

Quality Assurance Agreement

between

iwis motorsysteme GmbH & Co. KG
Albert-Roßhaupter-Str. 53
81369 Munich
GERMANY

- hereafter „Client“ -

and

Company
Street
CZ-12345 Place
Country

- hereafter „Contractor“ -

1 Scope

1.1 Subject of Agreement

The subject of this agreement shall be the stipulation of steps to ensure the quality of supplied goods and the specified requirements described in the Supplier and Quality Guide. The agreement shall concern shipments (hereafter „Products“) received by Client from Contractor and complement existing supplier agreements.

1.2 Products and Warranted Qualities

This agreement describes the requirements with regard to Contractor's quality assurance measures as well as the obligations Contractor shall meet during advance quality planning (AQP) with respect to the manufacturing and testing of products.

Quality-relevant key performance indicators such as skills and quality of supplied goods in PPM shall be specifically determined for each product within the scope of AQP.

Contractor agrees and undertakes to submit for Client's information and countersignature any changes in technical specifications that may affect the shape, measurements, processing, condition, and function of the Products to be supplied. Only thereafter shall any changes be effective. This shall also apply to preservatives and packaging.

It is expressly noted that Contractor's responsibility to assure quality and to submit proof of quality shall extend to the quality of Products procured by Contractor.

2 Quality Management System

Client and Contractor shall agree upon a quality management system which shall be an integral part of this agreement and reflect the state of the art in the automotive industry, such as VDA 6.1, AIAG, TS16949, and their improvements.

2.1 Auditing / Verification

Client and / or third parties shall be authorized to investigate and evaluate that a quality management system is both in place and functional at Contractor's production plants and to require Contractor to cooperate accordingly. As a rule, Contractor shall be apprised of such audit in a timely manner. In urgent cases, Client shall be authorized to conduct such audit without delay.

Contractor's responsibilities as a supplier shall include enabling Client to audit his subcontractors.

2.2 Technical Documents / Documentation

Products shall be supplied on the basis of the most recent technical documents, upon which Client and Contractor have previously agreed. In the event that Contractor's manufacturing is

based on documentation supplied by Client, such documents shall be included in the orders placed and, in the event of changes in technical specifications, shall be substituted as any changes affecting an order are made. For each order, Contractor shall be obliged to file properly and to keep updated, with regard to making the aforementioned substitutions in the event of any changes, any technical documentation effective at the time.

Within the scope of the obligations contained in the supplier agreement, Client shall be exclusively responsible for the content, accuracy, and completeness of any technical documents supplied to Contractor by Client.

However, Contractor shall be required to apprise Client of any information contained in the aforementioned documents that may appear unclear or erroneous to Contractor. Thereafter, Client shall promptly make available in writing any relevant clarification or revise such documentation.

In the event that Client learns about any facts that give rise to reasonable doubts about quality assurance having been implemented correctly, Client shall be authorized to demand surrender of copies of such documents as may be required for verification or for submitting proof to any third parties.

Upon request, Contractor shall be required to submit copies of the quality records accompanying each series. This shall include without limitation certificates of competence, sample results and 100% tests.

Contractor shall retain for a period of 15 years after EOP (end of production) any records pertaining to quality instructions and tests conducted. This requirement is based on the Product Liability Act effective in the Federal Republic of Germany.

2.3 Quality Assurance Measures

In the event that new Products are introduced, existing Products are modified and new or modified tools, materials, processes or production facilities are used, Supplier shall be required to submit initial samples to Client. Such specimens shall be required to have been manufactured entirely by using standard equipment under serialized production conditions.

In the event that Client and Contractor have agreed upon a test schedule specifying error margins for some or all of the test features, surpassing such error margins may lead to an entire Product shipment being rejected.

If Contractor learns that Products supplied to other buyers that are identical to or resemble the objects of this agreement may be defective, Client shall be notified.

Client shall be exempted from the obligation to promptly examine and give notice of defects that may be discovered during an incoming goods inspection, except for quantity, identity, and damage in transit.

3 Valid agreements and documents

Suppliers can obtain the other valid agreements and documents listed below at <http://www.iwis.de/ueber-iwis/downloads/vertragsbedingungen/>

- Supplier and Quality Guide
- iwis "Logistics manual - Global"
- iwis General Terms and Conditions of Purchase

4 Miscellaneous

Contractor shall be required to ensure a smooth supply of products even if individual shipments or parts of shipments are rejected due to quality defects. It shall be Contractor's responsibility to take appropriate action to ensure such supply.

During the course of his quality assurance, Contractor shall be required to ensure that a shipment's quality shall not be detrimentally affected during transit to Client's receiving plant as well as introduction into ongoing production.

Consequently, Contractor shall make deliveries using exclusively such means of transportation and packaging as meet these requirements and have been approved by Client. This provision shall be governed by the iwis Logistics Manual and the Packaging Agreement.

Upon execution, this Quality Assurance Agreement shall be effective indefinitely. It may be terminated by giving 12 months' advance written notice effective at the end of each quarter. However, it shall remain effective for any existing Supplier agreements until such agreements have been terminated.

Any modifications and amendments to this Quality Assurance Agreement shall only be effective if approved in writing by both parties.

The place of jurisdiction shall be Munich.

(Place, Date)

(Stamp, Client's Signature)

(Place, Date)

(Stamp, Contractor's Signature)