

## Quality Assurance Agreement (QAA)

Quality throughout the supply chain is becoming increasingly important and is therefore an important key to the business success of the company.

This Quality Assurance Agreement (hereinafter referred to as "QAA") applies worldwide to all suppliers of production material as well as to suppliers of raw materials and supplies that are included in our products. In addition, the requirements of this QAA for third-party services apply to our products and to the suppliers of production and operating resources as well as testing and laboratory facilities. For convenience, the terms CLIENT and SUPPLIER are used below.

This QAA explains the quality requirements of the CLIENT as well as of any subsidiaries and other affiliated companies towards the SUPPLIERS. It serves to implement a coordinated quality management with the aim of ensuring the quality of the common products and the satisfaction of the clients of the CLIENT.

The present QAA is a binding document and part of all contractual agreements. Subsequent changes become binding if the CLIENT has communicated them in text form to the SUPPLIER and the latter has not objected in writing within fifteen working days.

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## 1. General Terms

### 1.1. Purpose of this QAA

(IATF 16949: Preface Purpose)

The CLIENT, as a supplier to the automotive industry, produces high-quality products. The QAA should secure the procurement and production of high-value, high-quality products through suitable, technically recognized and economically justifiable measures.

The purpose of this Agreement is to help minimize quality issues and to ensure smooth operations between the CLIENT and the SUPPLIER, as well as to minimize costs, by describing the SUPPLIER's quality management system minimum requirements.

The QAA describes the technical and organizational framework conditions and processes that are necessary to achieve the desired quality goal.

All processes must be focused on "continuous improvement" and the goal "zero defects".

The quality produced by the SUPPLIER has a significant influence on the internal processes of the CLIENT and thus on the quality of the end products. Strict compliance with this Agreement is to be ensured by the SUPPLIER, including with regard to product liability and warranty obligations.

### 1.2. Validity of the Agreement

(IATF 16949: Chapter 1.1)

The present QAA applies to all contracts between the CLIENT and its SUPPLIERS.

Deviations from this Agreement requested by the SUPPLIER must be agreed with the CLIENT and confirmed in writing by the CLIENT.

The present Agreement does not replace the - if applicable - requirements according to DIN EN ISO 9001, DIN EN ISO 14001, VDA Volume 1, VDA Volume 2, VDA Volume 4, VDA Volume 6.1, VDA Volume 6.3 and IATF 16949 and customer standards, but contains the minimum requirements of the CLIENT only.

In addition to the present QAA, the GENERAL TERMS OF PURCHASE of the CLIENT (Status: DD.MM.YYYY) apply. The validity of general terms and conditions of the SUPPLIER is excluded.

### 1.3. Confidentiality

(IATF 16949: Chapter 8.1.2)

Each party agrees to keep any information received from the other party and the contents of this Agreement secret to third parties and not to use it for any purpose outside the scope of this Agreement.

In the event of termination of this Agreement, the Parties undertake to return any documentation provided upon request. The above secrecy obligation also applies to the time after termination of this Agreement.

Insofar as the contracting parties have concluded a separate non-disclosure agreement, the provisions made in such a non-disclosure agreement shall apply to the above provisions.

The secrecy obligation, however, applies regardless of a contract also for knowledge obtained in the bidding phase.

## **1.4. Warranty**

(IATF 16949: Chapter 10.2.5)

Insofar as the contracting parties have concluded a separate warranty agreement, the provisions made in such a warranty agreement shall apply.

The SUPPLIER undertakes to grant rights under warranty to the CLIENT even if the CLIENT discovers defects during or after processing despite a limited inspection of the goods in accordance with Chapter 4.1. hereof. After the discovery of defects, however, the SUPPLIER receives immediate information and is requested to limit the damage. The SUPPLIER is expressly advised that he is required to clarify the above arrangements with his liability insurer to ensure that he is nevertheless in a position to obtain the required product liability insurance, including the envisaged recall cost insurance.

## **1.5. Risk management / Contingency planning**

(IATF 16949: Chapter 6.1.2.3)

The SUPPLIER must ensure that all potential incidents that could adversely affect his ability to deliver within the supply and process chain are identified and evaluated on his own responsibility.

Possible events that can lead to an emergency, such as machine failure, staff failure, cyber / online attacks on IT systems, failure of the subcontractor or power failure, must be mapped in an emergency plan including emergency measures. The contingency plan must be reviewed annually for effectiveness and adjusted if necessary, and must be submitted to the CLIENT upon request.

## **1.6. Product liability**

(IATF 16949: Chapter 4.4.1.2)

The SUPPLIER shall be obliged to provide extended product liability coverage, including cover for warranty, connection, mixing and processing damage, other damage from further processing, removal and installation costs as well as inspection and sorting costs, including foreign claims (including direct exports to USA worldwide / Canada).

The minimum cover in case of damage must amount to five million euros. The requirements for insurance protection do not constitute a limitation of liability; their sole purpose is to mitigate the liability risk borne by our SUPPLIERS.

## **1.7. Quality capability**

(IATF 16949: Chapter 4)

The SUPPLIER is fully responsible for the products and services supplied by him. The SUPPLIER undertakes to introduce and maintain a quality management system. It is preferable to proceed according to DIN EN ISO 9001 and IATF 16949. The SUPPLIER must prove the effectiveness of his QM system by means of a certificate at least in accordance with DIN EN ISO 9001. The use of relevant quality management tools (Core Tools) from the IATF 16949 is required. The supplier's clear development goal is the IATF 16949. The SUPPLIER provides the CLIENT with the respective valid certificates without being asked and also informs him without being asked if a certificate has expired.

The SUPPLIER undertakes, after consultation, to approve system, product, process and information security audits by the PURCHASER - at the request of the PURCHASER and its customers. The commissioner of the CLIENT and his customers must be given access to the production facilities. The secrecy agreed under chapter 1.3 also applies in this case to the clients of the CLIENT.

The SUPPLIER obliges its sub-suppliers to comply with the obligations assumed by him under this Agreement. Alternatively, the SUPPLIER must safeguard the quality of subcontracting through his own processes and procedures. The CLIENT may require the SUPPLIER to provide documented evidence that the SUPPLIER is convinced of the effectiveness of the quality management system at his subcontractors and / or has ensured the quality of his purchased parts or external service by other suitable measures.

Insofar as the CLIENT provides the SUPPLIER with production and test equipment, these must be included by the SUPPLIER in his quality management system as his own production and test equipment, unless otherwise agreed. All operating and measuring equipment required by the SUPPLIER for the provision of services and in his possession, but owned by the CLIENT, must be clearly and permanently marked as such. The CLIENT is responsible for the calibration of such operating and measuring equipment. Any other agreements must be concluded separately.

The quality guidelines and standards agreed with the CLIENT are binding on the SUPPLIER.

## **1.8. Target agreements**

(IATF 16949: Chapter 6.2)

The SUPPLIER is committed to the zero-defect target and must continuously optimize its services accordingly. This goal must be pursued with measures such as consistent quality planning and series monitoring, with a focus on error prevention. It may set annual ppm targets in a ppm agreement. The setting of such ppm targets is without prejudice to the SUPPLIER's obligation to supply only defect-free products and claims for defects by the CLIENT in the case of delivery of defective products.

## 2. Product and process development (Quality planning)

### 2.1. Project management

(IATF 16949: Chapter 8.1)

In order to include the SUPPLIER in the quality planning as early as possible, the CLIENT as part of the project management basically requires its SUPPLIERS to carry out systematic planning in accordance with VDA Volume 4 or AIAG APQP. This planning includes both the products delivered by the SUPPLIER and its purchased parts or outsourced processes.

### 2.2. Inquiry documents

(IATF 16949: Chapter 7.5)

The SUPPLIER receives technical documents (e.g. 3D data, drawings, specifications, specification sheets, customer requirements and standards, test specifications) with the request of the CLIENT. The SUPPLIER must request in writing any documents that are missing for the preparation of an offer.

Through its change management process, the SUPPLIER ensures that all relevant departments are always provided with the latest documents submitted by the CLIENT. Invalid / outdated documents are to be marked as such and withdrawn from circulation.

At the request of the SUPPLIER, the CLIENT shall offer the SUPPLIER technical support from the relevant specialist departments. If the SUPPLIER recognizes that the design specified in the technical documentation or the prescribed test methods can be replaced by more suitable, economical and / or effective ones, the CLIENT expects appropriate suggestions.

### 2.3. Scope of the offer

The CLIENT expects the SUPPLIER to clearly consider the respective request documents in his offer. Deviations from these request documents must be clearly marked by the SUPPLIER.

#### 2.3.1. Feasibility

(IATF 16949: Chapter 8.2.3)

The manufacturing feasibility analysis is to be created with the submission of the offer and is a prerequisite for the award of the contract. The result of the manufacturability analysis must be documented.

The SUPPLIER checks the manufacturing feasibility of the product on the basis of the technical documents handed over to him. For this purpose, all features of a drawing or a specification must be individually assessed and confirmed. The analysis also includes the investigation of the economic and process manufacturability.

### **2.3.2. Scheduling**

(IATF 16949: Chapter 8.1)

The SUPPLIER prepares a project-related schedule including resource planning, which also includes the scheduling of the subcontractors. This schedule is to be presented to the CLIENT with the final offer and includes the following criteria:

- Manufacturing feasibility
- Calculations (simulations)
- Process flow chart
- Process-FMEA / eventually product (design) FMEA
- Production control plan (PLP) / Testing plan
- Resources for monitoring and measurement
- Tool schedule including regular updating
- Correction phase / optimisation loops SUPPLIER
- Project relevant milestones including milestones of the CLIENT
  - Date of the first inspection
  - Licensing for workplace / internal process audit
  - Start of Production (SOP)

Changes to the schedule may only be made in coordination with the CLIENT and must be reported with sufficient lead time.

### **2.4. Ordering**

(IATF 16949: Chapter 7.5)

With the order, the SUPPLIER receives the binding, approved technical documents (e.g. 3D data, drawings) from the CLIENT. The SUPPLIER must check the documents and he has an obligation to inform if changes have been detected compared to the request status.

### **2.5. Duty to inform**

(IATF 16949: Chapter 8.2)

If it becomes apparent that agreements made between the parties (e.g. regarding quality features, deadlines, delivery quantity) cannot be met, the SUPPLIER is obliged to inform the CLIENT without delay and initiate its internal escalation process. In the interests of finding a solution quickly, the SUPPLIER is obliged to disclose the data and facts.

### **2.6. Special features**

(IATF 16949: Chapter 8.2.3.1.2 / 8.3.3.3)

Special features require special consideration, as deviations in these characteristics may affect product safety, service life, assembly capability, function or quality of subsequent manufacturing steps, and regulatory compliance.



The CLIENT specifies special features. If there are no specifications for special features, the SUPPLIER must independently select product and process features that make sense for product quality and process safety. These result from the risk analysis of the SUPPLIER, e.g. from the product (design) and / or process FMEA. Special characteristics specified by the CLIENT are to be evaluated in the FMEA with a meaning number B  $\geq$  8.

Special features must be identified by the SUPPLIER and marked in all relevant product and process documents (e.g. drawing, FMEA, risk analysis, test and production control plans). Special features must be specially taken into account and monitored in all relevant planning steps. In order to prove special characteristics, the scope and the retention period of the necessary documents must be defined accordingly.

## 2.7. Process flow chart

(IATF 16949: Chapter 8.3.5.2)

The SUPPLIER must draw up a process flow chart for the visual representation of the process chain. This process flow chart must be consistent with the product (design) and / or process FMEA and the production control plan. Outsourced processes must be listed as part of the process flow chart.

## 2.8. FMEA

(IATF 16949: Chapter 8.3.5)

The FMEA is a method to detect potential errors in the development and production / assembly of a product or in new manufacturing processes and to assess the resulting risks and to avoid them by taking appropriate measures. It is carried out in a multidisciplinary team.

An FMEA must be created or revised on the following occasions:

- Development / production of new parts
- Implementation of manufacturing processes
- Relocations
- Changes in drawings
- Changes in production processes
- to avoid errors.

When creating an FMEA, at least the following points must be considered:

- Special features
- Material changes and mixing of materials
- Variant management
- Separation of defective parts, rework parts, setting parts and sample parts
- Technical cleanliness
- Lessons learned from similar products and processes

The FMEA should be carried out according to the methodology described in the VDA Volume 4 or AIAG Manual FMEA.

### **2.8.1.Product (Design) FMEA**

A Product (Design) FMEA is to be performed for all items developed under the responsibility of the SUPPLIER.

### **2.8.2.Process FMEA**

The SUPPLIER prepares a process FMEA for all process steps of an article. Particular attention must be paid to the special features and, if applicable, the results of the product (design) FMEA. Furthermore, the process FMEA must be updated in case of changes and complaints.

The FMEA must be presented for inspection at the request of the CLIENT. The proof of the creation of an FMEA must be proven at the latest with a corresponding cover sheet during the initial sampling. Minimum requirements are information on initial investment, change status, FMEA team as well as an overview of RPZ figures and the applied assessment key (preferably according to the AIAG standard or according to customer specifications).

## **2.9. Production control plan**

(IATF 16949: Chapter 8.5.1.1)

The production control plan represents a planning tool. It must be derived from the FMEA and contain all the features that are rated as quality-relevant in the FMEA. The compilation takes place in a multidisciplinary team and includes goods receipt, first item tests, intermediate and last item tests as well as requalification examinations. Initial item tests are carried out with each new production order; final item tests must be carried out at the end of the order. For production orders lasting more than one week, the tests shall be carried out at the latest on the seventh day of production in the same way as for the initial and final item tests.

The production control plans should take into account the results and experience of similar processes and products. The production control plan must be prepared in accordance with IATF 16949 Annex A1 for the prototype, pre-series and series production phases.

The layout of the production control plan must comply with the requirements of the automotive industry in accordance with IATF 16949 Annex A2.

## **2.10. Test plan**

(IATF 16949: Chapter 8.5.1)

The production control plan forms the basis for the test plan. The test plan shows all the features to be tested with the associated test equipment and the test frequency for each work process.

For special features, machine and process capability investigations are to be scheduled. When planning, the determination of training for employees as well as the setting up of workplaces with regard to statistical process control (SPC, control chart technique) must also be taken into account.

## 2.11. Resources for monitoring and measurement

(IATF 16949: Chapter 7.1.5.1.1)

For all features to be tested resulting from the production control plan, the SUPPLIER must specify the test methodology with the appropriate test equipment. The procurement process must be planned in such a way that the necessary test equipment for the pre-production start is available and the test process suitability is proven.

The SUPPLIER must provide evidence in accordance with the requirements of VDA Volume 5 or AIAG MSA. The records for test equipment monitoring of all gauges, measuring and test equipment must be kept.

## 2.12. Statistical process control

(IATF 16949: Chapter 8.3.5.2 / 9.1.1.1)

The SUPPLIER undertakes to continually evaluate its processes and process flows by means of suitable software-based methods, to analyze errors and to carry out suitable corrective measures in order to maintain and improve the process capability and to meet all requirements for zero-defect targets. Ongoing evidence must be provided through the use of a CAQ system or other appropriate methods.

Process capability studies serve as a benchmark for the quality capability of the processes. For all special features and, if applicable, further agreed inspection characteristics, the SUPPLIER must introduce suitable safeguards and make these available to the CLIENT on request.

If the customer of the CLIENT has no further, higher-value requirements, the following limits apply to the proof of process capability:

- Machine capability:  $C_{mk} \geq 1,67$
- Preliminary process capability:  $P_{pk} \geq 1,67$
- Long-term process capability:  $C_{pk} \geq 1,33$  with continuous improvement.

Machine capability and Preliminary process capability must be performed during the sampling. The Long-term process capability will be documented by the SUPPLIER in the current series and made available to the CLIENT upon request.

The determination of the capabilities is based on VDA Volume 4 or AIAG Manual SPC. Deviating demands for process capability or process capability index are agreed separately.

If the process capability cannot be met, the SUPPLIER is obliged to inform the CLIENT and to carry out 100% checks immediately in order to prevent the delivery of defective parts.

## 2.13. Requirements for materials and substances

(IATF 16949: Chapter 8.3.4.4 / 8.4.2.2)

All purchased parts, substances and materials used for the contractual item in the SUPPLIER's production, as well as the processes required to manufacture the products, must comply with the applicable legal and regulatory requirements, e.g. as regards environmental protection and safety, which apply in the manufacturing, distribution and destination countries. Otherwise, the regulations in Chapter 10 apply.

With each delivery, the SUPPLIER sends the current safety data sheet unsolicited to the CLIENT. In the case of interim changes, the CLIENT will receive the updated version without separate warning. If an acceptance test certificate 3.1 according to DIN EN 10204 is required according to the order documents, this must be prepared by the SUPPLIER and, if requested, transmitted within one day.

The SUPPLIER undertakes to incorporate all substances, substance groups and material data into the International Material Data System (IMDS) of the automotive industry at [www.mdssystem.com](http://www.mdssystem.com).

## 3. Result of product and process development

### 3.1. Sampling of prototype and pre-series parts

(IATF 16949: Chapter 8.3.4.3)

Prototype and pre-series parts are products that are not fully manufactured under mass production conditions. The SUPPLIER must sample such prototype and pre-series parts according to VDA Volume 2 or AIAG PPAP or according to customer agreement.

### 3.2. Initial sampling

(IATF 16949: Chapter 8.3.4.4)

The SUPPLIER shall sample samples of new products for Europe in accordance with VDA Volume 2 (Production Process and Product Release) and for NAFTA countries according to AIAG PPAP, unless otherwise specified by the CLIENT.

The initial sampling includes the use of the standard tool, the series machines, systems and devices including compliance with the serial parameters and serial cycle time, at the production site, series packaging and logistics. Furthermore, personnel perform the initial sampling, which is also used for further series production and is trained according to the work and testing instructions. In addition, the products and processes of the production materials are released separately. The process parameters set during initial sampling must be recorded and archived by the SUPPLIER and added to the internal sampling documents.

For all special features and, if applicable, for further agreed inspection characteristics, the SUPPLIER must carry out and document detailed analysis of the suitability of the production equipment and test

equipment used as well as process capability tests. To determine the machine capability of the machine capability, all parts used must have the same requirements and be manufactured consecutively. For normal distributions, a sample of at least 50 pieces should be chosen. The evaluation of the preliminary process capability is to be presented for the first time if there are at least 25 random samples with five measured values each. The information given in Chapter 2.12 applies to the required limit values.

For goods that are relevant for product safety, the requirements of IATF 16949 (Chapter 4.4.1.2) must be observed and taken into account in the supply chain.

Serial delivery may only be made after the initial sample has been approved. The submission level for the sampling in accordance with VDA or PPAP is specified by the CLIENT when placing the order. The exact requirements can be found in the order documents (drawings, technical specifications, standards, etc.).

When using external laboratories, they must be accredited to ISO / IEC 17025 (or nationally comparable).

The sampling documents must be sent in electronic form to the CLIENT. For longer lasting tests (e.g. salt spray test) we ask for the note "result TEST will be submitted later".

### **3.3. Reserve samples**

(IATF 16949: Chapter 8.5.1.1)

Reserve samples - at least three and undamaged - are kept safe by the SUPPLIER and protected against environmental influences. If the color, appearance or surface are relevant to the CLIENT's processes, the reserve samples shall apply as reference (e.g. laser welding: laser light transmittance).

## **4. Ensuring product and process quality in the series**

The responsibility for using effective systems to monitor and continuously improve process and product quality lies with the SUPPLIER.

As technical possibilities permit, monitoring methods are to be used, which inevitably prevent the delivery of faulty products.

### **4.1. Easing of burdens - Checks by the CLIENT**

(IATF 16949: Chapter 8.6.4)

The SUPPLIER is responsible for the initial inspection and thus for the faultless delivery.

The CLIENT limits the incoming goods inspection for SUPPLIER deliveries to the detection of deviations in compliance with the quantity and identity of the ordered contractual products as well as transport and packaging damage. Deviations and damages ascertained are reported immediately. In that regard, the CLIENT shall be exempted from the obligation to inspect and to give notice (in accordance with § 377 German Commercial Code).

In addition, the CLIENT shall inspect the delivered goods in accordance with the conditions of a proper business process during the production process and shall notify the SUPPLIER of any defects immediately after they have been ascertained. The SUPPLIER waives the objection of the delayed notice of defect in this respect.

The SUPPLIER is advised that it is in his interest to coordinate the above provisions with his liability insurer.

## 4.2. Treatment of faulty or suspect parts

(IATF 16949: Chapter 8.7 / 10.2.3 / 10.2.6)

If the CLIENT or a customer of the CLIENT discovers a defect, an indication of the defect (complaint) will be provided by a test report and / or written notice. Failure patterns will be sent to the SUPPLIER - as far as the CONTRACTOR can reasonably be expected - or made available to the CLIENT for viewing.

The SUPPLIER receives the information as to whether the defective goods can be installed or sorted out with reservations by the CLIENT. Reworking is generally not permitted and always requires prior coordination with the CLIENT. Within the scope of an approved rework, the SUPPLIER continues to be responsible for the conformity of the goods in accordance with the drawing requirements. The SUPPLIER is obliged to sort out and exchange faulty deliveries at his own expense so that no damage occurs to the CLIENT. The CLIENT will set the timeframe for any actions. The SUPPLIER must clarify whether further faulty goods are located at the CLIENT or on the transport and inform the CLIENT.

The SUPPLIER must examine his own stocks for errors and, if necessary, sort or scrape them. It must be ensured that no further faulty products are delivered to the CLIENT. The SUPPLIER must ensure that products to be scrapped are rendered unusable before they are disposed of. The CLIENT may carry out a scrapping of faulty delivered products directly on site in coordination with the SUPPLIER. If requested by the SUPPLIER, it will take place under the supervision of a representative of the SUPPLIER. The costs of scrapping are borne by the SUPPLIER.

If the SUPPLIER identifies errors in his house from which goods already delivered may be affected, the CLIENT shall be informed immediately. Immediate emergency measures must be implemented and announced immediately.

Upon receipt of a test report, the SUPPLIER shall transmit all measures (e.g. immediate measures, medium- and long-term corrective measures) to the CLIENT in the form of an 8D report. The SUPPLIER shall notify the CLIENT within 24 hours of receipt of a complaint about the immediate measures taken (steps 1 to 3 of the 8D Report). The mid-term corrective actions (steps 4 to 5 of the 8D report) are to be reported within 3 working days, the long-term corrective actions (steps 6 to 8 of the 8D report) within 10 working days. An extension of this period, e.g. by a comprehensive analysis of subcontractors, is to be notified by the SUPPLIER before the deadline. In the root cause analysis, the SUPPLIER uses appropriate methods (e.g. Ishikawa Cause and Effect Diagram, 5-Why).

The SUPPLIER is responsible for monitoring the effectiveness of medium and long-term measures. The CLIENT reserves the right to verify the effectiveness.

If claims or complaints of defects or test reports are not answered correctly, visits and quality discussions with the SUPPLIER are made. Possibly, appropriate audits are carried out at the

SUPPLIER. The CLIENT reserves the right to charge the SUPPLIER for the additional expenses resulting therefrom. Claims for damages resulting from complaints and costs for complaining the claim are also invoiced to the SUPPLIER.

### **4.3. Partly Defective Analysis on Field / No Trouble Found Process (NTF)**

(IATF 16949: Chapter 10.2.5 / 10.2.6)

In the case of field complaints, in addition to the 8D report, a method for damaged part analysis is to be used, including a No Trouble Found process and a report of parts returned from the markets. To avoid a recurrence of the problem, problem-solving approaches and corrective measures must be initiated or implemented. The SUPPLIER must communicate the results of these analyzes, findings and measures both internally and to the CLIENT.

### **4.4. Escalation**

(IATF 16949: Chapter 8.4.2.5)

If a SUPPLIER repeatedly causes quality problems with the CLIENT and / or a risk to the customer is to be expected, the CLIENT proceeds according to a defined escalation model. The CLIENT reserves the right to charge the SUPPLIER for the costs of the additional costs incurred as a result of extraordinary supplier development (e.g. event-oriented supplier audit).

## **5. Traceability and documentation**

### **5.1. Traceability**

(IATF 16949: Chapter 8.5.2.1 / 8.5.4.1)

The SUPPLIER ensures the traceability and the complete proof of quality of all materials, manufacturing processes and products by suitable measures of the production marking. This includes compliance with the FIFO principle throughout the supply chain.

The traceability must be designed in such a way that, in the case of an error, it is possible to limit the defective products to at least the corresponding load carrier. The SUPPLIER must draw up and consider a traceability plan.

Both the delivery note and the acceptance test certificate must indicate each package number of a shipping unit (e.g. individual boxes on a pallet). The delivery note number ensures traceability throughout the entire process chain.

## 5.2. Recording periods

(IATF 16949: Chapter 7.5.3.2.1)

The documentation is incumbent upon the SUPPLIER and must be carried out in a suitable form (fire and loss-proof), if necessary with proven practicability (proof of discharge).

For documents, records and reference samples, the legal minimum retention periods must be observed. In addition, the recording period for all special features and, if applicable, for further agreed inspection characteristics is 15 years after the series has expired (see VDA Volume 1). Longer storage periods (up to 30 years) are recommended against the background of the statute of limitations of product liability claims. The retention period for all other quality-related data is three years, beginning at the end of the year in which the data was created. The corresponding quality records must be submitted to the CLIENT on request without delay.

## 6. Requalification examination

(IATF 16949: Chapter 8.6.2)

The CLIENT requests an annual requalification examination. The requalification must be carried out to the full extent of the initial sampling. The SUPPLIER carries out the requalification examination without request and makes the documents or extracts available to the CLIENT upon request. The first requalification must be done one year after the series release and thereafter at an annual rate.

## 7. Change management

(IATF 16949: Chapter 8.2.4)

From the time of submission of the offer, the SUPPLIER must take into account that the machines and systems used correspond to the product life cycle of the goods and must be state-of-the-art.

In order to properly perform the test scopes necessary for series production, the SUPPLIER must indicate changes in the production process, in particular changes in production and manufacturing processes, the relocation of production facilities and the change of a subcontractor, in due time before the planned conversion date with the CLIENT. Changes to subcontractors must also be taken into account. The SUPPLIER may only implement the change after the approval of a change request in connection with a first sample release. The change release by the CLIENT must be attached to the relevant sampling documents.



## 7.1. Reason for renewed product and process approvals

(IATF 16949: Chapter 8.5.6)

Re-sampling is always required on the following occasions:

- Product changes
- Tool changes
- Installation of a new tool
- Installation of new or additional machines
- Process changes
- Material changes
- Changes in drawings
- Relocation of production (relocation of sites and machines)
- Change of a sub-contractor of the SUPPLIER
- After removal of a supply ban
- Manufacturing outage by > 1 year
- Suspension of delivery by > 1 year

Exceptions in procedure and scope are only permitted in consultation with the CLIENT.

## 7.2. Product history

(IATF 16949: Chapter 8.5.6)

At the request of the CLIENT, the SUPPLIER shall produce a product history. All changes to the product and changes in the process chain must be documented in a product history in accordance with VDA volume 2.

# 8. Supplier management of the CLIENT

## 8.1. Supplier monitoring and evaluation

(IATF 16949: Chapter 8.4.2.4)

The CLIENT carries out a supplier evaluation at least once a year for the SUPPLIERS of production material, raw materials and supplies as well as third-party services. The SUPPLIER will be informed in writing about the result. The stated goal is priority cooperation with A-Suppliers. If no evaluation has been achieved as an A-Supplier, measures must be taken (e.g. preparation and execution of an action plan) in order to provide the A delivery service requested by the CLIENT.

## 8.2. Supplier development

(IATF 16949: Chapter 8.4.2.5)

The objective of the SUPPLIER's supplier development is a systematic improvement of the delivery performance based on a regular analysis over a longer period of time.

A starting point for supplier development is the initial commissioning of new SUPPLIERS. New SUPPLIERS / Applicants may be evaluated and developed by means of a potential analysis according to VDA 6.3.

Another starting point for supplier development is the supplier evaluation as well as the number and severity of the complaints / claims. If a SUPPLIER is noticeable in any of these criteria within the past period of observation, a detailed situation analysis will be made on the basis of the available data, for example through supplier discussions, site visits, targeted inspection or request of documents, and the SUPPLIER's classification into an escalation level in accordance with the subsequent matrix.

Development stage	Criteria	Solution
E0 (Observation)	The SUPPLIER is inconspicuous in the supplier evaluation.	Continuous monitoring based on routine supplier evaluation
E1 (extraordinary supplier development)	The SUPPLIER is conspicuous due to late and / or defective delivery (deliveries) or a major damage to the CLIENT with a potential risk to the customer.	Supplier visits / (event-oriented) supplier audits (according to VDA 6.3)
E2 (supplier development)	The SUPPLIER is noticeable in the supplier evaluation and / or due to late and / or defective delivery (deliveries).	Supplier visits / Action plan including evidence of effectiveness
E3 (threat)	The SUPPLIER is noticeable in the supplier evaluation and / or there are repeated late and / or defective deliveries.	Supplier audits (according to VDA 6.3)
E4 (New Business on Hold)	After classification of the SUPPLIER in E3, the measures taken show no lasting improvement. The SUPPLIER is considered critical.	The SUPPLIER is currently locked for new projects / supplier audits (according to VDA 6.3)

The problem-solving methods defined in the above table in the problem-solving column can also be applied to existing SUPPLIERS in the case of new projects, new processes, new materials, new product groups and changed customer requirements. This can also be done as part of a potential analysis.

The aim is to achieve a systematic and long-term improvement in delivery performance through effective measures, in particular

- to improve the QM system of the SUPPLIER,
- to improve product quality,
- to reduce costs and

- to improve supply reliability and logistical processes.

### **8.3. Supplier audits (Second Party Audits)**

(IATF 16949: Chapter 8.4.2.4.1)

In addition to the triggers described in the matrix in Chapter 8.2, supplier audits can also be used for the following purposes:

- Supplier risk assessment
- Development of the QM system of the SUPPLIER
- Product and process audits

The determination of the need, type / variant, frequency and scope of supplier audits is based on the following criteria:

- Risk analyzes
- Certification level of the QM system
- (official) requirements for product safety

## **9. Subcontractor management**

(IATF 16949: Chapter 8.4)

Subcontractors have a significant influence on the quality of the final product. The SUPPLIER must maintain a documented supplier management system. The SUPPLIER is responsible for the development of its subcontractors. The SUPPLIER should have the necessary skills and capacity to manage its subcontractors and monitor their performance. Incidentally, the regulations on subcontractors in Chapter 1.7 apply.

## **10. Legal and official regulations**

(IATF 16949: Chapter 1 / 8.4.2.2)

The SUPPLIER shall ensure that all applicable legal and regulatory requirements of the exporting country, the importing country and the country of destination specified by the customer are met. If the countries in question are not known to the SUPPLIER, he must request them from the CLIENT.

The CLIENT points out that all references to legal and official requirements listed in this QAA refer to the current status.

## **11. Product safety**

(IATF 16949: Chapter 4.4.1.2)

The SUPPLIER appoints a responsible person (e.g. product safety officer) and ensures its qualification through appropriate training. Should the responsibility change, the SUPPLIER is obliged to inform the CLIENT and to communicate who the new responsible person is. The requirements for product safety must also be guaranteed by the SUPPLIER at his subcontractors.

## 12. Severability clause

If any provision of this QAA is or becomes invalid or unenforceable in whole or in part, the remaining provisions of this QAA remain unaffected. In lieu of the invalid or unenforceable provision, a valid and enforceable provision shall be deemed to have been agreed, which as a result of the objective comes closest to the invalid or unenforceable provision. The same applies in the case of a gap.

## 13. Term

This Quality Assurance Agreement is perpetual, and may be terminated in writing with six months notice to the end of a quarter. However, the validity of the Quality Assurance Agreement will remain in effect for all deliveries based on supply contracts concluded before the termination of this Quality Assurance Agreement.

## Annex

### Confirmation

The SUPPLIER agrees to the requirements of this Quality Assurance Agreement and agrees to comply with them.

<b>SUPPLIER Address</b>		<b>CLIENT Address</b>	
Date	Date	Date	Date
Name (printed)	Name (printed)	Name (printed)	Name (printed)
Position	Position	Position	Position
Stamp / legally binding signature	Stamp / legally binding signature	Stamp / legally binding signature	Stamp / legally binding signature

We kindly ask you to send this Quality Assurance Agreement signed to the CLIENT within 14 calendar days. For any changes or additions, please use the form below.

## Co-Applicable Documents

Abbreviation	Title
AIAG APQP	Advanced Product Quality Planning and Control Plan
AIAG FMEA	Potential Failure Mode an Effects Analysis
AIAG MSA	Measurement Systems Analysis
AIAG PPAP	Production Part Approval Process
AIAG SPC	Statistical Process Control
DIN EN 10204	Metallische Erzeugnisse - Arten von Prüfbescheinigungen / Metallic products - types of inspection certificates
DIN EN ISO 9001	Qualitätsmanagementsysteme - Anforderungen / Quality Management Systems - Requirements
DIN EN ISO 14001	Umweltmanagementsysteme - Anforderungen mit Anleitung zur Anwendung / Environmental Management Systems - Requirements with guidance for use
IATF 16949	Anforderungen an Qualitätsmanagementsysteme für die Serien- und Ersatzteilproduktion in der Automobilindustrie / Requirements for quality management systems for series and spare parts production in the automotive industry
VDA Band 1	Dokumentation und Archivierung / Documentation and archiving
VDA Band 2	Sicherung der Qualität von Lieferungen / Ensuring the quality of deliveries
VDA Band 4	Sicherung der Qualität in der Prozesslandschaft / Ensuring quality in the process landscape
VDA Band 5	Prüfprozesseignung / Inspection process
VDA Band 6.1	QM Systemaudit / QM system audit
VDA Band 6.3	Prozessaudit / Process audit

The listed reference documents are always valid in the latest version.

