Quality Agreement

between VACUUMSCHMELZE GmbH & Co. KG
Grüner Weg 37
63450 Hanau, Germany

(hereinafter referred to as “VAC“)

and ...

...

(hereinafter referred to as "Supplier")

(VAC and Supplier hereinafter referred to individually as “Party” or collectively as “Parties”)

QM-HU Issue 4 ww, date of issue: July 19th, 2019
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1 Scope

This quality agreement applies to all deliveries and services provided by the Supplier to VAC and the affiliates of VAC listed in Appendix 1. This quality agreement supersedes all existing versions of the General Technical Delivery Requirements P7.4/2 and all existing quality assurance agreements.

2 Objective

In order to comply with the market requirements for its products and services, VAC expects a high degree of quality with regard to the materials, parts and services provided by its suppliers, including logistical services. VAC and the Supplier shall strive to establish close cooperation based on trust with the objective of continuously improving quality as well as achieving zero-defect quality and 100% delivery reliability.

The quality management system must therefore be verifiably geared towards achieving “zero defects”. For sample inspections, the acceptance number c=0 shall be specified regardless of the identified AQL value (acceptance quality limit).

VAC supplies the automotive and automotive supply industry as well as the aviation, aerospace and defense industry. Suppliers whose products or services are to be used in these sectors of industry must meet specific additional requirements.

The additional industry-specific requirements for the
- automotive/automotive supply industry as well as the
- aviation, aerospace and defense industry

must be observed if so indicated in the product-specific technical specifications (e.g. supplier test plan, drawings). In this quality agreement, the industry-specific additional requirements are highlighted grey and furnished with a symbol representing the relevant industry.

3 Order documentation of VAC

The Supplier is provided with all valid documentation (specifications, drawings, technical delivery requirements, inspection and test plans, etc.) required for product description to which reference is made in the respective purchase orders. If the Supplier does not receive these documents, they shall notify VAC’s Purchasing Department immediately. The Supplier shall inspect the documents provided by VAC immediately and notify VAC in writing immediately if the documents are incorrect, unclear or incomplete.

4 Management systems of the Supplier

The quality management system of the Supplier must comply with the standards of series ISO 9000 according to its valid conditions. Preferably, it should be certified according to ISO 9001, and, where necessary, according to quality management system requirements to be agreed between VAC and the Supplier, such as IATF 16949 and/or EN/AS 9100.

<table>
<thead>
<tr>
<th>Additional Requirement</th>
<th>The Supplier must be certified according to ISO 9001; a further development according to IATF 16949 is necessary.</th>
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<tr>
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<td>The Supplier must be certified according to ISO 9001.</td>
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</table>

The Supplier shall ensure that only staff are assigned to perform the relevant work tasks who have the required qualifications.
The Supplier should implement an **environmental management system** which meets the requirements of ISO 14001. Preferably, the system should be certified according to ISO 14001.

5 Compliance with statutory and standard industry requirements / guidelines

The materials, parts, and packaging supplied to VAC shall not contain any environmentally hazardous substances. The substances indicated as “prohibited” in the current version of

- Regulation (EG) No. 1907/2006 (REACH)
- “GADSL-List” (Global automotive declaration substance list)
- IEC 62474 (Standard of the International Electrotechnical Commission for the declaration of hazardous substances in electrical and electronic products)

may not be contained as ingredients in the supplied materials/parts in amounts that exceed the defined maximum concentration values.

Substances marked as “declarable” in the above-mentioned lists shall be avoided. If these substances cannot be avoided, the amounts shall be minimized.

| Additional Requirement: | The Supplier shall enter all declarable substances according to the GADSL-List into the International Material Data System (IMDS) (www.mdsystem.com). |

The Supplier shall comply with the principles of the Global Compact Initiative of the UN (www.unglobalcompact.org) within the scope of its Corporate Social Responsibility (CSR).

The Supplier may not use any “conflict minerals” as prohibited under the Dodd-Frank Act, Sec.1502 or other applicable legal regulations. This currently refers to tin, tantalum, tungsten and gold. The Supplier shall provide written proof thereof upon request by VAC.

The Supplier may not use any counterfeit preliminary products or preliminary products suspected of being counterfeit for the manufacture of products to be supplied to VAC. The Supply shall ensure this by way of appropriate measures.

6 Tests / archiving test results

Within the production area the Supplier shall ensure compliance with the specifications for all characteristics listed in the product-specific technical documents (in particular supplier test plan, drawings) by appropriate - preferably measurement - tests. The results of these tests shall be documented in an appropriate form, retained for at least five (5) years (the product-specific supplier test plan may include a deviating regulation) and provided to VAC upon request.

In case of the Supplier's insolvency, VAC shall have the right of access to quality-relevant records.

| Additional Requirement: | All quality-relevant records must be retained for at least 15 years. |
“Special characteristics” marked as such in the product-specific technical documents must be monitored using statistical methods (e.g. SPC). The following requirements apply, unless otherwise agreed:

- q-control charts shall be maintained,
- a process capability analysis determined by at least 100 measurements must result in a $C_{pk}$-value $\geq 1.67$,
- a histogram shall be prepared with information about the mean value, variance, capability characteristics.

Alternatively, a 100% test can be carried out and a histogram prepared for each special characteristic with information on the mean value, variance and tolerance limits.

Upon VAC’s request, the Supplier shall provide the test certificates in accordance with EN 10204. Detailed information on the type of the requested test certificate and its content (test characteristics, scope of the test, documentation) is provided in the product-specific technical documents.

Manufacturing, inspection and test processes shall be defined in a flowchart and submitted to VAC upon request.

| Additional Requirement: | Requalification tests (complete measurement and function tests under consideration of applicable customer specifications for material and function) shall be carried out annually. These tests shall be recorded in the control plan and must be available for customer assessments. Deviations regarding extent and frequency of these requalification tests require written approval by VAC. |

7 Measuring equipment

The Supplier’s measuring equipment is subject to regular calibration. The measuring results must be based on national calibration standards (e.g. of the National Metrology Institute of Germany (Physikalisch Technische Bundesanstalt)).

The measuring equipment must be selected in a way that ensures that it does not have any improper effect on the test results. This requirement is met if the ratio of the equipment’s measurement uncertainty to the internally applicable tolerance (T) for the product is no more than 0.1. If the ratio exceeds 0.1 up to a maximum of 0.3, the testing process must be improved.

If the ratio exceeds 0.3, the Supplier shall consult with VAC to determine the further procedure. The agreement concluded in this context shall be documented by VAC in the supplier test plan, the specifications and/or the drawings.

| Additional Requirement: | The measurement uncertainties of the measuring equipment shall be determined under operating conditions. An approved procedure (e.g. according to AIAG MSA Manual or VDA 5) shall be applied for this purpose. |

All requirements specified in the supplier test plan concerning the measuring equipment shall be observed.

8 Labelling, traceability, packaging

The Supplier shall ensure the traceability of the products via labeling or, if labeling is impossible or impracticable, through other appropriate means.
Packaging, including repackaging, must be selected and dimensioned to ensure sufficient protection against transport damages and contamination.

Each package shall bear at least the following information:
- manufacturer
- description of the material
- quantity
- VAC material number
- batch/lot number and/or date of manufacture
- date of expiry, if applicable.

9 Approval for serial delivery

Serial deliveries must be approved in writing by VAC in advance. Initial samples must be manufactured with the equipment and processes intended for use in serial production under the associated serial production conditions.

Deliveries of initial samples must be accompanied by the corresponding testing records.

In case of any new replacement tools or significant corrective maintenance work on existing tools or changes to the supplier of essential materials or supply parts, the Supplier shall submit new initial samples including testing records for approval by VAC.

| Additional Requirement: | The approval of initial samples must be completed in accordance with the Production Part Approval Process (PPAP) or the Production Process Release (PPF). Unless otherwise agreed, the Supplier shall submit documentation according to PPAP submission level 3 or PPF submission level 2, including/in addition to the following documents:
| | • control plan
| | • flowchart
| | • test results
| | • measurement system analysis (MSA)
| | • part submission warrant (PPAP) / cover page initial sample test report (PPF).

| Additional Requirement: | Unless otherwise agreed in the supplier test plan, the approval of the initial samples must be completed in accordance with EN 9102.

10 Transfer of (sub) tasks to third parties

The Supplier remains responsible for all deliveries and services that they subcontract to third parties (subcontractors / sub suppliers). The Supplier shall ensure that the requirements of this quality agreement are also met by the respective third party engaged by them.

| Additional Requirement: | The Supplier must transfer the industry and customer specific additional requirements to third parties, if applicable.

| Additional Requirement: |
11 Supplier’s duty to provide information to VAC

In case a delivery deviates from the specifications agreed in the order, special approval must be requested in writing. In this case, the delivery shall be made only after consent from VAC has been given.

The Supplier shall notify VAC in writing about any changes to manufacturing methods, raw materials or supplier parts for the products, the relocation of manufacturing sites, as well as changes to procedures or equipment used for testing the products or any other quality assurance measures; when doing so, the Supplier shall ensure that VAC has sufficient time to assess any possible disadvantages associated with the proposed changes. This duty to inform shall not apply if the Supplier can exclude any negative effects following careful examination.

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<tr>
<th>Additional Requirement</th>
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<tbody>
<tr>
<td>In the case of the abovementioned changes, the Supplier is obliged to notify VAC in each case. Changes of this kind are also subject to written prior consent from VAC.</td>
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</tbody>
</table>

The Supplier is expected to notify VAC if non-compliance with the delivery obligations.

The Supplier is also obliged to inform VAC about potential hazards related to their products as well as knowledge of product monitoring.

12 Auditing the Supplier / access to the Supplier’s production sites

Subject to prior agreement regarding the date of an on-site visit, the Supplier shall grant VAC and their customers access to its production sites within the context of an audit. Inspection of production processes and other business secrets subject to confidentiality can be refused. The right to audit also applies to third parties utilized by the Supplier (subcontractors, sub suppliers).

<table>
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<tbody>
<tr>
<td>The right of access of VAC and its customers within the context of an audit, for example, also includes the right of access of representatives of regulatory authorities.</td>
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</tbody>
</table>

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13 Inspection of incoming goods

Upon receipt of the products or performance of services, VAC shall check without undue delay whether they correspond to the ordered quantity and ordered type and whether there are any visible external transport damages or defects. If during such inspection VAC discovers any visible external damages or defects, VAC shall notify the Supplier thereof without undue delay. In case VAC notes any damage or defect at a later date, VAC shall also report this without undue delay. Except for the aforementioned agreements, VAC shall have no further obligations towards the Supplier concerning the inspection of incoming goods and the duty to inform resulting therefrom.

14 Confidentiality

Each Party must keep confidential with respect to third parties all business and technical information made available by the disclosing Party (including features which may be derived from objects, documents or software provided and any other knowledge or experience), as long and to the extent that it is not proven public knowledge, and the receiving Party may make available such information only to those persons in its business facility who necessarily need to be involved in the use thereof for the purpose of this contract and who are also committed to confidentiality. The information remains the exclusive property of the disclosing Party. Without the prior written consent of the disclosing Party, such information must not be duplicated or exploited commercially – except for deliveries to the disclosing Party. At the disclosing Party’s request, all information origination from the disclosing Party (including any copies or records made) and loaned items must be, in full and without undue delay, returned to the disclosing Party or – demonstrably – destroyed.

15 Warranty

The Supplier warrants that deliveries and services are free of defects. In particular, the deliveries or services comply with the state-of-art, recognized rules of engineering, technical safety regulations and applicable laws.

The Supplier shall reimburse VAC for all verifiable costs and expenses related to the delivery of defective products, in particular costs and expenses for sorting, inspection, replacement, repair, storage, disposal and/or recalls. VAC and the Supplier shall make efforts to minimize the costs incurred based on a defective product.

16 Liability for third parties

The Supplier shall be liable for the fault of third parties to the same extent as for fault on its own part pursuant to Section 278 of the German Civil Code (BGB).

17 Age of delivered products

The Supplier may not deliver products to VAC that were produced more than one (1) year prior to delivery. The shelf life of products must be at least six (6) months from the date of delivery.

For the avoidance of doubt, this section does not affect any warranty rights of VAC.

18 Product Discontinuation

If Supplier determines to discontinue the supply of products under this quality agreement, Supplier will provide VAC with at least twelve (12) months prior written notice to the effective discontinuation date to enable VAC to place orders for such products at the respective current agreed price.
19  Term and termination of the agreement

This quality agreement has been concluded for an indefinite period of time. It may be terminated by either contractual party with a written notice period of six (6) months. With regard to products already delivered or ordered in a binding manner at the time when the termination takes effect, the provisions of this quality agreement shall remain in effect after termination.

20  Jurisdiction and applicable law

The place of jurisdiction for any and all disputes arising from or in connection with this quality agreement is Hanau, Germany. VAC is also entitled to assert claims at the courts having general jurisdiction for the Supplier. Any exclusive place of jurisdiction remains unaffected.

This quality agreement and any matter arising from or in connection with it shall be governed by and construed in accordance with German law to the exclusion of the conflict of laws provisions and the UN Convention on Contracts for the International Sale of Goods (CISG).

21  Form

All changes and amendments to this quality agreement must be in writing. This requirement of written form can only be waived in writing. No ancillary verbal agreements have been made.

22  Severability

Should a provision of this quality agreement be or become void, unenforceable or invalid, the remaining provisions shall remain unaffected thereby. In the event that a provision is void, unenforceable or invalid, the Parties shall agree on a provision that most closely and lawfully reflects the spirit and intent of the void, incorrect or invalid provision.

Hanau, ...

VACUUMSCHMELZE GmbH & Co. KG  Supplier

____________________________________  ______________________________
## Change documentation

<table>
<thead>
<tr>
<th>Date</th>
<th>Changes / Appendices / Explanations</th>
<th>Issue</th>
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<tbody>
<tr>
<td>8/15/2017</td>
<td>Newly created on the basis of comprehensive revision and consolidation of the former documents “General Technical Delivery Conditions (P7.4/2)” and “Agreement on Quality Assurance of Supplied Products (QAA)”</td>
<td>1 ww</td>
</tr>
<tr>
<td>2/15/2018</td>
<td>Revision made to clause 14 (confidentiality) – converting the clause to reciprocal duties in terms of confidentiality</td>
<td>2 ww</td>
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<tr>
<td>3/20/2018</td>
<td>New Clause 19 (Product Discontinuation) inserted</td>
<td>3 ww</td>
</tr>
<tr>
<td>07/19/2019</td>
<td>Second passage in clause 17 inserted; Clause 18 (Supply reliability) deleted</td>
<td>4 ww</td>
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Appendix 1: Beneficiaries

1. VACUUMSCHMELZE, s r.o.
   Horná Streda 1325/14,
   91624, Slowakei / Slovakia

2. VACUUMSCHMELZE (M) Sdn Bhd
   Lot 3465 Tanah Putih
   26600 PEKAN PENHANG DARUL MAKMUR
   Malaysia

3. VACUUMSCHMELZE China Magn. (Shenyang) Co.
   No. 15-10 Hunnan East Road
   110169 Shenyang / P. R. OF CHINA