

QUALITY ASSURANCE AGREEMENT

Recitals:

As a company operating in the fields of development, production and marketing of products for chemical surface treatment and of products for the aviation, automotive and general industries, our ambition is to achieve maximum customer satisfaction in all areas of collaboration.

To be able to consistently live up to this quality claim and continually improve it, we are using the industry-recognized management systems ISO 9001, IATF 16949 or EN 9100 as amended and also expect the same quality standards to be observed by our suppliers. In this context, supplier qualification pursuant to ISO 9001 represents the minimum requirement for suppliers in conjunction with the supplier's commitment to develop his system in the direction of the other management systems in consultation with us. Moreover, we expect from the suppliers (a) to commit to the unconditional fulfillment of customer expectations, (b) to consistently pursue a zero-defect strategy as well as (c) a defect-free delivery quality.

With the present Agreement, the quality assurance requirements relating to the management system operated by SUPPLIER are defined. They set out the quality requirements for all contractual products or services which SUPPLIER delivers to us or provides for us. The points regulated in the present Agreement do not constitute a limitation of the individual management systems.

1. Quality System

SUPPLIER shall operate a certified quality management system for his operations which corresponds to either ISO 9001, IATF 16949 or EN 9100, depending on the respective industry. SUPPLIER will manufacture and check the contractual products in line with the regulations of the respective quality management system while taking due account of the requirements specified in the present provisions and preparing documents for process control. SUPPLIER guarantees 100% fulfillment of all statutory and regulatory requirements and thus the product safety of chemical products. Customer-specific requirements will be evaluated by us and handed down to SUPPLIER. Any changes to the certification status (as well as special status notifications pursuant to IATF 16949) shall be communicated to us immediately and without any request being necessary.

SUPPLIER shall examine the appropriateness of its quality, health, safety and environment systems by defining and monitoring key performance indicators that measure its own performance and the performance of the deliveries and services to be rendered for us including, inter alia, key performance indicators relating to defects in production, in the contractual product, compliance with delivery deadlines and complaints submitted by us, etc.. SUPPLIER shall be committed to a zero-defect strategy and shall continually improve its performance in this regard. SUPPLIER undertakes to engage in quality improvement programs in collaboration with our specialist departments. SUPPLIER's quality management system shall be based on the prevention rather than the detection of defects. Risks or defects must be identified at an early stage by using failure prevention and analysis methods and appropriate failure prevention actions shall be taken immediately.

2. Sub-suppliers

If SUPPLIER sources production or testing equipment, software, services, raw materials, or other pre-deliveries from third parties for the production or quality assurance of the contractual products, then SUPPLIER shall incorporate them contractually in its quality management system or shall guarantee the quality of the pre-deliveries himself. Where required for the quality of the contractual product, sub-suppliers must operate a certified management system that meets, as a minimum, the requirements of ISO 9001. SUPPLIER shall target a further improvement of the said quality management system.

SUPPLIER undertakes to avail himself only of sub-suppliers whose delivery capability and delivery quality (including compliance with the BASF Code of Conduct) he has sufficiently checked and found to be convincing. Wherever possible, he is required to involve only those sub-suppliers who are certified by an acknowledged certification agency. If we request him to do so, SUPPLIER shall seek our approval before involving any sub-suppliers.

SUPPLIER undertakes to operate an emergency management and here also an inventory, capacity and backorder management as well as risk analyses of sub-suppliers or suppliers of pre-deliveries to be able to meet the obligations entered into. If we request him to do so, SUPPLIER shall disclose these documents to us.

3. Records and Retention of Documented Information

SUPPLIER shall keep records about the implementation of the above-mentioned quality assurance measures, especially about measured values, test results and production methods. SUPPLIER shall treat as confidential any information, documents, etc. provided by us or our customers and use them solely for the purposes of these provisions. Disclosure of documents to third parties is not permitted. Such disclosure shall require our written consent.

SUPPLIER shall keep such records, documents, information, etc. (collectively "records") in a structured manner and for a period of 30 years starting with the development or manufacture of the respective contractual product. SUPPLIER will allow us to inspect these documents – where required – and hand out copies of the records as well as any samples. Records shall be destroyed after expiry of the retention period.

4. Obligation to Provide Evidence and to Inform

4.1

SUPPLIER shall allow us to check the implementation of the described quality assurance measures by way of, at our discretion, an audit or an inspection of the most recent internal audit reports. For this purpose, SUPPLIER will grant us and/or our commissioned agent or CUSTOMER or public authorities, access to his business premises in a reasonable scope and by prior appointment, and designate a technically qualified employee to support us during such an audit and give us access to any relevant documents, as required. The same shall apply, mutatis mutandis, for sub-suppliers of the SUPPLIER.

SUPPLIER shall ensure across the entire manufacturing process that only contractual products are delivered to us which are fully in line with the specifications and other technical documents as well as the functionality agreed upon for the contractual product. Should it become apparent that agreements reached (e.g. with regard to quality features, deadlines, quantities) cannot be adhered to, SUPPLIER undertakes to inform us without delay while disclosing the data and facts relating to this process. SUPPLIER may only source from suppliers approved by us and/or supply products that have been released by us. To guarantee a consistent quality, any modifications will require a first article inspection and release by us as defined in Art. 4.2 below.

4.2

In the event that SUPPLIER plans to introduce or proceed to one of the following in relation to the contractual products

- a. a modification of the production process,
- b. changes of raw materials and packaging,
- c. a relocation of the production site,
- d. changes of processes or facilities for testing the contractual products, or
- e. modifications of other quality assurance measures,

then SUPPLIER shall submit timely information in writing by way of a First Article Inspection Report so that we can check by means of a product release procedure whether the measures planned by SUPPLIER will have a negative impact on quality and whether an approval of the change can be granted. The report shall include, as a minimum requirement, a test report with a Planned/Actual comparison of all quality characteristics, an entry in the IMDS (International Material Data System) and a Safety Data Sheet as per 91/155 EEC.

4.3

SUPPLIER undertakes to perform a delivery capability analysis and to present it to us upon request. By confirming our purchase order, or by processing it, SUPPLIER confirms that he will perform a delivery capability analysis. The delivery capability analysis serves to demonstrate that the contractual product can be manufactured in line with the specification under production conditions. Moreover, it provides a statement about whether SUPPLIER's capabilities allow for delivery of the planned quantities and whether the specified deadlines can be met.

4.4

Should SUPPLIER notice an increase in discrepancies between the actual and planned condition of the contractual products (serious quality failures), he shall perform a root cause analysis and promptly inform us in writing about the planned corrective actions derived. The 8D method shall be used for passing this information to us. Upon request, an 8D report shall be presented.

4.5

By way of marking and consistent traceability of the contractual products, SUPPLIER guarantees that, in the event of a defect on contractual products, it can be determined without delay which other contractual products might be affected. SUPPLIER shall inform us about his marking system or his other measures in such a way that we can

draw our own conclusions. The 8D method shall be used for passing this information to us. Upon request, an 8D report shall be presented.

5. Sampling

SUPPLIER shall present raw materials samples to us for release under production conditions on the basis of the applicable specification.

Sampling shall be required in the following cases:

- a. New contractual product
- b. Modifications relating to material/ingredients, packaging
- c. Changes relating to the manufacturing process
- d. Involvement of new sub-suppliers / contract workers
- e. Relocation of the production sites
- f. Following a delivery ban due to massive quality problems
- g. Changes relating to processes or facilities for examination of the contractual products
- h. New source of supply

Samples will be ordered by our procurement department. Before that, SUPPLIER shall send the requested documents.

6. Product Manufacturing and Product Release Process

SUPPLIER undertakes to use FMEAs or other suitable methods for the early identification of risks and the avoidance of defects in contractual products and processes. These shall be continually updated. SUPPLIER shall incorporate product characteristics and process parameters identified as being critical into his control plan and mark them accordingly.

Should any process malfunctions or quality variances occur, the causes shall be analyzed, and improvement activities shall be initiated without delay and checked for their effectiveness. Contractual products stemming from the affected process and from subsequent processes shall be examined. In this context, meaningful and plausible problem solution techniques developed with the 8D methodology shall be used. SUPPLIER shall also promptly inform us in writing about any subsequently identified deviations regarding contractual products yet to be delivered or already delivered.

SUPPLIER's contractual products for the customer's production process are as a rule released after checking compliance with the specified parameters and subjecting a test sample from the laboratory or from production to application tests at the customer's premises or on our premises. It is therefore purposeful to use a process that is adapted to the customer's individual needs. In the event that the specified values are not attained, SUPPLIER shall inform us in advance about such non-conformity and ask for an approval. Shipping of off-spec products is only possible after receiving a special release from us.

7. Batch Test

SUPPLIER shall test each batch and check it for full compliance with the specified parameters listed in the inspection plan, and evidence this by way of a certificate.

8. Measuring and Test Equipment

SUPPLIER shall be responsible for using adequate measuring and test equipment. All measuring and test equipment shall be released by way of an inspection equipment monitoring system; it must be possible to demonstrate the capability of test equipment by way of a measurement systems analysis. Test equipment monitoring and its organizational control shall as a rule be performed by means of an adequate system. Furthermore, SUPPLIER shall plan the procurement of new or modified measurement equipment and facilities in such a way that a timely delivery of contractual products that meet the agreed specifications is guaranteed. SUPPLIER shall make sure, by way of a maintenance plan, that its production facilities are in a condition that allows for the on-spec and on-time manufacture of contractual products.

9. Delivery / Supplier Qualification

SUPPLIER shall meet the agreed delivery dates at 100 %. We provide the specifications. SUPPLIER undertakes to promptly check the documents / information provided for completeness and flawlessness. SUPPLIER shall promptly notify us of any incomplete or flawed documents / information.

SUPPLIER shall document any costs for additional freight and notify us about this. Batch-related test certificates shall be archived by SUPPLIER. Acceptance certificates must be submitted within one business day. Test certificates shall be enclosed with the shipping documents.

In the event of defective deliveries, SUPPLIER shall promptly take action to limit the damage and permanently stop the defect from recurring. Claims shall as a minimum requirement be processed according to the 8-D methodology using an 8-D report.

Packaging of the contractual products shall be as defined by the statutory regulations. SUPPLIER shall ensure consistent product quality for the packaging. The delivered products and/or the shipping documents must include information about the production date, the best before date and the storage conditions. SUPPLIER shall be responsible for checking / complying with any requirements regarding cleanliness. The same shall apply mutatis mutandis for the packaging materials (returnable containers, e.g. wire mesh boxes, etc.). SUPPLIER shall check returnable containers for proper condition at regular intervals.

We reserve the right to perform an evaluation and classification of SUPPLIER based on the product and process assessment methods defined by us. Such evaluation and classification is done irrespective of SUPPLIER's level of certification. To conclude a delivery contract, SUPPLIER must have achieved the status "approved supplier". Should SUPPLIER not achieve this status, he shall be under an obligation to implement improvement and/or corrective actions which ensure that SUPPLIER will reach this status within a period of 3 months. We conduct performance assessments of our suppliers at regular intervals based on a process-oriented rating system.

10. Insurance

SUPPLIER warrants that (a) he has taken out insurance coverage to the extent customary in industry (in particular through a comprehensive liability insurance and a recall insurance), (b) the respective insurance coverage complies with the usual industry standard, (c) he has taken out insurance with renowned major insurance companies and that (d) he can evidence the required insurance cover at any time (for example by presenting a comprehensive insurance certificate).

11. Additional Requirements

SUPPLIER shall ensure, by means of adequate training and education, that his employees are qualified to perform their respective tasks and keep their knowledge and competence levels up to date and/or develop them further; in particular, the employees may have to be trained separately with regard to the respective manufacturing process for the product manufactured by us (with the aim of achieving flawless product quality). The same shall also apply for any staff hired on a temporal basis. Training shall be based on a training program that also includes training for the managers and shall also cover the importance of ethical standards.

In the event of troubles or events that may affect the product quality, delivery date, delivery volume, etc., such circumstance shall be promptly notified to us. In this context, SUPPLIER shall designate a qualified contact who is fully available to answer our questions.

12. Miscellaneous Provisions

SUPPLIER warrants that the contractual products fully comply with the agreed specifications and the agreed quality requirements.

Should an invention ensue from collaboration with SUPPLIER for which patent or industrial property rights can be applied for, SUPPLIER shall promptly – and in any event before a possible application – inform us of such circumstance in writing. In line with the agreement concluded between us and SUPPLIER, SUPPLIER shall share with us such invention for which patent or industrial property rights can be applied for. Where appropriate, we will conclude a separate cooperation agreement with SUPPLIER.

Both SUPPLIER and we ourselves are under an obligation to treat any business proprietary information of the respective other party as strictly confidential, not to disclose it to third parties and use it only within the framework of the present contractual provisions. Where necessary, we will conclude a separate nondisclosure agreement with SUPPLIER.

SUPPLIER warrants that it complies with all applicable laws and regulations (in particular those relating to occupational safety and machine safety, chemicals and hazardous substances law as well as environmental protection) for the manufacture of the contractual products and/or the rendering of services. All parts and substances used for the manufacture and supply of the contractual product shall comply with the statutory regulations applicable in the country of manufacture or in the country of contractual performance.

Over and beyond this, all substances and substance groups pursuant to VDA 232-101 “List of Substances Subject to Mandatory Declaration” shall be mentioned in the initial sample test report if they are present in the products, or if they can be released. With reference to the “End

of Life Vehicle” Directive of the European Union (EU), SUPPLIER further undertakes to enter all substances and substance groups in the IMDS database.

SUPPLIER shall, in particular, observe restrictions regarding the production, processing and use of certain substances, such as RoHS (EU Directive: Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment), ELV (EU Directive “End of Life Vehicle Directive) as well as the respective transposition into national law.

SUPPLIER acknowledges that violations of applicable laws and regulations result in a “defect” on the contractual products supplied/services rendered. SUPPLIER shall hold us harmless upon first request from any and all claims, costs or damages (hereinafter collectively “expense”) arising directly or indirectly from, or in relation to, such violation on the part of SUPPLIER.

In our role as manufacturer of products and for the purposes of the REACH regulations, we are a so-called “Downstream User”. SUPPLIER warrants that all REACH regulations that have to be observed in order for us to be able to process, market or sell contractual products in the EU, are complied with. SELLER acknowledges that violations of the REACH regulations result in a “defect” on the contractual product. SUPPLIER shall hold us harmless upon first request from any and all expenses arising directly or indirectly from, or in relation to, such violation on the part of SUPPLIER.

13. Effectiveness

These quality assurance requirements apply for all procurement processes.

SUPPLIER acknowledges these conditions as being binding upon receipt of the purchase order and/or upon delivery of contractual products to us, at the latest. Regulations deviating from these provisions shall only be binding on us if we have acknowledged them in writing.

14. Referenced Documents

Moreover, SUPPLIER shall also observe the following documents, records and policies:

- Our General Terms and Conditions of Purchase as amended (for the latest version of the GTT of Purchase , please refer to “www.chemetall.com”). SUPPLIER hereby accepts these General Terms and Conditions of Purchase as being binding for each purchase order. Deviating provisions shall only be applicable if they have been accepted by us in writing. In the event of discrepancies between our General Terms and Conditions of Purchase and the present Quality Assurance Agreement, the Quality Assurance Agreement shall take precedence.
- BASF Code of Conduct (for the latest version of the BASF Code of Conduct, please refer to “www. BASF.com”).

15. General Provisions

15.1

Any disputes arising out of or in relation to the present provisions shall be resolved amicably wherever possible. If such amicable resolution cannot be reached within a

period of three months starting from the written notification by SUPPLIER or by us that a dispute exists, each of the parties may take legal action. The place of jurisdiction shall be Frankfurt am Main.

15.2

For disputes arising out of or in relation to the present provisions the German law shall apply, to the exclusion of International Private Law. The provisions of the CISG (United Nations Convention on Contracts for the International Sale of Goods) shall not apply.

15.3

Amendments and supplements to the present provisions shall be laid down in writing. The same shall also apply to the revocation of this provision.

15.4

Should individual provisions of this agreement be or become ineffective or in the event of gaps in these provisions, this shall not affect the effectiveness of the remaining provisions. In lieu of such ineffective condition that condition shall be deemed to have been agreed which comes closest to the economic and legal meaning and purpose of the ineffective provision. In case of gaps such clause shall be deemed to have been accepted which equates to what would have been agreed according to the commercial and legal meaning and purpose of this agreement if the matter had been considered from the outset.

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