**Quality Assurance Agreement**

Between

**KOKI TECHNIK Transmission Systems GmbH**

**Bernd-Beltrame-Straße 7**

**09399 Niederwürschnitz**

**Germany**

hereinafter referred to as ‘KOKI’

and

***Name of supplier***

***Address of supplier***

***Postcode, town or city***

***Country***

hereinafter referred to as ‘SUPPLIER’

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# Preamble

Complete customer satisfaction and absolute commitment to continuous improvement form part of the highest philosophy of KOKI and are expected from all suppliers. The impact and position of our customers on the global market is determined to a crucial extent by the quality of our products and services. In particular, the quality of the deliveries from our suppliers has a direct influence on the products of the customers of KOKI.

We regard our suppliers as partners who are responsible for the quality of their products. It is in this sense that this Quality Assurance Agreement (QAA) is intended to help set a common quality strategy and to ensure that processes between KOKI, our customers and our suppliers run smoothly.

The goal of ‘zero faults’ should thus be achieved through cooperation in the spirit of partnership along the entire supply chain.

This QAA includes the requirements of our customers and standards and specifications for quality management in the automotive industry. The parties to this Agreement aim with the aid of this QAA to identify product defects before the completion of the individual products in question and to initiate appropriate measures at an early stage to prevent faults from arising. The focus of any action to be taken must be on the safety of the product.

The points listed do not constitute limits to the stated regulations or the statutory requirements and do not release the supplier from the obligation at all times to keep abreast of all necessary customer demands, standards and laws in order to ensure that they are complete and up to date. This can vary depending on the customer and the recipient factory.

# General requirements

## Scope

This QAA applies to deliveries of production materials of any kind and to the provision of any services to KOKI TECHNIK Transmission Systems GmbH.

The present QAA is divided into part 1 ‘General provisions’ and part 2 ‘Product-specific provisions’.

## Quality management

A supply relationship with KOKI presupposes the introduction of an effective quality management system which includes the basic principles of specification IATF 16949. This concerns in particular the continuous improvement of the processes and products of the supplier, its delivery quality and delivery reliability, the effectiveness of corrective measures and effective communication at all levels.

The minimum requirement is proof of certification in accordance with DIN EN ISO 9001 by an accredited certification body. For laboratories, testing service providers and calibration centres, accreditation in accordance with ISO/IEC 17025 or comparable national approval is required.

KOKI must be notified immediately after the announcement of the expiry of a certificate without planned recertification or the suspension of a certificate. New certificates are to be sent unsolicited to KOKI.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Organisation

For each factory, to ensure the effective monitoring of the quality management system an independent quality management officer must be appointed alongside a product safety officer (PSO) who reports directly to the Executive Board. The contact information is to be passed onto KOKI.

The specific knowledge, tasks and competences of the PSO must furthermore include:

Knowledge:

* Of the manufactured product: Operation, production in detail at his/her own site, intended use by the customer
* Of product safety and product liability laws
* Of risk assessment methods

Tasks:

* Involvement in, development and setting of priorities to eliminate or prevent product safety-related defects in the product development phase (fault prevention)
* Cooperation in or responsibility for the initiation and verification of construction/process FMEAs to the extent relevant for safety
* Cooperation within the framework of ‘lessons learned’ in the case of new product start-ups for the prevention of product safety-related errors in the area of manufacturing, assembly and testing processes
* Independent performance or arrangement of regular production and product checks of the current series to confirm product safety for use (including foreseeable misuse) and introduction and tracking of (instant) measures in the event of relevant deviations
* Evaluation of failure probability and frequency for the affected product in the event of a fault
* In the event of a complaint, participation in the complaints process including an effectiveness review
* Consistent maintenance of communication with KOKI in the event of a complaint

Competences:

* Reports directly to the Executive Board, the plant manager or head of Quality Assurance
* Introduction of component freezes for any reason and initiation of measures to rectify the defect in the ongoing series

All procedures and responsibilities are to be documented in the quality management manual, alongside related process, work and testing instructions. The supplier must carry out all processes, procedures and tests in accordance with the stipulations of its quality management system.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Quality objectives

In the framework of quality planning, the most important responsibility of the SUPPLIER is to develop a ‘zero-fault strategy’ and to take all necessary measures to achieve the ‘zero defects’ quality objective. The focus is on the prevention of errors rather than on their detection.

For the measurement and evaluation of the quality achieved, the SUPPLIER must define appropriate quality objectives with the following minimum requirements: Determination of internal and external complaint rates (preferably on a ppm basis), alongside internal and external fault costs. KOKI will agree on specific quality goals with the SUPPLIER which are also consistent with the requirements of its customers.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Audits

KOKI reserves the right – if necessary with its customers – after prior notification and taking into account the visitor policy of the SUPPLIER to carry out audits of the quality management system, processes and products in accordance with VDA 6.3 or comparable standards as amended. To this end, access to the production facilities of the SUPPLIER and to all quality-relevant documents and records must be granted to the representative of KOKI and our mutual customers. In the process, necessary and reasonable restrictions imposed by the SUPPLIER for the purpose of securing its trade secrets will be accepted.

KOKI will communicate the results of these audits to the SUPPLIER. If, from the perspective of KOKI, measures are required, the SUPPLIER undertakes to draft a plan of action without undue delay, to implement this in a timely manner and to inform KOKI thereof.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Special characteristics

Special characteristics (characteristics which require special verification, function- and process-critical characteristics, D-parts, SC/CC characteristics, etc.) require special consideration, as deviations from these can particularly affect product safety, service life, assembly capability, function or the quality of subsequent manufacturing operations, as well as statutory legislation.

For all special characteristics, preliminary process capability tests must be carried out. The results of the preliminary process capability tests will be acceptable if the capability values of Ppk ≥ 1.67 (Ppk = minimum process performance index in accordance with ISO 21747) are achieved.

Significant characteristics (SC) are those deemed installation- or function-critical and must be continuously observed and complied with using appropriate testing procedures and statistical methods. A process capability index of Cpk ≥ 1.33 must be achieved.

Critical characteristics (CC) are those deemed critical in respect of safety to life and limb and/or statutory regulations and must be continuously observed and complied with using appropriate testing procedures and statistical methods. A process capability index of Cpk ≥ 1.67 must be achieved.

If the above-mentioned capability indices are not achieved, the characteristics must be checked in their entirety for compliance using suitable testing methods.

The SUPPLIER undertakes to install a verification system for products with special characteristics, the content of which meets the requirements of VDA volume 1 and is so designed as to ensure that the requested proof of exoneration can be provided in the event of damage.

Special characteristics are defined by our customers or KOKI in the form of drawings and related specifications or arise from the risk analysis of the SUPPLIER, for example, from the product/process FMEA.

In principle, all specified product and process characteristics are important and must be observed by the SUPPLIER.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Subcontractors

The SUPPLIER is responsible for the development of its subcontractor pursuant to the above-mentioned requirements. If the SUPPLIER awards contracts to subcontractors, the requirements of this Agreement must be satisfied also by the latter.

Any change in subcontractor must be communicated to KOKI in advance and approved by the mutual customer. A production process and product approval procedure must be carried out.

KOKI reserves the right after prior notification also to audit subcontractors – if necessary with its customers. This does not however relieve the SUPPLIER of its responsibility to the subcontractor and to KOKI.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Ownership of tools and equipment

If tools or equipment should become the property of KOKI under the terms of a contract, in particular a supply contract, but are in the possession of the SUPPLIER, the fact of their ownership by KOKI must be made known by the SUPPLIER by means of appropriate marking of the tool or equipment and KOKI notified thereof in writing within seven days of acquisition of ownership.

Tools or equipment owned by KOKI or a contracting party of KOKI may without the consent of the owner in question be neither modified nor scrapped or used for a purpose other than that which has been contractually agreed.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Batch purity

In order to avoid batch mixing and to ensure traceability, all processes and deliveries must be executed strictly in accordance with the FIFO (‘first in – first out’) principle. The SUPPLIER is obliged to ensure traceability from KOKI back to its own subcontractors. For this purpose, the parts or means of transport must be marked in an appropriate manner.

The SUPPLIER is responsible for the cleanliness of the supplied products and packaging, taking into account any specifications of the mutual customers concerning residual dirt.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Inspection certificates

A current 3.1 inspection certificate in accordance with DIN EN 10204 must be included with each delivery of the SUPPLIER. Further production-related test results or measurements for special characteristics are to be provided by the SUPPLIER and included at the request of KOKI.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Inspection of incoming goods

The only inspections carried out at the point of goods receipt relate to identity, quantity and damage during transport.

A random inspection of incoming goods can be carried out if necessary.

In this respect, the SUPPLIER waives the objection of late notification of defects pursuant to section 377 of the German Commercial Code (HGB). The waiver applies only to hidden defects.

Once a defect is detected, the SUPPLIER will be notified thereof in writing in the form of a test report.

On the basis of the complaint, the SUPPLIER must check the following five deliveries in their entirety for the fault characteristic and mark each delivery as fault-free, stating the test report number, tested error characteristic and part number. Rights and claims in the event of products rejected on the grounds of defects remain unaffected.

Products delivered anew after a complaint can if necessary be subjected to an extended incoming goods inspection by KOKI.

Should defective parts again be identified in the process, the SUPPLIER must once again inspect all parts to be delivered in their entirety and provide the corresponding evidence that it has done so.

The audit at the SUPPLIER will last until the audit records generated at the premises of the SUPPLIER demonstrate that the products are defect-free and five consecutive defect-free deliveries have been received.

All additional costs and expenses resulting from a defective delivery will be charged to the SUPPLIER accompanied by documentary evidence of the defect.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Changes to products and processes

KOKI is to be notified in advance of relevant changes to the product or process, where these also require the written consent of KOKI. In coordination with the mutual customer, these must then undergo a production process and product release procedure. These changes must be documented by the SUPPLIER in the form of a product and process resume.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Reworking

Reworking is the taking of measures intended to improve faulty products so that it is possible to use them. It must therefore be carried out with special care. Reworked parts must not be distinguishable from non-reworked parts.

KOKI must in principle always be informed of any reworking measures, and these must also be approved by KOKI before implementation. Written statements of reworking, which must where necessary be coordinated with KOKI, are required for all reworking measures. Reworked parts must be tested and released in the same manner as series parts.

Deliveries with reworked parts must be separately labelled. The reworking measures carried out must be discernible from the marking.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Deviation permits

If deviations have occurred in the production process of the SUPPLIER which cannot be rectified by reworking either for technical reasons or in due time, an application for a deviation permit must be submitted to KOKI.

The application may be made only for one product, one fault and for a defined, limited quantity or time.

The submission of the application is not tantamount to a commitment to accept the product on the part of KOKI.

If further defects should occur in addition to the fault of which KOKI has been notified, any previously issued deviation permit will be void.

The application must be made to KOKI in due time in accordance with the obligation to deliver. Any additional costs incurred by KOKI will be charged to the SUPPLIER.

In the course of a deviation permit, an 8D report is to be prepared and submitted to KOKI in all cases.

Deliveries of goods within the framework of the deviation permit are also to be labelled with a copy thereof and the deliveries to be announced before shipment.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Complaints processing

After each complaint from KOKI, the SUPPLIER must immediately initiate and document corrective measures and process them in a structured form and in a timely manner by means of an 8D report. Root cause analyses are in principle to be performed using suitable problem-solving methods. KOKI must be notified in writing of emergency measures at the latest within one working day, and the conclusion of the 8D process is expected after ten days. KOKI is to be notified of the effectiveness of the corrective measures. If it should prove impossible to meet deadlines on the grounds of production conditions, KOKI is to be informed of this in a timely manner and an alternative deadline agreed.

At least the following points are to be investigated in the 8D report:

* Freeze SUPPLIER stock and contain problem, if necessary check 100%
* Are parts in transit to KOKI or the customer? Inform KOKI that non-validated parts are due to arrive; state delivery note no.
* Consult with KOKI to determine what should be done with existing stocks; where applicable, organise reworking by the SUPPLIER or a contractor, exchange stock
* Agree identification of validated parts and containers with KOKI
* Ensure delivery capability
* How did the fault come about?
* Why was the fault not discovered?
* What permanent corrective actions have been taken to prevent the recurrence of the fault?
* Was the FMEA revised?
* Are other products affected by the fault or the risk? What is being done with them?

At the request of KOKI, the SUPPLIER must apply a root cause analysis in line with the 5-why and Ishikawa method and carry out a process analysis or process audit.

The ‘worker training’ measure will not be accepted as the sole corrective action if other influences, for example, of a technical nature, are conceivable.

KOKI will carry out sorting or reworking action itself or at the premises of the customer only in consultation with the SUPPLIER. This procedure is permissible without prior consultation in the following special situations:

* The SUPPLIER fails within one business day to define any emergency measures to be initiated
* The SUPPLIER does not comply with a reasonable deadline set for consultation in this regard
* KOKI would have to carry out immediate measures in the context of a customer complaint to avert greater damage
* KOKI identifies the SUPPLIER as the cause only at a later date

KOKI will provide the SUPPLIER with corresponding evidence (n.i.O. parts, images, ...) for fault analysis.

KOKI reserves the right to verify any corrective measures taken in the context of an audit at the premises of the SUPPLIER.

Following on from a previous complaint the following labelling system applies: Subsequent deliveries from storage and stocks in circulation which were subjected to complete inspection on the grounds of a previous fault must, unless otherwise agreed, be separately labelled until such time as it can be demonstrated that the fault has been rectified (transport carriers and every individual means of transport). The type of labelling is to be coordinated in every individual case with the competent contact person at KOKI.

All additional costs which may be incurred by KOKI in the event of a demonstrably defective delivery by the SUPPLIER will be charged to the SUPPLIER and the corresponding individual evidence provided.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

# Quality planning

All SUPPLIERS should be included in the quality planning for a new project at the earliest possible stage. To this end, we expect from our suppliers suitable project management with systematic planning in accordance with the requirements according to VDA volume 4 or AIAG / APQP. This planning includes both the parts manufactured or processed by the SUPPLIER and any components purchased by it.

The name of the project manager must be shared with KOKI. For the particular part or project, at least all the planning steps detailed below must be followed by the SUPPLIER; for any changes to the part or process a corresponding is to be followed.

Any further demands which go beyond the content of the QAA will if necessary be agreed with regard to specific projects between KOKI, the mutual customers and the SUPPLIER.

KOKI requires the SUPPLIER to have the appropriate knowledge and experience in dealing with the relevant QM tools of the automotive industry (APQP, PPAP, FMEA, MSA and SPC).

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Feasibility analysis

Submitted technical documents (e.g. drawings, specifications, environmental requirements, recycling regulations, specifications, applicable standards and others) must be analysed by the SUPPLIER within the framework of the contract review. The feasibility analysis includes an investigation of economic and process feasibility and is to be documented in writing and delivered within the framework of the initial sampling in accordance with the specified submission level.

The SUPPLIER is obliged to draw the attention of KOKI to all documents that seem to be unclear, incomplete or incorrect to him/her. If the SUPPLIER considers that the quality to be delivered has not been described with sufficient accuracy, he/she must initiate steps for clarification prior to acceptance of the order. The SUPPLIER must also draw on its manufacturing expertise to identify customer requirements that may be missing or incorrectly defined.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Content of plans

### Schedule

On the basis of the deadlines provided by KOKI, the SUPPLIER is to draft a project schedule and make this available to KOKI on request in a regularly updated form.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Special characteristics

Special characteristics according to section 2.6 of this QAA are to be identified by the SUPPLIER and marked in all relevant product and process documents such as drawings, FMEA, risk analyses, work instructions and test and production control plans. Particular attention must be paid to these characteristics in all relevant planning steps, and they must be monitored.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Process flow chart

The SUPPLIER is to create a process flow chart across the entire process chain, including processes for subcontractors. This process flow chart is at the request of KOKI to be presented prior to the start of series delivery. The process flow chart must correspond with the process FMEA and the production control plan of the SUPPLIER.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Work plans/instructions

Work plans/instructions are to be drafted for all products or services which contain all the necessary information concerning process steps, internal/external transport, means of transport and the machines and operating resources to be deployed. Any necessary drawings and process requirements are to be drafted in accordance with the requirements.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Product/process FMEA

The failure mode and effects analysis (FMEA) is to be conducted to investigate possible risks and evaluate them in terms of importance, probability of occurrence and the possibility of discovery according to VDA volume 4 part 2 or QS9000. The risks identified thereby are to be minimised through the introduction of measures.

The FMEA is to be drafted with regard to specific parts. An FMEA for families of parts can also be drafted on request.

The FMEA is to be conducted in a timely manner so that results and measures can be included in the planning.

FMEAs are to be drafted or revised at least on the following occasions: Development/production of new parts, introduction of new manufacturing processes, relocations, changes to drawings, changes to processes, occurrence of defects.

Risks which are brought to light with the help of an FMEA are to be minimised by means of appropriate measures. For the implementation of the measures, schedules and responsible persons are to be specified in such a way as to allow measures to be fully carried out prior to the start of series delivery. The measures introduced are to be re-evaluated as to their effectiveness.

KOKI is to be informed of any necessary changes without undue delay so that it may in turn inform the mutual customers directly.

The FMEA can be inspected by KOKI at the premises of the SUPPLIER.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Production control plan

The production control plan serves the purpose of preventive protection of the process and is to be drafted by means of a systematic analysis of manufacturing, assembly and testing processes; results of the product/process FMEA and experiences of similar processes and products are to be taken into account.

The production control plan is to be drafted for the serial phases of the product development process in accordance with the relevant methods pursuant to VDA / volume 4 or AIAG / APQP; the drafting of such a plan in the prototype or preliminary series phase is required only at the request of KOKI.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Series monitoring

All product and process characteristics listed in customer specifications must be adhered to; special characteristics require proof of process capability. For this purpose, the SUPPLIER must monitor these characteristics using appropriate methods, such as quality control charts (SPC). If process capability cannot be demonstrated and processes have not been mastered, a 100% inspection must be carried out.

Non-measurable special characteristics or those which are testable only using destructive methods are to be monitored and documented using appropriate methods; inspection intervals and random sample sizes are to be defined in the process. The planned series monitoring of the special characteristics is to be coordinated with KOKI.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Equipment and resources

Equipment, aids and resources designed for the production of the component are to be planned and procured so that they are available in sufficient capacity at the latest in time for the manufacture of the parts for the initial sampling date. All equipment including internal and external means of transport are to be taken into account.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Inspection planning

On the basis of the production control plan, the SUPPLIER is to draft an inspection plan from which all the characteristics to be inspected along with the related testing equipment for each operation are to be derived. The characteristics are to be classified according to their respective importance. Test frequency, type of documentation of the test results and response plans are to be included in the inspection plan for the production control plan. Machine and process capability inspections are to be planned in at least for special characteristics.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Test equipment

The SUPPLIER is to define the test methodology with the appropriate test equipment for all characteristics. The necessary test equipment must be available at the time of series production launch and the suitability of the test process must be demonstrated. Test equipment capability studies are to be performed in accordance with the relevant methods pursuant to VDA volume 5 or AIAG / MSA.

All test equipment and measuring devices must comply with defined standards, which must in turn refer back to national and international standards. The state of the measuring and test equipment is to be monitored and identified using an appropriate system.

The monitoring results are to be documented.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Evidence of capability

Machine and process capability tests must be carried out in accordance with VDA volume 2, VDA volume 4 or AIAG / SPC. Minimum requirements for capability values are Cm / Cmk 1.67 for machine capability / short-time process capability, Pp / Ppk 1.67 for preliminary process capability and Cp / Cpk of 1.33 for process capability / long-term process capability.

Machine capability and short-time process capability tests are to be planned in such a way as to ensure that all evidence is available at the latest by the initial sampling date. A regular evaluation of the SPC records is to be performed, starting at the latest at the start of series production. The results of the process capability tests are to be submitted to KOKI on request.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Emergency strategy and maintenance

To ensure permanent availability, the SUPPLIER must maintain a system of preventive maintenance of production equipment. A service/maintenance plan is to be drafted which must contain the maintenance intervals and activities; their consistent implementation is to be documented in writing. The continuous fault-free functionality of machines, tools and equipment will thus be ensured. This includes all activities and expenses to maintain operational readiness and to eliminate all defects and damage that may arise as a consequence of use.

In addition to the definition of preventive maintenance, an emergency strategy is to be drafted for those processes that can affect the SUPPLIER’S capability to deliver. This applies, for example, to bottleneck machines and special tools, the interruption of energy supplies, labour shortages or customer complaints.

The aim of the emergency strategy must in all cases be to ensure the capability of the SUPPLIER to deliver to KOKI. For particularly critical situations, an emergency telephone number of the SUPPLIER must be known and available to KOKI.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Personnel

Staffing levels consistent with the scope of production are to be planned in a timely manner so that sufficient capacities are available at the latest by the start of production. Whenever a new job is created or a change of workplace takes place, every employee is to be trained in accordance with the new circumstances; supporting documents are to be maintained.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Audit planning

The SUPPLIER is to draft an audit plan which stipulates the regular performance of internal product and process audits. For this purpose, VDA / volume 6, part 5 or VDA / volume 6, part 3 or equivalent procedures are to be applied. Audits at the premises of subcontractors are to be taken into account.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Production capacities and output

At the request of KOKI, the SUPPLIER must demonstrate by means of a production test run that the required output can be realised to ensure that the specified production capacity is guaranteed (e.g. run@rate).

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Production process and product approval

Production process and product approval in accordance with VDA volume 2 and AIAG / PPAP is to be integrated as an integral part of the planning. Before the start of the production process and product approval (PPF / PPAP) procedure, the SUPPLIER must ensure that all process and quality planning activities are complete. In exceptional cases, it may be necessary for KOKI, if necessary in conjunction with the mutual customer and with prior notice, to carry out process inspections at the premises of the SUPPLIER.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Continuous improvement process

Measures that lead to the continuous improvement of processes (CIP) at all levels of the company are to be developed and implemented both in tandem with the start of series production and during current series production. The following points, for example, are to be taken into consideration: Improvements in process capability through the reduction of variance, increasing productivity, the alignment of processes, reduction of inspection frequency, the avoidance of reworking and scrap, and the analysis of complaints.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Internal approval of series production

Approval for the start of series production is permitted only upon the successful completion of all activities planned in the project. This approval must be documented by the SUPPLIER with date and signature.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

# Production process and product approval

## Initial samples

Initial samples are products manufactured and tested under series production conditions (machines, equipment, operation and test equipment, processing conditions). The test results of all characteristics must be documented in an initial sample test report. At least five individual products are to be tested and the results documented as individual values. The number of parts to be documented can if necessary be coordinated with the KOKI quality department.

In the case of multiple shapes, dies or tools, the products from each position (nest) must be tested and marked accordingly.

The initial samples are to be provided together with the initial sample inspection report and the related documents delivered free of charge to KOKI on the agreed date in accordance with the specified submission level. Initial samples are to be clearly marked as such.

To identify the characteristics, the numbers in the initial sample test report must tally with those in the approved current drawing to be delivered with it.

Series delivery may commence only after release by KOKI. The release does not absolve the SUPPLIER from its liability for defects.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Occasions for initial sampling

Initial samples are required in the following cases:

* First order of a product
* Change of subcontractor of the SUPPLIER
* Product modification of any kind whatsoever
* Change to the drawing index
* Change of production procedures/processes
* Change of test procedures/equipment
* After a delivery freeze or an interruption in supply or an interruption of production of more than one year
* After the deployment of new or modified moulding equipment (e.g. casting or punching tools, rolling mills, forging tools or dies)
* Factory relocation
* The use new or relocated machines and/or resources
* The use of alternative materials and designs.

Exceptions to procedures and scope are permitted only in consultation with the contact in the KOKI quality department.

With the exception of the first sampling of a new product, KOKI must be notified in advance of any sampling.

If the SUPPLIER should carry out any of the above-mentioned alterations without the consent of KOKI, KOKI will be entitled to cancel existing supply contracts without notice. In the event of a cancellation of this kind, the SUPPLIER will not be entitled to assert any claims for compensation against KOKI.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

### Deviations in initial sampling

Documents, records and initial sample parts may be presented only once all specifications have been met.

If the SUPPLIER should recognise that the agreements or specifications cannot be adhered to, the purchase department of KOKI must be informed thereof without undue delay. In the event of deviations from the specifications, KOKI will decide on the further action to be taken.

Deviations from customer specifications which were not detected during the production process and product approval procedure will entitle KOKI also to complain about these at a later date.

Initial samples with deviations for which no deviation permit has been granted will not be processed. If deviations should come to light only during cross-checking at the premises of KOKI or its customer, all inspection costs incurred will be charged to the SUPPLIER. The renewed presentation of initial samples is in such cases to be coordinated with KOKI without undue delay.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Submission levels

Submission level 3 pursuant to AIAG PPAP or VDA volume 2 in the absence of other written agreements or requirements on the part of KOKI.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## IMDS

The recording of material data in IMDS (international material data system – www.mdsystem.de) is mandatory and a prerequisite for production process and product approval; missing material data sheets (MDS) will result in either conditional initial sample approval or outright rejection.

The procedure (responsibilities, schedule, scope) for the IMDS entries is to be coordinated with KOKI in the context of the initial sample inspection by the SUPPLIER.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Delivery of initial samples

If initial samples are to be delivered to KOKI, the samples, packaging and delivery note must be clearly marked with the words ‘CAUTION: Initial samples’.

All initial sample parts are to be packed separately from other samples or series deliveries.

Delivery to KOKI is in principle to be free of charge.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Reference parts / retained samples

Reference samples from the initial sample inspection are to be retained by the SUPPLIER. The retention period is at least 15 years after the end of production.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

# Environmental protection / occupational safety / REACH

## Environmental management system

The SUPPLIER undertakes to comply with all statutory regulations to protect the environment and to minimise effects on people and the environment through the appropriate organisation of operational environmental protection. To this end, the introduction and development of an environmental management system (EMS) in accordance with ISO 14001 or EMAS is expected.

A safety data sheet is to be attached unsolicited to shipments of hazardous materials.

The packaging and transport of goods of any kind must be undertaken in accordance with statutory regulations to avoid adverse effects on the environment.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Occupational safety

The SUPPLIER undertakes to comply with all statutory regulations and safety requirements for occupational safety. If the SUPPLIER carries out work on the premises of KOKI, it will comply with the relevant safety and accident prevention regulations of KOKI and take into account orders issued by KOKI concerning conduct on the premises.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## REACH

All materials used in the manufacturing and processing of parts, along with manufacturing processes used, must comply with the valid statutory and safety requirements for restricted, toxic and hazardous substances. The SUPPLIER must ensure that this is the case in the production of parts. For deliveries within or to the European Union (EU), the SUPPLIER must comply with its obligations pursuant to the European chemicals regulation EC No.1907/2006, Reach. This applies especially to the obligation to provide information under article 33, according to which every SUPPLIER of a product must inform KOKI of the presence a substance listed under article 59 (SVHC candidate list substances). The first candidate list contains 15 substances of very high concern and was published by the European Chemicals Agency on 28.10.2008 (<http://echa.europe.eu>). The SVHC substances on the candidate list are constantly being updated. The SUPPLIER must inform itself independently of this and fulfil its obligation towards KOKI under the terms of REACH. If materials prescribed by the customer do not meet the requirements, the SUPPLIER must informed KOKI thereof without undue delay.

The SUPPLIER must guarantee that the materials used by it or its sub-suppliers are free from radioactive contamination (e.g. cobalt-60). Products must be free of ionising radiation which goes beyond the natural level of radiation. For the consequences of failure to observe these requirements, the SUPPLIER is referred to its liability.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

# Other requirements

## Retention periods

A retention period of at least 20 years after the end of production applies to documents, records and reference samples.

This period does not take precedence over the statutory requirements. Longer retention periods (up to 30 years) are recommended in the light of the limitation periods for product liability claims.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Traceability

The SUPPLIER must maintain a marking and tracing system for all production and material batches which can be used to identify the delivery or manufacturing batch of a sub-supplier or subcontractor in the event of quality defects. It must also be possible with this system to identify the process data and test results associated with the delivery or manufacturing batch of the SUPPLIER. The system must make it possible to locate products in circulation with the same quality defects and to carry out a root cause analysis.

The SUPPLIER must be able to clearly track and determine when it delivered which products to KOKI.

It must be guaranteed that all products intended for KOKI must be properly marked. The mixing of different batches is not allowed. The traceability of every item to as narrow a range of production dates as possible serves the purpose of fault isolation in the event of a complaint or claim.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Requalification

Unless otherwise agreed in writing with KOKI, all products must undergo an annual requalification test pursuant to IATF 16949, Chapter 8.6.2. After prior consultation with KOKI, requalification per product group (‘family’) is permissible for similar parts for a mutual customer or, as the case may be, results from current series tests (e.g. cyclic series releases, product audits, SPC evaluations, initial sampling) can be included.

The requalification test generally includes dimension, material and function; tests with a different scope are to be agreed with KOKI in consultation with the mutual customer.

The requalification is to be planned and the schedule and scope are to be presented in the production control plan with the initial sample. The results must be documented and retained by the SUPPLIER and communicated to KOKI, if required, within one working day.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

# Supplier evaluation

For the purpose of the constant optimisation of communication with our SUPPLIERS and to create the conditions for improvement of their deliveries, KOKI performs a continuous review of its SUPPLIERS according to specific criteria.

## Evaluation criteria

The criteria for the receipt of all goods which are applied to deliveries from the SUPPLIER concern the quality of the parts and the logistical execution of the delivery (deadlines and quantities). In addition, other factors such as the quality capability of the SUPPLIER (certificates, audit results), flexibility, cooperation, complaints processing (quality and punctuality) and the quality and completeness of first sample test reports are taken into account.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

## Evaluation cycle

At least once a year KOKI produces a summary evaluation of the SUPPLIER, resulting in its classification as an ‘A’, ‘B’ or ‘C’ supplier. The SUPPLIER will be informed in writing of the outcome and, if necessary, prompted to name appropriate measures for the improvement thereof.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

# Confidentiality

Each partner will use all the documents and knowledge which it receives in connection with this Agreement only for the purposes of this Agreement and, if the other partner identifies them as confidential or has an obvious interest in their secrecy, observe confidentiality with respect thereto with the same care as they would with respect to their own documents and knowledge with regard to third parties.

The foregoing confidentiality obligation does not apply to information, the content of discussions and facts which

* were demonstrably already in the public domain at the time of their disclosure to the receiving partner or become publicly known thereafter without a breach of this obligation, or
* were demonstrably already known to the receiving partner prior to their disclosure by the other partner or
* are communicated to the receiving partner in a demonstrably lawful manner by third parties or
* were developed by the receiving partner independently of the information provided by the other partner.

The above-mentioned provisions apply irrespective of any other confidentiality or secrecy agreement concluded between the parties.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

# Insurance

The SUPPLIER is obliged to take out and maintain adequate product liability insurance to cover all risks arising out of this Agreement. This applies particularly in regard to the recall and exchange risk of the SUPPLIER.

The SUPPLIER undertakes on completion of the delivery contract, but no later than 14 days after conclusion of the contract, to send KOKI written confirmation from the insurance company confirming the existence or conclusion of adequate product liability insurance.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

# Applicable law

The legal relations in connection with this Agreement are governed by the laws of the Federal Republic of Germany. The jurisdiction of courts is determined by the registered office of KOKI.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

# Duration of the Agreement

This Quality Assurance Agreement is valid indefinitely. It may however be terminated in writing by either partner with a period of notice of twelve months to the end of a calendar year. The termination of this Agreement will be without prejudice to the effectiveness of ongoing orders.

The requirements of this quality directive will continue to apply to orders which are still in process at the time of termination of contracts for goods and services between KOKI and the SUPPLIER until such time until these contracts have been completely fulfilled.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

# Other agreements

Changes and amendments to this Quality Assurance Agreement must take the written form.

If provisions of this Quality Assurance Agreement should be wholly or partially invalid, the validity of the remaining provisions will be unaffected; in this event, the parties will agree on that effective provision which comes closest to the economic purpose of the ineffective provision. The same applies mutatis mutandis to any loopholes in the Agreement.

The German version always takes precedence in the event of doubt in multilingual contracts and/or agreements.

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

# Other applicable documents

AIAG PPAP

AIAG APQP

DIN EN ISO 9001

DIN EN ISO 14001

DIN EN 10204

DIN ISO 21747

IATF 16949

VDA volume 2

VDA volume 4

QAA part 2 – product-specific requirements

KOKI supplier evaluation

*Notes of the supplier:* *Enter any comments on this section of the QAA here.*

Both contracting parties must take independent responsibility for ensuring that these regulations are up to date.

# Confirmation

This Quality Assurance Agreement forms the basis of cooperation between

KOKI TECHNIK Transmission Systems GmbH and its suppliers.

The recognition of part 1 of this QAA is one of the prerequisites for the granting of the status of series supplier for the conclusion of supply contracts. In addition to part 1 of the QAA, part 2 may be agreed with ‘product-specific provisions’.

You hereby acknowledge receipt of and compliance with part 1 of the Quality Assurance Agreement.

**Confirmation by KOKI:**

Signature 1 / Purchase: Signature 2 / Quality management:

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Place, date: Company stamp:

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**Confirmation by SUPPLIER:**

Signature 1 / position: Signature 2 / position:

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Place, date: Company stamp:

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