

between:

**IMS Connector Systems GmbH**, Obere Hauptstr. 30, 79843 Löffingen  
that acts in the name of its daughter companies according to **Appendix 1**  
*(called consequently apart and collectively "IMS-CS")*

and

**Name:** ,

**Address:** .

*(called consequently "supplier")*

#### **Preamble**

This quality agreement is the contractual agreement between IMS CS and its supplier about the technical and organizational frame conditions and processes that are essential to achieve the aimed quality targets. Aim of the present agreement is to assure the aimed quality at high safety and minimal costs, whereas the aimed target is the zero-failure.

The productive- and quality efficiency of our suppliers and partners is indispensable for a mutual business success.

## **1 Scope and Legal Basis of the Contract**

(1.1) This agreement is the part of every order that is issued to the supplier by IMS CS under the duration of this agreement. The applicable purchasing conditions of IMS CS apply complementary. The supplier's general trade conditions are not acknowledged.

(1.2) Further product specific agreements (such as PPM-agreement) can apply complementary.

## **2 Quality Requirements applicable to the Supplier**

(2.1) The supplier meets a certificated quality management system according to EN ISO 9001 or a comparable system. The objects of the contract have to be settled and checked according to the mentioned system.

(2.2) The supplier is bound to the zero-failure aim and has to optimize his actions towards it continuously. The supplier presents the actual certificate to IMS-CS in Löffingen unrequested. In case of intermission of the certificate's validity IMS CS has to be informed without delay.

(2.3) If the supplier obtains investment goods, checking tools, software, services, material and other deliveries from sub-suppliers for the production, than these has to be incorporated contractually in the supplier's quality management system or he has to assure the quality of his deliveries.

(2.4) After advance renouncement IMS CS has the right to see (audit) the supplier's manufacturing plants and to assure himself about the efficiency of the supplier's quality management system. The supplier will take care of the right for every IMS-CS company to be able to visit also his sub-suppliers after the conclusion of a common confidential agreement.

## **3 Orders and Deliveries**

(3.1) The supplier will receive orders from IMS-CS in Löffingen as well as from its daughter companies. If not indicated else in the particular order, the delivery address is the domicile of the company that issued the order. The ordering IMS-CS company is the contractual partner of the supplier.

## **4 Packaging**

(4.1) The supplier delivers the products in appropriate means of transportation, approved by IMS-CS if necessary, in order to avoid damaging and quality impairment. The supplier is responsible for damaging, loss or staining due to inadequate packaging.

## **5 Product quality**

(5.1) The products have to correspond to the prescriptions, e.g. specifications, data sheets and drawings as well as delivery directives, quality- and test specifications, standards and statutory and governmental provisions of the orderer's country and - insofar conveyed by IMS-CS - the user country of the end product.

(5.2) The supplier checks, whether the specifications of IMS-CS are incorrect, ambiguous, imperfect or deviant from the sample. If the supplier realizes such a case he will inform IMS-CS in written form immediately and suggest proper improvement steps.

(5.3) Further product specific requirements will be defined in the supplier's quality planning (SQP) and/or in further product specific quality agreements.

(5.4) Supplier agrees to adhere to the guidelines RoHS 2002/95/EG and RoHS 2002/96/EG as well as to the directive REACH (EG) Nr. 1097/2006, as well as to the respective applying statutory provisions.

(5.5) Series deliveries can generally be accepted first after the written approval of IMS-CS.

(5.6) The supplier attaches - if required by IMS-CS - to every delivery a signed COC (Certificate of Conformance), which confirms that the objects of agreement meet the specification. Following designations have to be included in the COC additionally: IMS-CS drawing number, revision index of the IMS-CS drawing, charge number of supplier, piece number und delivery note number of supplier. Test results and confirmations of the COC has to be attached or forwarded in electronic form as accompanying document if requested.

(5.7) In case the ordered parts have to be galvanized, the supplier has to take the prescriptions of electroplating listed in Appendix 3 into consideration.

## **6 The Supplier's Obligation to Provide Documents and other Information**

(6.1) The supplier will keep records about the implementation of all the contractual quality management actions, with a particular focus on measuring values and test results. He will allow inspection every IMS-CS company to the necessary extent and hand out copies and records as well as possible samples. Documentations and records concerning quality as well as results of tests and possible samples have to be preserved for 5 years after production. For automotive parts (signed with the icon of an automobile as such) applies a retention requirement of 15 years after product phaseout.

(6.2) The supplier guarantees that he presents SPC-evidence about the features agreed in the control plan - if IMS-CS requires it - within 24 hours.

(6.3) Modifications of the product, of the manufacturing process or the organization of the management system (e.g. changing the place of production or a part of it) need the written consent of IMS-CS. In case of changes IMS-CS can require a new supplier quality planning (SQP) as well as a new audit.

(6.4) If the supplier realizes deviations of the products' current state from the target state (deterioration of quality), he has to inform IMS-CS about this and the planned corrective actions immediately.

(6.5) The supplier guarantees a charge splitting according to the First-in-First-out principle.

## **7 Quality Goals**

(7.1) Specific Characteristics

(7.2) Balloon (□): Minimal requirement for the supplier's outgoing control. Documents of conformity have to be forwarded by request to IMS-CS.

(7.3) White diamond (◇): Confirmation of process capability has to be generated. A similar product's confirmation of capability can be adapted after agreement with IMS-CS.

(7.4) Black diamond (◆): Confirmation of process capability has to be generated. The dimension has to be watched additionally in the series production with SPC. The procedure is based on applicable statistical method (see also description SQP).

(7.5) Capability is achieved if:

Description	Short Term Capability	Temporary Process Capability	Long Term Capability
Short Sign	STC	TPC	LTC
Target Value	$\geq 1,67$	$\geq 1,67$	$\geq 1,33$
Target Value Automotive	$\geq 2,0$	$\geq 1,67$	$\geq 1,67$

In case the identified capability values are under the above listed target values, corrective actions have to be initiated. Until the verification of the corrective actions the feature has to be put under 100% control, the feature has to be signed with –"quality problem- 100% control".

In case the capability values are below the target values and the supplier has not carried out a traceable 100%-control, IMS-CS can return the whole shipment at the supplier's expense.

(7.6) For the first treaty year the supplier and IMS -CS agrees upon a maximum ppm-rate of 100ppm for each part in the contract. Beyond that the supplier strives for an annual improvement of ppm-rate about 10%. Differing ppm targets can be defined in the product specific requirements. In case the part specific ppm-rate goes beyond the agreed values the supplier obligates himself to pay for the emerging costs of necessary sorting at IMS-CS.

(7.7) IMS-CS evaluates the suppliers at regular intervals. The aim of IMS-CS is to cooperate exclusively with suppliers graded with category "A". The supplier introduces actions for continuous improvement in order to improve within the category "A" as well.

## 8 Complaints and Actions

(8.1) The supplier is informed in written form about nonconformity immediately if deviations from the agreed product features are realized by checkups, assembling problems, customer complaints or other investigations. He implements right after the first information actions for quick analysis and correction. In the case of the delivery's blocking the supplier takes charge for the localization of the work in progress.

(8.2) At the latest **1 workday** after the receipt of information (photo, description of failure) acknowledgement of receipt has to be sent to IMS-CS. The supplier generates to every nonconformity report an 8-D-Report. In special cases IMS-CS expects a returning 8-D-Report within 24 hours.

(8.3) At the latest **10 workdays** after the receipt of sample parts a complete 8-D-Report has to arrive at IMS-CS. In case the supplier cannot deliver a complete 8-D-Report within the agreed period, he has to notify this in a well-founded interim report. A date has to be defined in this interim report that refers to the deadline of the complete 8-D-Report (or the next interim report) as well. The period between 2 interim reports can be maximally 10 workdays long.

(8.4) Every product has to be checked 100 percently regarding the emerged problem until the verification of the introduced permanent corrective actions that has to be marked clearly visible at the delivery with "quality problem - 100% control".

(8.5) The supplier obligates himself to deliver compensation free of charge immediately. False goods will be returned at the supplier's expense.

(8.6) In case the compensation delivery is impossible due to temporal causes and a sorting action is necessary, IMS-CS decides after consultation with the supplier whether the sorting action be

carried out by IMS-CS personal, by the supplier or by an external undertaker. These sorting actions can take place by IMS-CS as well as by our end customer.

(8.7) The supplier bears the incurred expenses in every case, provided these occurred on the basis of deficiencies that are to be answered for by the supplier or his sub-contractor.

## **9 Incoming Control by IMS-CS**

(9.1) IMS will check right after the arrival of products whether they meet the ordered amount and type, and whether they carry externally identifiable transit defects or externally identifiable faults. Henceforth vendor parts are handled as STS (Ship-to-Stock) parts. The supplier keeps appropriate end controllings in order to meet the agreed targets. For this reason the supplier together with IMS-CS Incoming Control notice according to HGB § 377 (German commercial code) that he waives of objections concerning delayed notifications of defects.

(9.2) IMS-CS reserves the right to carry out quality checkups for statistical aims.

(9.3) In case IMS-CS realizes a defect or failure during the above mentioned checkups, IMS-CS will report this to the supplier immediately. In case IMS-CS realizes a defect or failure at a later point, IMS-CS will report this to the supplier immediately as well.

## **10 Liability**

(10.1) In case unexpected checkups or other expenditures are required due to error detection, imperfect designations on delivery notes, wrong deliveries, the hereby emerging charges are put at the supplier's expense.

(10.2) If the agreed QM-actions of the present QMA or the part specific agreements (e.g. from SQP-1, SQP-2 or SQP-3) are not fulfilled and therefore a delivery or processing of false products takes place, whereby additional costs or cancellation expenses arise in the field of production or logistics, IMS-CS reserves recourse right.

(10.3) Because IMS-CS has to contract very long-run warranty periods towards his customers, the supplier warrants IMS-CS for his delivered products a warranty period of 36 months from the delivery date.

(10.4) The supplier is ready to bear the expenses resulted by his products' failures as far as he or his sub-supplier are accountable for the failure. This involves the costs of a product recall as well.

(10.5) The supplier is obligated to contract a comprehensive general liability insurance with extended products liability in order to cover the liability risk. This has to include a products recall insurance. The minimum cover per case of loss is 5 millions of Euros.

(10.6) In case of a short insurance cover or an inadequate insurance benefit the supplier's liability for damages towards IMS-CS remains unchanged to the full extent.

## **11 Confidentiality**

(11.1) The contractual partners assure each other that information and knowledge that are purchased from each other are treated confidentially and not made accessible for a third person or used for another purpose without the written approval of the partner. This obligation extends to all of the plant- and trade secrets that are shared within an audit or that are conveyed to the partner within such an audit ulteriorly. The partners are responsible towards each other that all of their colleagues - to the extent this knowledge about data and information attainable is - accept responsibility concerning confidentiality as well.

(11.2) In case one of the contracting partners realizes that a confidential information was taken in possession by a third party or a confidential document got lost, he will inform the other partner about this immediately.

(11.3) The obligation to confidence applies also after the ending of present contract for the duration of 5 years.

## **12 Quality Assurance Representative**

(12.1) The supplier denominates a quality assurance representative to IMS-CS that is responsible for the realization of quality assurance coordination and has to make or mediate the related decisions. The replacement of the representative has to be reported in written form immediately.

(12.2) **Name:**

Function

Phone

e-mail

## **13 Term and Termination of the Agreement**

(13.1) Present Agreement comes into force after signing by both contractual partners and is disposed for indefinite period. It can be cancelled by both contractual partners within a deadline of 6 months before the end of the year. With the appearance of present issue all the preceding issues loose their validity.

(13.2) The right to terminate without notice for significant reason is not discussed here. A significant reason exists especially if:

(13.3) - the other party violates essential assignments of this contract or an order repeatedly, insofar as this violation will not or cannot be corrected within 30 days after adequate request;

(13.4) - an essential alteration takes place in the field of the holder or the business management of the other party or one of the companies controlled by him unless the issues of the other party is not menaced thereof; in every case the other party should be informed about alterations immediately;

(13.5) the other party is illiquid or is menaced to become illiquid, especially in case of requesting a bankruptcy filing or similar claims.

(13.6) The cancellation should be sent in written form in a certified mail with delivery confirmation.

## **14 Applicable Law; Jurisdiction**

(14.1) To the contractual partners' business relationship applies German law.

(14.2) The place of jurisdiction is the business location of IMS-CS. However, IMS-CS is also authorized to take action both at the business location of the supplier and at the court of Freiburg im Breisgau.

(14.3) As long as no actions are taken, both of the contracting partners are free to go to arbitration court. About all disputes that concern the contract or its validity is decided definitely according to the rules of the German Institution for Arbitration (DIS - Deutschen Institution für Schiedsgerichtsbarkeit) under the exclusion of ordinary legal recourse. The place of arbitration process is Freiburg im Breisgau. The number of arbitrators is three. The language of the hearing is German.

## 15 Final Provisions

(15.1) Alterations and amendments of this agreement claim written form. The same applies to this regulation of written form. The forwarding per telefax, e-mail or EDI conforms the written form. Insofar as agreements of quality assurance are concerned, alteration or amendment needs the written confirmation of the central quality management's responsible at IMS-CS, Sopron.

(15.2) In case individual assignments of this contract were totally or partially effectless, so the effectivity of other assignments are not affected thereof. The parties will agree upon a new assignment whose economical results reach to the target of the ineffective assignment as near as possible. Same applies to the case if a gap arises that requires amendments.

(15.3) Following appendices are essential parts of this agreement:

**Appendix 1:** List of IMS-CS daughter companies

**Appendix 2:** Purchasing Conditions of IMS-CS, (Homepage)

**Appendix 3:** RL-CS-06 Prescriptions of electro-plating, (Homepage)

**Appendix 4:** RL-CS-06 Prescriptions of electro-plating, (Homepage)

(15.4) Appendices that are not added to this contract are accessible on our homepage <http://www.imscs.com/supplierinformation.html>. Insofar the supplier is obligated to assure himself that he possesses the actual version and that during processing of an order this version forms a basis of information.

IMS Connector Systems, 79843 Löffingen

Supplier accepts the contract  **with Appendix**  **without Appendix**

Purchaser

Supplier

Place, Date

Place, Date

Signature, Function, Stamp

Signature, Function, Stamp

**Appendix 1 to overall Quality Agreement (QA)**

**List of Business Companies onto which the above mentioned QA applies:**

Fa. IMS CONNECTOR SYSTEMS GmbH, Obere Hauptstraße. 30  
D-79843 Löffingen, Deutschland

Fa. IMS CONNECTOR SYSTEMS Kft., Ipar Krt. 27.  
H-9400 Sopron, Hungary

Fa. IMS Connector Systems Ltd., No.35 Huoju Road, Suzhou New District,  
Suzhou 215009, China

Please enter here change requests:

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\* Type options:  
A=Agree and amended  
B=Changed  
C=Deleted