



The Innovation Company.

Quality Assurance Agreement

between

KONVEKTA AG
Am Nordbahnhof 5
34613 Schwalmstadt
Germany

hereinafter "KONVEKTA"

and

hereinafter "SUPPLIER"

Konvekta AG
Am Nordbahnhof 5
34613 Schwalmstadt
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Fax: +49 6691 76-111
E-mail: info@konvekta.com

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Preliminary remarks

KONVEKTA is one of the world's leading manufacturers of thermosystems with production facilities in Germany and abroad.

KONVEKTA and the SUPPLIER agree to work together on the basis of the terms and conditions of this quality assurance agreement. Aside from manufacturing and delivering the agreed products, the cooperation objectives also include working together to optimise delivery logistics, continuously assuring the required product quality and jointly striving to continuously optimise costs.

With this agreement, KONVEKTA and the SUPPLIER establish the principles for conducting business in terms of the objectives stated above, as follows:

1 Object of the agreement

The SUPPLIER obliges itself to deliver all products and services ordered by KONVEKTA subject to the terms and conditions of this quality assurance agreement.

2 Duty to cooperate

During the term of this quality assurance agreement, the SUPPLIER is obliged to keep KONVEKTA informed at all times about discrepancies or concerns regarding the feasibility of this agreement or of orders. This includes the following circumstances in particular:

- Unambiguousness of KONVEKTA's technical specifications
- Producibility of products under consideration of the SUPPLIER's existing production technology and process safety and reliability
- Compliance with the logistics requirements, including delivery dates and delivery quantities, under consideration of material and capacity availability
- New developments, product changes and the like by the SUPPLIER
- Changes to and/or the discontinuation of production technologies and production sites

3 Specification

3.1 When a product is ordered by KONVEKTA for the first time and/or in case of technical changes, the SUPPLIER obliges itself to provide a current, complete specification of the ordered product in advance, for example in the form of a valid datasheet (German/English).

3.2 An initial sample inspection is a prerequisite for the approval of series production according to drawings and specifications to be agreed between KONVEKTA and the SUPPLIER. Initial samples are products produced entirely with series production facilities/equipment and under series conditions.

An initial sample inspection (in accordance with VDA volume 2) is required for every new or changed product unless KONVEKTA waives this in writing. New or changed products may only be delivered after they are approved by KONVEKTA. Until then, delivery must be in accordance with the previous specifications.

3.3 In the following cases in particular, the SUPPLIER has to first notify KONVEKTA of the

change and request an initial sample inspection:

- New product
- Changes to the product design
- Changes to the material/substances of content (REACH regulation among others)
- Changes to the product manufacturing process
- Use of new tools
- Use of new sub-suppliers
- Relocation of production sites
- Production interruptions lasting more than one year
- Data changes/updates in the IMDS portal

- 3.4 In the course of initial sampling for new parts and changes, the SUPPLIER is obliged to upload material datasheets in IMDS. The ID number for the IMDS record has to be provided on the initial sample cover sheet.

4 Quality management system

- 4.1 The SUPPLIER obliges itself to permanently apply a quality management system according to DIN EN ISO 9001 in the respective current form, or a corresponding system that meets the general requirements according to this agreement.

The SUPPLIER is obliged to pursue the goal of zero defects and has to continuously optimise its performance in this regard. Furthermore, the SUPPLIER obliges itself to ensure the quality of its suppliers through an appropriate quality assurance system. The SUPPLIER obliges itself to provide proof of the effectiveness of the quality management system to KONVEKTA unasked on an ongoing basis. KONVEKTA strives to protect and conserve the environment. It is therefore desirable for the SUPPLIER to implement an environmental management system according to ISO 14001 (or a comparable standard such as EMAS). If the SUPPLIER maintains a corresponding system, this positively affects the supplier evaluation.

- 4.2 The SUPPLIER shall permit KONVEKTA to conduct supplier audits by appointment to review the production processes and compliance with the quality management system.

The SUPPLIER obliges itself to include its sub-suppliers, development partners where applicable and all involved third parties responsible for production or quality assurance for the agreed products in its quality management system, or to ensure the quality of deliveries to the SUPPLIER directly. KONVEKTA may request documented proof from the SUPPLIER regarding verification of the quality management systems of its sub-suppliers and/or quality assurance for its bought-in parts through other suitable measures.

- 4.3 The SUPPLIER shall maintain records of quality assurance measures, in particular measured values and inspection/test results. On request these records shall be made available to KONVEKTA for review.

5 Delivery terms and conditions

- 5.1 The respective place of delivery and delivery dates are defined in the order.
- 5.2 Risk passes when the goods are handed over at the place of delivery. Applicable legal provisions regarding default of acceptance remain unaffected.
- 5.3 Delivery dates according to the order are binding and constitute cause for default with no further reminders. In case of a complaint regarding goods or services that are not in ac-

cordance with the contract (notice of defects), these goods or services are deemed not to be delivered, causing default, until the contractually agreed state is established.

- 5.4 In case of failure to meet an agreed delivery date for reasons within the SUPPLIER's control, the SUPPLIER is obliged to compensate KONVEKTA for the damage caused by default. Acceptance of a late delivery of goods or services does not constitute a waiver of further claims due to delay. The SUPPLIER is obliged to report foreseeable delivery delays promptly but in general no later than two weeks before the start of delivery.
- 5.5 In case of default in delivery, KONVEKTA is entitled to demand flat-rate compensation for the damage caused by default in the amount of 1% of the delivery value per full calendar week, but no more than 10% of the delivery value, without prejudice to proof of further claims. The SUPPLIER has the right to provide proof to KONVEKTA of substantially lesser or no damage caused by default.
- 5.6 For the acceptance of early deliveries, the due date is based on the agreed delivery date.
- 5.7 The SUPPLIER operates worldwide and does not supply any KONVEKTA-specific ordered/replacement parts to third parties. The SUPPLIER obliges itself to handle inquiries regarding KONVEKTA-specific products with sensitivity and to consult KONVEKTA regarding delivery. The SUPPLIER shall deliver products with KONVEKTA labels exclusively to KONVEKTA and not to third parties, and shall not accept any of these products from third parties for repair, or shall consult KONVEKTA regarding repairs.

In case of gross disregard by the SUPPLIER, KONVEKTA has the right to terminate any concluded master delivery agreement with the SUPPLIER without notice and to withdraw from delivery orders (scheduled release orders and individual orders) that have already been placed. KONVEKTA reserves the right to demand compensation for the incurred damage.

6 Identification of the delivery & certificates

- 6.1 The delivery note for all deliveries must include the KONVEKTA order number (for scheduled release orders the DS number), the KONVEKTA article number and the delivery note number as a barcode (Code39, Code128 or DataMatrix code). If the information cannot be included on the delivery note for technical reasons, all deliveries generally need to be identified with goods tags (according to VDA recommendation 4902).

When the delivery note and/or goods tag does not include barcoding, we reserve the right to refuse the entire shipment. Due to our automated processes, handling the shipment without the encoded information on the delivery note/corresponding goods tag(s) is only possible with considerable additional effort.

Notwithstanding additional claims for damages, KONVEKTA shall charge a flat rate of EUR 50 per defective shipment for the added administrative effort.

The obligation to include the required barcode information on the delivery note/goods tags, compliant with VDA recommendation 4902, is binding for all shipments. Deviations from this requirement are tolerated only with express prior written approval from our Logistics department.

- 6.2 The SUPPLIER shall submit an updated certificate of origin and long-term supplier declaration annually. The SUPPLIER's shipping documents have to include the customs tariff number(s) and code(s) of goods according to EU Regulation 2658/87 (EEC) and/or 927/2012 EU.

6.3 The SUPPLIER holds an AEO certificate (Authorised Economic Operator).

7 Packaging

7.1 The SUPPLIER is obliged to treat the finished products with care and to protect them against damage. When product-specific packaging is not agreed with KONVEKTA, the SUPPLIER shall ensure proper packaging in compliance with current safety and environmental regulations. In particular, the SUPPLIER has to avoid quality risks/damage due to moisture, corrosion and soiling, and insofar owes KONVEKTA a delivery condition as commonly accepted in the industry in Germany.

7.2 The SUPPLIER is generally obliged to make all packaging and product labels/stickers as specified or, unless anything to the contrary is agreed, neutral.

7.3 The SUPPLIER shall assign a separate KONVEKTA article number to the delivery item and apply a KONVEKTA-specific label with the following information:

- Serial number and/or lot number including date of manufacture, sub-supplier if applicable
- KONVEKTA article number
- Logo/KONVEKTA address
- Barcode labelling according to VDA standard
- (Drawing specifications may deviate)

8 Traceability

8.1 The SUPPLIER is obliged to implement and maintain a suitable system for the identification and traceability of products delivered to KONVEKTA. Continuous improvement of this system has to be pursued to facilitate the rapid localisation of defective products. This system has to ensure end-to-end traceability by:

- Delivery lot
- Production lot/batch
- Production line
- Inspection/test documents
- Inspection/test status

The SUPPLIER guarantees that traceability is also ensured by its sub-suppliers/third parties involved in the manufacturing process.

8.2 The SUPPLIER shall not apply its own logos to its products delivered to KONVEKTA.

Manufacturer and/or contact information for the purpose of traceability according to 8.1

- must be applied outside the immediate field of vision/the exterior of the product, or
- must be carried out in an encoded form that largely prevents third parties from drawing conclusions about the SUPPLIER.

9 Incoming goods inspection, examination and obligation to notify about defects

The notification of defects is deemed to be in good time in any case when submitted promptly upon discovery of the defect. On delivery, KONVEKTA is merely obliged to conduct a visual

inspection, in case of bulk shipments also only on the basis of random samples. Furthermore, the inspection obligation according to Section 377 of the German Commercial Code (HGB) is excluded for all defects, except for apparent or readily identifiable defects that can be detected with customary attentiveness. Otherwise the obligation to notify begins only when the goods are withdrawn, used or processed further, in case of transfer to an end customer at the time of transfer, and for functional components when the system is complete and functional at the end customer's site. This applies even if the purchase price has already been paid and/or an agent of KONVEKTA has accepted the goods at the SUPPLIER's plant.

10 Complaint for 0-KM goods

10.1 When KONVEKTA notes defects on delivered products, the SUPPLIER is informed in writing and the entire production lot/batch is returned (or in some cases only the suspected products). The SUPPLIER is obliged to respond promptly. Unless otherwise agreed, the response has to take the form of an 8D report.

10.2 Defective products must be replaced by the SUPPLIER with products that are free of defects. The fastest option for replacement has to be chosen under consideration of the circumstances. Repeat/replacement deliveries of rejected parts have to be clearly identified as such by the SUPPLIER on the delivery note (e.g. inspection/test report or repair no.).

10.3 KONVEKTA shall give the SUPPLIER the opportunity for sorting, the rectification of defects or replacement delivery to the extent this is reasonable. When prompt intervention is required due to production processes, KONVEKTA may perform sorting or the rectification of defects directly, or have this performed by a third party, after notifying the SUPPLIER in writing. The resulting costs are borne by the SUPPLIER.

Sorting does not relieve the SUPPLIER of the liability for concealed defects.

10.4 Furthermore, KONVEKTA reserves the right to charge the following flat rates in case of complaints:

Notification, inspection and sorting costs per complaint – for time spent (on a case-by-case basis):

- Hourly rate EUR 50
- Inspection report: EUR 50/each
- Return shipment to SUPPLIER: Freight collect
- Repeat initial sample inspection procedure (PPF or PPAP): EUR 210

11 Warranty

11.1 The applicable legal provisions apply unless anything to the contrary is agreed in the following.

11.2 The SUPPLIER warrants the quality of workmanship, the material used and the adequate design of the products as well as compliance with the specifications. The SUPPLIER also warrants that the parts are free of defects, fully functional and suitable for use worldwide. Unless deviating requirements are defined in the specifications, the products have to correspond to the state of the art.

11.3 In case of a defect or damage in the field during the warranty term, KONVEKTA – unless anything to the contrary is agreed – is authorised to make all necessary repairs itself or to have them performed by third parties as execution by substitution. The resulting costs

shall be reimbursed by the SUPPLIER according to the applicable legal provisions for execution by substitution.

- 11.4 For each product and every delivery, including the rectification of defects and replacement deliveries, the parties agree on a warranty term of 36 months from delivery by KONVEKTA to its end customer, but no more than 42 months from delivery by the SUPPLIER to the agreed place of delivery, in which the date of the delivery note is relevant in case of doubt.

Furthermore, the parties agree that a written notice of defects submitted within the aforementioned term is sufficient to assert the rights under the warranty. The right to the rectification of reported defects expires 2 years after the written notice of defects is received.

- 11.5 The SUPPLIER guarantees that the products comply with the safety and acceptance regulations of public authorities, industry associations and governing bodies of the countries to which the respective contract goods are delivered. Corresponding information must be obtained directly by the SUPPLIER as needed; KONVEKTA shall provide assistance in this regard. The SUPPLIER warrants unrestricted conformity with all applicable EU directives and DIN/EN standards related to the delivery portfolio.

- 11.6 In case of defects in series (meaning that 2% or more of identical delivered products are defective) for reasons within the SUPPLIER's control, KONVEKTA has the right to demand preventive rectification of defects for already delivered products at the SUPPLIER's expense.

Insofar as defects result in hazards to the life and limb of persons or to assets of significant value, KONVEKTA has the right to initiate the required measures at its own discretion if the SUPPLIER does not respond promptly to a corresponding request from KONVEKTA.

- 11.7 Appraisals by the SUPPLIER are required in the course of warranty processing. The SUPPLIER obliges itself to submit an appraisal for 0-KM goods to KONVEKTA within 30 days after KONVEKTA delivers the defective product(s) to the SUPPLIER. An appraisal for products in the field also has to be submitted to KONVEKTA within 30 days after the defective parts are delivered.

In case of failure to comply with the terms stated above, the warranty request is deemed to be approved by the SUPPLIER. Appraisals are carried out by the SUPPLIER at no charge.

- 11.8 The SUPPLIER may only dispose of the appraised parts with the prior written consent of KONVEKTA.

12 Liability for proprietary rights and product liability

- 12.1 The SUPPLIER is liable for any infringement of patents or other violations of third-party industrial property rights related to the delivered products. The SUPPLIER indemnifies KONVEKTA from all claims and costs resulting from the infringement of patents or the violation of other industrial property rights due to the use of the products.

- 12.2 In case of product liability claims against KONVEKTA due to products originating from the SUPPLIER, the SUPPLIER indemnifies KONVEKTA from all corresponding claims in the relationship between the parties.

- 12.3 The SUPPLIER is obliged to obtain and maintain adequate insurance coverage for prod-

uct liability risks. Corresponding proof must be provided to KONVEKTA. Furthermore, the SUPPLIER obliges itself to notify KONVEKTA unasked of the conclusion of and any changes to the product liability insurance policy (such as the amount of coverage, terms of insurance, insurer etc.).

- 12.4 If the SUPPLIER discovers a product defect that could lead to a product liability claim and other, already delivered products exhibit the same defect, the parties are obliged to immediately discuss further measures. In case of a product recall (for example in the form of service information and accompanying conversion work in the manufacturer's service workshops or in the field) for the affected products, the SUPPLIER is obliged to provide the required number of replacement and spare parts. The costs of such a product recall shall be borne by the SUPPLIER according to the applicable legal provisions.
- 12.5 The SUPPLIER is obliged to monitor its products in regards to behaviour in the market under the aspect of possible hazards, and to provide KONVEKTA with comprehensive information in case of findings indicating that a danger to persons and assets due to the everyday use of the product cannot be excluded (product monitoring obligation).

13 Supply of replacement parts

The SUPPLIER obliges itself to continue supplying KONVEKTA with identical products for the provision of replacement parts to KONVEKTA customers after the end of series deliveries. This subsequent delivery obligation applies for a period of 15 calendar years after the last delivery of the series in question, subject to deviating individual agreements, with unchanged terms regarding the quality and specifications subject to a separate agreement. The replacement parts and products have to be produced using original tooling and must correspond to the last series delivery.

14 Nondisclosure

- 14.1 The parties agree to keep all information obtained during and through this relationship confidential and not to disseminate it to third parties. This obligation also applies for employees of the contracting parties directly involved in this agreement or who obtain knowledge of the information in the course of business.
- 14.2 The nondisclosure obligation continues to apply after the end of this agreement insofar and as long as the products and technologies do not become freely available. In case of doubt, this must be proven by the contracting party who longer wants to be bound by the nondisclosure obligation.
- 14.3 Documentation, data and information prepared by one of the parties may not be commercially exploited by the respective other party in identical or modified form, in whole or in part for other than the agreed purposes, and may not be disseminated to third parties nor used for other customers, except with the written consent of the other party.

15 Proactive obsolescence management

Obsolescence means that a product or process is no longer available. The causes of obsolescence include economic inefficiency, innovation cycles and technological developments, market adjustments to customer needs, restrictions and environmental disasters. Strategic obsolescence management is therefore essential in order to ensure the long-term availability of the products in the desired quality at minimal cost.

The SUPPLIER guarantees ongoing monitoring of the assemblies regarding changes and discontinuations. Furthermore, the SUPPLIER is able to forecast the long-term availability prior to the design-in of a component and to inform KONVEKTA accordingly.

16 LCC/RAMS

The respective expected service life for the products being delivered has to be specified in operating hours. Updating these figures on an ongoing basis in reference to findings from the analysis of defective parts in the field is part of the product monitoring obligation of suppliers. Accordingly this analysis of returns can increase or decrease the specified average service life. This requirement is intended to result in the most realistic possible assessment of the LCC (life cycle costing) and RAMS (reliability, availability, maintainability, safety).

17 Substances in products

The SUPPLIER warrants that the requirements of the EU REACH regulation (Regulation (EC) no. 1907/2006) in the respective current version – hereinafter the REACH regulation – are met and, in particular, that the registration of substances has been completed. KONVEKTA is not obliged to obtain approval according to the REACH regulation for goods delivered by the SUPPLIER, subsequently and/or at its own expense.

Furthermore, the SUPPLIER warrants that no products will be delivered that contain substances according to:

- Annex 1 through 9 of the REACH regulation in the respective current version
- Council Decision 2006/507/EG (Stockholm Convention on Persistent Organic Pollutants) in the respective current version
- EC Regulation 1005/2009 on substances that deplete the ozone layer in the respective current version
- The Global Automotive Declarable Substance List (GADSL) in the respective current version
- RoHS for products according to their field of application

If the delivered goods contain substances included in the Candidate List of Substances of Very High Concern (SVHC list) according to REACH, the SUPPLIER is obliged to promptly notify KONVEKTA. This applies correspondingly when previously unlisted substances are added to this list in the course of ongoing deliveries.

Furthermore, the products are not permitted to contain asbestos, biocides or radioactive materials.

If the delivered products contain such substances, written notification is required as far as possible in advance of delivery, specifying the substance and identification number (e.g. CAS) and including a current safety datasheet for the product being delivered. Delivery of such products requires the separate written approval of KONVEKTA.

The SUPPLIER indemnifies KONVEKTA from all liability related to non-compliance with the aforementioned regulations by the SUPPLIER and, unless proof of non-culpability is provided, shall compensate KONVEKTA for all direct and indirect damage incurred due to non-compliance with the regulations. The SUPPLIER is liable to KONVEKTA for the culpability of subcontractors, manufacturers and sub-suppliers as for own culpability according to Section 278 of the German Civil Code (BGB).

If the registered office of a supplier/contractor is in a country outside the European Union, a declaration of conformity with the requirements of the REACH regulation has to be submitted as far as possible in advance of delivery. In case of failure to submit, the SUPPLIER, unless

proof of non-culpability is provided, hereby indemnifies KONVEKTA from all related direct and indirect damage and consequential costs. The SUPPLIER is liable to KONVEKTA for the culpability of subcontractors, manufacturers and sub-suppliers as for own culpability according to Section 278 of the German Civil Code (BGB).

18 Term of the agreement

The agreement comes into force when it is signed by both parties, for an unlimited term. It may be terminated subject to a 3-month period of notice effective at the end of a calendar year; otherwise, it is automatically extended by one year at a time.

19 Force majeure

Neither party is liable to the other for non-performance or delayed performance due to reasons outside the control of the respective party. Such reasons include, in particular, a strike – except for a strike of the own workforce – lock-out, unrest, fire or natural disaster. The prevented party shall promptly inform the respective other party of the cause and duration of the delay or non-performance, and make all reasonable efforts to mitigate the effects of force majeure on the other party.

20 Transfer of rights and obligations

The rights and obligations arising from this quality assurance agreement cannot be assigned or transferred to a third party, in whole or in part, without the written consent of the respective other party. Affiliated companies of the partners residing in Germany according to Section 15 of the German Stock Corporation Act (AktG) are not considered third parties (see Attachments 1 and 2 for listings at the time of signing this agreement).

21 Conflict rules

Should one or more of these provisions contradict standard clauses of the SUPPLIER, in whole or in part, the parties hereby agree that the clauses of this agreement take precedence.

22 Final provisions

22.1 This quality assurance agreement replaces all prior agreements concluded between the parties. In case of contradictions between the text of this agreement and its other applicable documents, the text of this quality assurance agreement takes precedence.

22.2 The place of fulfilment is Schwalmstadt.

22.3 This agreement is subject to the substantive and procedural law of the Federal Republic of Germany.

22.4 The agreed jurisdiction is Schwalmstadt for both parties and for all direct and indirect claims arising from this agreement.

22.5 Amendments and endorsements to this agreement and its elements must be in written form in order to be effective. Any waiver and/or amendment of this written form requirement also has to be in written form.

22.6 Verbal subsidiary agreements are not legally binding.

22.7 There are no written subsidiary agreements at the time of signing this agreement.

22.8 Aside from this agreement, the general purchasing terms and conditions of KONVEKTA apply in the respective current version at the time of placing an order, subject to the following ranking:

1. This agreement
2. The general purchasing terms and conditions of KONVEKTA

The SUPPLIER accepts these by signing this agreement, accepting the respective release order or accepting the respective individual order.

23 Coverage

The provisions of this quality assurance agreement apply equally for all deliveries by the SUPPLIER to the following companies affiliated/associated with KONVEKTA:

KONVEKTA KKI Kälte und Klima GmbH & Co. KG
Am Eisberg 13
36456 Barchfeld
Germany

Konvekta Türkiye A. S.
Isiso Sanayi Sitesi Yani
Hosdere Mevkii
P.K. 34860 Hadimköy / Istanbul
Turkey

Konvekta Air Condition (Taicang) Co. Ltd.
168 North Taiping Rd.
215400 Taicang Jiangsu
People's Republic of China

Konvekta Trading (Taicang Co. Ltd.)
168 Taiping Rd.
Taicang, Jiangsu 215400
People's Republic of China

KONVEKTA S.A.
Parque Industrial Pilar
Calle 20 No 358
Buenos Aires
Argentina

Schwalmstadt, on _____ , on _____

Konvekta AG

SUPPLIER

Name: _____

Name: _____

Position: _____

Position: _____

Signature:

Signature: