

Quality Safety Agreement

of the company

BUFAB Germany GmbH

Starkenburgerstraße 10

64546 Mörfelden-Walldorf, Germany

(hereafter referred to as BUFAB)

1. Subject of this Agreement

This Quality Assurance Agreement is the contractual stipulation of the basic technical and organizational conditions and processes between BUFAB and the Supplier.

The purpose of this Quality Assurance-Agreement is to assure product quality and to increase the reliability of the relationship between the contracting parties. It specifies the minimum requirements to be met by the contracting parties' management system and regulates rights and obligations with regard to quality assurance of the products, processes and/or services to be delivered.

In particular special requirements of the product development process as well as production process approval and the product approval process are stipulated in this Quality Assurance Agreement.

2. General Agreements

2.1 Scope of Validity

This Agreement shall apply together with any and all purchasing contracts concluded between BUFAB and the supplier. To account for special requirements, specific amendments may be stipulated additionally in an annex to this Quality Assurance Agreement. Amendments or supplements shall not be binding unless they are in writing and approved by both contracting parties.

Amendments or deletions in the Quality Assurance Agreement shall be documented in a supplementary sheet.

2.2 Quality Management System of the Supplier

For the duration of business relations with BUFAB, the supplier must be able to attest a valid certification according to DIN EN ISO9001 in the current edition. The certification process must have been carried out by an accredited certification body. The obtained certificates and renewed certificates must be sent automatically to BUFAB's eMail-address.

Certificate.Germany@bufab.com

An invalid or expired certificate can result in exclusion from the list of qualified suppliers.

The Supplier is obligated to develop its QM system according to the specifications of ISO/TS 16949 in its current version.

The supplier is committed to the goal of zero defects and must continuously optimize its services to that effect.

Insofar as BUFAB provides the Supplier with production and testing equipment, in particular means and equipment for the purposes of procuring deliveries, they must be included by the Supplier in its quality management system for the purposes of equipment and production as own production and testing means. See also BUFAB T&C.

2.3 Quality Management System of the Sub-Supplier

The Supplier shall bind its suppliers to meet the obligations from this agreement.

2.4 Environmental Management System of the Supplier

The Supplier must be able to prove that it has identified all relevant environmental regulations and that their impacts on the organization are known.

Furthermore the Supplier is obligated to comply with the relevant environmental regulations in a verifiable, permanent and sustainable manner.

The Supplier is obligated to develop its environmental management system according to the specifications of ISO 14001 in its current version.

2.5 Ethical Principles of BUFAB and the Supplier

The Supplier shall warrant for its company that the products to be delivered are/were manufactured or processed free from the worst forms of exploitative child labour within the meaning of the ILO Convention No. 182 (Elimination of the worst forms of child labor), as well as without any infringement of obligations resulting from the implementation of this Convention or from other applicable national or international regulations concerning the prevention of exploitative child labour. Furthermore the Supplier shall warrant that its company, its suppliers and their subcontractors have taken active and expedient steps to preclude the use of exploitative child labour within the meaning of ILO Convention No. 182 during the manufacture or processing of the products to be delivered. Discrimination of employees in the process chain is prohibited in any way, shape or form.

2.6 Documentation and Information

In accordance with the recommendation of VDA Volume 4, the obligation to preserve specifications and records shall apply, from the end of useful life (EOP End Of Production), for the following time periods: 15-year archiving period + 3-year objection period. The Supplier must allow BUFAB to inspect these documents upon request.

Should it become apparent that agreements reached (e.g. with regard to quality features, deadlines, delivery quantities) cannot be met, the Supplier is obligated to immediately inform the corresponding customer of BUFAB about this. In the interests of a speedy solution finding process, the Supplier is obligated to disclose all facts and data.

BUFAB must be informed without delay if the Supplier is classified in an escalation level. Please e-mail your message to the following address:

Quality.Germany@bufab.com

Should the supplier change for instance the design, material, suppliers, components, model, manufacturing and testing methods, tools, manufacturing parameters, filler materials, refrigerants and lubricants, devices, packaging, preservation or similar, prior written authorisation from BUFAB is required. The supplier is obliged to announce the changes as early as possible and without delay.

All changes to the product and product-relevant changes in the process chain are to be documented in a part life cycle document and be indicated by means of a change sampling or similar process. Changes always require approval by BUFAB.

2.7 Audit

BUFAB is entitled to inspect compliance with customer requirements and quality assurance measures at the supplier by means of an audit. The audit can be performed by means of a system, product or process audit, and is to be agreed in good time before the planned performance of such. BUFAB is entitled to perform or have performed acceptances and monitoring at the supplier at its discretion.

The supplier is to grant entrance to the areas of all facilities at any stage of the delivery chain involved in the order and to all relevant records to employees of BUFAB, its customer and the pertinent authorities.

Should quality or supply problems occur which are caused by pre-products or parts provided to the supplier by their suppliers, upon request the supplier is to agree to an audit to be performed at their sub-suppliers by BUFAB. The result of the audit is communicated to the supplier. Should deviations

be ascertained, the supplier is obliged to compile a coordinated plan of measures, including a timetable within the agreed period, and to implement it punctually.

2.8 Safekeeping Periods for Documents and Test Results

2.8.1 Non-aviation parts

The obligation to archive the specifications and records at the EOP (End of Production): 15-year archive period + 3-year objection period.

2.8.2 Aviation parts and other D parts

For parts or components of aviation devices or other D parts, the safekeeping periods are those of the customer requirements, however at least 25 years with the subsequent request to the client to authorise the destruction of the documents. The records may only be destroyed following consultation and authorisation by BUFAB. The supplier has to provide BUFAB with access to these documents upon request.

2.9 Scrapping

2.9.1 Non-aviation parts

As part of the processing of complaints and following consultation, these components may be scrapped.

2.9.2 Aviation parts and other D parts

Parts or components for aviation devices or other D parts must be rendered unusable before their scrapping. The scrapping of parts rendered unusable requires prior authorisation. The parts rendered unusable may only be scrapped with the prior written authorisation of BUFAB.

The supplier must provide evidence to BUFAB that the parts have been rendered unusable.

3. Agreements on Product Life Cycle Management

3.1 Development and Planning

The Supplier undertakes to implement project management and to submit the project timetable to BUFAB during the planning phase of products, processes and other cross-departmental tasks.

All technical documents required for supporting series development such as specifications, drawings, parts lists, CAD data and other customer requirements, e.g. Supplier Level Agreement (SLA), residual dirt analysis specification, must be checked after receipt by the Supplier for completeness and consistency in general and with regard to the intended purpose. BUFAB must be informed in writing about any defects determined in the course of this. During the development phase, the contracting parties are obligated to implement suitable preventive methods of quality planning such as feasibility study, fault-tree analysis, calculus of reliability, FMEA, etc.. Experiences (processes, process data, capability studies, etc.) from similar projects must be taken into account.

Features with special documentation and archiving requirements must be defined. The production and inspection conditions for prototypes and pre-production parts must be coordinated between BUFAB and the Supplier and documented. The goal is to produce parts under near-series conditions.

For all function-related features (main features), the Supplier is obligated to perform and document analyses of the suitability of the employed production facilities. If a machine capability index $Cmk \geq 2.0$ or preliminary process capability index $Ppk \geq 2.0$ is not achieved, the Supplier is obligated to

either optimize its facilities or to perform suitable inspections of the manufactured products to rule out bad deliveries.

3.2 Miscellaneous Samples

Within the scope of product and process development, testing is an essential component of product and process assurance. For this purpose, BUFAB shall order test samples. These components require special documentation in accordance with VDA Volume 2 in its current version. The type and scope of testing shall be defined by the Customer.

These parts must be delivered by the Supplier separately from the serial delivery to BUFAB, and the shipment must be clearly marked with the label "Attention: test samples" on the load carrier and the delivery documents. The documentation must be enclosed with the delivery. For traceability reasons the Supplier is obligated to keep a parts history record for miscellaneous samples, which must be enclosed with every sample delivery.

3.2.1 Sampling and Approval

Before the beginning of serial production, the Supplier is obligated to perform a process and product approval (PPA) in accordance to VDA Volume 2 / submission level 2, or if required by BUFAB, a PPAP in accordance with QS 9000 / submission level 3.

In the event that BUFAB requires a design approval, this must precede the production process and product approval. This must be coordinated in writing with the respectively responsible department at BUFAB.

The supplier is obliged to use only authorised sources of supply throughout the entire supply chain, as long as these are specified by BUFAB.

In case of the use of tools or equipment with several nests, initial sampling must be performed for each nest.

All necessary Quality documents for sampling are to be uploaded to the BUFAB Article Documentation System (ADS).

In case of re-sampling caused by the Supplier, the Customer shall charge the corresponding additional expenses to the Supplier's account. In case of a deviation in the initial samples, an approved application for deviation authorization must be submitted with the initial sample. Within the scope of initial sampling, a short-term capability of $cmk \geq 2.0$ (over 50 components) or a long-term process capability of $cpk \geq 1.67$ (over 300 components) must be furnished as proof of the main features. In case this requirement is not met, the serial process must be assured through appropriate Poka-Yoke (mistake-proofing) or 100% testing procedures.

3.3 New / Additional Initial

The Supplier is obligated to notify BUFAB of any and all changes in the production and procurement conditions of the delivery item in accordance with VDA Volume 2 at least 3 months before the planned change.

All necessary Quality documents for all changes are to be uploaded to the BUFAB Article Documentation System (ADS).

If the above-mentioned circumstances are not notified in due time, BUFAB is entitled to terminate all contractual relationships with the Supplier with immediate effect.

If losses or additional expenses/costs are incurred by BUFAB resulting from omitted or delayed notice, the Supplier is obligated to pay compensation to BUFAB and to indemnify BUFAB from third party claims.

If this indemnification is refused by BUFAB, the Supplier shall remain obligated to deliver according to the previous production and procurement conditions, unless the Supplier and BUFAB reach a divergent agreement. This agreement shall not be binding unless it is in writing.

3.4 Serial Production, Traceability, Identification

In case of process disruptions and quality deviations, the causes must be analyzed, improvement measures must be implemented and their efficacy must be checked. If, in exceptional cases, products that do not comply with the specifications are to be delivered, special approval must be obtained from BUFAB in advance. BUFAB must also be informed without delay about subsequently detected deviations.

The Supplier undertakes to ensure the traceability of the products it delivered. In case of a discovered defect, traceability must be possible in such a way that a limitation of the quantity of defective parts/products can be carried out (affected deliveries/production batches).

The Supplier shall ensure that the products are delivered in suitable means of transport approved by BUFAB to prevent damage and reductions in quality (e.g. soiling, environmental influences, chemical reactions).

With regard to the labelling of products, parts and their packaging, the requirements agreed on with BUFAB must be observed. It must be ensured that identification of packaged products is possible also during transport and storage (see also BUFAB Conditions of Purchase).

Deviations from existing labelling obligations shall not be binding unless they are stipulated in a written agreement between the Supplier and BUFAB.

The supplier is obliged to introduce and maintain a configuration management system in accordance with the requirement of DIN EN 9120 7.1.1.

In the context of Initial Sample Inspection Reports (ISIR), Requalification's and if required within orders, an inspection certificate in acc. to DIN EN 10204 3.1 and/or other applicable documents will make out. It isn't allowed to charge the costs therefore. All necessary Quality documents are to be uploaded to the BUFAB Article Documentation System (ADS).

The supplier is obliged to BUFAB to take suitable measures to prevent fake/non-authorized products from being supplied to BUFAB in accordance with the definition of DIN EN 9120:2010 point 3.3.

3.5 Inspections, Complaints, Measures

The Supplier shall define an inspection concept on its own authority to meet agreed objectives and specifications. Both contracting parties are committed to the goal of zero defects.

Parts pertaining to the aviation and aerospace industry must be packaged, stored and transported so that there is no danger of contamination with foreign bodies.

During series production the Supplier is obligated to prove a process capability value of $C_{pk} \geq 1.67$ for all main features by using suitable techniques (e.g. statistical process control or manual control card technique) throughout the entire production period. If the required process capability is not achieved, component and process quality must be ensured through suitable inspection methods; the production process must be optimized accordingly to achieve the required capability.

In accordance with this Quality Assurance Agreement, all products shall be inspected solely at the Supplier. BUFAB shall inspect the products upon delivery only with regard to their product type and externally visible damage.

Insofar as it is possible in the regular course of business, BUFAB shall either inspect the component assembly that was manufactured using the delivered items before the beginning of the next manufacturing segment or subject the finished BUFAB product that was manufactured using the component assembly to an inspection.

Further obligations to inspect on the part of the Customer in accordance with Section 377 of the Commercial Code (HGB) do not exist.

With regard to notice of defects, the BUFAB Conditions of Purchase shall apply. The additional logistical and accounting expenses for notice of defects shall be charged to the Supplier's account on a time and material basis.

Claimed components shall be returned to the Supplier for analysis whenever possible. If additional expenses are incurred at BUFAB or its customers as a result of defective deliveries, the Supplier must arrange corrective actions without delay (substitute deliveries, sorting or reworking). Losses/additional expenses caused by the Supplier shall be borne by the Supplier; BUFAB shall be indemnified from any and all third party claims. In other respects the BUFAB Conditions of Purchase shall apply.

The supplier is obliged to inform BUFAB about non-conformant parts / to obtain the approval from BUFAB before a re-release can be issued.

In the interests of fast problem solving in case of emergency, the Supplier shall provide an emergency telephone number (English-speaking) for BUFAB.

All complaints must be processed with an 8D-report, a Root-cause analysis and corrective actions report or an information. The classification of the procedure is carried out by BUFAB. All documents are to be entered into the BUFAB Quality Deviation System (QDS).

3.6 Re-Qualification Tests

The Supplier undertakes to perform a yearly re-qualification test (scope similar to initial sampling according to VDA Volume 2 or PPAP) for all delivered products. Since the results must be available for customer assessment at all times, the Supplier undertakes to disclose them at short notice (within one workday).

In case of a negative re-qualification test, the Supplier is obligated to make a voluntary declaration to BUFAB. It is not allowed to invoice costs for Re-Qualification tests.

All necessary Quality documents are to be uploaded to the BUFAB Article Documentation System (ADS).

3.7 Spare Parts Availability

The Supplier undertakes to guarantee delivery capacity and 100% on-time delivery and to have a corresponding emergency strategy to ensure this at all times. This must be confirmed in writing within one workday upon the Customer's request. The Supplier shall guarantee spare parts availability for a period of 15 years after series production has ended.

The Supplier undertakes to e-mail extra tours required to ensure spare parts availability automatically, specifying details of the cause, responsibility and costs. In this connection it is of no significance who is responsible.

3.8 Tools

Tools must be kept for a period of at least 15 years after termination of serial delivery and maintained in a functional state so that delivery can be made at any time.

4 Liability

The agreement of quality goals and control limits (failures, ppm goals) shall not affect the Supplier's liability for warranty and compensation claims on the part of BUFAB due to defects in the products delivered.

5 Insurance

BUFAB advises the Supplier to analyze and assess the risks resulting from this Agreement with regard to product liability and to take out an appropriate liability insurance policy.

6 Term of this Agreement

This Quality Assurance Agreement shall be valid indefinitely and may be terminated with 6 months notice to the end of a calendar year. However, it shall remain valid for all existing delivery obligations until their termination plus a period of 15 years.

7 Severability Clause

Should any individual provision in this Contract be or become invalid, this shall not affect the validity of the other provisions. In case of invalidity the parties shall agree on another valid provision which comes as close as possible to the intended purpose.

In other respects German law shall apply; UN commercial law is expressly excluded, as well as the regulations of German international private law.

8 Place of Performance / Place of Jurisdiction

The place of performance for delivery and payment is the location of the recipient plant named by the Customer as individually required.

The place of jurisdiction is Darmstadt. However, the Customer is also entitled to take legal action against the Supplier at its company headquarters.

Mörfelden-Walldorf, 2016.12.06