Between

VOSS Automotive Valves and Actuators GmbH
An der Sportanlage 2
63584 Gründau, Germany

hereinafter referred to as the "**CLIENT**" or "**VOSS**"

and

Company: .....
Street: ..... hereinafter referred to as the "**SUPPLIER**"
Postcode/location: .....

Recitals

This Quality Assurance Agreement (hereinafter referred to as the QAA) sets out the rights and obligations of the parties with regard to ensuring the quality of all products supplied. This QAA complies with the requirements that various customers specify for VOSS. It therefore constitutes the contractual specification of the technical and organisational framework conditions and processes between the CLIENT and the SUPPLIER that are necessary to achieve the desired quality objectives. The subject matter of the agreement is all products delivered by the SUPPLIER.

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1 Management system requirements

1.1 Supplier's quality management system

To ensure the flawless quality of products and services, the SUPPLIER must be able to prove that it has at least a quality management system in accordance with DIN EN ISO 9001 in the respective current valid version.

1.2 Quality management system of sub-suppliers

The SUPPLIER shall also require its sub-suppliers to comply with its obligations set out in this Quality Assurance Agreement (QAA). In the event the SUPPLIER is unable to enforce the acceptance of its obligations by sub-suppliers, the SUPPLIER shall inform the CLIENT, and the CLIENT and the SUPPLIER shall endeavour to reach an amicable solution.

The CLIENT is entitled to require documented proof from the SUPPLIER that the SUPPLIER is confident regarding the effectiveness of the quality management system operated by its sub-suppliers.

In the event the CLIENT receives guidelines from its end customers, the SUPPLIER shall endeavour to implement these to a reasonable extent unless there are important reasons not to do so. Any changes to this QAA must be agreed in writing between the CLIENT and the SUPPLIER. The CLIENT shall notify the SUPPLIER of any change requests at an early stage.

2 Advanced quality planning

2.1 Development phase

During the contract review process, the CLIENT shall provide the SUPPLIER with all relevant documents, e.g. specification, requirement specifications and system specifications, CAD data etc., in a timely and complete manner. The SUPPLIER shall check all documents for completeness and feasibility and shall notify the CLIENT of any change requirements without undue delay.

Both parties undertake to implement suitable methods of quality planning in the development phase, e.g. manufacturing and feasibility analysis, FMEA, advanced quality planning etc. Special features must be defined in the development phase.

2.2 Approval procedure/initial sampling

For initial sample delivery, an initial sample test report (ISIR/PPAP) and an entry in the International Material Data System (IMDS) are required.

The recipient ID of the CLIENT is “19005”.

The presentation of initial sampling takes place, unless otherwise agreed, in accordance with the approval procedure “VDA Volume 2 – Production Process and Product Approval (PPA)” or the “Production Part Approval Process (PPAP)” by AIAG. The nature and scope of each ISIR shall be defined by the CLIENT and the SUPPLIER depending on the procedure.

The delivery of the initial samples must be indicated on the box and the delivery note by appropriate labelling. Design releases must precede sample production. The CLIENT shall approve the samples by returning the ISIR signed and approved.

2.3 Machine and process capability

In the production process and product release, the machine capability and/or process capability index for significant characteristics shall be stated in the test report and verified accordingly (cf. Section 3.5). If the CLIENT does not specify any special characteristics, they must be defined by the SUPPLIER accordingly. The CLIENT shall be informed of the special characteristics defined by the SUPPLIER.

2.4 Changes to product-, process-, and manufacturing procedures

In the event of amendments of any kind taking into account VDA Volume 2 “Quality Assurance for Supplies” (cf. “Initiation of PPA processes”), the CLIENT’s consent must be obtained in good time and further sample parts and a test report must be submitted (cf. Section 2.2).

Amendments may only be made after written acceptance by the CLIENT. The SUPPLIER shall inform the CLIENT in good time about a possible increase in costs in the event of change requests. The CLIENT and the SUPPLIER shall mutually agree the absorption of costs.

Until the CLIENT approves the change to the process, all products delivered to the CLIENT must continue to be manufactured using the previous process. If the CLIENT does not provide written process change approval, the SUPPLIER must carry out an internal process approval. The result of the internal process approval must be submitted to the CLIENT upon request.

All changes to the product and product-relevant changes in the process chain must be documented in a product and/or parts history and submitted to the CLIENT upon request.

2.5 Requalification

To ensure quality, the SUPPLIER shall perform a periodic requalification of its delivery contents in accordance with IATF 16949 (Chapter 8.6.2) and VDA Volume “Robust Production Processes” (Chapter 5.3.4) in the respective current valid version. The CLIENT requires a complete requalification at least every three years.

Requalification cycles can be defined by statutory, official and component-specific (from requirement specifications, for example) demands and must be carried out. As a general principle, the frequency of testing must be newly assessed and coordinated with the CLIENT’s quality assurance department if the capacities to be produced are to be significantly altered. Discrepancies between requalification content must be coordinated between the SUPPLIER and the CLIENT.

The SUPPLIER shall archive all associated documents and records in accordance with the statutory and/or client-specific retention periods and shall transmit them to the CLIENT within 5 business days on request at any time. Documents, notes and records on safety-relevant parts (parts subject to D-TLD, for example) must be archived for at least 15 years after the last production (see VDA Volume 1).

2.6 Lessons learned

Experience feedback from past and ongoing projects (from field failures, complaints, project development and product safety, for example) should be used by the SUPPLIER as lessons learned for new projects/developments, as well as in the ongoing series process, for themselves and in the supply chain.

A quantifiable improvement using the preceding indicators must be verified in product launches.

3 Specifications

3.1 Target agreement

Like the CLIENT is for its customers, the SUPPLIER is required to ensure the error-free delivery of products, i.e. zero-error target. Unless otherwise contractually agreed between the CLIENT and the SUPPLIER, 50 ppm shall be deemed to be the target agreement. Falling below these agreed limits does not release the SUPPLIER from its obligation to process all complaints and to ensure continued improvement (continuous improvement system and/or lessons learned, cf. Section 2.6).

Defective deliveries caused by the SUPPLIER shall not be accepted and shall be fully at the expense of the SUPPLIER provided that the SUPPLIER is at fault. The liability of the SUPPLIER for defects and/or compensation claims due to defective deliveries remains unaffected.

3.2 Content

The parties agree on the characteristics that must be fulfilled in the case of serial deliveries. Furthermore, the testing methods according to which the characteristics must be reviewed are agreed. Unless otherwise expressly agreed, the methods of ISO, ASTM or DIN shall be used. For the variable characteristics, the respective target value and tolerance are indicated and attributive characteristics are described verbally or by means of samples.

The CLIENT and the SUPPLIER shall mutually agree on quality assurance, labelling, packaging, transport and storage regulations together with the product specification.

3.3 Handling

The SUPPLIER shall deliver the product only as described in the agreed specification or drawing.

The SUPPLIER shall therefore check specifications and drawings carefully in good time to determine whether the required target values and tolerances can be achieved. Should it be determined during the cross-check by the SUPPLIER that the specification characteristics cannot be complied with by the SUPPLIER, the SUPPLIER shall inform the CLIENT thereof without undue delay and suggest potential solutions.

3.4 Isolating lots and batches, traceability

The products supplied must be directly identifiable in terms of the production batch to which the individual product belongs. If direct labelling of the product is not possible, the batch designation must be affixed to the packaging or to labels.

To prevent mixing and the risk of confusion, the SUPPLIER shall ensure that different products are delivered in separate packaging units. Each packaging unit may contain only one product and originate from one production batch.

It must be ensured that the labelling of packaged products is also recognisable during transportation and storage. The CLIENT and the SUPPLIER shall determine details by mutual agreement, including the definition of a batch.

The SUPPLIER shall ensure the tracking and documentation of raw materials, semi-finished goods and finished goods used in production. The SUPPLIER shall prepare and archive test reports for all inspections from the receipt of the goods to the shipment of the products. In the event of identified or suspected deviations, traceability must be ensured to restrict the relevant quantity of manufactured products or semi-finished products.

Documents which serve as proof of traceability and ensure and guarantee traceability must be archived by the SUPPLIER in accordance with the statutory retention periods and submitted to the CLIENT upon request.

In addition to the general requirements for the QM system, part-specific quality verifications for D/TLD parts must be carried out by the SUPPLIER and archived for at least 15 years after the last production (see VDA Volume 1). This includes technical documents, such as drawings, tables, production approvals, technical terms of delivery, inspection regulations, sample reports and other quality records, marked with “D” or “TLD” which may be requested in case evidence is required and which may be exonerating.

3.5 Quality records

Insofar as required and unless otherwise agreed, an acceptance test certificate in accordance with DIN EN 10204 3.1 shall be supplied with each delivery. The type of sampling, the number of samples, the number of measurements and the batch size or batch volumes shall be specified precisely. The results of variable characteristics shall be provided to the CLIENT in the form of ongoing control cards. The test certificate must not arrive later than the delivery.

Statistical long-term quality records must also be transmitted at the CLIENT's request. The CLIENT and the SUPPLIER shall mutually agree the details.

4 Notification of defects

If the CLIENT identifies defects in the delivered products or service of the SUPPLIER, the SUPPLIER shall be notified of such defects with a claim/notice of defects in the form of a customer complaint. The SUPPLIER must analyse the causes, initiate corrective measures and validate their effectiveness.

The SUPPLIER shall prepare an 8D report in accordance with the VDA volume “Quality assurance during the product life cycle – Standardised process for handling customer complaints” regardless of whether the complaint was established in an incoming goods inspection, in further processing or in the phase of use and reutilisation of the material. The SUPPLIER undertakes to provide the CLIENT with an open 8D report (at least up to Section D3 = Immediate measures) within 24 hours of receiving the customer complaint.

The SUPPLIER has a maximum of 10 working days to submit the completed 8D report to the CLIENT. If the introduction of the corrective action (D6), incl. validation on the basis of proof of effectiveness, takes longer, this must be communicated to the CLIENT, depending on the nature and scope, so that a reasonable deadline for closing the 8D report and, ultimately, also for closing the complaint can be agreed between the CLIENT and the SUPPLIER.
If it becomes apparent that specifications and/or quality characteristics cannot be complied with, the SUPPLIER shall inform the CLIENT immediately. Special approval from the CLIENT shall always be required for the delivery of products that do not conform to specifications and quality requirements by the SUPPLIER. Deliveries with deviation permission may only be carried out for an agreed quantity or an agreed period of time. Each of these shipments/deliveries must be labelled with a special label which has been agreed and coordinated with the CLIENT.

5 Information

In the event that important, quality-relevant deviations from the specifications are detected after delivery to the CLIENT for products and/or services, the SUPPLIER shall inform the CLIENT thereof without undue delay.

Furthermore, in the event that the risk arises or it becomes apparent that agreed quality requirements, e.g. quality features, deadlines, delivery quantities, etc., cannot be complied with, the SUPPLIER shall inform the CLIENT about this without undue delay.

5.1 Corrective measures, deviation permits

If the CLIENT experiences problems associated with the delivery of products that do not comply with the specifications, the SUPPLIER must remedy this (replacement, sorting or reworking). Products that do not comply with the specification shall be returned to the SUPPLIER unless otherwise agreed.

The SUPPLIER may apply for a deviation permit in order to prevent production downtime. The CLIENT shall decide at its discretion whether to agree to such a deviation permit. The SUPPLIER shall only absorb any additional costs if these have been agreed in writing with the SUPPLIER before the deviation permit.

6 Documentation, inspections, production material and labelling

In principle, documentation accompanying production in accordance with the QM system DIN EN ISO 9001 or IATF 16949 in the respective valid version is sufficient. In special cases, i.e. upon request from the CLIENT's customers, the quality assurance measures are based on the requirements of the AIAG, including the appendices PPAP, APQP, MSA, FMEA and SPC, CPK and CMK. For some characteristic and essential features, the CLIENT may require proof of the long-term quality capability of the manufacturing process based on process capability factors.

If the production process cannot be kept under statistical control because it follows other laws or if the production process is not yet sufficiently controlled, the SUPPLIER is required to carry out 100% monitoring, at least of the end products. 100% monitoring may also be required for other reasons (e.g. taking safety aspects into consideration).

The SUPPLIER shall keep quality records to the extent required by the specifications for the QM system in accordance with DIN EN ISO 9001 or IATF 16949 in the respective valid version.
If the CLIENT and the SUPPLIER have mutually defined characteristics as being safety-relevant, these characteristics must be considered in accordance with the VDA guidelines and QM system provided for this purpose in accordance with DIN EN ISO 9001 or IATF 16949 in the respective valid version. The SUPPLIER shall keep records of the required quality inspections. These records shall be submitted to the CLIENT for inspection upon request and stored in accordance with the statutory retention periods.

By labelling the products, the SUPPLIER shall ensure that it is possible to determine without undue delay which other products could be affected if errors occur. The SUPPLIER shall inform the CLIENT about its labelling system for reworking and sorting.

All changes to the product and changes to the production processes installed for the subject matter of the contract must be documented in a product history and/or parts history. If important, quality-relevant changes to the product and its production processes are planned, the CLIENT must be informed without undue delay so the changes can be evaluated. Under no circumstances may the SUPPLIER implement important, quality-relevant changes before the CLIENT has expressly accepted them in writing.

7 Audits

The CLIENT is entitled to perform audits at the SUPPLIER's place of business or demand a self-audit from the SUPPLIER if required.

A distinction is made between system, process and product audits. In all cases, the date and scope of an audit must be mutually agreed.

7.1 System and process audits

The SUPPLIER shall also enable the CLIENT to carry out joint audits with the CLIENT's OEM customers at the SUPPLIER's premises by agreement provided that the CLIENT also commits to confidentiality. The SUPPLIER shall grant the auditors access to production and testing facilities, as well as access to relevant quality instructions and inspection documents. In this regard, appropriate measures for ensuring the confidentiality of the SUPPLIER's expertise and other information will be accepted.

The audit result will be communicated to the SUPPLIER in writing. Where deviations are identified, the SUPPLIER shall take corrective action. The SUPPLIER shall prepare an action plan in written form for the implementation of corrective action and the associated effectiveness review regarding the implementation of the corrective action. This must be submitted to the CLIENT whenever it is updated.

7.2 Product audit

7.2.1 General information

Process fluctuations and lacking process capabilities frequently affect product quality and therefore customer requirements. A product audit can identify deviations from customer requirements and draw conclusions regarding the influencing processes. The processes concerned can be purposefully analysed, and corrective measures implemented, while considering determined discrepancies.

7.2.2 Implementation and measures

The SUPPLIER shall carry out the product audit in accordance with VDA 6.5. For each product produced in a series, a product audit must be carried out at least once every 12 months. For the purposes of simplification, product groups and product families can be formed from the total portfolio of the manufactured products (as set out in VDA 6.5).

The product audit must be regulated in the production control plan. The CLIENT also performs product audits simultaneously to the in-house process audits at the SUPPLIER’s premises, concentrating on certain main points to assess important product features and identify critical processes.

For self-audits and/or for process audits by the CLIENT’s audit management, a product audit will be carried out simultaneously for series production. The results of the product auditing must be considered when assessing quality capability.

7.2.3 Error classification, decisions, measures

If discrepancies are determined in the product audit, the SUPPLIER shall introduce suitable measures without undue delay and test their sustainability and effectiveness within a reasonable period, e.g. by follow-up auditing (see following Illustration 1).

Fault Category	Fault description/ effect	Immediate action	Follow-up action
A	Fault will certainly result in customer complaints. - Safety risk, violation of legal regulations, breakdown, - Product cannot be sold / function not fulfilled - Extreme surface appearance complaints	- Quarantining / Sorting of available stocked parts - Information to receiving plants and risk assessment - Corrective actions on the manufacturing / inspection process & if necessary 100% inspection; - Intensified inspection on processes and on finished products; if necessary 100% inspection before shipment; - Permit requested from Engineering - Further measures to be Agreed with the Customer receiving plant (see Formel Q Konkret)	- Continued analysis of process / inspection activities - Development & implementation of corrective measures - Proving of Process Capability and Zero defects - Effectiveness verification of implemented measures - If necessary, change of Specification.
B	Severe nuisance, deficiency, significantly outside predetermined standards. Objectional, annoying, customer complaints are expected, specification deviation, disturbance of the customer operation is possible.		
C	Noticeable concern, will be critised by the customer. Customer concern and functional issues in operation are to be expected with higher frequency.	- Information to receiving plants for coordination of actions	

Illustration 1 – Error classification, decisions, measures

7.2.4 Reporting obligations, voluntary declaration

In the event of A and B errors, or systematic C errors, the CLIENT's responsible quality assurance department must be informed immediately by the SUPPLIER in the form of a voluntary declaration. The introduction of additional necessary measures must be coordinated accordingly.

8 Supplier assessment

The CLIENT shall perform supplier evaluations at regular intervals. The delivery data is recorded with each delivery and takes into account the quality, quantity, timeliness, special journeys and other criteria, e.g. the general cooperation, response to complaints, delivery batch certificates etc.

The SUPPLIER must be informed of the results accordingly.

If the result of the assessment is B or C, the SUPPLIER will be made aware of this and will be asked to give notice of the improvements it intends to make. These improvements may be required or reviewed as part of an audit or in the form of an action plan/improvement programme.

Further information on this can be found in the respective supplier evaluation.

9 Product responsibility and product safety

The SUPPLIER guarantees and continually improves the product safety of its products and services.

9.1 Product Safety Officer

The SUPPLIER shall appoint a product safety officer and notify the CLIENT thereof. If the product safety officer changes, the CLIENT must be informed without undue delay. The product safety officer acts as the interface between the CLIENT and the SUPPLIER regarding the safety of the products to be delivered.

10 Conflict minerals

As a supplier to the automotive industry, the CLIENT is aware of its role in the sustainable procurement of important raw materials. Together with the CLIENT's customers, greater transparency is ensured regarding the origin of critical raw materials in the CLIENT's products. The critical raw materials include the conflict minerals tin, tantalum, tungsten and gold, some of which are mined in conflict-prone regions and used to finance armed conflicts.

Using the "Conflict Minerals Reporting Template (CMRT)" by the Responsible Minerals Initiative, the CLIENT shall ask the SUPPLIER for comprehensive information on smelters and mines in the countries of origin of the minerals being used. Through the code of conduct for suppliers of the CLIENT, the CLIENT encourages the direct SUPPLIER to act responsibly and to refrain from sourcing conflict minerals from regions directly or indirectly financing armed groups and human rights violations.

11 Term

This agreement comes into force on signing by both parties and may be terminated in writing with a notice period of three months to the end of a calendar quarter but not before the expiry of the supply contract.

12 Miscellaneous

Amendments to this agreement must be in writing in order to be valid. This also applies to the written form requirement.

The invalidity or inoperability of individual provisions of this agreement shall not affect its contents in all other respects. In such a case, the invalid or inoperable provision shall be replaced by a valid and enforceable provision which shall be agreed by the parties without undue delay and by means of which the intended purpose of the invalid or inoperable provision is largely achieved.

13 Index of abbreviations

Abbreviation	Definition of term
AIAG	Automotive Industry Action Group
APQP	Advanced Product Quality Planning
ASTM	American Society for Testing and Materials
cf.	compare
CIP	Continual Improvement Process
CMK	Machine Capability Index
CPK	Process capability index
DIN	German Institute for Standardisation
DR	Democratic Republic
e.g.	for example
EC	European Community
EN	European Standard
etc.	et cetera
FMEA	Failure Mode and Effects Analysis
IATF	International Automotive Task Force
IMDS	International Material Data System
incl.	including
ISIR	Initial Sampling Inspection Report
ISO	International Standard Organisation
MSA	Measurement System Analysis
OEM	Original Equipment Manufacturer
PPA	Production Process and Product Approval
PPAP	Production Part Approval Process
PPM	parts per million
QAA	Quality Assurance Agreement
QM	Quality Management
SPC	Statistical Process Control
VDA	Association of the German Automotive Industry
VOSS	VOSS Automotive Valves and Actuators GmbH

14 Signatures

CLIENT:

VOSS Automotive Valves and Actuators GmbH

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Changes to this QAA that are desired by the supplier/service provider are documented via a side letter prepared specifically for this purpose, which must be signed by both parties in order to be valid.

SUPPLIER:

……

Place, date

Signature/Role