

9-2-0195

Quality Assurance Agreement		Issue: 15
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The German language version is the original and the reference in case of dispute.

Quality Assurance Agreement (QSV)

This Quality Assurance Agreement constitutes an integral part of the contractual relations of the supplier with the following companies of the WITTE group:

- WITTE-Velbert GmbH & Co.KG, D-42551 Velbert,
- WITTE Nejdek, spol.s r.o., CZ-36221 Nejdek,
- WITTE Niederberg GmbH, D-42551 Velbert,
- WITTE Bitburg GmbH, D-54634 Bitburg,
- WITTE Stromberg GmbH, D-55442 Stromberg,
- WITTE Automotive Bulgaria EOOD, BG-7009 Ruse,
- WITTE ACCESS TECHNOLOGY s.r.o., CZ-36301 Ostrov

- hereinafter referred to as WITTE Automotive -

and

- hereinafter referred to as Supplier.

1. General

The capability of the Supplier to supply conforming products reliably is an important criterion for the WITTE Automotive purchasing decision. This Quality Assurance Agreement describes the requirements made of the quality management system and the Supplier's level of environmental awareness.

2. Field of application, contractual object

This QSV applies together with all purchasing agreements concluded between WITTE Automotive and the Supplier unless other regulations have been agreed.

Any amendment to this QSV must be agreed in writing. Also, other specific supplements for specific projects may be agreed in writing in separate documents.

The Supplier commits its sub-suppliers to satisfying the duties he has agreed to in this QSV. On request, the Supplier provides WITTE Automotive with proof that it has reviewed the effectiveness of the QM systems of its sub-suppliers.

The documents and records relating to all the processes, procedures, inspections etc. mentioned in this QSV that apply to the contractual relationship between WITTE Automotive and the Supplier will be made available to WITTE Automotive on request.

The respective current versions of the regulations mentioned in this QSV will apply.

If any individual parts of this QSV become invalid, this will not affect the validity of the remaining provisions.

3. Goals

The highest possible quality and excellent delivery service are the most important of WITTE Automotive goals. The satisfaction of our customers is the yardstick for measuring the achievement of these goals.

WITTE Automotive also expects this awareness for quality and the connected goal of zero-defect quality from its suppliers.

For WITTE Automotive, environmental awareness is an integral part of the company policy. With regard to products, plant and other equipment, WITTE Automotive strives for continuous improvement of environmental conservation and demands that compliance with the statutory and any other environmental conservation requirements is ensured. This includes ensuring that all those participating need to take into consideration the environmental conservation requirements when making decisions about products, plant and equipment in order to jointly reduce the consumption of resources and consequences for the environment.

4. Confidentiality

The Supplier will undertake to treat confidentially all the non-public information it has been given by WITTE Automotive.

5. Management system

The Supplier maintains a QM system in accordance with DIN/EN/ISO 9001 that has been certified by the TGA or another similar accreditation company. The requirements stated in this system are binding for the Supplier. The Supplier is committed to continuously further developing its QM system to ISO/TS 16949 or a similar QM system, the ultimate objective being certification by a company that is accredited by the IATF. The Supplier is committed to the zero-error goal and continuously optimises its performance accordingly. The Supplier will allow WITTE Automotive, even with WITTE Automotive customers, to audit the processes used to manufacture the parts and the manufactured products at the Supplier's premises and the premises of its sub-suppliers.

WITTE Automotive expects its suppliers to act in an environmentally-compatible manner and to be in compliance with the applicable VDA regulations and any applicable customer specific requirements.

WITTE Automotive prefers the introduction of an environmental management system that has been certified by an appropriately accredited company in accordance with ISO 14001 or EMAS.

6. Order documents / contract documents / amendments

WITTE Automotive provides the Supplier with the quality requirements made of the product / service in the shape of drawings, order guidelines, WITTE Automotive standards, inspection regulations etc. If the regulations are published by WITTE Automotive in the supplier gateway, the Supplier will undertake to check these regularly.

If necessary, other rules and regulations by the OEMs, DIN standards etc. in WITTE Automotive documents will be procured by the Supplier on its own responsibility.

The Supplier ensures that the requirements, even those relating to feasibility, are analysed close to the actual project steps.

Any missing documents that need to be provided by WITTE Automotive must be requested by the Supplier.

No deviations from the drawings, specifications and other technical documents, including reference sources and producer-related material designations, are allowed unless this has been expressly confirmed by WITTE Automotive in writing.

All amendments will be agreed by WITTE Automotive and the Supplier in good time so that both parties can check the possible consequences and agree to them in writing before they are performed. In principle:

- The Supplier must have an internal system which ensures the use of all current guidelines.
- Every first delivery after an amendment must be marked with the blue card "Modified parts – store separately",
- The amended drawing number with the construction status / drawing amendment status must be stated on the documents e.g. delivery papers,

- After the first delivery with the new construction status / drawing status, no more deliveries with the old construction status / drawing status may be made.

The processes required to manufacture the parts and the used materials must correspond to the state-of-the-art, the valid statutory provisions and other applicable provisions, and if necessary, comply with the associated approval procedures and the rules and regulations pertaining to industrial safety, environmental conservation and hazardous goods laws. Furthermore in case of foreign production, the Supplier has a duty to inform itself about national and specific industrial laws and to take these into consideration.

7. Project management

The Supplier applies an interdisciplinary project management system and supplies WITTE Automotive with the name of the respective contact persons, at the least a project manager. The project management system takes into consideration the requirements specified by APQP, PPAP and VDA 2, VDA 4, part 3. and applies those standards that are customary in the automotive industry. The details need to be coordinated for each specific case.

The Supplier monitors the progress of the respective project and informs WITTE Automotive about this progress on a regular basis. If WITTE Automotive establishes that there is a delay, WITTE Automotive is entitled to install an institute approved by WITTE Automotive or a member of staff from WITTE Automotive at the Supplier's cost.

As far as possible, prototypes and pre-series parts should be produced under series conditions. WITTE Automotive and the Supplier need to agree upon the exact manufacturing and inspecting conditions and the documentation of the results (e.g. measuring records).

The project is completed when WITTE Automotive approves the series. The pre-requisite for this step is verification that the required quantity can be produced with a controlled process in the given time in the defined quality. The analysis is based on the "construction discussion", the "C1 approval" and the "C2" approval of the tools. Details, e.g. the applied procedure (PPAP or PPF in accordance with VDA 2), the submission level and the required documents and records are agreed for each project. The Supplier also applies the IMDS procedure for sampling.

WITTE Automotive approval does not release the Supplier from his responsibility to produce the parts properly.

8. PPAP / PPF procedure during the series

Written notification of the following cases needs to be given to WITTE Automotive in advance in the planning stage. WITTE Automotive will decide in each case whether the PPAP procedure or the PPF procedure as defined by VDA 2 needs to be applied:

- Amendments to the production method or processes,
- Relocation of production or manufacturing facilities,
- Design, specification or material amendments,
- Tool amendments,
- Change of supplier (products and services),
- Standstills of tools totalling 12 months or more,
- After a delivery stop caused by quality problems.

9. Process quality

All those features on all parts generated by the Supplier must always comply with the specifications. To fully satisfy the special importance of the CC-/SC-/inspection features, a special inspection/monitoring procedure needs to be applied for these features. This is for example the verification of capabilities acc. to the "Q-Agreement of special Characters, which have to be controlled", a 100% inspection or another procedure that has been agreed with WITTE.

The process parameters set for production are recorded and archived.

10. Inspections / audits

The Supplier takes systematic measures to ensure that all products comply with the drawings and specifications.

These measures may be e.g.:

- Incoming goods inspection
- Monitoring the process parameters
- Statistical process monitoring (SPC)
- 100% inspections for non-capable processes and product features
- Material tests/life span tests
- System audits / process audits / product audits
- Long-term tests
- Repeated initial sampling

The selection of necessary measures is oriented on the product requirements.

The Supplier performs a re-qualification test on all parts at least once a year.

The Supplier arranges for those inspections that cannot be performed by the Supplier with suitable measuring, test and inspection equipment, to be performed by appropriately accredited institutes.

11. Training / qualification

The Supplier ensures that all those employees involved with the project and production are appropriately qualified and familiar with the tools and methods that need to be applied.

12. Corrective and preventive action, CIP

The Supplier applies a documented corrective and preventive action procedure throughout the company which ensures that the causes of any non-conformities of any kind are systematically established and permanently rectified / prevented. The performance of corrective and preventive action must be planned and the results reviewed separately.

Corrective measures for products are only permitted if the original condition can be reinstated without any amendments. Otherwise, permission needs to be obtained from WITTE Automotive in advance. In case of corrective measures for products, appropriate action needs to be planned and recorded in writing. Appropriately qualified personnel needs to be deployed to perform the corrective action.

The Supplier applies a process for the continuous improvement of its processes throughout the company.

13. Customer satisfaction

All incoming shipments will become input for a supplier evaluation according to an internal system of WITTE Automotive

The supplier will be provided regularly with a supplier evaluation about its performance by WITTE Automotive.

Corrective action is initiated by the Supplier depending on its classification.

In case of repeat non-conformities, non-conformities with serious consequences or frequent complaints, WITTE Automotive is entitled to classify the Supplier in an escalation module.

- Stage 1 = CSL1 (controlled shipping level 1): the Supplier must undertake to perform an additional 100% inspection at its cost. Corrective action needs to be coordinated with WITTE Automotive. Appropriate verification about the initiated action and the status of the product quality need to be submitted to WITTE Automotive.
- Stage 2 = CSL2 (controlled shipping level 2): the Supplier must undertake to perform an additional 100% inspection itself, and to install a further 100% inspection by an independent institute that has

been approved by WITTE Automotive at its own cost. The results of these inspections will be made available to WITTE Automotive.

- Stage 3 = NBH (new business hold): A further stage of stage 2; the Supplier is also blocked for new orders. WITTE Automotive will inform the company that certified the Supplier and request that an on-site audit at the Supplier's premises is performed at the Supplier's cost. The audit report will be made available to WITTE Automotive.

The Supplier will be removed from the escalation module into status CSL1 und CSL2 after a mutually agreed period in which the effectiveness of the Supplier's corrective actions has been verified and the product quality complies with the agreed level over an agreed period.

The Supplier will only be removed from the NBH after an agreed period during which the product quality reaches an agreed ppm value. An audit by WITTE Automotive at the Supplier's premises may also be taken into consideration in the decision process.

14. Identification and traceability

Within its area of responsibility, the Supplier maintains a system, which guarantees clear allocation of the parts to the respective drawing and processing status. If required, the system allows the deployed materials, machines, used parameters and the established test results to be allocated to the respective production batches to ensure traceability.

15. Measuring, test and inspection equipment, inspection facilities

All the Supplier's measuring, test and inspection equipment and facilities are subject to systematic monitoring and regular calibration. The deployed measuring, test and inspection equipment need to be suitable for the respective inspection process as defined in VDA5. Proper use and storage during times when the equipment is not in use ensures that the equipment remains constantly functional.

16. Parts with special identification and archiving requirements

In addition to the regulations of DIN/EN/ISO 9001, the following applies:

- Documents that are required for the production of the part (e.g. drawings, process specifications) need to be archived and safeguarded against loss and damage for at least 15 years after the product has been phased out. Records that verify the proper condition of the parts (e.g. inspection records) need to be archived and safeguarded against loss and damage for at least 15 years after their compilation.
- The planning and production documents and records for CC features, the generation and procurement of which lies within the responsibility of the Supplier, need to be identified accordingly.
- The Supplier performs an "Audit for parts requiring verification" on parts with CC features that it can affect/manufacture at least once a year; the audit takes into consideration the special aspects of these parts (also called "D-part audits"). The storage period can be extended by special agreement.
- In older drawings, it may be possible that the identification "D" was used instead of "CC". All requirements for parts with CC features apply in the same way to D features.

17. Supplied products

The Supplier treats those products supplied by WITTE Automotive (parts for further processing, tools, equipment, transportation equipment) in a manner, which ensures no damage occurs. The Supplier informs WITTE Automotive when obvious non-conformities are discovered or in cases when it is not able to supply the services demanded by WITTE Automotive due to the discovered condition.

In addition, WITTE Automotive will also be informed in writing in case of loss of supplied products or when scrap is produced from supplied products.

18. Preventive and future-oriented servicing

The Supplier uses a verified servicing system of at least the following scope:

- Planning the servicing activities
- Availability of spare parts / emergency management for key processes

- Documentation and further development of the servicing activities

It ensures that permanent consequences for the environment caused by normal operations or unintended situations are avoided. This especially applies when handling water-polluting substances and pollutant emissions.

19. Packaging and delivery

The goods need to be delivered to WITTE Automotive so that damage to the parts is avoided. The applicable packaging regulations need to be applied. The packaging needs to be clearly marked with a valid barcode-capable VDA goods label for identification purposes. If the goods are supplied in reusable containers, steps must be taken to ensure that the containers are supplied in their original state and are clean. Used goods labels need to be removed.

Packaging must be recyclable or reusable. Soiling with dangerous substances as defined by the Waste Disposal Act needs to be avoided.

20. Certification of the delivery

The Supplier encloses an approval inspection certificate in accordance with EN 10204 3.1 with all raw material deliveries (Zamak, steel tape, plastic granulate) and all materials that are identified as CC features. The approval inspection certificate or a clearly allocated enclosed sheet must unambiguously state that the supplied goods, which also states the delivery note number, article number and batch number, have been manufactured from the material listed on the approval inspection certificate. In other cases, an approval inspection certificate must be submitted to WITTE Automotive on request.

In addition, the deliveries must include documentation with the target and actual values of the

- Spring forces
- Heat treatment
- Surface coats.

An EC safety data sheet needs to be enclosed with all first deliveries of raw materials and operating equipment and media or in case of changes.

WITTE Automotive will also conclude a product-specific quality assurance agreement with the Supplier. This will define which of the features requiring inspection need to be documented by the Supplier and need to be submitted to WITTE on request within ½ working day.

21. Control of non-conforming products / complaints / 8-D reports

The following applies in addition to the requirements of DIN/EN/ISO 9001: Products that are unmarked or suspected to be non-conforming at the Supplier's premises need to be treated as non-conforming products.

If WITTE Automotive discovers non-conforming supplied parts, a complaints report will be sent to the Supplier. The decision about what to do with the parts is made together with the Supplier. The following are possibilities:

- Immediate return of the whole delivery
- Sorting and reworking on-site by the Supplier
- Sorting and reworking on-site by a company commissioned by the Supplier or WITTE Automotive

The Supplier is responsible for completing the necessary reworking, maintenance, refitting and sorting tasks and bears the costs of these tasks. The Supplier must submit a statement about the complaints report in the shape of an 8D report by a set deadline. If the Supplier does not react within the deadline, the goods will be returned to the Supplier at its cost. If the goods are sent back to the Supplier, the Supplier must agree on a replacement delivery of conforming goods with the order scheduler at WITTE Automotive. Costs that are incurred due to a complaint (e.g. special transportation trips etc.) will be borne by the Supplier if it is responsible for the damage.

The Supplier undertakes to process all complaints via the WITTE Supplier Portal (see <https://supplier.witte-automotive.com>). Initial information on any complaint is sent to the Supplier by email. For this purpose the Supplier enters in the portal the contact data of two contact persons responsible for the handling of quality complaints (Q-Quality), of two contact persons responsible for the handling of logistics complaints (L-Logistics) and one contact person for the transmission of statistics and if necessary for the escalation of the complaints (E-Escalation).

These contact data have to be kept updated at all times by the Supplier.

The processing of the individual process steps in the portal application follows the '8D Report' model and is based on the 'WITTE Complaints Conditions' [see <http://www.witte-automotive.com/purchasing/downloads>].

The acceptance of the complaint in electronic form through the portal shall be in compliance with the written form requirement.

22. Delivery service

To guarantee a secure supply of products to the customers, WITTE Automotive requires from the Supplier the attainment of a VDA reference figure of 0. (= 100% on-time delivery).

Based on customer demand, the Supplier will transfer an updated quantity/schedule list twice a week. The Supplier will react quickly and flexibly to changes in demand in order to be able to process this demand at short notice.

The Supplier performs an extensive inspection (also of plausibility) of the received demand levels with regard to the quantities and schedules. If any supply problems or other unforeseeable circumstances are recognised, the Supplier will inform WITTE Automotive immediately.

The capacity plans are agreed with the Supplier and a demand fluctuation range is defined. Within this demand fluctuation range, the Supplier will guarantee a 100% supply.

23. Liability

The agreement of quality goals and control limits (malfunctions, ppm goals) does not affect the supplier's liability for warranty and damage claims made by WITTE Automotive due to non-conforming deliveries.

24. Duration of the agreement

This agreement is not restricted to a set period. It can be terminated by one of the contractual parties in writing with a six month period of notice. The termination of this agreement does not affect the validity of the other current individual contracts until their final completion.

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For WITTE:			
Date:	Date:
Place:	Place:
Senior Buyer		Purchasing Director Commodity	
Signature/ Company stamp:	_____	Signature/ Company stamp:	_____
Full name	....	Full name	....
Position	....	Position	....
Company name:	....	Company name:	....
For Supplier:			
Date:	....	
Place:	....	
Signature/ Company stamp:	_____		
Full name	....	
Position	....	
Company name:	....	