

Consysta Automation Group – Quality Policy

Consysta Automation Group (Consysta), successor to Swiss based Contraves Antriebstechnik AG which was established in 1970, develops and markets Electronic Drive System products of superior quality and reliability. Consysta's key markets include transportation, printing, and precision machine tools. With headquarters in Regensdorf (Switzerland), Consysta operates a subsidiary in Mainz (Germany) and works with a Partner-Company in Milan (Italy).

QUALITY POLICY

Consysta is committed to providing high quality products and services, and thus to deliver best value to customers. Consysta implements customer requirements, strives for zero defects, promotes quality improvement and customer satisfaction at all times.

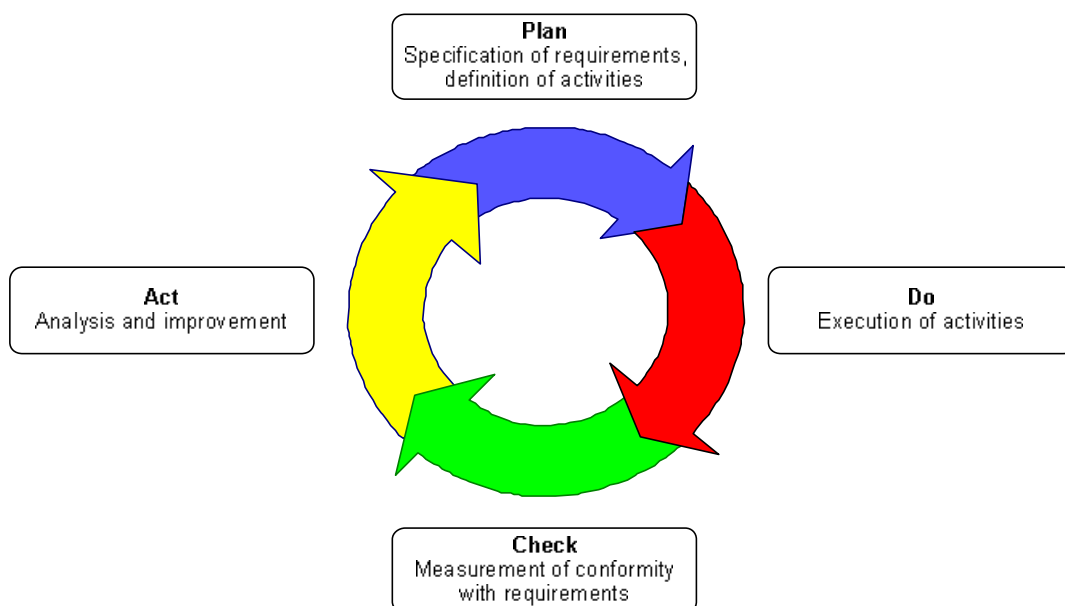
In managing quality, we subscribe to three principles:

- Quality is conformance to requirements
- The quality management system is prevention
- The performance standard is zero defects

The Consysta Quality Policy governs all actions of employees and extends to suppliers. Consysta Quality Policy is implemented through a strong quality-culture.

QUALITY MANAGEMENT SYSTEM

The PDCA-Circle illustrates Consysta's approach to Quality Management:



Consysta defines the procedures necessary to ensure that products and services meet the specified customer requirements and its own business objectives in a consistent and reliable manner. The following areas are critically important for us:

- Management responsibility
- Organization
- Quality planning
- Review of customer requirements
- Purchasing and supplier management
- Preventive and corrective action
- Training

1. MANAGEMENT RESPONSIBILITY

Management is ultimately responsible for the development and stringent implementation of the Quality Policy. Management communicates and promotes the Quality Policy and ensures adherence to customer- as well as statutory and regulatory requirements throughout the organization. Management establishes quality objectives and monitors how quality principles are applied to the daily work.

2. ORGANIZATION

In order to effectively perform their assigned jobs, employees must have a clear understanding of their roles and responsibilities within the organization and how their work contributes to the achievement of the quality objectives. This is accomplished by the following means:

- Organizational charts that show the relationship of the various functions
- Job descriptions that define each employee's job duties
- Annual goal setting, including quality objectives
- Procedures that define work processes and employee responsibilities

3. QUALITY PLANNING

Quality Planning is integral to Consysta's key business processes. Quality planning includes:

- identification of customer specific requirements
- identification of critical product or process characteristics
- preparation of control plans and associated process monitors
- definition and management of key organizational interfaces
- verification of the compatibility of designs with process and test capabilities
- development of inspection and test capabilities
- definition of acceptance criteria for key critical product or process characteristics
- consideration of product safety during the design process
- identification and preparation of quality records
- monitoring of the work environment
- identification of sources for feedback on the performance of critical processes

Feasibility reviews or other risk assessment techniques are used to identify potential risks. Preventive action needed to address critical risks are defined and implemented by management.

4. REVIEW OF CUSTOMER REQUIREMENTS

Customer engineering specifications/standards and other documents of external origin received by Consysta are reviewed, distributed, and where applicable implemented in a timely manner. Consysta reviews customer requirements prior to accepting orders and prior to accepting changes to existing orders. This process includes:

- ensuring that customer's requirements are clearly defined and understood
- an assessment of Consysta's own ability to meet particular customer requirements
- negotiation and agreement with the customer on requirements
- modification of standard products and creation of special work flows to meet particular customer requirements
- assessment and provisions for ensuring confidentiality

5. PURCHASING AND SUPPLIER MANAGEMENT

The term 'supplier' is used to denote both suppliers and sub-suppliers acknowledging, that the requirements for each will not always be the same. The quality of Consysta's products is significantly dependent on the quality of purchased materials and services. The purchasing process is structured to:

- communicate to suppliers the appropriate product, quality, and delivery requirements
- ensure that purchasing documents clearly describe the product/services ordered
- ensure that purchased products/services conform to requirements
- ensure that purchased materials and services meet government, safety, and environmental regulations
- ensure that finished product, direct & packing materials meet the provisions of regulatory and customer requirements

The supplier management process is structured to:

- establish criteria for evaluation, selection, qualification, and certification of suppliers
- perform supplier quality management system audits
- ensure continuity of supply
- ensure that critical materials and services are purchased from qualified sources
- monitor and provide feedback on supplier performance

Consysta selects suppliers which pursue integral quality management systems, preferably certified to the ISO 9001/2 Standards.

Consysta verifies the specified quality of materials and services by suitable inspection of incoming materials, review of supplier provided data, verification at the supplier's premises, or receipt of successful completion of applicable 2nd/3rd party assessments. The level of control applied is dependent on the effect that purchased material has on the product realization process. When suppliers have demonstrated their ability to provide the level of quality required by Consysta, inspection and/or data review may be appropriately reduced. Customers may require to inspect products at one of Consysta's supplier sites. Such a requirement is communicated to the supplier and necessary arrangements are expeditiously made.

6. PREVENTIVE AND CORRECTIVE ACTION

When nonconformities are identified, customer complaints are received or products returned, Consysta takes immediate action. All employees promptly inform management of action taken or to be taken:

- Documentation of nonconformity
- Preventing that other products from the same production lot get shipped or are recalled
- Investigating the root cause of the nonconformity
- Defining and implementing appropriate corrective action
- Verifying that the corrective action is effective

Data and information from all available sources on product/ services is periodically analyzed to identify areas where action may be needed to prevent potential problems from occurring.

7. TRAINING

Employees are hired based on their qualifications to perform specific job functions. Management is responsible for providing training needed to perform those job functions and for identifying opportunities to expand or enhance employees' skills and competence. The effectiveness of training is periodically assessed and records are maintained.