two parties.

10. INFORMATION SECURITY REQUIREMENTS

1. Each party undertakes to maintain confidential and private any information, of whatever nature, which it may come into possession of in connection with this contract. Following TISAX's requirements ELANTAS Europe has defined some Information Security requirements to ensure protection of the organization's assets that is accessible by suppliers.
   As the information can be put at risk by suppliers with inadequate information security management, controls have been identified and applied to administer supplier access to information processing facilities. All relevant information security requirements are established and agreed with each supplier that may access, process, store, communicate, or provide IT infrastructure components for, the organization's information.The specific information and communication technology supply chain risk management practices are built on top of general information security, quality, project management and system engineering practices but do not replace them.

2. ELANTAS Europe departments:
   a. are advised to work with suppliers to understand the information and communication technology supply chain and any matters that have an important impact on the products and services being provided;
   b. can influence information and communication technology supply chain information security practices by making clear in agreements with their suppliers the matters that have to be addressed by other suppliers in the information and communication technology supply chain.

3. Supplier agreements are established and documented to ensure that there is no misunderstanding between ELANTAS Europe and the supplier regarding both parties' obligations to fulfil relevant information security requirements. The following terms must be considered by the supplier to satisfy the identified information security requirements:
    a. description of the information to be provided or accessed and methods of providing or accessing the information;
    b. classification of information according to the organization's classification scheme; if necessary also mapping between the organization's own classification scheme and the classification scheme of the supplier;
    c. legal and regulatory requirements, including data protection, intellectual property rights and copyright, and a description of how it will be ensured that they are met;
    d. obligation of each contractual party to implement an agreed set of controls including access control, performance review, monitoring, reporting and auditing;
    e. rules of acceptable use of information, including unacceptable use if necessary;
    f. either explicit list of supplier personnel authorized to access or receive the organization's information or procedures or conditions for authorization, and removal of the authorization, for access to or receipt of the organization's information by supplier personnel;
    g. information security policies relevant to the specific contract;
    h. incident management requirements and procedures (especially notification and collaboration during incident remediation);
    i. training and awareness requirements for specific procedures and information security requirements, e.g. for incident response, authorization procedures;
    j. relevant regulations for sub-contracting, including the controls that need to be implemented;
    k. relevant agreement partners, including a contact person for information security issues;
    l. screening requirements, if any, for supplier's personnel including responsibilities for conducting the screening and notification procedures if screening has not been completed or if the results give cause for doubt or concern;
    m. right to audit the supplier processes and controls related to the agreement;
    n. defect resolution and conflict resolution processes;
    o. supplier's obligation to periodically deliver an independent report on the effectiveness of controls and agreement on timely correction of relevant issues raised in the report;
    p. supplier's obligations to comply with the organization's security requirements.

10.1 ICT SUPPLY CHAIN

1. Agreements with the supplier include requirements to address the information security risks associated with information and communications technology services and product supply chain. The following topics must be considered by the supplier concerning supply chain security:
    a. defining information security requirements to apply to information and communication technology product or service acquisition in addition to the general information security requirements for supplier relationships;
    b. for information and communication technology services, requiring that suppliers propagate the organization's security requirements throughout the supply chain if suppliers subcontract for parts of information and communication technology service provided to the organization;
    c. for information and communication technology products, requiring that suppliers propagate appropriate security practices throughout the supply chain if these products include components purchased from other suppliers;
    d. implementing a monitoring process and acceptable methods for validating that delivered information and communication technology products and services are adhering to stated security requirements;
    e. implementing a process for identifying product or service components that are critical for maintaining functionality and therefore require increased attention and scrutiny when built outside of the organization especially if the top tier supplier outsources aspects of product or service components to other suppliers;

f. obtaining assurance that critical components and their origin can be traced throughout the supply chain;
g. obtaining assurance that the delivered information and communication technology products are functioning as expected without any unexpected or unwanted features;
h. defining rules for sharing of information regarding the supply chain and any potential issues and compromises among the organization and suppliers;
i. implementing specific processes for managing information and communication technology component lifecycle and availability and associated security risks. This includes managing the risks of components no longer being available due to suppliers no longer being in business or suppliers no longer providing these components due to technology advancements.

10.2 AGREEMENTS ON INFORMATIOIN TRANSFER

1. This part of the agreement addresses the secure transfer of business information between ELANTAS Europe and the Supplier. Information transfer agreements incorporate the following requirements:
   a. management responsibilities for controlling and notifying transmission, dispatch and receipt;
   b. procedures to ensure traceability and non-repudiation;
   c. minimum technical standards for packaging and transmission;
   d. escrow agreements;
   e. courier identification standards;
   f. responsibilities and liabilities in the event of information security incidents, such as loss of data;
   g. use of an agreed labelling system for sensitive or critical information, ensuring that the meaning of the labels is immediately understood and that the information is appropriately protected;
   h. technical standards for recording and reading information and software;
   i. any special controls that are required to protect sensitive items, such as cryptography;
   j. maintaining a chain of custody for information while in transit;
   k. acceptable levels of access control.

2. The information security content of any agreement reflect the sensitivity of the business information involved

11. GENERAL PURCHASE CONDITIONS

To view our general purchase conditions, visit the following link: Conditions of Purchase (elantas.com)

12. ADDITIONAL CONDITIONS FOR SUPPLIERS INVOLVED IN AEROSPACE APPLICATIONS

12.1 Required expertise

ELANTAS Europe (EEU) selects its suppliers on the basis of certifications they have obtained from a recognized accreditation body for their area of business. As a priority, EEU gives preference to:

- EN/AS/JISQ 9100
- EN/ISO 9001 (Mandatory)
- Other certifications

The supplier must inform EEU of any changes in its certifications.

12.2 Access to the facilities

The supplier and/or subcontractor explicitly acknowledges the right of the customer, its end customer, and/or the relevant Government Authority to access all sites involved in the purchase order, as well as all associated records.

The Supplier is also required to provide support for the activities of assessment of the quality of the Supply (including government-related, where applicable).

12.3 Quality Management Requirements

12.3.1 General requirements

The supplier must establish and maintain a quality system that is appropriate to its type of business. If it obtains certification for that system, it shall immediately provide the current certifications to EEU.

The supplier must train its personnel regarding the following:

- their contribution to the conformity of the product or service
- the need to prevent the use of counterfeit parts
- their contribution to the product's safety
- the importance of professional ethics
- EEU's requirements, including those of our customers

There must be formal procedures for reviewing the quality assurance system, and its effectiveness must be evaluated and audited on a regular basis.

Note: If an order requires a particular certification (ISO 9001, EN 9100, IATF 16949 etc.), the supplier must notify EEU if it does not have that certification.

12.3.2 Origin of parts

If it is not the manufacturer, the supplier must, upon delivery, provide evidence of thesource of the products, by attaching a certificate of compliance from the original manufacturerfor the lot that was delivered.

12.3.3 Obsolescence management

The supplier must take the necessary steps to reduce the impact of obsolescence of the material. If at any time it anticipates permanently shutting down a production line, it must notify EEU one year in advance, so that EEU can create a back-up inventory.It must also identify any materials, processes or products that may become obsolete, so as to reduce the impact of said obsolescence on the products or services it provides. Upon identifying an instance of obsolescence or potential obsolescence, it must immediately notify EEU to that effect and offer solutions for risk reduction or replacement.

12.3.4 Need to prevent the use of counterfeit parts

The supplier agrees to deliver parts and supplies that are original and not counterfeit.The supplier must guard against using any counterfeit part or material that could affect the deliveries made to EEU.If alerted by EEU, it must be able to demonstrate that it has not been affected by the counterfeiting described in the alert.If it identifies a counterfeit product that has affected its production, it must notify EEU to that effect.

12.3.5 Documentation

The supplier must ensure that it is working with the most recent applicable versions of EEU documents andwith the appropriate specifications and drawings for fulfilling the order. It may submit a written request for any additional information that it deems necessary, in order to successfully complete its production.

12.3.6 Record keeping

The supplier must provide EEU representatives and customers with access to all records demonstrating that the work has been performed in accordance with all of the specifications.On its own behalf and that of its suppliers, the supplier must retain any records regarding the quality of the products for a period of 10 years

after delivery. For specific requirements (e.g., safety and installed components), that timespan may be extended to 30 years via the orders. The documents and records shall include the product definition files, product lines, tests and manufacturing controls (identifying the operators), as well as all measurement and conformity records. EEU must be notified immediately of any loss or inaccessibility of the documents demonstrating the conformity of the products delivered. The supplier must be able to provide all traceability-related documents requested by EEU within 48 hours.

12.3.7 Contract/order review

The supplier must review all orders it receives and resolve anomalies of any kind. For materials specification defined by EEU, the supplier must verify that it has all the relevant specifications in the current version number indicated on the order. It must also verify that it is able to comply with all the terms indicated on the order, including special requirements (FAI, measurement readings, conformity of materials and processing, etc.) The supplier agrees to abide by EEU's General Terms and Conditions of Purchase, which can be found at Conditions of Purchase - ELANTAS https://www.elantas.com/conditions-of-purchase.html

Any discrepancies between the product requirements, the requirements indicated in the order and the documents provided by EEU must be addressed in a written solution that is accepted by EEU prior to being recorded by the supplier.

12.3.8 First article inspection (FAI)

A FAI must be provided to EEU in the following circumstances:

- An explicit order
- When the item is entering mass production for the first time
- Whenever the production material, method or process, including tools, are modified
- After any suspension of production for more than two years

In case the technological validation is on the EEU customer, the supplier is not forced to present its technological validation in accordance with the EN 9102 standard.

The FAI revision will be done in conformity with EN9102 for the articles for aeronautical or space applications.

12.3.9 Process qualification

The supplier must ensure that its human and material resources, as well as its procedures for implementing and qualifying any special processes, are appropriate for obtaining consistent, satisfactory quality that meets EEU's specified requirements.

If a process is subcontracted by the supplier, the latter must continuously monitor the process in operation.

12.3.10 Modifications to production processes and facilities

Any change that affects significant operations must be submitted to EEU for its approval before being implemented.

Any such change request must be accompanied by as much information as possible and supporting technical documentation to help EEU assess the change; and must also include any documentation affected by the change (operating lines, procedures, etc.).

The supplier must maintain a log of modifications to all documents related to the process.

12.3.11 Production management

Production operations must be scheduled and performed in accordance with approved data.

That data should include the following as necessary:

- Technical Specifications, operating lines including control operations and operational documents (E.g. work instructions but not only)
- the list of special tools and instructions for their use
- personnel training and qualification

The supplier must provide for quantitative monitoring (quantity, non-conformities, etc.). The supplier must ensure that control plans are used when it has identified key characteristics or has been notified of key characteristics by EEU. The supplier must offer proof that all production and control operations have been conducted as planned/qualified, and that any changes were documented and authorized.

12.3.12 Monitoring and measurement tools

The supplier must ensure, and be able to prove, that the measuring equipment and conditions used to guarantee product compliance are appropriate and valid.

12.3.13 Identification and traceability

The product's configuration must be kept up to date by the supplier so that any discrepancy between the actual configuration and the approved configuration can be identified.

The supplier must define and describe the resources it uses to show proof of acceptance (stamps, e-signatures, passwords, etc.) and how they are managed.

The system used by the supplier must make it possible to:

- Trace all products manufactured from a single consignment of raw materials or in a single production batch, as well as the outcome of all products from a single batch (delivery, scrap, etc.)
- Locate all the production documentation for a given product (production records, control logs, etc.)

12.3.14 Preservation of the product

The supplier must maintain the product's compliance during its internal operations and upon delivery to EEU. That must include identification, handling, packaging, storage and protection of the product.The supplier must ensure that all steps have been taken to protect the product during shipping. Moreover, it must ensure that all packaging complies with EEU's specifications, if any, so as to guarantee that the delivered products are free of any deterioration or other damage.

The products provided and their packaging must be free of impurities and foreign objects (FOD). For any EEU products that are outsourced and bear an EEU identification and traceability label, the supplier must preserve that label on the packaging unit for each batch. Expiration dates or dates of manufacture, storage periods and use conditions should all be indicated on the packaging of the products supplied at the time of delivery. It is the supplier's responsibility to deliver products that still have at least 50% of their working life, as indicated by the manufacturer, unless otherwise approved by EEU.

12.3.15 Accompanying documentation

All packaging must be identified with a label that contains at least the following information:

- supplier's name
- name and description of the item in accordance with EEU reference documents
- name and description of the item in accordance with the supplier's reference documents, if any
- supplier's batch number
- weight (customer management unit)
- date of manufacture (day/month/year)

As a minimum, following documents must be submitted for all items supplied:

- documents required for customs clearance (which will have previously been sent to the forwarding agents as well)
- certificate of compliance to PO and CoA in accordance with the agreed standards EN 10204 3.1 (in case no other standard is requested)
- any waiver, production permit or change request that applies to the delivery and has been approved by EEU

Any additional documents specified in the order should be attached as well (certificate of analysis, FAI, etc.).

12.3.16 Processing of anomalies

In the event of a non-conformity on the product and/or service that is identified by EEU or its customers and attributable to a supplier or its agents, a notice of non-conformity will be issued to the supplier to notify it of the complaint and the actions expected.

The supplier agrees to assist in resolving those problems.

12.3.17 Corrective action

EEU expects its supplier to manage claims using the 8D and 5 why method for Root Cause Analysis definition:

- the items or batches considered to be non-conforming must immediately be identified and separated from conforming items until a decision has been made regarding the appropriate corrective action
- the non-compliant products could be used in their current condition only under derogation or concession or can be disposed. Evidence of the concession or of the derogation has to join the goods and the delivery note
- as necessary and upon request, the supplier shall inspect EEU's inventory and shall bear the cost of product sorting or provide the necessary manpower
- the causes of any defects shall be determined, including any causes related to human factors.
- Corrective and preventive action shall be taken quickly to prevent any reappearance of the defects.

12.3.18 Allocation of the costs of any non-conformity

In the event that non-conformities are detected at EEU's site or that of the end customer, EEU reserves the right to have the supplier bear the costs of that non-conformity by requesting credit from the supplier.

That request for credit will reflect the non-conforming products costs, as well as the cost borne by EEU to manage the non-conformity.

12.3.19 Acceptance with waiver

If the supplier identifies a non-conformity that it deems acceptable, EEU may consider requests for a waiver.

Waiver requests should be submitted in writing to EEU.

The supplier may not release the non-conforming product until EEU has given its written consent (by returning the approved waiver request).

A copy of the waiver request shall be attached to the delivery slip and the goods.

12.3.20 Preventive actions

If the supplier becomes aware of an anomaly that may have been delivered without being detected, it must notify EEU to that effect, regardless of how much time has elapsed.

12.3.21 Compliance

For the compliance, see point 1.2 of this document.

ELANTAS Europe Srl

Andrea Plaitano

Managing Director

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ELANTAS Europe GmbH

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