between

KIPP GmbH & Co. KG
(KIPP)

(Plant, division or other business unit of KIPP, for which this Agreement should apply)

and

(the Supplier)

(Plant, division or other business unit of the Supplier, for which this Agreement should apply exclusively)

I. Scope and other applicable contracts

1. This QAA applies only to those products, which are delivered by the Supplier on the basis of the orders he receives and accepts from KIPP during the term of this Agreement.
2. It is an indispensable part of the following listed procurement contracts:
   - purchasing contracts
   - framework agreements
   - individual orders
   - purchasing conditions of KIPP

II. Main objective

This QAA is a contractual instrument whose aim is to allow the Supplier and KIPP to define technical and organizational procedures together with targets in order to produce defect-free products and to deliver the right products in the ordered amount, while respecting deadlines. Jointly agreed measures of error prevention and early fault detection are crucial aids to maintain low production costs. It contains rules for immediate and corrective measures in the event of complaints and tasks to promote the performance of both contractual partners.

The QAA is an essential contractual document that guarantees a long-term supply partnership for the benefit of both parties.

III. Management systems of contracting parties

1. KIPP operates according to the following certified management systems:
   - ISO/TS 16949
   - ISO 14001
2. The Supplier operates according to the following certified management systems:
   - ISO 9001:2008 and developed his quality management system in this case that the requirements according to ISO/TS 16949 fulfilled.
3. The Supplier's management system includes tasks and measures for environmental and safety-related employee behavior in all operational procedures and for proper handling of the material and technical resources used.
4. Both contractual partners agree to keep developing and improving their management systems, in line with the state of the art and in compliance with the provisions of this QAA and all other joint contractual documents.

IV. Preparation for series production
Paragraph 1 General

1. KIPP will provide all product requirements to the Supplier in a meaningful and understandable way (e.g. drawings, descriptions, special features).
2. The Supplier will check the aforementioned product requirements, in a transparent manner, with the concerned departments for their technical and economic feasibility and submit early proposals for amendments if required. This also applies to suggestions resulting from the Supplier's manufacturing expertise regarding any possibly missing or incorrectly defined requirements from KIPP.
3. The Supplier has to implement all necessary tasks for the successful product and process approval (PPA) according to the latest VDA and APQP/PPAP guidelines. KIPP establishes, on a case by case basis, which guideline is to be applied.
4. The Supplier designates a project manager, defines the project tasks with corresponding deadlines and updates KIPP regularly with the current work progress. Separate work procedures can be arranged in particular cases.
5. The contractual partners shall announce their corresponding contacts to each other.
6. The Supplier shall notify KIPP of any scheduling risks and delays.
7. KIPP has to immediately inform the Supplier in writing if there are any changes in terms of product requirements. The Supplier will then consider whether these changes are technically feasible and what impact might they have on the task.

IV. Preparation for series production
Paragraph 2 Development, product planning and process

1. If the order includes developing tasks from the Supplier, all related requirements shall be specified in writing, e.g. in form of a specification sheet, by the contractual partner. The Supplier agrees to implement project management right from the planning phase of products, processes and other cross-sectoral tasks in the form of QM plans (APQP), and to grant KIPP the right of inspection upon request. During the development phase, the Supplier shall apply appropriate preventive methods of quality planning, such as feasibility analysis, reliability checks, FMEA and so on.
2. Characteristics requiring special archiving (or safety features) shall be determined by KIPP and the Supplier. These must be handled in an FMEA process, created by the Supplier, and the resulting measures must be laid down in the control plan. The Supplier agrees with KIPP about the manufacturing and testing conditions of prototype and pre-series parts and documents them. The aim is to manufacture prototype and pre-series parts under near-series conditions. If it is technically impossible for the Supplier to meet the permissible ppm error rate requirements of the customer, he must incorporate a 100% sorting operation in the control plan. Should the Supplier have technical and/or economic difficulties in this regard, KIPP has to be informed immediately so as to find a common solution.

IV. Preparation for series production
Paragraph 3 Product and process approval

1. The expected delivery date of the initial sample must be observed bindingly. A scheduling delay endangers the series start-up.
2. The Supplier has to deliver KIPP five clearly marked initial samples per cavity with the PPAP/PPF, including all supporting documents belonging to the specified submission level.
3. The PPAP / PPF may not be used to present variances that inevitably lead to re-sampling. All necessary agreements, even in the exceptional case of not using series-type equipment, must be conducted before the initial sampling and should be also taken into consideration during scheduling. If initial samples with "not in order" results are sent without concession (AWE), these will be rejected without further consideration. The same applies if there are missing documents. A new initial sampling with "in order" results or AWE should follow promptly.

4. Verified parts should be clearly numbered so as to ensure their assignment to the measurement results. The way in which they are marked should be agreed upon with KIPP if needed.
5. If not otherwise stated, KIPP's set requirements regarding re-sampling are confined to the affected variances and missing documents.
6. The Supplier and KIPP shall archive the initial sample parts / retain samples as well as all sampling documents for 15 years after series production end, provided that KIPP has not predefined a different term.
7. KIPP will determine when repeated sampling is required (see Section V, paragraph 5)

V. Series-production of the product
Paragraph 1 Incoming inspection by KIPP and error indication

1. To avoid damage and quality deterioration of the contracted product being delivered (e.g. pollution, corrosion, chemical reactions), the Supplier shall use suitable means of transport, approved by KIPP. Being aware of the product's intended use, the Supplier guarantees that the delivered products have the same performance features as in the drawings and samples currently being produced and that they comply with the remaining fundamentals of the contract.
2. KIPP conducts a limited incoming product inspection from a statistical point of view. In this case, no individual inspections will be carried out. In the light of the quality assurance process control maintained by the Supplier, he waives further legal requirements from the incoming product inspection. The aim is to avoid an incoming product inspection if the delivered quality is good.

V. Series-production of the product
Paragraph 2 Operation in the event of claims from KIPP

1. Notice of the discovered defects is considered timely if it occurs within a grace period of 7 days from the date of the takeover of the goods or, in case of hidden defects discovered by the client, from when the defect is discovered. In these cases the Supplier waives his right to object to the notice of defects. Payments made prior to the determination of defects do not constitute an acceptance that the delivery was free of defects, or that it was made in due form.
2. If possible at this stage, KIPP shall describe product defects and their frequency in a claim. The Supplier will receive the objected items back within the agreed scope. He undertakes to analyze each and every production variance and to quickly inform KIPP of the cause of this variance, initiated corrective and preventive actions, and their effectiveness in the form of an 8 D report.
3. As a matter of principle, the Supplier is entitled to give priority to those defects in quality, for which he is responsible, and to take the appropriate emergency measures to eliminate the errors. If the supply of parts does not correspond to specification and threaten to cause production downtimes at KIPP or any of their clients, the Supplier must find an agreement with KIPP and take suitable emergency measures at his own expense (product replacement, sorting or rework, extra shifts, express delivery, etc.).
4. This approach can also be taken without prior approval in the following special cases:
   - the Supplier has a reaction time limit of 24 hours after receipt of goods.
   - KIPP had to carry out emergency measures in the context of a customer claim and only later identified the Supplier as being the cause.

   In this case, KIPP has to send the relevant evidence to the Supplier, as quickly as possible.
5. Any foreseeable overrun of deadlines, e.g. to demonstrate the effectiveness of initiated corrective measures in order to to avoid future errors, are to be reported to KIPP in advance.
6. In the event of justified notification of defect, the Supplier shall accept a processing fee of EUR 150.00.

V. Series production of the product
Paragraph 3 Identification and traceability

1. The Supplier has to use an identification and tracking system for all production and material lots, which possibly also allows the identification of the delivered batch and upstream / contract Suppliers. Furthermore, this system should also allow the identification of the process data and test results belonging to the corresponding production lot of the Supplier. The system must allow the identification of additional products in circulation that have the same quality defects and facilitate the root cause analysis.
2. At any given moment, the Supplier must be able to trace back and find out which products he has delivered to KIPP and when.
3. The Supplier and KIPP agree to keep improving their product labeling systems, so that in case of a claim and possible recall of defective products, these can be swiftly identified and contained together with all related production and material lots.

V. Series production of the product
Paragraph 4 Operation if variances are discovered before delivery

1. Should the Supplier, in exceptional cases, need to supply KIPP with products having inadmissible out-of-spec conditions, he must first receive a hand-written approval by filling in a "Special Release" form.
2. Products with approved variances must be transported separately and marked according to their transport unit. Transport documents must include a copy of the special release approval.

V. Series production of the product
Paragraph 5 Documentation and Information in case of product and process changes

1. The Supplier is obliged to obtain the approval from KIPP about any
   - changes to production process/material (including sub-suppliers)
   - sub-supplier changes
   - changes in checking procedures/facilities
   - transfer of production sites
   - transfer of production systems within a production site

   and to provide the agreed quality evidence in this regard.
2. The written information about the above changes should reach KIPP in its completeness and early enough so that consequences can be weighed and objected before the mentioned changes are applied to the objects of the contract.
3. Should KIPP fail to mention one of the changes pointed out by the Supplier, this does not relieve the Supplier from his own responsibility to provide the same properties and reliability of the parts as in the specifications listed in the agreed contract.
4. With regard to process changes, KIPP decides on a case by case basis whether a repeated sampling is needed and to what extent.
5. The Supplier will regulate the control of all documents and data in process or work instructions and implement them effectively. Documents of external origin such as standards, client drawings, etc. should be included to an appropriate extent.
6. It is an obligation to keep all "documents with special archiving" (security features) for +15 years. The Supplier has to grant KIPP inspection access to records upon request.

V. Series production of the product
Paragraph 6 Criteria and extent of re-qualification tests

1. As a proof of a stable quality level, the Supplier shall perform at least one re-qualification test per product group annually, starting from the initial sample approval date.
2. The re-qualification test must include all the product specifications for material, dimensions and functions predetermined by KIPP.
3. The re-qualification test proceeds according to the requirements of the initial sample test.
4. The test results shall be documented by the Supplier and sent to KIPP upon request.

VI. Cooperation to safeguard and promote efficiency
Paragraph 1 Auditing from KIPP at the Supplier

1. The Supplier agrees to grant KIPP and optionally also its customers on-site access (with prior arrangement) and convince themselves from the effectiveness of the quality assurance measures taken.
2. KIPP process and product audits are especially helpful when quality related issues are reported and aim at effectively securing the common objective: "recovery of a quality capable process".
3. In this respect, the Supplier shall grant KIPP and optionally also its customers access to all manufacturing facilities, testing, storage and related areas, as well as all quality related documents during normal operation and business hours, unless demonstrably objected due to confidentiality interests of either the Supplier or third parties. Where necessary, audits shall be carried out jointly with the Supplier and sub-supplier.
4. In the event of quality related issues caused by preliminary products or parts from sub-suppliers, the Supplier shall give KIPP and/or his clients the possibility to conduct an audit at his sub-supplier.
5. Audits can either be carried out as current internal audits or as ones by approved certification bodies.
6. The measures specified by the Supplier as a result of the audit are to be rigorously implemented in the respective responsible location of the contractual partner.
7. The expenses incurred through an audit shall be borne by each concerned party.

VI. Cooperation to safeguard and promote efficiency

Paragraph 2 Supplier evaluation from the perspective of both contractual partners

1. KIPP's performance capability depends to a large extent on the Supplier's performance capability. Therefore KIPP constantly evaluates key performance criteria such as delivery deadline and quantity reliability, product quality, flexibility and communication.
2. KIPP carries out supplier evaluation at set time intervals to assess suppliers for significant measurable and possibly also "soft" criteria such as communication and flexibility. The results are communicated to the Supplier, evaluated with him, and the corrective and improvement measures are then taken jointly if needed.
3. In addition to the aforementioned supplier evaluation, the Supplier shall also undertake other assessments (e.g. survey) on the part of KIPP.
4. Unless otherwise agreed, the Supplier is responsible for the selection of sub-suppliers. The Supplier is responsible for ensuring that the sub-suppliers achieve, maintain and improve the quality standards required by KIPP. The Supplier shall oblige his sub-suppliers to build a comparable QMS and to maintain it. In addition, the Supplier is responsible for all tasks associated with the sub-contractors and the delivered final product.

VI. Cooperation to safeguard and promote efficiency
Paragraph 3 Mutual notification obligations

1. This paragraph relates to mutual information that is not already included in other sections of this QAA.
2. Especially in the following situations KIPP will inform the Supplier in writing:
   - changes in technical specifications
3. Especially in the following situations the Supplier will inform KIPP in writing:
   - proof of all the yearly insurance payments that affect KIPP, ie. manufacturer's liability insurance, product liability insurance and recall costs insurance.
   - proof of current management certificates
   - changes in technical delivery conditions and company standards, if applicable
   - foreseeable failure to comply with delivery criteria such as date, amount, quality and intended special release
   - when product specifications and test methods are incomplete, incorrect or could be realized more economically by the Supplier if changes are applied.
4. The "QAA contacts and history of changes" annex, belonging to this QAA, is intended to regulate the responsibilities of both contractual partners, according to the QAA matter.

VI. Cooperation to safeguard and promote efficiency
Paragraph 4 Quality targets

1. Just as KIPP is committed to a zero-defect target towards its customers, the Supplier is also committed in the same manner towards KIPP. If the zero-defect target is not achievable within the short term, KIPP, together with the Suppliers, will establish temporary error rate limits as intermediate targets (e.g. ppm agreements). If the Supplier recognizes that the set targets are not met, he is obliged to submit KIPP concrete action plans. If the defect rate is below the agreed upper limit, this does not release the Supplier from his responsibility to process all complaints and to proceed with continuous improvement activities. The Supplier's liability under the warranty and damage claims due to faulty deliveries remain unaffected.

VII. Confidentiality

1. Each partner undertakes to use all documents and knowledge received in connection with this Agreement for the sole purposes of this Agreement and to treat these with the same care and confidentiality as he would his own documents and knowledge, while refraining to disclose them to third parties if the other partner defines the documents as confidential or is evidently keen to maintain confidentiality with regard to them. This obligation commences with the first receipt of documents or knowledge and terminates 36 months after the end of the business relationship.
2. The foregoing obligation of confidentiality does not apply to information, discussion topics, and facts if it can be proven that:
   - at the time the receiving partner is notified, they were already publicly known or they become publicly available at a later stage without breach of this obligation or
   - the receiving partner already knew about them through the other partner
   - third parties share the information with the receiving partner

in a lawful manner
- they were developed by the receiving partner, regardless of the information provided by the other partner information.

VIII. Statutory provisions

1. The Supplier shall establish a process that ensures compliance with all applicable government, safety and environmental regulations, including those for handling hazardous substances and for their storage, recycling, elimination or disposal. Moreover, he has to ensure that all commercial parts used comply with the applicable laws and regulations relating to environmental protection, electricity, electromagnetism and security at both the country of manufacturing and that of distribution. By accepting and implementing our order, the Supplier confirms abidance by these laws and regulations. Upon request by KIPP the Supplier could be asked to input the used substances in the International Material Data System (www.mdsystem.com).

IX. Liability

Liability is determined by agreements the delivery is based upon.

X. Applicable law

Legal relations existing in connection with this contract shall be governed by Mexican substantive law.

XI. Amendment service and duration of the agreement

1. As soon as both partners agree to the "Notification obligations and contacts" annex in writing, responsible persons determined by KIPP will carry out the necessary amendments to this annex together with the QAA.
2. This Agreement may be terminated by either partner by giving three months' notice to the end of a calendar month.

XII. Applicable standards and guidelines

1. The following essential external standards and guidelines in their current version are an integral part of this QAA:
   - DIN EN ISO 9001 "Quality Management Systems - requirements"
   - ISO/TS 16949 "Quality Management Systems - requirements in the automobile industry"
   - VDA Series "Quality Management in the Automobile Industry" in all volumes
   - DIN EN ISO 14001 "Environmental Management Systems…"

   Both contractual partners must ensure to keep up-to-date with the latest set of rules.

Applicable annexes:

Sample QAA contacts and history of changes

Place, Date Signature

(the Supplier)

Place, Date Signature

(KIPP)