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|---|---|---|---|---|---|
| HUNT-1086096073-68 | 1.0 | Hahn Thorsten | Bannat Tom, | Hahn Thorsten, Bannat Tom, | 27.07.2018 |

# Quality Assurance Agreement

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## 0. Preamble

The Blaser Group GmbH is the leading manufacturer of premium hunting and sporting guns, accessories and outdoor clothing.

XXXXXX, (the "Supplier"), supplies products to the Blaser Group GmbH and is therefore in a current business relationship with the Blaser Group GmbH.

This Quality Assurance Agreement (hereafter, the "QAA") defines and governs all the responsibilities, general technical and organisational conditions and other requirements that are necessary to achieve the intended quality targets, between the Blaser Group GmbH and its associated companies (hereafter, the "Group"), as one party, and the Supplier.

The Group includes in particular:

- Blaser Group GmbH, Ziegelstadel 1, D-88316 Isny
- Gabinvest EOOD; Balanska 6; 5301 Gabrovo; Bulgaria
- MINOX GmbH; Walter-Zapp-Str. 4; 35578 Wetzlar; Germany
- GSO German Sports Optics GmbH&Co.KG; Wilhelm-Loh-Straße 1; 35578 Wetzlar; Germany

## 1. Scope

This QAA applies to all products and production processes to be supplied to the Group by the Supplier. For this purpose, the QAA defines all the minimum quality requirements for the Supplier, as well as provisions for compliance with and monitoring of these quality standards, unless the scope is expressly restricted for specific services and/or deliveries.

In the event of any conflict with other contracts regrading this supply relationship, this QAA shall take precedence for technical and quality matters.

Every change and addition to this QAA must be in writing and must be documented.

## 2. The Supplier's quality management system

The Supplier shall permanently apply and maintain a quality management system, as a minimum according to DIN EN ISO 9001, which complies with all the latest substantive requirements and specifications.

- The Supplier must continuously optimise its services to comply with all the technical quality requirements.
- If the Group provides the Supplier with production and testing equipment, in particular materials and equipment for the procurement of deliveries, such equipment must be included by the Supplier in its quality management system in the same way as its own production and testing equipment.

### 2.1. The quality management system of sub-suppliers

When selecting sub-suppliers, the Supplier shall ensure that they also meet the requirements for a standardised quality management system and shall place such sub-suppliers under the same obligations as under the provisions of this QAA.

## 3. Documents & documentation specifications

### 3.1. Technical documents

All documents listed specifically on the order documents are relevant to quality and must be implemented/complied with by the Supplier.

The Supplier must generally ensure that the current versions of the necessary specifications are available before the start of production (e.g. batch production of a general order at different times) and are always complied with.

This also applies to the Supplier's sub-suppliers. The Supplier must make sure that the sub-supplier has the very latest version of all the documents required for performance.

### 3.2. Retention & inspection of documents

The specification and supporting documents that require special archiving (and all other documents based on VDA Guideline Volume 1) must be retained for at least 10 years. The Supplier must give the Group access to these documents on request.

### 3.3. Quality documentation

The Supplier must always be able to provide evidence that the quality of the parts/services supplied by the Supplier comply with the specifications required by the Group. Evidence of quality may include test reports, measurement results or the results of inspection during production, which must be made accessible to the Group on request.

All changes to the product and changes to the production process must be documented in a product history.

## 4. Evaluation of quality capability

### 4.1. Supplier classification

At the start of the project, the Group may carry out supplier classification and identify risks. The Supplier shall provide the corresponding resources for this purpose.

Part of this risk analysis includes supplier self-assessment, supplier evaluation and supplier classification, as well as internal Group technical and commercial product/process evaluation etc. This analysis does not constitute any waiver by the Group of its contractual rights.

### 4.2. Quality audits

The Group may carry out audits of the quality management system, process and product on the Supplier's premises.

This is also intended to ensure that the terms defined in the contract/order are complied with. Where necessary, such audits may also extend to sub-suppliers. These audits shall take place by prior arrangement and during normal business hours. If audits of a sub-supplier are necessary, they shall be carried out by the Supplier – the Group may participate as observer in this audit in such cases.

Audits by approved certification companies must be taken into account in this case. The Supplier must provide reasonable support for the Group when these audits are being carried out, via a coordinated procedure.

### 4.3. Evaluation of the Supplier's supply chain

The Supplier may be continuously assessed by the Group, using a computer-based system.
On-time delivery, quantity reliability and the quality assessment score for each product delivered by a supplier are used for the supplier evaluation. The delivery dates and quantities confirmed by the Supplier to the Group shall apply when assessing on-time delivery and quantity reliability.

On-time delivery => On-time delivery for order confirmation + delivery date
Quantity reliability => Compliance with agreed delivery quantities (no partial or over/under-deliveries)
Quality assessment score => Defective pieces and complaints

The Group shall inform the Supplier of its current supplier code at regular intervals (at least x1 per year or on request). If the overall evaluation of a supplier is below average, the supplier may be requested to implement applicable measures and submit an optimisation plan in writing within a set period. This requires the prior approval of the Group.

### 4.4. Quality target agreement

The parties may conclude a quality target agreement. This agreement defines targets that arise either from current issues and/or from basic matters that must be optimised between the Group and the Supplier. This may include e.g. the rate of complaints in ppm, delivery reliability etc. The quality target agreement is used to continuously improve efficient collaboration between the Supplier and the Group on the basis of mutual trust.

The quality target agreement is drawn up by the Group and is signed by both parties. If no new quality target agreement is concluded, the agreement shall also be valid for the subsequent period.

### 4.5. Sub-supplier management

To ensure that the supply chain is secure, the Supplier must also evaluate its sub-suppliers according to the principles of this agreement. In order to prevent irregularities or interruptions in the supply chain, the Supplier must actively monitor, control and, if necessary, place its sub-suppliers under obligations as per the contract.

## 5. No waiver of rights

The agreement of quality targets and measures does not affect the Group's claims against the Supplier. This applies in particular to claims (e.g. claims under warranty and claims for damages) that arise from any defect or poor quality.

## 6. Confidentiality

If the Supplier does not have a separate confidentiality agreement with the Group, the Supplier shall treat as confidential all commercial and technical details that are not obvious and that become known to the Supplier from the business relationship or are provided by the Group and shall only use them for the purposes of the mutual business relationship.

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## 7. Compliance

The Supplier and the Group shall follow the compliance principles in Annex 1 over and above the statutory requirements.

### 7.1. Prohibited substances & declaration of substances

The Supplier must take into account the substance restrictions, noting the compliance requirements in the Appendix.

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## 8. Series development & project management

### 8.1. Project organisation

If the order to the Supplier includes development tasks, the requirements specification must be defined by the Blaser Group GmbH in writing and must be signed by both parties (e.g. in the form of a specification).
The Supplier shall apply project management from the planning phase of products, processes and other cross-functional tasks and shall grant the Blaser Group GmbH access to the project schedule on request.
The requirements specification must clearly define the functionally relevant product characteristics.
The specialist Supplier/service provider must check these product characteristics are complete and accurate and, if necessary, must apply to the Group in writing for any addition to the requirements specification.

### 8.2. Provision & checking of documents

All the technical documents, such as specifications, drawings, BOMs, CAD data, maintenance instructions etc. that are required to support series development must be checked generally by the Supplier when they are received to ensure they are complete and are free of inconsistencies. The Group must be informed of defects identified during this process and corrections must be proposed.

The Group in turn must ensure that the relevant and approved specifications, drawings, BOMs, CAD data and maintenance instructions are provided to the Supplier.

### 8.3. Quality & test planning

In the development phase, the parties must apply suitable preventative quality planning methods, such as fault tree analysis, reliability calculation, FMEA, lessons learned, APQP, PPAP, PLP, quality management plan etc. The methods to be used in the course of the project depend significantly on the supplier classification. Experience from similar/previous projects must also be applied.

### 8.4. Agreements governing prototypes & pre-series parts

The production and testing conditions for prototypes and pre-series parts (development parts) must be agreed and documented between the Group and the Supplier. The aim is to produce the parts under close-to-production conditions.

Unless agreed otherwise, the following minimum scope shall apply:

- Stamped drawings
- Dimension report (all drawing specifications)
- Material certificate, min. 2.2 (DIN EN 10204)
- Evidence of surface and heat treatment process
- Part history
- Cover sheet according to VDA 2

## 8.5. Series release

Before ramp-up of series production, a product and, if applicable, a process release must be carried out in the form of an initial sample inspection/process release according to VDA volume 2. The scope of sampling in each case must be agreed with supplier development of the Group.

The parts for the series release must have been produced with series equipment and under series conditions and must have been taken from production via random sampling.

In general, unless otherwise agreed between the Supplier and the Group, the following submission levels apply (standardised according to VDA Volume 2 in the applicable version).

| Submission level | Release levels | |
|---|---|---|
| PPF (Production process and product release) | Product release | Process release |
| 3 | X | X |
| 2 | X | - |
| 1 | X | - |

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As a rule, and if not otherwise agreed between the Group and the Supplier, the initial sample inspection report consists of the fully completed cover page and the following product- and process-related inspection result sheets:

| | PPF (Production process and product release) appendix | Comments |
|---|---|---|
| 1.1 | Geometry, dimensional inspection | All specification requirements as per stamped drawing |
| 1.3 | Material test | According to 3.1 |
| 1.7 | Appearance test | If visible surfaces are defined (e.g. no burring, etc.) |
| 1.8 | Surface test | Result of surface specification (e.g. Rz, Ra, Rmr, etc. ) and confirmation of GRM if availiable. |
| 2.0 | Samples | Number of marked samples must be agreed with the Group (sample marking must match test report)<br>If there is no other agreement, 3 sample parts must be presented. |
| 9 | Process FMEA | Consult the Group |
| 10 | Process flow diagram | |
| 11 | Production control plan | List of all process steps including test and control of processes. |
| 12 | Proof of process capability | $c_{mk}$ 1.67 across min. 25 parts<br>For overview us form HUNT-1241868840-120.<br>Since process capability must be present. |
| 13 | Validation of special characteristics | For overview us form HUNT-1241868840-120. |
| 14 | Test equipment list | |
| 15 | Proof of test equipment capability | Specific measurement equipment, gauges, special characteristics<br>For overview us form HUNT-1241868840-120.<br>Since process capability must be present. |
| 16 | Tool overview | Consult the Group<br>Proof of ownership |
| 17 | Proof of capacities | Consult the Group |
| 19 | Part history | |
| 20 | Proof of suitability of the load carriers that are used, including storage | Present series packaging with packaging instructions |
| 21 | PPF status of the supply chain | Consult the Group |
| 22 | Release of coating systems | Consult the Group |
| 23 | Other | E.g. feasibility test, etc. |

Granting the product release (depending on submission level) consists of preparing and delivering the documents required in each case. The Group reserves the right to counter-check the documents that are provided and, if necessary, to demand subsequent improvements. The Group may also counter-check the documents at the Supplier's premises.

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Depending on the supplier classification and the criticality of the product/process, the process release is granted as part of an on-site process audit.

The sample release is granted on the basis of a positive initial sample inspection report, subject to the inspection results being complete and accurate. Characteristics that may not be listed on the inspection result sheet are also the Supplier's responsibility. The Supplier is responsible for the execution of all future deliveries in accordance with the drawings.

### 8.6. Changes/deviations after series release

If, after series release has been granted, product characteristics, drawings, production methods, materials or process workflows/content (e.g.relocation of production sites) have to be modified, a corresponding written change request (HUNT-1241868840-64) must be submitted to the Group before the change.

Once the notice of change has been checked, the Group will then decide whether a corresponding release is necessary as per 8.5 (sampling). Regardless of the specific scope, a sampling cover sheet must be completed as a minimum specifically for the change request that has been made and approved.

If changes are implemented without approval and/or notice, the Supplier shall bear all the consequences that arise as a result.

If it becomes clear that drawing specifications and/or additional written agreements cannot be complied with, the Supplier must inform the Group immediately, stating the exact circumstances, the possible impact on product and production process and adequate corrective measures. In the interest of finding a solution quickly, the Supplier must disclose the necessary data and facts that are needed to assess this deviation.

This also applies if the Supplier identifies a general increase in deviations in the actual quality from the target quality of the products (drops in quality).

Changes may also be initiated by the Group. In this case, the planned change must be checked and approved by the Supplier. The sampling is defined as per clause 8.5 para. 2.

## 9. Series production

In series production, the parties must use suitable measures for quality control, such as SPC, quality control charts, error collection and evaluation lists, process optimisation plan, CIP etc.

### 9.1. Inspection and monitoring of the production process/special characteristics

On its own responsibility and taking into account the Group's specifications, the Supplier shall define an inspection concept to meet the agreed targets and specifications. All the specification characteristics must be within the specifications.

Both parties must have a zero error target, which includes the whole product development chain. For the current series, the Supplier must provide evidence of process capability for all special characteristics throughout the period of production using suitable methods.

Special characteristics are marked on the applicable drawing as follows: 


These characteristics have special significance for fit, form & function and for safety.

If the required process capability for special characteristics is not achieved, the quality must be ensured via suitable inspection methods and/or the production process must be optimised appropriately to achieve the required process capability.

| Type of investigation | Capability |
|---|---|
| Machine capability index<br>Short-term investigation | $c_{mk} \geq 1.67$ |
| Process capability index<br>Long-term investigation, stable process | $c_{pk} \geq 1.33$ |
| Process performance index<br>Long-term investigation, unstable process | $P_{pk} \geq 1.33$ |

If the specified values are not achieved despite optimisations, the Supplier must perform 100% inspections to ensure that no defective parts are delivered.

If it is not possible to evaluate capability (e.g. because proof can only be provided via destructive testing), experimental design must be used to identify clearly the parameters that control the corresponding process and that are shown to be control variables. Once the process control parameters have been defined and documented, the process may be controlled on the basis of these parameters.

The control chart technology can then be used if statistical process control is not possible because of the production lot size.

## 9.2. Process disruptions and deviations in quality (special releases)

If process disruptions or deviations in quality occur, the causes must be analysed, corrective measures must be initiated and their effectiveness must be checked.

If, during production, assembly etc., it is found that there are deviations from the specification requirements for the products/processes, an application must be made to the Group for a special release **before** the delivery. The valid form must be used for this purpose (HUNT-1241868840-16).Defective parts must not be delivered without prior special release and such delivery may cause extensive consequential damage. Special releases in principle only apply to production lots and are limited to a specific quantity.

If, after review, the Group decides to release the product, this does not release the Supplier from its obligations to deliver defect-free goods and does not constitute a waiver by the Group of warranty and liability (indemnification) claims with regard to the delivery of the defective products.

Supplier development of the Group must also be informed immediately of deviations that are identified at a later date.

Products that are delivered with a special release must also be clearly marked as such and must be separated from other parts.

The special release must be clearly referenced on the delivery note. The number of the special release must be added to the delivery note and the "Part marking" information sheet (HUNT-1241868840-15) must also be attached to the containers.

## 9.3. Control of defective parts

If parts do not comply with the defined specifications, they must be consistently marked and separated from the standard production process. It must be ensured that good and defective parts cannot be mixed.

If sub-quality parts (approved in advance by the Group) are delivered, such parts must be marked in accordance with 9.6.

## 9.4. Reworking

Reworking means correcting errors in parts within the permissible specification requirements outside the actual production process. If reworking is necessary, the Supplier must define in advance how reworking of the parts is to be performed. The defined reworking must be approved by the Group. The Supplier also

must inform the Group of what additional quality assurance measures are implemented. Parts that are reworked must be marked according to 9.6.
If reworking is done by the Group, the costs incurred as a result must be borne by the Supplier.

### 9.5. Traceability

The Supplier must ensure at all times that the FIFO principle is implemented for the products delivered by the Supplier and that the products are traceable. If an error is identified, parts must be traceable in such a way that the quantity of faulty parts or products can be limited.
The Group will inform the Supplier of the data required on the delivery note for traceability.

### 9.6. Marking

The requirements agreed with the Group for the marking of products, parts and packaging must be complied with. The marking of packaged products must also be visible during transport and storage.
Deviations from existing marking obligations require written agreement between the Supplier and the Group.
Products that do not meet the required series specifications (prototype parts, initial sample parts, parts with special release, reworked parts etc.) must generally be marked clearly. The "Part marking" information sheet (HUNT-1241868840-15) must be attached to the containers for this purpose.

### 9.7. Packaging

The Supplier shall ensure that the goods are delivered in suitable transport packaging that is approved by the Group to avoid damage and loss of quality, e.g. from dirt or chemical reactions.
A detailed description is provided in the current "Packaging and delivery instructions" (HUNT-1086096073-59).

## 10. Inspection of the delivered products by the Group

The Group shall inspect the products purchased from the Supplier after receipt to ensure that the quantity is correct, the delivery deadline has been adhered to, the products are the correct products and for any visible damage.

### 10.1. Notice from the Group of defects identified in delivered products

If defects are identified at any time, the Group shall inform the Supplier immediately in writing in the form of a complaint, as soon as such defects are identified in the ordinary course of business. Where these conditions are met, the Supplier shall not claim that notice of defects was delayed.
In the event of a complaint, the complaint must be processed in the form of an 8D report, which must be sent, fully completed, by the Supplier to the Group within the specified period.
Where possible, the non-standard parts will be provided to the Supplier for analysis purposes, unless otherwise agreed. In case of dispute, a joint fact-finding inspection shall be carried out by the Supplier and the Group.

### 10.2. Short-term corrective measures by the Supplier

If there is a risk of production downtime at the Group as a result of defective deliveries/products, the Supplier shall immediately act to remedy the situation (replacement deliveries, sorting or reworking). In urgent cases and after consulting the Supplier (if the Supplier cannot be contacted, the Group must send written notice to the Supplier by email), the Group may carry out the correction itself or have it carried out by a third party. The costs that arise as a result shall be borne by the Supplier.

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## 11. Emergency planning

An emergency strategy must be prepared for all products that may lead to an interruption of supply capability. In the case of critical processes in terms of e.g. lead times, special tools etc., the Group must be informed of the risks in advance. A coordinated procedure must then be defined together with the Group.

## 12. Place of jurisdiction

This QAA is subject to German law. The place of jurisdiction, unless otherwise defined in the commercial framework agreement, is Isny, Germany.
If provisions of this agreement are wholly or partially invalid, the remaining provisions shall not be affected. In such cases, the parties shall agree a valid provision that comes as close as possible to the economic purpose of the invalid provision. The same process shall apply to any omissions.

| | |
|---|---|
| Place, date | Place, date |
| (Group) | (Supplier) |

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Appendix 1

COMPLIANCE FOR THE BLASER GROUP GMBH GROUP OF COMPANIES

(1) Export Compliance. The parties acknowledge that performance of this agreement may be subject to export or import regulations or fall within other official or customs restrictions. The parties therefore agree that they will not act contrary to such regulations and shall always act in accordance with such regulations. If permits or other official measures are necessary for this purpose, they must be obtained.

(2) Compliance Principles. As a Supplier of the Blaser Group GmbH, we expect you to comply as a minimum with the labour laws that apply at your location, including working hours and wages, and also to comply with the following criteria:

- All your employees must be at least 16 years old (or older).
- There must be no forced or compulsory labour.
- Your employees must be provided with safe working and living conditions (where applicable).
- Your employees' right to freedom of assembly must be respected.
- Every form of discrimination must be avoided.

We also expect you to ensure that your own suppliers comply with these standards and that you make them directly responsible for doing so.

By becoming a Supplier of the Blaser Group GmbH, you also agree that we are entitled to commission audits of work guidelines at your production site, which shall be carried out by an independent third party.

The Blaser Group GmbH shall bear the costs of a first audit. An audit in this case shall be carried out in accordance with the above Blaser Group GmbH standards and taking into account the international SA8000 standards on social responsibility.

We ensure the full transparency of the audit results and a copy of the report will be provided to you, as well as to us.

If the audit discovers potential problems at the production site, we shall develop a plan for corrective measures jointly with you and shall ensure the ongoing implementation of best practices.

Serious breaches identified during the audit may jeopardise our business relationship.

Please note that all the information collected during the audit is treated as strictly confidential and is not communicated outside the Blaser Group GmbH.

Occupational safety, environmental protection and responsibility are important to our relationship.

You will not put commercial activity above our responsibility for the environment, people and our customers and shall at all time minimise the risks that arise from our activity.

You will strive to improve and optimise at all times so that the impact of your activity on the environment and people will not lead to accidents at work or emissions.

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You will always act in compliance with occupational and environmental regulations and standards.

Your products comply with applicable EHS provisions and you use your know-how to improve environmental protection and occupational safety at all times. The following compliance regulations must be followed in particular:

Directive 2002/95/EC (RoHS)
Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment. (RoHS = Restriction of the use of certain hazardous substances in electrical and electronic equipment).

REACH System
Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)
Manufacturers and importers must demonstrate that their substances, preparations and products do not affect the health of processors, end users or the environment.

This chemical data must be passed on to all customers and downstream users. The regulation has been in force since 1 June 2007.

Irrespective of these regulations, national and international requirements for the provision of information on occupational safety and environmental protection must be observed, e.g. EC safety data sheet in accordance with EU Directive 91/155/EEC.

If changes are made to the parts or the statutory regulations, an updated version must be submitted.

Compliance with these requirements by our suppliers is the basis for ensuring that the Group's products are used safely and in an environmentally friendly way. Changes in composition must be reported to the Group without delay.

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13. Implementation of the agreement

| Clause | Actively implemented | Implementation by | Comments |
|---|---|---|---|
| 2. The Supplier's quality management system | | | |
| 2.1 The quality management system of sub-suppliers | | | |
| 3. Documents & documentation specifications | | | |
| 3.1. Technical documents | | | |
| 3.2. Retention & inspection of documents | | | |
| 3.3. Quality documentation | | | |
| 4.2. Quality audits | | | |
| 4.3. Evaluation of the Supplier's supply chain | | | |
| 4.4. Quality target agreement | | | |
| 4.5. Sub-supplier management | | | |
| 6. Confidentiality (check whether a current confidentiality agreement is in place) | | | |
| 7. Compliance | | | |
| 7.1. Prohibited substances & declaration of substances | | | |
| 8. Series development & project management | | | |
| 8.1. Project organisation | | | |
| 8.2. Provision & checking of documents | | | |

| | | | |
|---|---|---|---|
| 8.3. Quality & test planning | | | |
| 8.4. Agreements governing prototypes & pre-series parts | | | |
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| 9. Series production | | | |
| 9.1. Inspection and monitoring of the production process/special characteristics | | | |
| 9.2. Process disruptions and deviations in quality (special releases) | | | |
| 9.3. Control of defective parts | | | |
| 9.4. Reworking | | | |
| 9.5. Traceability | | | |
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| 10. Inspection of the delivered products by the Group | | | |
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| 10.2. Short-term corrective measures by the Supplier | | | |
| 11. Emergency planning | | | |

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## 14. Change history

Note: Must be filled in from version 2 and above!

| From version | to version | WHAT has been changed (short description) |
|---|---|---|
| | 1 | Document created |
| 1 | 1 in MS-SP | Migration to MS Sharepoint, adaptation to corporate design and document numbers<br>Clause 2.1 Audit rights of the Group removed.<br>Clause 2.2 deleted and integrated into clause 8.6<br>Clause 3.2 Return of documents removed.<br>Clause 4.2 Immediate audits deleted<br>Clause 8.6 completely updated<br>Clause 9.1 added details of special characteristics |
| | | |