Quality Control Agreement

between

Unimet GmbH, Aggensteinstraße 8-10, 87669 Rieden
Leukert GmbH, Reifträgerweg 39, 87600 Kaufbeuern
-Referred to below as “Buyer“ –

and

- Referred to below as “Supplier“ -

1 Preamble

The aim of this agreement is to make a contribution to preventing quality problems arising and to ensure that things run smoothly between the parties to the agreement and to cut costs by describing the minimum requirements of the Supplier’s Quality Management system.

The Parties to the agreement agree that high quality and reliable products constitute an important and integral element of their contractual relationship. The objective of this agreement is for the Buyer to receive fault-free consignments by subjecting processes (manufacture and systems) to continual improvement. For this reason a quality control system and a test procedure have to be stipulated. As part of the quality practices the Supplier is obliged to aim for zero-defects. If necessary the Supplier shall agree with the Buyer the period of time within which the zero-defect target and interim objectives are to be achieved. The Supplier shall inform the Buyer immediately as soon as detrimental discrepancies from the agreed target corridor are foreseeable. In each case the Parties shall undertake to undertake all reasonable efforts to achieve the zero-defect target.

As part of continual improvement it will also be necessary to reduce throughput times and to avoid double testing.

The primary objective of this agreement is also to ensure that the Buyer is able to rely upon the contractual products complying with the predetermined specifications and features and that with regard to the end checks to be conducted by the Supplier the check to be conducted at Goods Inward by the Buyer will be limited.

The quality of parts bought in will have a crucial impact upon the Buyer’s internal systems and the quality of the final products. The Seller must ensure strict compliance with this agreement, also with regard to his product liability and warranty obligations.

Non-acceptance of this agreement by the Supplier will result in a review of the purchase decision.

The signing and carrying out of this agreement shall not substantiate any claim by the Supplier to have orders placed with him for items to be supplied.

2 The Supplier's Quality Management System

2.1 General requirements

The supplier shall introduce an appropriate QM system and maintain it in order to develop it further. In doing so, the current version of ISO 9001 applies as a minimum requirement. In terms of contents, the standard set by the current edition of ISO/TS 16949 should be aimed at.

The Buyer's Quality Control Manager shall have access to the Seller's production sites by arrangement. Upon request he is to be granted full access to all production and quality data records and samples connected with the product requested are to be handed over to him. The Buyer shall reserve the right to conduct audits at the Supplier's premises. The Supplier shall not be exempted from his responsibility for quality as a result of this. The Supplier shall undertake to allow the Buyer to conduct system audits, process audits, product audits and process audits by arrangement.

The Buyer shall reserve the right, working together with the Supplier, to also inspect the Supplier's suppliers by appointment

If necessary the Buyer's customers shall also be granted this right.

The Supplier is hereby not exempted however from his responsibility towards his suppliers and the Buyer.

The Supplier shall undertake to regulate the quality control measures with his suppliers within the meaning of this agreement. If necessary the Supplier shall have to ensure that the quality of parts bought in is acceptable by taking his own measures.

The Supplier shall undertake to satisfy himself by means of conducting internal systems audits, process audits and environmental audits that his quality / environmental protection system works properly. The product / process audit is to be carried out adopting an events-based approach.

If certification has been issued by an accredited company, this may be recognised by the Buyer after he has verified the certification specifications and results. The Buyer shall record the results of the additional audit if required.

A manufacturing and verifiability audit constituting the basis for the feasibility guarantee is to be conducted as soon as possible upon receipt of product queries. Requests for modification or clarification are to be clarified with the Buyer straight away. The preparation of a tender shall be regarded as a declaration of consent.

3 Other rules and standards

The following sets of regulations valid at the relevant point in time shall be regarded as an integral part of this quality control agreement.

- DIN EN ISO 9001:2008
- VDA Germany

4 The Supplier's duties to supply proof and information

The Supplier shall notify the Buyer immediately in writing of production problems which have arisen or which are impending, as well as of rapid deterioration in quality (Increases in discrepancies between the actual condition and the target condition of the products).

In the event of such a deterioration in quality and in the event of complaints being raised on the Buyer's side, the Supplier shall inform the Buyer straight away of the corrective measures taken and / or planned remedies to be taken by him. Until these corrective measures take effect the Buyer may demand that special measures are taken (E.g. increase in test frequency). Additional costs incurred as a result of this shall be for the Supplier's account, provided that it can be proven that the deterioration in quality has not been caused by the Buyer.

If the Supplier has noted a discrepancy in quality when conducting his inspection, and it may be assumed that he has already supplied parts with the same discrepancy to the Buyer, he shall have to notify the Buyer, i.e. the Goods Inward test department responsible at the Buyer's of this immediately.

If the Supplier realises that the requirements laid down in the technical documents for the product or the prescribed testing procedure include faulty, unclear or incomplete descriptions, or they describe discrepancies in terms of properties from the sample, they are to be pointed out to the Buyer in writing without him having to request this. The same shall apply if the Supplier realises, that the product specifications and testing procedures can be replaced by other more suitable, more economic and more effective specifications or processes.

5 Test schedules and Test instructions

The Supplier shall prepare test schedules and test instructions for all necessary tests (E.g. inspection at goods inward, interim, final and special tests), which include

- Test characteristics
- Test frequency
- Test procedure
- Test aids
- Scope of random testing
- Test accuracy
- Type and scope of documentation

The test schedules must be designed in such a way so that, given the prevailing state-of-the-art technology, all significant defects in these goods can be identified.

All test schedules are to be kept up to date by the Supplier maintaining an organised amendment service, so that only the valid test schedules and test instructions are used.

6 Test aids

The Supplier is to ensure that all necessary test aids are available at all times for the products to be manufactured for the Buyer and that they are subjected to continual monitoring, calibration and maintenance in accordance with the specifications of his proven QC system.

If the Supplier has been provided with test aids by the Buyer, the Supplier must obey the Buyer's QC instructions.

7 Quality planning

The Supplier shall be obliged to conduct a quality schedule in accordance with the agreed quality control system. In doing so he shall have to apply the following scheduling methods in particular.

7.1 Manufacturer analysis

The Supplier shall be obliged to review all technical documents relating to his own production to ensure that he manufactures precisely what is ordered. If there are ambiguities concerning the technical specifications on the Supplier's side he shall be obliged to clarify them immediately with the responsible bodies.

7.2 Risk analysis FMEA:

To prevent deterioration in mass production quality, and to limit the test costs necessary to a minimum, it will be necessary to conduct an analysis of potential defects and their consequences (FMEA).
A design FMEA is required for parts for which the Supplier has design responsibility.

A process FMEA is to be conducted by the Supplier for all parts, sub-assemblies, structural parts and components, and to be more precise, before production of tools and devices commences. In doing so all factors affecting the manufacturing process are to be taken into account and assessed. Corresponding safety measures taken for process validation have to be conducted for identified weak points. The Buyer must be allowed access to the FMEA at all times upon request.

7.3 Machine process capability

The inspection and assessment of machine capability and process capacity is to be conducted on the basis of the version of VDA volume 4 "Quality maintenance prior to mass production"" valid at that time, if necessary by taking into consideration the relevant additional specifications. The Supplier shall have to conduct and keep a record of detailed analyses of the suitability of the manufacturing systems used for all

characteristics relevant to function and / or the characteristics which count. If a machine capacity value of Cmk >= 1.67 is not achieved by the Supplier, he shall either have to prove that he has fine tuned his plant so that it is suitable or he shall have to prove that he has conducted suitable tests of the manufactured products to prevent faulty products being supplied.

If mass production is already underway, the Supplier shall have to prove and record that process capacity is Cpk>= 1.33 for all characteristics relevant to function by means of a suitable method (I.e. statistical process control or manual control card technology) for the entire production period. If this figure is not achieved by the Supplier, he shall have to support his deliveries with suitable test methods and fine-tune his production process by doing everything possible, in order to achieve process capability.

Figures differing from the pre-determined Cpk and Cmk may be stipulated separately and recorded in technical specifications.

7.4 Statistical methods

As far as appropriate, statistical methods are to be used for critical characteristics and essential characteristics, in order to obtain information about process capacity at an early stage and to comply with pre-determined quality specifications.

7.5 Documentation

The Supplier shall produce records (Documentation) about how he conducts quality control practices, in particular about data and test results and keep them so that they are clearly indexed and readily available at all times.

The Supplier shall be under an obligation to keep documents and to have them archived separately (DmbA) on his premises and on the premises of his suppliers for a period of 15 years.
A test certificate is to be submitted to the Buyer at first call for parts covered by this obligation to maintain records.

All other quality-related records, in particular those about data and test results must be kept in safekeeping for 10 years after production.
The Buyer is to be allowed access to the quality records at any time upon request.

Test records from ongoing production are to be attached to consignments of mass-produced goods by agreement.

The Supplier shall allow the Buyer to inspect all test results and shall provide copies of extracts of the documents upon request. Exceptions to this are documentation components which the Supplier has, by necessity under an obligation to third parties, to keep secret.

7.6 Acceptance test certificates

Generally the Supplier shall have to submit a test certificate (Material Certification), also known as an acceptance test certificate, for every batch supplied at his own expense), in accordance with DIN EN 10204 (2.3 or 3.1) with the shipping documents

paperwork. In addition to this, test coupons are to be submitted together with every delivery. Cutting centres and refiners of tapes and wires also have to state the manufacturer of the primary material.

7.7 Designation, Traceability and Track ability

The Supplier is under an obligation to maintain a system ensuring that his products can be tracked and traced from his Goods Outward department back to raw material including his own suppliers.
Contractual items ate to be marked in such a way so that if a defect is noted, it is possible to ascertain all the contractual items are affected by such a mistake. If it is not possible to mark contractual items for technical reasons, the packing or container is marked appropriately.

The Buyer is to be provided with proof of this upon request.

7.8 Traceability and Track ability

All ascertained data and test results must be clearly attributable to specified batch lots and manufacturing lots. Each batch and production lot is to be supplied separately. The products are to be supplied. Batch lots and production lots must not be mixed. Markings pf production lots and batches must be shown on containers and in the shipping documentation.

If there is a change in the batch of primary material and / or hear treatment, certification must be supplied in accordance with DIN EN 10204 (2.3 or 3.1) together with the goods.

7.9 Initial sample test

Initial samples are parts, products and materials which are manufactured entirely with mass working materials under mass production conditions and which are tested with regard to all the necessary characteristics.
The initial sampling is to be conducted in accordance with the specifications of VDA volume 2 / DIN EN ISO 9001:2008. OEM specifications are to be taken into account.

In all cases listed below initial samples are to be submitted by the Supplier for clearance by the Buyer.

- For new parts
- For amendments to the agreed specifications (I.e. drawing modifications with a new drawing index)
- For modifications to the production process
- When production sites are relocated
- When production is suspended for lengthy periods of time (upwards of 2 years provided that no agreement is made otherwise)

- For production with more than one tool of the same type, one product from each tool, and if more than one mould of the same type is used, then one product from each mould
- For modifications carried out at the Supplier's suppliers

8 Goods Outward – Goods Inward checks

The customer must notify the supplier immediately of any defects in the delivery as soon as they are established according to the conditions of the proper course of business.

9 Measures to be taken in response to complaints

9.1 If a complaint is made about the Buyer's quality control, the Supplier shall undertake to instigate remedial measures straight away to ensure that no more defects occur. Generally the Supplier shall have to submit a written statement about the causes of defects and remedial measures as quickly as possible and within 24 hours. (See specimen 8D-Report in accordance with VDA volume 2 / DIN EN ISO 9001:2008). Actual remedies of breakdowns e.g. subsequent deliveries etc will not be affected by the above.

9.2 If defects reoccur, the Buyer may demand requalification in terms of a product / process audit. Once it has been demanded by the Buyer proof of process capacity is to be submitted by the Supplier.

9.3 The Supplier shall have an agreed number of products about which a complaint has been made returned to him. He shall undertake to analyse every discrepancy and to notify Unimet within a short space of time of the cause of the discrepancy, remedial and preventative measures instigated, as well as how effective they are.

If as a result of products being delivered which are not in compliance with specifications there is a risk that production at Unimet or its customers will have to be closed down, the Supplier shall have to liaise with Unimet and ensure that remedial action is taken immediately at his own expense (Supply replacement parts, subsequent sorting work, work special shifts, express delivery etc.).

10 Quality audit

10.1 The Supplier shall ensure that the Buyer has a right of audit. In keeping with this, the Supplier shall make it possible for the Buyer to conduct a review of the Supplier's quality control measures at reasonable time intervals, and to inspect the existing documentation and to conduct quality checks himself.

10.2 The Supplier shall allow a reasonable number of those of the Buyer's employees subject to a non-disclosure undertaking access to his production facilities by prior appointment and during such a visit provide a technically qualified member of staff to assist them. Existing testing apparatus shall be provided as required and the Buyer's

staff will be allowed to inspect the quality records.
The Supplier may refuse to allow access to the production processes which he has to keep secret.

11 Quality control of raw materials and individual parts bought in

The Supplier shall be responsible for ensuring the quality of the raw material used for the Buyer and for the individual parts bought in for the Buyer. He shall make a decision as to whether the tests at Goods Inward are to be supplemented with test certification or not. In doing so the trustworthiness of these documents is to be monitored – by means of audits for example.
Materials and individual parts are to be stored separately by batch and used in keeping with the “First in, first out“ principle.

12 Quality control officers

The following persons are named as the Supplier’s Quality Control Managers. They shall monitor the implementation of this agreement and co-ordinate within their remit as necessary

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The manager of quality control shall be the Quality Control Manager responsible for the Buyer.

Both persons shall be authorised and empowered to ask for and take receipt of all statements relating to the implementation of this agreement.

The Supplier shall notify the Buyer straight away in writing of all changes in the identity of the Quality Control Manager. If there has been a change in the Quality Control Manager, this change in person shall not apply with regard to the other Party until receipt of notification in accordance with Sentence 1 of this paragraph. The authorisation of the existing Quality Control Manager shall expire upon receipt of the notification in accordance with Sentence 1 of this paragraph.

13 Product liability and Recall campaigns

The Buyer expects the Supplier to be familiar with the statutory requirements of product liability and that goods supplied by the Supplier will comply with them.

The risks which cannot be contracted out under the German Product Liability Act are to be covered by suitable insurance policies. The Supplier shall undertake to take out and to maintain an extended product liability insurance policy with global coverage. The product liability insurance policy must provide cover for personal injury and property damage. It must provide adequate cover for the product liability risk.

The Supplier shall take out an insurance policy at his own expense to provide cover in the event of product recall campaigns.

14 Non-disclosure and Multiple use

The Parties to the contract are under a reciprocal obligation to keep secret those facts of which they become aware in the course of their business relationship concerning the business operations of the other Party to the contract, provided that the other Party has designated them as having to be kept secret or has a manifest interest in keeping them secret. Incidentally, the separately concluded agreements apply.

15 Duration of contract, Existing agreements

This contract shall be entered into for an indefinite period of time. It may be terminated by serving 6 months' ordinary notice of termination in writing to the end of a calendar year. It shall however remain in force for all agreed supply contracts until they have expired.

Existing master agreements shall not be affected by notice of termination being served on the quality control agreement. Notice of termination served on the master agreement shall not automatically result in notice of termination being served on this quality control agreement.

16 Ending of the contract by one Party

Each Party may terminate this contract and all the orders associated with it with immediate effect by means of written notice to this effect if

- The other Party is in breach of an important provision in this contract and has not taken (or arranged) any remedial measures within 30 (in words: thirty) calendar days from the receipt of written notification to that effect to rectify the breach of contract;
- The Buyer may serve extraordinary notice of termination with immediate effect if he cannot be expected to continue the contractual; relationship to the end of the normal notice period. In particular because the Supplier has failed to comply with the recognised guiding principles of technology to the extent required and / or as a result thereof the ability of the Buyer to supply his customers is at serious risk.
- An application has been made to instigate insolvency proceedings on the other Party in accordance with the German Insolvency and such an application has not been withdrawn within 30 (thirty) days or if a liquidator (or receiver) has been appointed for other reasons in connection with the assets of a Party or if the other Party has stopped making its payments.

The right to terminate the contract for an important reason shall not be affected as a result.
Notice of termination may also be served with regard to individual material numbers.
Notice must be served in writing.

17 Supplements: Partial invalidity

Supplements, deletions or amendments to the provisions of this contract shall only apply as being binding upon the Parties in those cases in which they are in writing and

have been signed by the properly authorised representatives of both Parties. All supplements, deletions or amendments must specifically refer to this contract.

Should individual provisions of this agreement be invalid, the validity of the remaining provisions shall not be affected as a result of this.
In so far as a clause should be invalid or impractical, the Parties to the contract shall work out a joint provision in response. It is to come as close as possible to the original provisions in terms of economic result. If one Party declares that the negotiations on the replacement of the invalid provision have broken down, the law of Germany shall apply.

18 Place of jurisdiction

If the Supplier is a registered business, legal entity established under public law or body administering a special fund established under public law, the place of jurisdiction shall be Füssen, Germany. The same shall apply if the Supplier does not have any general place of jurisdiction in Germany or if after the contract has been signed, he relocates his place of residence or general whereabouts from Germany to another country, or if, at the point in time at which legal action is taken against him, his place of residence or general whereabouts are unknown. If the Supplier is not a registered business, the statutory regulation governing place of jurisdiction shall apply. There is nothing preventing the Buyer from taking legal action against the Supplier at another place of jurisdiction allowed by law.

The relationships between the Supplier and the Buyer shall be governed by German law alone. The UN law on sales shall not apply.

The contractual language and language of the arbitration proceedings is German.

Place, date	Place, date
Signature:	Signature:
Unimet GmbH / Leukert GmbH	
Stamp and legally binding signature	