

QUALITY AGREEMENT FOR SUPPLIERS

This Quality Agreement is concluded between:

EVVA Sicherheitstechnologie GmbH

Wienerbergstraße 59-65
A-1120, Vienna, Austria,

acting on behalf of its affiliated and associated companies, hereinafter jointly referred to as 'EVVA Sicherheitstechnologie'

and

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acting on behalf of its affiliated and associated companies, hereinafter jointly referred to as 'Supplier'.

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1 PREAMBLE

EVVA Sicherheitstechnologie is one of Europe's leading manufacturers of mechanical and electronic access systems.

This Quality Agreement establishes the framework for technical and organisational conditions and processes which are applied by EVVA Sicherheitstechnologie and the Supplier, which are necessary to achieve a jointly desired quality goal. The purpose is to define the elements of the quality system, the working relationships and the feedback system between EVVA Sicherheitstechnologie and the Supplier in regard to the products to be procured by EVVA Sicherheitstechnologie from the Supplier. In addition, the Quality Agreement specifies the basic elements that are necessary and desirable for continuous improvement of product conformity and to provide reliable services.

The Supplier must establish the technical and organisational requirements to produce and deliver products in fault-free quality.

2 AREA OF VALIDITY, SUBJECT OF THE AGREEMENT

This Agreement applies together with all agreements concluded between EVVA Sicherheitstechnologie and the Supplier, including technical documents (e.g. drawings - included dimensions, tolerances and material characteristics, as well as test specifications, including intervals), as well as the EVVA – General Terms and Conditions. This Quality Agreement applies for all parts or assemblies delivered by the Supplier to EVVA Sicherheitstechnologie.

The parties must agree on the product specification and test specification before EVVA Sicherheitstechnologie procures parts. The Supplier is responsible for ensuring that every part delivered to EVVA Sicherheitstechnologie fulfils the requirements of the specification.

Should conflicting requirements arise, the documents are ranked according to the following priority:

- a) Technical documentation (drawings, test specifications)
- b) Purchase contract or delivery contract
- c) the objective quality agreement
- d) EVVA – General Terms and Conditions
- e) other international documents to which reference is made, such as national standards

3 ZERO-ERROR STRATEGY

With the purchase/delivery contract, the Supplier assumes the obligation towards EVVA Sicherheitstechnologie to take the necessary steps according to the state of the art of technology to ensure that their deliveries are free from errors. The goal must be a 'zero-error strategy'. Insofar as the zero-error strategy is temporarily unachievable, the Supplier shall recommend temporarily upper limits for error rates

and measures as interim goals and consult with EVVA Sicherheitstechnologie. The parties shall actively collaborate to investigate the causes of defects and implement measures for rectification. They shall also collaborate to determine preventative measures and to support each other in order to utilise opportunities for quality improvements from which both benefit.

The Supplier is fully responsible for observance of this Agreement and for the quality of the products delivered by them to EVVA Sicherheitstechnologie according to the characteristics specified in the respective purchase/delivery contract, the technical documentation or other characteristics agreed upon with EVVA Sicherheitstechnologie.

4 MUTUAL ACCESS, INSPECTION AND CONFIDENTIALITY

The supplier shall grant EVVA Sicherheitstechnologie representatives access to their production and distribution facilities for the purpose of inspection to determine whether the Supplier fulfils their obligations and activities for the purpose of this Agreement. EVVA Sicherheitstechnologie shall grant the Supplier's representatives access to its production facilities in order to monitor the handling and processing of the product of the Supplier. In both cases, these visits are subject to the conventions of politeness with prior notification and agreement. In other words, audits and visits should be announced at least two (2) weeks in advance. The parties agree to maintain strict confidentiality and to refrain from using information obtained during an audit, visit or meetings with the other party for its own purposes or disclosing such information to third parties, insofar as nothing different was agreed upon between the Supplier and EVVA Sicherheitstechnologie. Should quality problems arise, the Supplier shall arrange for the possibility that EVVA Sicherheitstechnologie conducting an audit in the facilities of their subcontractor.

The Supplier shall be notified of the result of the audit. If deviations are found, the Supplier is obligated to coordinate a plan of action with EVVA Sicherheitstechnologie and implement said plan with a defined schedule and keep EVVA Sicherheitstechnologie informed about this.

5 QUALITY MANAGEMENT OF THE SUPPLIER

5.1 System

The Supplier is obligated to introduce and maintain a quality management system in accordance with ISO 9001 (or stricter requirements) with the obligation of continuous improvement of their services. This system assures that suitable processes are in place, which guarantee conformity with the requirements of the product-specific quality agreement. In addition, the system assures prevention and early discovery of deviations and the expedient elimination and corrective and preventive measures.

Production, testing and/or packaging materials that EVVA Sicherheitstechnologie provides to the Supplier must be incorporated into the quality management system.

If the Supplier is not certified in accordance with ISO 9001, appropriate special agreements must be reached.

5.2 Development

The following provisions are valid for suppliers providing development activities for EVVA Sicherheitstechnologie. The Supplier has a development control process that corresponds at least to the requirements of ISO 9001.

The Supplier must review all technical documentation, such as drawings, test specifications, etc. after achievement of the feasibility in the course of the contractual review: the Supplier must inform EVVA Sicherheitstechnologie of defects and drawings immediately. During the development phase, the Supplier applies suitable preventive measures of quality planning (e.g. producibility analysis, FMEA reliability studies, etc.). The Supplier shall coordinate the production and testing conditions for prototypes and pre-series parts with EVVA Sicherheitstechnologie and document them. The Supplier submits verifications over a plan for continuous improvement of the quality system at the request of EVVA Sicherheitstechnologie.

5.3 Process – Procedure for approval of products and the production process

The Supplier has a documented process description. The description assures that the parts are developed, produced and distributed in a manner that they fulfil the requirements of the product specification and the product-specific quality agreement. Before the beginning of the first series delivery, the Supplier must carry out a product and production approval process, if nothing different has been agreed upon. Agreed verifications of the suitability and capability must be provided. In case of process faults and deviations in quality, the Supplier analyses the causes, initiates improvement measures and checks the effectiveness.

The Supplier submits initial samples of the product produced under serial conditions in the agreed scope and on schedule before the assumption of serial production. Serial production must commence after approval by EVVA Sicherheitstechnologie.

5.4 Product qualification

The Supplier and EVVA Sicherheitstechnologie agree to a joint qualification programme in good time before the deliveries. The products must correspond to the agreed or assured characteristics (e.g. specifications, data sheets, drawings, samples). The Supplier shall check immediately whether a description provided by EVVA Sicherheitstechnologie (e.g. specification, specifications sheet, data sheets, drawings) are obviously faulty, unclear, incomplete or obviously deviate from a possible sample. If the Supplier recognises that this is the case, they will immediately notify EVVA Sicherheitstechnologie in writing before commencing with the production process or providing the service.

After qualification, the Supplier will not introduce any changes to the product and/or significant changes to the production process without timely prior notification of EVVA Sicherheitstechnologie, see Clause 11

(“Change control”). EVVA Sicherheitstechnologie reserves the right to reject deliveries and is entitled to restart the qualification process if it has been substantiated that products do not fulfil the requirements.

6 QUALITY MANAGEMENT SYSTEM OF THE SUBCONTRACTOR

If the Supplier receives upstream deliveries from subcontractors for the production or quality assurance of the products, the Supplier will include said subcontractors in their quality management system or assure the quality of the upstream delivery with suitable measures.

The Supplier obligates their subcontractors – based on ISO 9001 - to introduce and maintain a quality management system for the subcontractors for the zero-error objective and continuous improvement of their performances.

7 DOCUMENTATION AND RETENTION PERIODS

All quality assurance measures of the “quality management system” must be documented in a corresponding manual and, if applicable in supplemental, company-internal quality assurance requirements and instructions. The audits conducted by the Supplier must be documented appropriately. The corresponding reports and the specified remedial actions must be retained by the Supplier for at least ten years.

Records and developmental analyses, such as product design, quality, production technology and environmental conformity must be retained for at least 2 years. Information about safety products must be retained for a period of 11 years. The records must be submitted to EVVA Sicherheitstechnologie on request or periodically, as specified in the annex for the product quality (if applicable).

8 SAFETY AND ENVIRONMENTAL REQUIREMENTS

Safety products are defined as products for which safety certifications are required by one or multiple certification institutions, such as BSI, VDI, Femko/Demko/Nemko/Semko, UL, CSA, etc. The Supplier is responsible for the acquisition and handover of these certifications to EVVA Sicherheitstechnologie.

The Supplier is obligated to comply with all statutory regulations for the environment, health and occupational safety; in particular, they are obligated to fulfil the requirements of RoHS EC Directives 2002/95/EC and the REACH Regulation (EC) No. 1907/2006 in their respective valid versions.

Safety defects are considered critical defects. Each product is subject to an inspection for critical defects during the production process of the Supplier. The Supplier notifies EVVA Sicherheitstechnologie immediately upon discovery of a product with critical defects and if there is a risk that products with critical defects were delivered to EVVA Sicherheitstechnologie. Then a joint plan of action is initiated. If EVVA Sicherheitstechnologie identifies a safety defect, it notifies the Supplier and a joint plan of action is initiated.

9 STRUCTURAL SIMILARITY

The number of tests should be reduced with processes of structural similarity that must be implemented for purposes of quality assessment. The test for a type of group can be implemented for a test which is applicable for a product group and the results are considered as representative for all types, if the general and special criteria for structural similarity are fulfilled. The definition of these criteria is based on the principle that conformity and reliability that were checked on the representative type for which corresponding types produce at least the same conformity and reliability. The definition must take place jointly with the Supplier.

10 APPLICATION VALIDATION

EVVA Sicherheitstechnologie can require the Supplier to validate the application of a production on the product, on the assembly or on the assembly kit of EVVA Sicherheitstechnologie. The ultimate responsibility for the use of the product of the supplier in a product, an assembly or an assembly kit of EVVA Sicherheitstechnologie always remains with EVVA Sicherheitstechnologie.

11 CHANGE CONTROL

The Supplier notifies EVVA Sicherheitstechnologie in good time about the intended changes,

- changes to product design
- significant changes to the production technology, such as tools (new, repairs), processes, methods, materials, tests
- changes to the quality assurance system
- changes to the packaging and packaging methods for the products
- relocation of the production to a production location that has not been qualified
- change of subcontractors,

so that EVVA Sicherheitstechnologie can check whether the planned changes can be detrimental. Notification includes accompanying information that demonstrates the reason for the change and information that substantiates that the product still fulfils the requirements of the product specification and the product-specific quality agreement. A representative of EVVA Sicherheitstechnologie will notify the contact partners in accordance with the overview. The Supplier can include a request for an opinion with the notification until a specific date. If an opinion has not been received before this date, it shall be considered as a rejection of the proposed change on the part of EVVA Sicherheitstechnologie. EVVA Sicherheitstechnologie can request additional time for evaluation of the change. If the Supplier intends to change the agreed product specification, EVVA Sicherheitstechnologie will be informed in good time and the two parties will agree about the necessity of a requalification program in accordance with the applicable product standard of EVVA Sicherheitstechnologie.

12 PRODUCT TESTING, MONITORING AND REPORTING

The Supplier tests all products before delivery to EVVA Sicherheitstechnologie or systematically conducts random checks on products batches and monitors the reliability of their products. The Supplier reports appropriate details at the request of EVVA Sicherheitstechnologie. The Supplier informs EVVA Sicherheitstechnologie immediately about identified potential problems that can result in a worsening of the observed conformity or reliability levels of EVVA Sicherheitstechnologie. Verbal notifications are confirmed in writing by the Supplier. They also send regular status reports until the corrective and preventive measures have been implemented. Identification of potential safety risks by EVVA Sicherheitstechnologie or the Supplier makes immediate notification and joint pursuit of corrective measures necessary.

13 DELIVERY ACCURACY

The Supplier is obligated to compliance with and monitoring of the agreed quantities and delivery dates. If a delivery date cannot be met in an exceptional case, the Supplier must notify EVVA Sicherheitstechnologie immediately in writing or by telephone, as soon as they recognise the expected delivery default. At the same time, the new delivery date must be disclosed. Deviations from the agreed delivery date and the agreed quantities are included in the supplier evaluation, which is an important decision criterion for EVVA Sicherheitstechnologie for submission of new orders.

14 LIABILITY

The Supplier bears sole responsibility for the goods they supply. The Supplier guarantees, for the quality and freedom of defects of their goods, the suitability of the goods for the intended purpose and for the present of the assured characteristics. The Supplier guarantees that only goods that are free from third-party rights are delivered. The Supplier is liable to EVVA Sicherheitstechnologie for claims that arise from a violation of rights of third parties. If it is revealed that the goods are defective, the Supplier shall assume all costs arising in the scope of their obligation to rectify defects. This includes all direct or indirect damages, including lost profit.

EVVA Sicherheitstechnologie can demand compensation from the Supplier on the basis of defective deliveries and/or services: (a) the costs arising from separating defective contractual items (sorting costs), (b), the costs of replacement (c), the costs for processing and produced products affected by a defective delivery and/or service (reject costs), (d), the costs of disassembly and removal (e), the costs of return shipment and other freight costs incurred on the basis of the defect and (f) all other costs that are incurred in the course of damage processing, including additional administrative expenses. The damages subject to compensation also include costs and/or damages that EVVA Sicherheitstechnologie must pay or compensate its customers for on the basis of defective a delivery and/or service of the supplier.

Warranty claims (“Gewährleistungsansprüche”) expire after 24 months without reservation of the acceptance of products/deliveries at the location of the registered office of EVVA Sicherheitstechnologie or at the contractually specified location, insofar as a longer period is not required by law. If defects which were not recognisable at the time of acceptance appear during this period, a new 24-month period begins at the time that the defect is recognised. Legal periods for claims for defects or guarantee periods are not limited by this.

15 PRODUCT LIABILITY INSURANCE

The Supplier is obligated to arrange for a product liability insurance policy with the appropriate scope of coverage. This must be maintained for the duration of this Quality Assurance Agreement. EVVA Sicherheitstechnologie is entitled to examine this policy at any time. The Supplier must notify EVVA Sicherheitstechnologie immediately of changes to the policy on enquiry.

16 PROCESS IN CASE OF COMPLAINTS

All products delivered to EVVA Sicherheitstechnologie can be subject to testing, acceptance or rejections by EVVA Sicherheitstechnologie. Defects can be identified, in particular, during the incoming goods inspection, the production line and in the field.

16.1 Incoming goods inspection

EVVA Sicherheitstechnologie is basically released from the obligation to conduct incoming goods inspections. If EVVA Sicherheitstechnologie identifies defects that are no longer part of the agreed incoming goods inspection during a random inspection of a batch, EVVA Sicherheitstechnologie has the following options:

- return the batch to the Supplier and demand replacement.
- EVVA Sicherheitstechnologie can carry out a 100% inspection of the defective batch in its own location.
- destroy the batch.
- require the Supplier to carry out renewed 100% testing and rectification of products with their own personnel and the necessary equipment at the location of EVVA Sicherheitstechnologie, if necessary.

Prior to deciding on one of the indicated options, EVVA Sicherheitstechnologie contacts the Supplier in order to specify a plan of action for the appropriate solution. Since incoming goods inspections are only random inspections, it is possible that defective parts are found at a later time and a complaint can be sent to the Supplier.

16.2 Production line

If defects are identified in production lines of EVVA Sicherheitstechnologie (production line rejections), they are confirmed with a visual inspection of the damage and/or error and confirmed with a renewed functional test with a jointly defined testing system in order to verify that the products are defective, EVVA Sicherheitstechnologie has the following options:

- return the remainder of the batch to the Supplier and demand replacement

- conduct 100% testing of the remainder of the defective batch at the location of EVVA Sicherheitstechnologie
- destroy the remainder of the batch
- require the Supplier to carry out renewed 100% testing and rectification of the unused products with their own personnel and the necessary equipment at the location of EVVA Sicherheitstechnologie, if necessary. EVVA Sicherheitstechnologie contacts the Supplier before the decision in order to define a plan of action for a suitable solution.

16.3 Field

If defects are identified in the field by the end user of the product of EVVA Sicherheitstechnologie, the defective products are inspected and returned to the Supplier. If the cumulative total exceeds the net failure rate during the period of use after confirmation of the Supplier depending on the agreement, the Supplier shall bear the costs in accordance with the purchase or supply contract.

17 HANDLING OF REJECTS

The rejects of the product line are tested in a jointly agreed testing system in order to ensure that the products are defective. These inspected rejects (from the incoming goods inspection, verified production line rejects and field rejects) are returned to the Supplier together with an analysis petition form with product data, rejection data and error data. The Supplier analyses the rejects and determines the net reject level. The supplier can be held responsible for this level. The analysis results are used by both EVVA Sicherheitstechnologie and the Supplier for the objective of a further reduction of product line failures. In order to review the progress and plan additional measures, meetings are organised between the supplier and EVVA Sicherheitstechnologie. Attention: Instead of confirmation by EVVA Sicherheitstechnologie that production line rejects are defective, it can be agreed with the Supplier that EVVA Sicherheitstechnologie sends all product line rejects to the supplier and that the supplier checks whether the products are defective.

If the reject level of the product line suddenly exceeds five times the standard rejection rate, EVVA Sicherheitstechnologie confirms the rejects with visual and/or renewed functional testing with a jointly specified testing system to determine the cause of rejects on the part of the Supplier. In such cases, the Supplier and other production facilities of EVVA Sicherheitstechnologie will be issued a warning of a problem if it is known that they use the same product.

EVVA Sicherheitstechnologie creates a 4D report that the Supplier must answer. The Supplier confirms receipt of the complaint within 24 hours. Points 1 to 3 of the 4D report must be submitted to the contact person at EVVA Sicherheitstechnologie within 3 work days. The completion of the 4D report should take place within 30 work days. The Supplier can request more time for investigation. This can be granted by mutual consent.

The Supplier shall keep EVVA Sicherheitstechnologie informed of the plans for corrective and preventive measures with weekly reports (unless something different has been agreed) until the measures are concluded. If no errors were found, the Supplier contacts EVVA Sicherheitstechnologie so that a joint decision regarding suitable follow-up measures can be made. Products returned to EVVA Sicherheitstechnologie that have been rectified or repaired are clearly identified as such.

18 FIRST-IN FIRST-OUT

The Supplier and EVVA Sicherheitstechnologie both follow the FIRST-IN, FIRST-OUT principle of stock movement. The service life of a product is specified in the annex for product quality, insofar as possible. However, because EVVA Sicherheitstechnologie strives to benefit from a program for continuous improvement of the supplier, the Supplier declares its readiness to always deliver new products, which means the production date at the time of receipt at the location of EVVA Sicherheitstechnologie must not be older than specified in the annex for product quality. Otherwise, EVVA Sicherheitstechnologie is entitled to return the products and demand new products as a replacement. Additional options can be determined between EVVA Sicherheitstechnologie and the Supplier.

19 PACKAGING, IDENTIFICATION, TRACEABILITY

The Supplier delivers the products in suitable and, insofar as agreed, exclusively in means of transport approved by EVVA Sicherheitstechnologie in order to avoid damage or reductions in quality.

The Supplier is obligated to provide identification of products, parts and the packaging according to the agreements concluded with EVVA Sicherheitstechnologie. They must assure that the identification of packaged products is also legible during transport and storage.

The Supplier is obligated to assure the traceability of the products which they have delivered. If an error is discovered, the traceability and limitation of defective parts/products/batches, etc. must be guaranteed.

20 VALIDTY and TERM

The present Quality Agreement takes effect on the day of acceptance by EVVA Sicherheitstechnologie and the Supplier and is concluded indefinitely. It is a component of each ordering process. Insofar as the Quality Agreement is not updated at the request of one of the participating parties, it is valid until termination of the business relationship between the Supplier and EVVA Sicherheitstechnologie.

21 SEVERABILITY CLAUSE

Should individual provisions of this Quality Agreement become invalid, the validity of the remaining provisions of this Agreement remain unaffected.

22 CONFIDENTIALITY

The Parties will observe strict confidentiality in regard to all undisclosed commercial and company information of the other contractual partner that is not intended for transfer to third parties, which has been revealed on the basis of this agreement and their business relationships and to handle said information as a commercial secret and refrain from making it accessible to third parties either partly or wholly, directly or indirectly, and will only use said information for the contractually intended purposes. This also applies for the period after termination of this Agreement.

23 APPLICABLE LAW AND PLACE OF JURISDICTION

This Agreement is subject only to the Austrian law. The place of jurisdiction is the respective responsible court in Vienna.

24 CONTACT PERSONS

Representing the Supplier:

Name	Division	Telephone	Email

Representing EVVA Sicherheitstechnologie:

Name	Division	Telephone	Email

SIGNATURES

EVVA Sicherheitstechnologie GmbH

[XXX]

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Signature: _____

Signature: _____

By: _____

Title: _____

Date: _____

Signature: _____

By: _____

Title: _____

Date: _____

Signature: _____