1 Scope of application

This quality agreement (hereinafter referred to as QA) shall specify technical and organisational procedures for quality assurance to ensure compliance with the high quality and safety standards.

Hereinafter, the supplier shall be referred to as the **contractor** and Wagner AG as the **client**.

The CONTRACTOR undertakes to provide all deliverables and services to / for the CLIENT under the terms of this QA.

Moreover, reference may be made to a special product-related quality agreement, which requirements must be observed by the CONTRACTOR.

The CONTRACTOR undertakes to demonstrably impose similarly stringent quality obligations on its suppliers as those set forth in this QA.

1.1 Topics relevant to 'non-automotive'

Topics which do not apply for 'non-automotive products' are indicated with the **symbol 'NA'**. The CONTRACTOR may disregard these. The CLIENT decides what is not relevant to automotive.

2 Certifications

2.1 Automotive

The CONTRACTOR is obligated to apply a quality management system in accordance with the requirements of IATF 16949 and to demonstrate the same with certification from an accredited body.

2.2 Non-automotive

If the CONTRACTOR does not possess IATF 16949 certification, at minimum the CONTRACTOR must apply and demonstrate a quality management system in accordance with the ISO 9001 standard.

3 Audit

To verify compliance with the QA and implementation of quality control measures, the CONTRACTOR shall permit the CLIENT, the CLIENT together with its customer, or third parties engaged by the CLIENT to carry out audits on-site.

Depending on requirements, an audit may be carried out as a system, potential, process or product audit.

As a rule, the CONTRACTOR is responsible for auditing its suppliers.

At the CLIENT's request, the CONTRACTOR shall provide the CLIENT, the CLIENT together with its customer, or a third party engaged by the CLIENT the opportunity to carry out audits on the CONTRACTOR's suppliers.

If the results of the audit make corrections necessary, the CONTRACTOR shall undertake to implement improvements in accordance with the CLIENT's requirements in due time.

To safeguard product quality and continual improvement thereof, the CONTRACTOR shall carry out internal audits on a regular basis.

3.1 'NA' The CONTRACTOR with special processes (CQI)

If the CONTRACTOR carries out, or engages third parties to carry out, special processes, then depending on the type of process the CONTRACTOR shall be obligated to carry out an annual process audit in accordance with the following standards and to inform the CLIENT of the results by providing comprehensive written documentation.

The latest version of the AIAG specifications for these standards must be applied in each case.

- CQI-11 Galvanic Processes
- CQI-12 Surface Coating Processes
- CQI-27 Casting Processes

4 Strategy of zero defects

As part of quality planning, the CONTRACTOR is obligated to develop a strategy of zero defects and to take all necessary measures to achieve the quality target of zero defects. The measures that are planned and taken must be documented and demonstrated to the CLIENT on request. Emphasis must be on avoiding defects rather than identifying them.

5 Technical documents

The quality characteristics of products and materials which must be complied with are specified in the technical documents. They apply for all orders and contracts without requiring explicit reference.

Technical documents in this meaning are:

- Specifications
- Drawings
- Inspection plans
- Work plans
- Standards
- Other
- etc.

The CONTRACTOR is obligated, applying appropriate diligence in line with industry standards, to inspect the technical documents made available to ensure they are complete, technically correct and do not contain contradictions. Omissions and errors must be reported to the CLIENT without delay, and any missing information must be requested immediately.

The CONTRACTOR shall receive updates to technical documents from the CLIENT. The CONTRACTOR must ensure at all times that manufacturing and inspections are in accordance with the currently valid technical documents it has available.

6 Special characteristics

Special characteristics require special attention, as deviations in these characteristics can severely impact the assembly, life cycle, product safety, the function or quality of subsequent manufacturing processes as well as legal provisions.

These are characteristics with:

- Critical characteristics with special verification management hereinafter referred to as **K**
- Essential characteristics hereinafter referred to as **H**

Depending on the CLIENT's customer specifications, the **K** *and* **H** *characteristics have different symbols on the technical specifications.*

The CONTRACTOR is responsible for identifying and correctly specifying the special characteristics based on the CONTRACTOR's risk analysis as well as based on the specifications, requirements specification, or other information from the CLIENT.

The CONTRACTOR is obligated monitor and document the manufacturing process with appropriate methods in such a way that the process capability can be demonstrated at any time throughout the entire production time. If process capability is not present, then the process must must be safeguarded with a 100% inspection.

Requirement for process capability CPK

- **K** characteristic 1.67
- **H** characteristic 1.33

7 Advanced product quality planning, first article , re-qualification, IMDS, changes

7.1 Advanced product quality planning

The CONTRACTOR undertakes to carry out project management (**NA** as per VDA, AIAG) as early as at the planning stage of products and workflows.

The CONTRACTOR applies suitable preventive methods of quality planning to ensure the zero defects target. Examples of preventive methods include feasibility studies, process FMEA, verification and validation of process development and so forth.

7.2 First article inspection

The inspection from the start of production is intended to demonstrate that the quality requirements agreed in the drawings and specifications are fulfilled. It serves to eliminate systematic errors before start of production and for approval of series production.

As per agreements concerning the project, the parties to the contract must create prototypes and first articles and store corresponding evidence.

The inspection and evaluation of the capability of test equipment, machines and processes at the CONTRACTOR is carried out based on agreements made by the parties concerning the project.

7.3 *'NA'* Re-qualification

The CONTRACTOR is obligated to carry out an annual re-qualification inspection containing all characteristics set forth in the specification of the deliverable products without cost after approval of the first article.

The results must be documented in writing, and the full documentation must be handed over to the CLIENT within 24 hours on request.

The product control plan must specify the type, scope and documentation of the re-qualification inspection.

7.4 *'NA'* Recording material data (IMDS database)

The CONTRACTOR records the data of the product material it has supplied in the International Material Data Sheet (www.mdsystem.com) no later than by the first article inspection

If no entry is made into the IMDS, the CLIENT shall not grant first article approval.

7.5 Changes

Changes to the manufacturing process, materials and products and/or in the supply chain may only be implemented once the CLIENT has expressly granted approval in writing and sampling has been carried out.

8 Documentation, traceability

8.1 Documentation

Quality-relevant data must be archived for a period of 15 years after the last delivery of the product.

8.2 Traceability

The CONTRACTOR shall ensure that product identification, traceability, and seamless quality assessment of all materials, manufacturing processes and products are achieved at all times.

Traceability must be designed in such a way that in the event of the occurrence of a defect at the CONTRACTOR, the batch, production line and original batch can be identified.

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9 Receiving inspection, complaints, special approval

9.1 Receiving inspection

The CLIENT shall not carry out any receiving inspection that goes beyond due diligence.

Taking into account the inspections carried out at the CONTRACTOR in accordance with this QA, the receiving inspection carried out by the CLIENT shall be limited to the inspection of the shipping note information, identification, certificates, quantity, and evident damage to the transport packaging.

The CLIENT shall report defects which are discovered as part of the business process without delay.

9.2 Complaints

When the CONTRACTOR discovers defects, it must immediately send a written report to the CLIENT and ensure an inspection of all orders which are still in production as well as all stock. If defective products have already been delivered to the CLIENT, the parties shall agree on how to proceed.

If the CLIENT discovers defective products, it shall notify the CONTRACTOR immediately and send a fault report. The parties shall agree on how to proceed regarding the defective product which was delivered.

The CONTRACTOR shall respond within the timeframes defined by Wagner AG

After receiving the fault report, the CONTRACTOR shall prepare an 8D report and send it to the CLIENT, taking the 8D specifications and timing into consideration.

Implement the short-term corrective and improvement measures (up to D3)

- *Report to the CLIENT within 24 hours*

Analyse the root cause of the defect and plan measures to prevent it permanently (up to D5)

- *Report to the CLIENT within 5 working days*

Implement permanent corrective and preventive measures (up to D8)

- *Report to the CLIENT within 10 working days*

If it is not possible to comply with the prescribed deadlines from D5 on, the CONTRACTOR must provide the CLIENT with a substantiated report.

9.3 Application for special approval

If it is necessary to deliver products to the CLIENT which deviate from the agreed conditions, in particular the agreed specifications, then the CONTRACTOR must submit a written deviation request with the following information in advance in good time.

- ✓ CONTRACTOR's master data (business, name of applicant, date, etc.)
- ✓ Drawing number / index
- ✓ Reason
- ✓ Characteristic
- ✓ Quantity
- ✓ Order number

In the case of a special approval from the CLIENT in writing, the CONTRACTOR must identify the corresponding delivery clearly in accordance with the CLIENT's specifications.

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10 Supplier assessment

To encourage supplier development, the CLIENT shall periodically prepare A, B, C assessments on the following parameters.

- Quality based on complaints
- Delivery reliability based on deadlines and quantity

In the event of a **B** or **C** assessment, the CONTRACTOR shall prepare and provide to the CLIENT an improvement plan naming the cause and measures within 4 weeks.

11 Obligations

This quality agreement does not release the CONTRACTOR from its obligations which arise under the supply agreement, terms of purchase, technical specifications, order specifications or other specifications.

The CONTRACTOR bears sole responsibility for the quality of the products and materials manufactured for or delivered to the CLIENT.

12 Requirement of writing

Changes and additions as well as any assignment of rights and obligations under this QA must be in writing.

13 Final provisions

Unless otherwise agreed by the parties, this QA and the legal relationship resulting from the contract shall be subject to the laws applicable at the registered office of the CLIENT.