

 <p>Flaig Hommel GmbH</p>	<h1>Quality Assurance Agreement</h1>	<p>FM-7.4.1.2 Akt. Stand: 27.04.18 Index: 04</p>
--	--------------------------------------	--

The following agreement shall be concluded between the contracting parties:

**Flaig + Hommel GmbH
Heerstr. 1
78554 Aldingen**

Thereafter referred to as Flaig + Hommel.

Thereafter referred to as supplier.

Preamble

The acceptance of this agreement forms the basis of a long term working relationship between the two parties. Any expansion of the business relationship as well as the idea of on-going improvement shall be supported. The contractual partners commit themselves to carry out all activities with their customers in mind and with due care towards environmental resources.

1. Reference

This Quality Assurance Agreement refers to all deliverable products, replacement parts and services.

2. Aims and Principles

It is the supplier's duty to insure the maintenance of an efficient and timely quality management system which effects compliance with the required product quality.

Quality characteristics and other guaranteed values and properties of the contractual products are part of this agreement. The required characteristics and specifications are to be ensured with each delivered shipment. Changes of any kind require prior explicit consent from the customer. It is the supplier's duty to pass on any information of any planned changes in good time.

The supplier is required to carry out any quality assurance measures in a way that his products comply with the defined specifications. It is the supplier's responsibility to ensure that enough capacities for the requested services are available at any time. The supplier warrants that his products are free from defects.

	<h1>Quality Assurance Agreement</h1>	<p>FM-7.4.1.2 Akt. Stand: 27.04.18 Index: 04</p>
---	--------------------------------------	--

Disaster recovery plan to safeguard the required supply?

1. Second plant:

2. Alternative process:

3. Quality Management System and State of Technology, legal and regulatory standards

The Supplier's quality management system has to be compliant with standard DIN EN ISO 9001 or alternatively with IATF 16949. The requirements from the respectively applicable version of the relevant standard are part of this agreement. *The supplier carries out regular system-, process-, and product audits in order to evaluate and improve their internal processes as well as their management systems. Relevant documentation thereof is to be presented upon request.*

Flaig + Hommel is entitled to determine via an audit whether the applied quality assurance measures satisfy customer demands. This audit may be carried out either in form of a process audit or as product audit and has to be agreed in advance. System audits of approved certification companies are hereby to be taken into account. Reasonable limitations to secure the supplier's company secrets are hereby accepted.

- *The supplier carries out D/TLD audits (Q-Form) for product lines and makes the cover sheet available to Flaig + Hommel GmbH on demand.*
- *AIAG – CQI 9,10,11,12 (annually – cover sheet to be sent unrequested to Flaig + Hommel)*

These requests upon the quality management system are to be transferred from the supplier to any possible sub-suppliers whose products have a direct impact on the quality of the supply-product.

4. Ecology, Hazardous Substances, Recycling

An additional aim of our suppliers has to be the continued improvement of their internal environmental and job safety management system. This implies evidence of the relevant certificates ISO 14001 (in its most current version) and OHSAS 18001 or SCC (in its most current version).

The supplier is required to use only materials and processes which comply with all standards relevant to the current laws and regulations, environmental and safety requirements – with particular regard to hazardous substances, compounds and products – in the countries of manufacture and receipt.

- Prohibition of the use of heavy metals in compliance with the EU-End-of-Life Vehicle Directive (2002/525/EG)
- Compliance with official regulations: The supplier guarantees that all acquired products and materials used in the product conform to the relevant official regulations.
- The supplier is required to enter all substances used in his product into the IMDS system.
- Customer specific requirements with regards to preservation, tools etc. are to be observed.
- REACH Regulation

5. Designation of Responsibilities

In the document "Formula Q-concrete" our client VW requests the appointment of a Product Safety Officer (PSO). The supplier provides written contact details of the responsible persons and their deputies as requested in the appendix (Supplier Self-Evaluation Questionnaire).



6. Product Planning

Potential sources of error have to be detected as early as possible in order to take targeted preventative measures. Hereby, prior to serial deliveries or product changes, any project plan has to be revised to cover at least the following checks:

- Feasibility Study / Contract Review
- Process-FMEA (Failure Mode and Effects Analysis)
- Testing Schedule and Testing Equipment Capability Analysis
- Acquisition and Integration of Manufacturing Equipment (Machinery, Test Equipment, ...)
- SPC (Statistical Process Control), where applicable
- Initial Sampling
- Packaging
- Surveillance of Sub-Suppliers

Further requirements will be agreed upon for each individual project.

Buyer and supplier are both committed to an effective project planning procedure based on the VDA (Association of the German Automotive Industry) series:

„ Quality assurance prior to series manufacture “ VDA 4,

„ Securing the Quality of Supplies “ VDA 2,

or QS-9000/APQP (Advanced Product Quality Planning)

or IATF16949

6.1 Special Characteristics

Flaig + Hommel informs the supplier of specific characteristics via drawing or list. They may be split into significant and critical (security-relevant) characteristics. Irrespective hereof, the supplier nominates further, technologically relevant features. *In the case of adjustable, special features a machine qualifying reference ($Cmk \geq 1,67$, $Cpk \geq 1.33$) at the time of initial sampling is required.*

7. Product quality

The supplier is committed to monitoring, regulating and documenting the quality of their work and the products to be delivered in conformity with their quality management system and the defined requirements from drawings, specifications, order text and relevant rules and standards. Insight into this documentation is given to Flaig + Hommel (and when necessary to the clients of Flaig + Hommel) when required.

8. Quality Targets and Zero Defect Objective

The supplier is committed to the zero defect objective and with this goal in mind is obliged to continuously improve their performance.

Hereby all internal and external quality data and quality relevant costs are to be recorded, analysed and continuously improved until all targets are met. In the case of specific features quality targets and date of implementation are to be coordinated in terms of a shared improvement program.



Flaig Hommel GmbH

Quality Assurance Agreement

FM-7.4.1.2

Akt. Stand: 27.04.18

Index: 04

9. Initial Sample

9.1 Initial Sampling

New parts are to be supplied with an initial sample test report – either in compliance with VDA volume 2 „Securing the Quality of Supplies “ or comparable guidelines (e.g. PPAP). The respective submission levels 2 or 3 are to be coordinated.

Initial samples are to be manufactured with series-type equipment under production-line conditions. They have to comply with all specifications from drawings, technical guidelines, standards etc.

Prior to the initial delivery, the supplier makes the EMPB audit report and sample parts available for approval testing.

The required number of initial samples is usually 5 parts. The exact amount depends on the predetermined level. Sign-off of the initial samples does not release the supplier from the responsibility for the quality of their products.

- Cover Sheet, Test Report
- Control Plan, Test Plan
- Process Capabilities ($Cmk \geq 1,67$; $Cpk \geq 1,33$)
- Material Test Certificate WAZ (EN 10204 „3.1“)
- Drawing (poss. copy of the standard) with clear identification of all characteristics and specifications

9.2 IMDS-Data

Data as listed in the supplementary sheet „Substances in purchased parts“ (in future „Material Data Sheet“) are usually technically gathered and made available via IMDS (International Material Data System www.mdssystem.com). The IMDS Data-entry ID is to be noted in the comments box on the EMPB cover sheet.

10.0 Documentation Obligations, Identification, Special Archiving Requirements

The supplier will keep a continuous record of all tests carried out by themselves as well as all test results. The buyer is entitled to view those test records at any time. Quality records have to be kept by the supplier in a way that they are evaluable and that the definite allocation to product, production site and production period is guaranteed.

Quality records are to be stored so that they are safe and easily accessible at all times. On request, they are to be made available to Flaig + Hommel at short notice. The records are to be kept for a minimum of 15 years. With regards to parts or characteristics whose documentation requires particular archiving, please refer to the procedures stated in VDA1.

11.0 Delivery / Transport

Within the framework of his QM-measures, it is the supplier's responsibility to insure, that the quality of the delivery is not compromised during the transport to Flaig + Hommel GmbH.

Each bundle or container of a delivery has to be identifiable via sticky-label or tag.

12.0 Changes

Quality relevant changes on production facilities or processes may only be carried out in accordance with approval by Flaig + Hommel. Requests for amendments are to be made completely and timely, so that they can be checked regarding their significance. Flaig + Hommel is to notify their client of relevant changes. Objections may be entered prior to the implementation of such contractual changes.

Any responsibility for the quality of the products, even after the approval of changes, remains with the supplier.



Flaig Hommel GmbH

Quality Assurance Agreement

FM-7.4.1.2

Akt. Stand: 27.04.18

Index: 04

13.0 Product defects

13.1 Detection by the supplier

In the event of process disturbances or variations in quality, the supplier is obliged to sort out and identify any suspect parts. In cases, where the supplier deems the parts suitable for supply, an application for a product deviation permit has to be filed. Once a deviation permit has been granted, the delivery of the parts - identified as special lot – is permitted. Any causes of the deviation are to be analysed and improvement measures are to be introduced.

13.2 Dealing with complaints

In case of complaints, the supplier is sent a test report.

Once the initial information regarding the complaint is available, the supplier has to inform his contact of emergency measures regarding replacement deliveries or alternative measures to guarantee the flawless supply within 24 hours on working days.

Complaints, regardless of whether they have been noticed upon arrival, during subsequent processing or during use are to be analysed by the supplier immediately. All such activities are to be registered by the supplier, suitable stop-measures are to be taken and the buyer is to be informed upon request via 8D-report. Any incurring costs will be charged to the supplier.

14.0 Supplier development

In the case of inadequate quality and delivery performance and in order to guarantee the same, required measures may be initiated.

15.0 Incoming goods inspection

Flaig + Hommel performs incoming goods inspections regarding identity, quantity and transport damage. *Dimensional checks are only performed during the qualification phase and thereafter when necessary. The supplier is obliged to perform inspections on outgoing goods and to document the results. As agreed, a paper copy of the inspection results is to be included with the supplied goods.*

14.0 Requalification tests

All suppliers agree to a minimum of annual (or according to special agreements) requalification tests, whereby the creation of component groups is specifically allowed. This means that the requalification of one part on behalf of similar components with similar processes will suffice.

These tests correspond to the initial sample tests and contain additional, separately agreed features. The results of these requalification tests are to be recorded and made available on request.

15. Appointment of sub-suppliers

In cases where the supplier has been provided with a list of approved sub-suppliers, the supplier is obliged to obtain the relevant products from the companies listed thereon. Any new sub-supplier of these products may only be appointed once approved by Flaig + Hommel or their clients.



Flaig Hommel GmbH

Quality Assurance Agreement

FM-7.4.1.2

Akt. Stand: 27.04.18

Index: 04

16.0 Supplier evaluation

The buying-, quality management-, logistics- and development departments are continuously evaluating suppliers based on relevant performance levels compared to the pre-agreed target figures.

The following parameters are hereby taken into account:

- The quality of products and services per production location
- The supply quality and service
- The supplier's contribution to cost optimisation
- The quality capability of the individual processes (audit, proof of serial production capability) as well as
- The project- and sub-supplier management (audit)

17.0 Product safety / Product liability / Insurance

The supplier provides Flaig + Hommel with proof of a sufficient industrial liability insurance. The supplied products are the supplier's responsibility. In the case of defects appearing after the liability period has run out, negotiations about any ex-gratia arrangements will be taken up with Flaig + Hommel.

18.0 Run-time

This quality agreement is valid for an unlimited period and may be terminated to the end of the calendar year with prior 6 months notice. It remains valid for all parties until the agreed supply-contracts have been fulfilled.

Changes of paragraphs or chapters, as well as adjustments of this agreement are linked to a revision change (printed in italic script) and may only be challenged or specifically handled with regards to the adjusted features.

Date, legally binding signature F+H

Date, legally binding signature supplier