

Syscoset Ltd.	Споразумение за осигуряване на качеството Quality agreement form	SYS 06.00.15
Electronic assembling Systems – Components - Sets		Published:10.05.06
Telefon : 00359 2 9208595 Telefax : 00359 2 9208596		Revision: 00-2006
Mail : Syscoset@syscoset.com Homepage: www.syscoset.com		

Quality agreement

Between

Syscoset LTD.
 Odrin Ulice 4, Zona B5
 BG-1303 Sofia
 Bulgaria

(Purchaser)

and

(Supplier)

-----, further called **supplier**, if the goods are shipped from a certain facility of the supplier, the address of this facility has to be mentioned below.

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I. Scope of application

1. This agreement shall apply exclusively to the products listed in ANNEX 1, to this agreement, which are delivered by the supplier on the basis of the orders he receives and accepts from the purchaser during the term of this agreement.
2. The products shall be in compliance with the agreed quality standard and requirements as mentioned in ANNEX 2 (e.g. Descriptions, specifications, data sheets, drawings, product samples). Unless otherwise agreed, such a description and product samples do not ranked as guaranteed product features. In each and every case, the supplier shall check without delay, whether a description provided by the purchaser is in any way obviously incorrect, unclear, incomplete or not in compliance with the product sample. If the supplier realizes, that this is the case, he shall forthwith give notice in writing to the purchaser.

II. Quality assurance

1. The supplier shall maintain, manage and organize a quality management system or install one unhesitatingly. Quality management system must be at least according ISO 9001:2000, for meeting the requirements stipulated in ANNEX 2 to this agreement and shall manufacture and test the products in accordance with the stipulations of the installed quality management system. Any additional requirement exceeding the standard is specified in ANNEX 2 to this agreement. The supplier shall make sure, without delay that these requirements are in conformity or can be brought timely in conformity with his quality management system. The supplier has to perform all quality activities in such way, that each product can be delivered in the agreed quantity, at the agreed term to the agreed place in the agreed quality. The supplier is responsible to deliver parts free of non-conformities.
2. If the supplier receives production or test equipment, software, services, materials or other supplies from third parties for the manufacture or quality assurance of his products, the supplier shall ensure that those are in full compliance with the quality management system, whether it be by contract with these parties or through carrying out himself such tests as are necessary to assure compliance with his quality management system. Supplier has the full responsibility that these third party supplies are conform and can fulfill during further processing all requirements of the purchaser, without any reduction or deviation from the required quality. Each of these suppliers must be subject to a regular supplier evaluation. Delivery criteria for each supplier must be defined individually and the accepted non-conformity rates must be continuously decreased.
3. The supplier shall keep records of the aforementioned quality assurance procedures and especially those relating to measured values, test results, analyzes and expertise. He shall keep these records as well as product samples, if any, in an appropriate manner, that avoids any loss, damage or manipulation. To the extent required, he shall allow the purchaser to inspect the records and product samples and shall provide him with copies of such records and product samples, if any. The type and quantity of these records and product samples and the length of time for which they shall be kept by the supplier are specified in ANNEX 2 to this agreement.
4. The supplier hands out to the purchaser for NEW products, first samples with a first sample report, which have been produced under serial conditions, for checks. First samples have to be marked as such. Has the purchaser handed out an official reference sample to the supplier and the supplier has accepted this, then the sample is supplementary to the documentation.

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5. As the realization of the purchasers quality targets are highly influenced from the supplied quality of its suppliers, the purchaser performs a periodical supplier evaluation. Each evaluated supplier will receive a written note about his ranking. When necessary the supplier has to start corrective actions for improvement.
6. Other written actual agreements are remaining valid, if not explicit mentioned in this agreement to be replaced or obsolete.
7. The supply of products with a deviation in their specification shall only be done after receiving a written release and acceptance for these goods from the quality department of the purchaser. Deliveries of such goods are only allowed in a certain quantity or in a certain timely interval. Each shipment has to be marked with a special marking. Marking specification will be given from purchaser to supplier.

III. Suppliers obligation to provide proof and information to the purchaser

1. The supplier shall at reasonable intervals allow the purchaser to check the compliance with the quality assurance measures mentioned in Section II. The supplier shall therefore, after prior agreement of the parties on the date of such an inspection, grant the purchaser full access to his business premises, production site(s) and give free and unlimited access to all relevant data and shall make available a duly qualified member of his staff for the duration of the inspection visit. The purchaser may be denied access and inspection of classified manufacturing methods and other industrial secrets. Visits from the purchaser do not need to be announced to the supplier.
2. The supplier shall give the purchaser advanced and timely notice and is only allowed to continue production after written approval from the purchaser for:
 - All and every change to his manufacturing process relevant for the product, affecting its design, function, features, safety and end customer requirements.
 - change of material or part incorporated in the product(s) listed in ANNEX 1
 - relocation of the products to other facilities than above mentioned
 - modification on tooling or equipment relevant for the product(s)
 - change of test sequences or test criteria
 - changed quality management system or quality measurement measures

The supplier shall give the purchaser sufficient time to check, whether such changes may have a detrimental effect on the products.

3. Should the supplier note an increase in deviations in the real quality of the products from that specified (i.e. a reduction in the quality); he shall immediately notify the purchaser therefore and for the measures taken and he plans to take to remedy such a problem.
4. The supplier shall ensure, whether by clear and unique identification of the products, or other suitable means, if this is not possible, that in case of non conformities are detected in a product, he can immediately establish, which other products might be affected. Relevant details concerning such identification (traceability) shall be specified in ANNEX 3 to this agreement. The supplier shall inform the purchaser about his identification system or other measures he has taken in order to enable the latter to carry out his own investigations if necessary.

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5. The supplier assures that he is solely producing according official released documents. Changes in documents are principally transferred from purchaser.

IV. Receiving inspection by the purchaser

1. Upon delivery of the products, the purchaser shall check without delay whether they correspond to the ordered quantity and type, whether there is any apparent and obvious damage resulting from their transport or any other visible defect. If the parties consider that at the time of delivery further tests by the purchaser are advisable, these shall be specified in ANNEX 4 to the agreement. Costs for additional checks, not being agreed on in ANNEX 4 and their occurring caused of non-conformity of delivery, will be fully covered from the supplier. Such additional checks are performed after supplier is informed, agreed and reworks of any kind at the purchasers site are the only possibility to keep the delivery schedule. In the case the purchaser renounces a technical ware income inspection, the supplier adjusts his insurance for liability and warranty accordingly in the corresponding height that allows the covering of all damages occurring. A copy of the insurance has to be added to this agreement, as APPENDIX 5
2. If during such inspection, mentioned in ANNEX 4, the purchaser notes any apparent damage or defect, he shall notify the supplier thereof without delay. If the purchaser notes some damage or defect at a later date, he shall also report this without delay. Additional costs for such kind of rework, checks and 100% inspection, which appear due to the non conformity, are covered fully from the supplier.
3. In so far as he has complied with the above, the purchaser shall have no further obligations towards the supplier concerning checking of the products at delivery and any notification resulting there from.

V. Confidentiality

1. Each party shall use all documents and information, which he receives in connection with this agreement, solely for the purpose of this agreement. He shall treat these with the same degree of confidentiality as he would apply to his own confidential documents or information. These obligations begin when the party concerned first receives such confidential documents or information and shall end 36 month after the expiry of the agreement.
2. The aforementioned obligations shall, however, not apply to such information or data as the receiving party can show:
 - was at the of disclosure in the public domain, or
 - was at the time of receipt already known to him provided that it was not previously obtained from the other part under binder of secrecy or
 - was obtained by a third party entitled to do so, or
 - was developed by him without using the others parties' confidential information's or documents.

VI. Relation of the purchaser to the supplier

The quality management of the purchaser sees its main task in evaluating experiences and test results that with a planned and organized quality control a positive development between supplier and purchaser can be built. It is the target to achieve the required quality with the minimum needed costs and efforts. Is the supplier also the developer of the product, it is his duty also to help in the determination of safety relevant or critical issues on the product.

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VII. Transport

The supplier has to assure that the goods are not damaged or limited in their quality cause by the transport or the used packing material. The supplier shall use only recyclable materials for packing.

VIII. Quality assurance representative

The present agreement shall notify to the other in writing, the name of his quality assurance representative, who shall represent him for the performance of this agreement. This representative shall take any decisions relating to the subject matter hereof. Should any party replace his quality assurance representative, he shall immediately notify the other party of such replacement in writing.

QMR on purchaser side:

Mrs. Snezhana Tzvetkova, s.tzvetkova@syscoset.com, Tel: +359 2 920 8595 Fax: +359 2 920 8596

QMR on suppliers' side:

IX. Liability

Liability is determined by agreements the delivery is based upon.

X. Term of the agreement

The present agreement may be terminated by either party giving three months notice of the other. The period of notice shall start on the first day of the calendar month following the receipt of the termination note. This agreement can be changed to any time, when both parties are agreeing in written form. The updated agreement is receiving a new revision index and is valid from the moment both parties have signed. The agreement becomes official from the moment both parties have signed the agreement.

XI. Final declaration

The responsibility of the supplier, to supply products free of non – conformities is not limited or restricted by this agreement. Purchaser and supplier agree that over this agreement there can appear further needs for correction, adjustment or fixing. Both parties oblige each other to work in association and undertake all reasonable and possible efforts to achieve this aim.

Further verbal agreements have not been made.

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XII. Applicable Law

Legal relations existing in connection with this agreement shall be governed by German substantive law.

XIII. Signatures

General management of supplier / Date

Quality manager supplier / Date

General Manager Purchaser / Date

Quality manager purchaser / Date

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Annex 1

List of products for which this agreement is valid:

- Specification of product

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Annex 2

Quality requirements and specifications

Annex 3

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<p>Specifications and criteria for traceability</p>		

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Annex 4

Performed ware income checks and product specific ware income checks on purchaser side