Supplier Quality Agreement (SQA)

Content:

1 General Requirements

1.1 Scope

(IATF 16949: section 1.1)

Reutib develops, produces, and sells innovative closure technology which is used in components for the automotive industry.

This Supplier Quality Agreement ("**SQA**") provides a framework for the technical and organisational conditions and processes used by Reutib and the Supplier and which are required for the purpose of achieving the envisaged quality objectives of both parties. This SQA describes the minimum requirements to be met by the management systems operated by the contracting parties and governs the rights and duties relating to quality assurance of the supplied products.

Unless otherwise agreed, this SQA shall apply in addition to all agreements concluded between Reutib and the Supplier. Specific changes may be added as an annex to this SQA to meet specific requirements. Should one or several of the provisions of this SQA be ineffective, this shall not affect the validity of the remaining provisions.

It applies to all Suppliers along the supply chain providing products to Reutib. It is also applicable for customer directed Suppliers (directed buy).

Reutib Suppliers are expected to extend the requirements of this SQA to their own Suppliers and sub-Suppliers.

1.2 Responsibility

All external Suppliers (Direct and Indirect, Supply Chain and Tooling, Machinery & Equipment Suppliers) are expected to comply with all requirements and expectations documented in the SQA.

- are responsible for meeting the SQA requirements. Failure to meet these requirements may result in the loss of existing and/or future Reutib business, in addition to reimbursement of costs to Reutib for issues resulting from those failures.
- shall ensure that their direct material/service Suppliers comply with the requirements of this SQA.
- shall adopt the standards of Zero (0) Defects and 100% On Time Delivery to Reutib. s shall understand that established PPM targets do not necessarily represent an Accepted Quality Level but may be an intermediate continuous improvement step toward shipment of components/materials meeting the Zero Defects requirement.

Suppliers are responsible for reviewing new and revised Reutib Requirements including Customer Requirements and determining the impact on their Quality Systems and promoting awareness of the SQA at their locations.

1.3 Document Location

This SQA is distributed via the Reutib website at https://www.Reutib-group.com/en/quality-assurance/. Printed copies are considered uncontrolled documents. While Reutib will communicate to Suppliers major revisions to this SQA, Suppliers are expected to remain up to date on Reutib requirements by frequently visiting the Reutib website. Visiting this website should become a business routine as Reutib uses web-based communications and applications. Questions regarding this manual should be directed to the Reutib contacts.

1.4 Business Language

(IATF 16949: section 8.2.1.1)

Reutib is official language is English. All communication will be conducted in English unless otherwise requested by the Reutib receiving plant.
Documents may display the native language when integrated in parallel translation. In this instance, English is the only valid version.

1.5 Regulatory and Statutory Compliance

(IATF 16949: section 8.4.3.1/8.4.2.2/8.6.5)

Reutib Suppliers shall adhere to and pass down all applicable statutory and regulatory requirements to their Suppliers in the entire supply chain.

The Supplier shall apply the legal requirements of the production location and of the country of use during the APQP phase to all products, processes shall be completed at the latest by PPF/PPAP submission.

1.6 Government Regulatory Compliance, Corporate Social Responsibility & Sustainability

(IATF 16949: section 8.6.5/8.4.2.2/5.1.1.1)

Reutib shall comply with all applicable laws, governmental regulations and rules in the countries in which it operates. Reutib Suppliers shall also comply with all applicable governmental regulations in countries in which they operate. These regulations relate to the health and safety of workers, environmental protection, use of toxic and hazardous materials and free trade. Suppliers should recognize that applicable government regulations include those in the country of manufacture as well the country of sale.

Reutib expects its Suppliers and sub-Suppliers to adopt and adhere to Reutib minimum expectations towards business ethics, working conditions, human rights, and environmental leadership.

1.7 Criteria for Selection as a Reutib Automotive Supplier

The goal for all Reutib Automotive Suppliers of materials and services affecting production material is to demonstrate compliance to IATF 16949. Suppliers shall also comply with Reutib Automotive specific requirements.

Suppliers to Reutib Automotive shall have a plan to achieve conformity to IATF 16949. Unless otherwise specified, conformity may be demonstrated by third party certification to ISO 9001 (at minimum) or IATF 16949. Note that certification to this specification will only be accepted when issued by an IAOB recognized registrar. This is consistent with the expectations of Reutib's customers and our business system that complies to IATF 16949requirements. The scope of the requirement affects subassembly, sequencing, sorting, re-work and calibration services in addition to direct material suppliers.

Suppliers who are identified as special process providers are to adhere to the specific requirements as set forth in the AIAG manual.

Reutib requires that its Suppliers use the latest Automotive Industry Action Group (AIAG) version of the Advanced Product Quality Planning and Control Plan (APQP), Potential Failure Mode and Effects Analysis (FMEA), Measurement System Analysis (MSA), Production Part Approval Process (PPAP), and Statistical Process Control (SPC) manuals as guidelines for their system development.

For these publications, visit http://www.aiag.org.

1.8 Quality management system

An effective quality management system, set up according to the standards and regulations of IATF 16949, is a prerequisite for the Supplier relations with Reutib. The effectiveness of the QM system should be reflected by:

- Continuous and verifiable improvement of processes, procedures, and products
- Delivered Quality
- Delivery reliability

- Prompt and effective implementation of corrective actions
- Communication at all levels
- Appropriate and timely processing of new and revised projects.

The Supplier shall introduce and operate a quality management system, by which shall endeavour to meet "Zero-Defect" target and Continuous Improvement objectives. Certification according to IATF 16949 is required for automotive and service parts Suppliers. If not yet accredited to IATF 16949, then an action plan with reasonable terms so to be certified has to be defined and followed.
The minimum requirement is certification according to ISO 9001 by an accredited certification body.

The Supplier shall inform Reutib immediately if the certificate:

- Has been revoked
- Has expired without a successful recertification
- Has been temporarily placed on suspension.

If no recertification is planned, the Supplier shall inform Reutib, at least 3 months prior to the expiration date.
After a successful recertification, new certificates shall be sent to the Reutib receiving plant electronically. It is the responsibility of the Supplier to ensure that each Reutib receiving plant has been informed about the new certificate.
Certification shall be provided by accredited certification bodies.

Production, inspection and/or packaging material made available to the Supplier by Reutib shall be incorporated by the Supplier in its quality system.
If the Supplier procures production or inspection, measuring and test equipment, software, services or other prior deliveries from subcontractors, these shall be integrated in the Supplier's quality system alternatively the Supplier shall take appropriate quality measures itself to secure the quality of prior deliveries.

The Supplier shall also impose an obligation on its subcontractors – based on the international ISO 9001 standard at minimum but preferred IATF 16949 – to introduce and maintain a quality system and to require its subcontractors to likewise strive to achieve "Zero-Defects" and Continuous Improvements.
Reutib shall be entitled to demand documented evidence from the Supplier which demonstrates that the Supplier has taken action to confirm the effectiveness of the improvement operated by its subcontractors.

1.9 Quality Objectives

(IATF 16949: section 6.2)

The Supplier shall ensure that quality objectives to meet customer requirements are defined, established, maintained, and reviewed for relevant functions, processes, and levels throughout the organization.

The Supplier is expected to develop a "Zero-Defect Strategy" and take all necessary actions in order to achieve the "Zero Defect" target.

If the quality performance has a potential to impact the safety, quality or delivery of products, the Supplier shall inform immediately all possibly impacted Reutib receiving plants and other involved parties in the supply chain to Reutib. For more info regarding the Quality Targets and Zero Defect Strategy go to section 4.6 of this document.

1.10 Supplier Audit

(IATF 16949: section 8.4.2.4.1)

Reutib reserves the right to carry out audits and assessments on quality management systems, processes and products, with the Reutib customer or a third party appointed by Reutib if necessary, after prior notification.

Reutib shall be entitled to conduct audits of its Suppliers to determine whether the measures undertaken by the Supplier to secure quality comply with the Reutib requirements and agreements as result of problem solving. The audit may be conducted in the form of a system, process, and product quality audit. Supplier audits must be conducted at all potential and existing Suppliers to evaluate their capability compare to Reutib requirements. In the case of escalation, the Supplier shall enable audits to be conducted on request within a period of two calendar days. Audits shall be conducted subject to reasonable restrictions to protect the Supplier's know-how; confidentiality is likewise assured.

Should quality problems occur, the Supplier shall grant Reutib the opportunity of auditing its subcontractors. Reutib shall be entitled to demand such an audit. Should Reutib be forced to conduct such an audit at the subcontractor alone the outcome of the audit shall be notified to the Supplier. If non-conformances are determined, the Supplier shall draft an action schedule which shall be agreed with Reutib. Subsequent measures shall be performed on schedule and Reutib informed accordingly.
The Supplier must allow Reutib's representatives access to its premises.

1.11 Sub-Supplier Management

(IATF 16949: section 8.4)

Sub-Suppliers have a significant impact on the quality of the final product. Reutib Suppliers shall have a documented Supplier management system in place.

Reutib Suppliers are responsible for the development of their sub-Suppliers. They shall have the necessary process, competence, and resources to manage their sub-Suppliers (including directed-buy Suppliers and outsourced processes) and monitor their performance. They shall also ensure that the sub-Suppliers comply with all the requirements contained in this directive.

An intent to change a sub-Supplier shall be communicated well in advance to Reutib. The change of a sub-Supplier can only be implemented upon prior approval.

Reutib reserves the right to participate in audits of sub-Suppliers regarding quality management systems, processes, products etc. jointly with the Reutib Supplier, Reutib´s customers or a third party assigned by Reutib. Advance notice will be given. Reutib participation in a sub-Supplier audit does not absolve the Reutib Supplier from their responsibility to properly monitor and develop the sub-Supplier.

1.12 International Material Data System (IMDS) Reporting, Verification & Safety Data Sheets

To ensure compliance with the various legal and customer requirements, Reutib requires its Suppliers to report material and substance information for all types of purchased materials, components or items supplied to Reutib. All substances and/or materials shall be reported to Reutib using the International Material Data System (IMDS) (www.mdsystem.com).

Suppliers shall submit the required IMDS to Reutib as soon as possible upon award of new business, but in any case, prior to the PPF/PPAP submission. The Supplier IMDS information shall be subject to Reutib review and approval. Once approved by Reutib, the Supplier of the material or component shall indicate such approval in the PPF/PPAP documentation supplied to Reutib regardless of submission level requested.

The Supplier shall also implement procedures or controls necessary to prevent the introduction of prohibited and restricted substances in materials into the final product and/or component supplied to Reutib.

Certificates of conformance from raw material Suppliers may be used to guarantee the absence of prohibited materials as long as an analysis is made of the entire manufacturing process to ensure that all possible areas of material introduction are included. However, it is highly recommended that final product be subject to a chemical analysis to verify the absence of any prohibited materials.

For materials and mixtures, Suppliers shall also provide the Reutib Buyer and associated Reutib Plant locations with Safety Data Sheets (SDS), including hazard information and safe use practices in accordance with the United Nation's Globally Harmonized System (GHS) of Classification and Labeling of Chemicals and the European Classification, Labeling & Packaging (CLP) regulation.

Any change or update of the legal requirements must prompt a re-check and subsequent update of the data provided to Reutib (IMDS submission, SDS, compliance declaration, etc.).

1.13 Information exchange / Changes to products and process

(IATF 16949: section 8.2.4/8.5.6)

The Supplier shall inform Reutib immediately should it become apparent to the Supplier that it will be unable to comply with agreements – e.g. regarding quality characteristics, deadlines, and supply quantities. The Supplier shall also inform Reutib about any non-conformances which may be detected subsequent to delivery. In order to achieve a fast solution, the Supplier shall disclose all the required data and facts. The Supplier shall agree the same with his subcontractor.

The Supplier shall have a documented process to control and implement changes that impact product, product realization and manufacturing process.
The Supplier shall notify Reutib in good time enough in advance prior to necessary follow up in regards to product/ process release about:

- Changes in component
- Production in case of known process faults
- Delivery of potentially incorrect parts

- Changes in production processes, procedures and materials (including changes implemented by subcontractors)
- Changes in subcontractors
- Changes in test procedures / equipment
- Relocations of production locations
- Movement of production facilities at the same location
- Outsourcing of work operations
- Change in proprietorship

The effect of any change, including those changes caused by sub-Supplier, shall be assessed, verified and validated to ensure compliance with Reutib requirements prior to implementation. The evidence of risks associated with the change shall be documented and assessed.

Any intended change, deviating from the latest PPF/PPAP approval, shall be communicated as soon as possible to Reutib to allow for a timely review and approval by Reutib.

The duty to notify shall also apply to catalogue goods which are not specific to Reutib.

Suppliers shall submit a written request to all affected Reutib facilities. The request shall be accompanied by a detailed timeline demonstrating proper change control that identifies necessary safety stock/bank requirements and timing to allow for a timely Reutib/Customer approval and validation.

Changes shall not be implemented prior to the receipt of written approval from Reutib.

Authorization to ship the material after a change implementation requires a new PPF/PPAP approval.

1.14 Special Characteristics

(IATF 16949: section 8.2.3.1 & 8.3.3.3)

Reutib describes product, and service requirements on the technical drawings, specifications, and relevant purchasing documents.

All characteristics shall be complied with. There are characteristics with higher risk, which require special considerations. These are the “special characteristics.
Deviations in these characteristics can seriously affects product safety, product lifetime, assembly capability, product functionality, quality and can violate official or legal regulations.

Special Characteristics are specified by Reutib and documented on the drawings and/or specifications. They are to be identified as well, from the risk analysis of the Supplier, e.g., from the product and/or process FMEA, based on the Supplier´s experience and knowledge.

Special Characteristics as defined by Reutib are categorized as follows, if there is no customer requirement:

Symbol	Definition	Cpk	Note
S	Safety relevant characteristic. Product characteristic for which reasonably anticipated variation could significantly affect the product's safety. Documentation storage 15 years.	≥ 1.67	SPC or 100% inspection
F	Function relevant characteristic. Product characteristic for which reasonably anticipated variation could significantly affect functionality of the product.	≥ 1.33	SPC or 100% inspection
Z	Regulatory relevant characteristic. Product characteristic for which reasonably anticipated variation could significantly affect compliance with government regulations. Every deviation from regulation in a law that requires special approval. Documentation storage 15 years.	≥ 1.33	SPC or 100% inspection
Q	Quality control characteristic (Reutter internal) Characteristic important to customer satisfaction and for which quality planning actions shall be included on the Control Plan	\	No SPC or 100% inspection is needed

A detailed description of the Reutib-standardized definitions, determinations and affiliated requirements is described in work instruction: **Classification of Characteristics**.

1.15 Product Safety

(IATF 16949: section 4.4.1.2)

Product safety and product liability are particularly significant for companies in the automotive industry. The Supplier has producer responsibility for their parts and processes, including parts or processes from sub-Suppliers, which Reutib purchases to build their final parts. To prevent product liability risk, it is the responsibility of the Supplier to do everything in their power, in terms of organization and technical matter, to guarantee the product safety.
Furthermore, the Supplier shall apply the product safety requirements to their supply chain.

1.16 Communication with Reutib customers

(IATF 16949: section 8.2.1)

Reutib expects Suppliers to be available for technical support withing the context of discussion at customers, on their own premises, or at Reutib.
Communication concerning Reutib products between the Supplier and customers of Reutib shall exclusively take place in agreement with Reutib.

1.17 Contingency plan / Emergency plan / Risk assessment

(IATF 16949: section 6.1.2.3)

The Supplier should identify and evaluate internal and external risks to all manufacturing processes and infrastructure equipment.

The Supplier shall develop a contingency/emergency plan for each Supplier manufacturing/shipping location which may disrupt product flow to Reutib.
For this purpose, he has to base on risk assessments (e.g. single sourcing).
When creating contingency/emergency plans, any occurrences have to be taken into account, such as loss of production, machine downtimes, delivery interruptions, energy supply failures, transport losses (accidents), catastrophes, strikes, insolvency of subcontractor, etc. Functionality of contingency/emergency plan shall be regularly verified by simulating certain failures and measuring effectiveness of its application.
In the event of a risk in supplying the lines of Reutib and of their customers, the Supplier undertakes to arrange a time and date within 12 hours in order to find a mutual problem solution. Reutib should be informed immediately in the event of an actual disaster. In this case, Suppliers shall provide Reutib access to Reutib´s tools.
Suppliers are required to review and update each contingency/emergency plan regularly; annual review is minimum.

1.18 Control of Reworked and Repaired Products

(IATF 16949: section 8.7.1.4/8.7.1.5)

For rework and repair of products, the Supplier shall have a documented process and conduct a risk analysis (e.g. FMEA).
Any repair or rework not included in the agreed Control Plan during the PPF/PPAP phase is considered as a process change according to section 1.13 Information exchange / Changes to products and process.

Reutib shall be notified via the requested form “**Deviation Approval Request (DAR)**”.

Written Reutib approval is required prior to implementation.

1.19 Disposition of Nonconforming Products

(IATF 16949: section 8.7)

The Supplier shall have a documented process for disposition of nonconforming products not subject to rework or repair.
For products not meeting requirements, the Supplier shall verify that the product to be scrapped is rendered unusable prior to disposal, unless otherwise agreed with Reuter.

Any component produced for supply to Reutib, not sent directly to Reutib or an authorized third party shall be destroyed in-house prior to recycling in order to make sure that the component may never be used in the intended application, unless otherwise agreed with Reutib. This includes scrap, parts produced during production trials, engineering sampling, and all setup and inspection pieces.

The Supplier shall not divert nonconforming product to use without prior Reutib approval.

Supplier shall guarantee conformance to this practise and shall guarantee that any and all sub-Suppliers will confirm to this practice.

1.20 Escalation Model in case of purchased parts

Suppliers providing Reutib with products and services that do not meet quality, delivery, or planning commitments and expectations are subject to enrolment in the escalation process to expedite improvement actions and visibility.

The Reutib Escalation Process is available for review in case of request. Questions regarding the interpretation of this policy and the application therein shall be directed to the Reutib receiving plant.

1.21 Retention periods

(IATF 16949: section 7.5.3.2.1)

The Supplier shall define and maintain retention periods for documents, records, and reference samples.

The applicable retention periods depending on the nature of the relevant documents and type of industry are described in the following standards:

Automotive Industry

- IATF (section 7.5.3.2.1) – Record Retention
- VDA 1 – Information management, Documentation Control and Archiving
- AIAG (6) – Record retention

In light of the limitation periods of product liability claims, retention periods up to 30 Years are recommended. These regulations and this summary do not replace legal requirements.

1.22 Marking of Customer´s Property

(IATF 16949: section 8.5.3)

All tools for manufacturing, testing or inspection equipment belonging to Reutib or to its customers shall be permanently marked to clearly show that they are property of Reutib or of the customer of Reutib. Those tools shall only be used for Reutib products unless an authorization in writing exists. Failure to comply with tool identification requirements will result in delay or non-payment.

1.23 Customer Specific Requirements

(IATF 16949: section 4.3.2)

Suppliers are expected to comply with specific requirements of Reutib customers.
General customer specific requirements are already included in this agreement and shall be implemented.

Additional customer specific requirements issued by Reutib customers will be communicated on a project basis. Their application will be subject to an agreement between Reutib and the Supplier.

2 APQP – Advanced Product Quality Planning

2.1 Product/ Process development and change management

If the Supplier order includes development tasks, the requirements shall be set down in writing by the contracting parties, e.g., in the form of performance specifications. The Supplier shall initiate project management, responsibilities, and milestones as early as the planning phase requires for products, processes and other company-wide tasks and shall enable Reutib to inspect the same on request. During the contract review the Supplier shall assess all technical documents, such as specifications, drawings, bills of materials, CAD data, in terms of feasibility as soon as they are received. The Supplier shall notify any errors and risks detected in the same to Reutib immediately.
The Supplier shall employ suitable preventive quality planning measures during the development phase, such as feasibility reviews, reliability inspections, FMEAs, Control Plan, etc. The Supplier shall take lessons learned (processes, process data, capability studies, etc.) from similar projects into account.

Cleanliness of the parts (e.g., free of dust, oil, carton fibres, etc.) shall be secured by Supplier in the whole production and supply chain. Supplier shall instruct Reutib to follow up any specific storage conditions (e.g., box orientation/ stacking, temperature, humidity, etc.) that leads to keep required quality of the parts.

Specific documentation such as product/ process measuring results, SPC data, etc., determined for archiving shall comply with legislation, ISO norm and Reutib requirements. The Supplier and his subcontractor shall agree upon manufacturing and inspection conditions for prototypes and pre-series parts with the Reutib and shall document them accordingly.
Products shall comply with the agreed or warranted characteristics (e.g., SPC, specifications, data sheets, drawings, samples). The Supplier shall immediately assess whether a description (e.g., specifications, performance specifications, data sheets, drawings) submitted by Reutib is clearly incorrect, ambiguous, incomplete or clearly diverge from any samples. If this is the case the Supplier shall notify Reutib in writing immediately before beginning the production process or performing the service.

Product / Process change management could be initiated from Supplier, Reutib or Customer side. All related parties must accomplish written processes in according with latest automotive standards. This change management have to clearly communicated within all parties, properly documented (e.g., correct documents versions, part history and finalised with PPAP update).
For an initiation of such **Change Request** must be used by Reutib form Fulfilled form must be then submitted to Reutib change management committee centre representatives for an evaluation and it's further processing. Every product/ process change intended to be proceeded by Supplier must be managed in above-described way.

2.2 Product/ Process release & requalification

Unless otherwise agreed, the Supplier shall implement a production and manufacturing process release procedure prior to initial serial deliveries in accordance with the PPA agreement VDA2 edition 6, or the production part release process of the AIAG PPAP. The Supplier shall also provide, free of charge upon request, the agreed objective evidence of suitability and capability.

The Supplier shall undertake process planning and responsibility for creating and executing work plans, preventive maintenance, calibration, inspection plans, operating equipment, tools, machines and gauges. The Supplier shall take steps to ensure that production means are suitable. If not required to be executed by Reutib representatives, Supplier production capacity must be confirmed at least by self-assessment in form of R@R and send to Reutib maximum 1month after obtaining approved PPAP from Reutib. Quality is monitored in the context of regular audits.

The Supplier shall present the agreed quantity of pilot samples which have been manufactured under series production conditions in good time prior to beginning series production. Series production shall only commence after obtaining an approval of PPAP or ISIR files given by Reutib.

The Supplier shall undertake process planning for all characteristics (work plans, inspection plans, operating equipment, tools, machines, etc.). The Supplier shall check the capability of the production facilities and shall document the results. Product quality is monitored in the context of regular audits.

Identified and agreed "special characteristics" are subject to statistical process control unless otherwise approved by Reutib. The process capabilities shall be determined and documented for special characteristics (refer to VDA Volume 4, Part 1 or SPC Manual QS 9000). Unless stipulated otherwise, the following values shall be complied with:

Type of inspection	**Referred to as**	**Capability**
Short-term machine capability	MFU	Cm_k □ 1,67
Short term process capability	PFU	Cp_k □ 1,67

Long-term process capability	PFU	Cp_k ≥ 1,33

Short term process capability shall be done on amount of samples at minimum 50 pieces. If the values referred to above are not complied with the Supplier shall perform and document a 100% inspection of the parts prior to shipment until he has determined and rectified the cause for such non-conformance of the process capability. If this is not possible for process-technical reasons, the Supplier is obliged to retain 100% check. In the event of process faults and quality non-conformances the Supplier shall analyse the causes of the same, initiate corrective action and assess effectiveness.

If, in exceptional cases, the Supplier is unable to supply products which comply with specifications, the Supplier shall initiate and obtain a concession (**DAR = Deviation Approval Request**) from Reutib prior to delivery in a reasonable time frame. If such a DAR isn't approved by Reutib such a material can´t be delivered.

All product/ process have to undergo requalification of an entire dimensional and functional check based on drawing specification at least once a year taking into account the material and functional target specifications of Reutib. Supplier is obliged to provide the requalification results in form of cover sheet and complete measuring report once per year to Reutib free of charge. A requalification result must be submitted until 31st of January of each year.

3 PPAP/PPF Production part approval process

Production Part Approval Process (PPAP) is based on PPA agreement VDA2, edition6 or on the production part release process of the AIAG PPAP. Reutib retains the right to specify one of these two procedures or a similar procedure.
Prior to start of Production Part Approval Process (PPF/PPAP), it shall be ensured that all activities of process and quality planning have been completed.

3.1 Initial Samples

(IATF 16949: section 8.3.4.4)

Initial samples are products made and tested under series production conditions (plants, machinery, operating materials and test equipment, machining conditions).

The test results on all characteristics must be documented within the initial sample report. The quantity of parts to be documented must be agreed upon with Reutib.

The initial samples shall be submitted to the Reutib receiving plant by the agreed date and shall include the initial sample inspection report and documents according to the submission levels specified in **section 3.3** Submission Levels. The initial samples shall be clearly identified. To identify the characteristics, matching numbers shall be used in the initial sample inspection report and in the accompanying current drawing released by Reutib.

For assemblies manufactured according to a Reutib design, including the single components, an initial sample inspection is obligatory and shall be presented to Reutib.

For products based on the Supplier´s own design, the Supplier shall sample and present the assembly to Reutib. Initial sampling shall also be performed for single components and, if necessary, for subassemblies. Reutib shall be allowed to review this documentation as required.

Reutib reserves the right to issue a complaint at a later date about deviations from the Reutib specification which have not been detected during the PPF/PPAP Approval Process.

3.2 Reasons for Initial Samples

(IATF 16949: section 8.3.4.4/8.5.6.1)

In alignment with above mentioned standards and regulations, the PPF/PPAP Approval Process is required if any of the following changes apply at the Supplier or sub-Supplier:

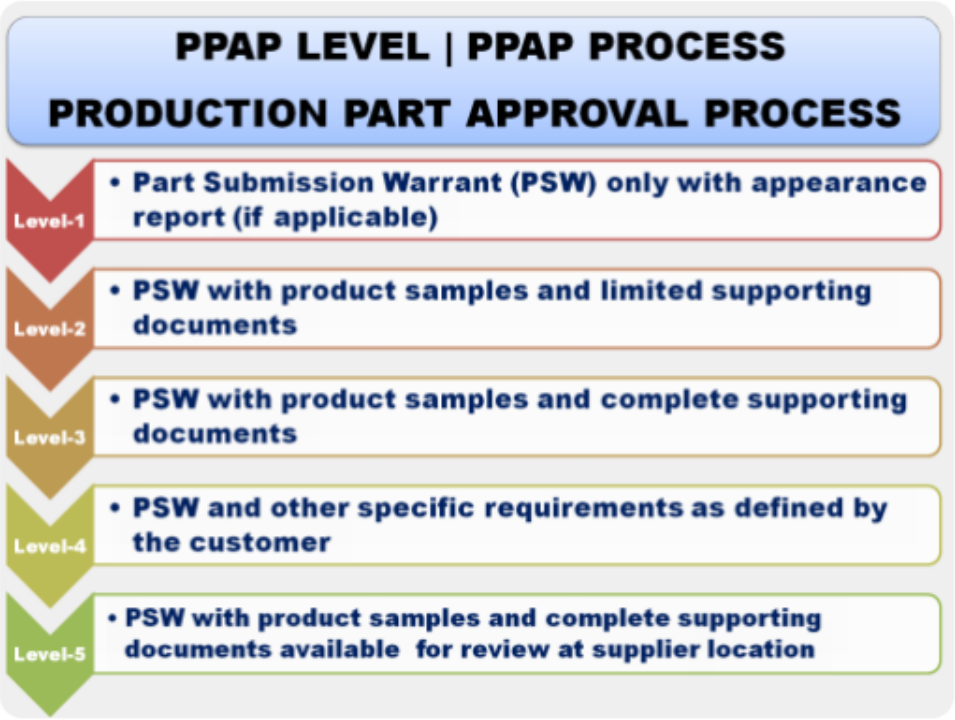
- New product ordered for the first time
- Any sub-Supplier changes
- For all affected characteristics after any product modification
- For all affected characteristics following a drawing index modification
- Following an interruption in delivery after a stop shipment (business on hold)
- Following an interruption in delivery of more than one year
- Following an interruption in production of more than one year
- Any production procedures/processes have been changed
- Following the introduction of new/modified moulding equipment (e.g., stamping, rolling, pressing, moulding equipment, in the case of several dies/moulds, for each cavity/cluster.)
- Following any type of relocation of PPF/PPAP approved production or the use of new or relocated machinery and /or operating materials
- After use of alternative materials and design changes in product appearance attributes applied to material such as paint, where there is no appearance specification. (e.g., colour, smell…)
- Change in test/inspection method or new technique (no effect on acceptance criteria). For change in test method, Supplier should have evidence that the new method provides results equivalent to or better than the old (previous) method.
- Production following upgrade, refurbishment, rearrangement of existing tooling or equipment, if requested by Reutib.

Exceptions to approach and scope are permissible only in case of agreement with Reuter.

3.3 Submission Levels

(IATF 16949: section 8.3.4.4)

In general, unless otherwise specified by Reutib..



In case of bulk material (i.e., grease, oil, granulate …) the submission shall take place via the relevant AIAG Bulk Material Checklist, unless otherwise specified by Reutib.

3.4 Initial Sample Documentation

(IATF 16949: section 8.3.4.4)

The initial sample documentation according to the requested submission level shall be supplied at the same time as the initial samples.
Reutib may require Suppliers to submit a validation package that contains additional documents and forms beyond those required by AIAG/VDA.

Missing, incorrect, incomplete, or delayed submission of initial sample documentation will be recorded as a Supplier performance failure and will affect the Supplier´s performance rating.

Initial samples without incomplete documentation will not be processed and will lead to subsequent costs, which will be charged to the Supplier.

3.5 Deviation in Initial Sample

(IATF 16949: section 8.3.4.4/8.7.1.1)

Documentation and initial sample parts may only be submitted if all specifications are fulfilled. In case of deviations, the Supplier shall first obtain written permission from Reutib and attach it to the submitted documentation. Initial samples with deviations that have no deviation approval will not be processed by Reutib.

The following shall be submitted along with the deviation request:

- 8D report
- An action plan to return to planned serial conditions
- The planned point of time when normal production can be resumed.

3.6 PPF/PPAP Submission Process

(IATF 16949: section 8.3.4.4)

The PPF/PPAP documents shall be submitted in the process requested by the Reutib ordering plant. They shall be submitted along with the List of PPF/PPAP Elements in the order of the element numbers stipulated in the "PPA agreement"

Incomplete or incorrect PPF/PPAP documentation will be rejected.

Once the manufacturing process is successfully validated (PPF/PPAP is approved), the serial production phase begins.
During this stage, there are a number of requirements each Supplier and sub-Supplier shall be fully aware of and follow.

4 Serial Production Requirements

4.1 Introduction

Once the manufacturing process is successfully validated (PPF/PPA is approved), the serial production phase begins.
During this stage, there are a number of requirements each Supplier and sub-Supplier shall be fully aware of and follow. Key areas for this phase are detailed in the following sections.

4.2 Processing complaints / Warranty

(IATF 16949: section 10.2.6)

Supplier is expected to immediately notify all possibly impacted Reutib plants and other involved parties in the supply chain to Reutib, when made aware of a potential safety, quality or delivery issue.
Reutib plants and other involved parties in the supply chain to Reutib possibly affected are to be informed at once by the Supplier.

Should the production operations of Reutib or its customers come to a standstill as a result of supplied products which do not comply with specifications, the Supplier shall take immediate measures to rectify this situation in consultation and agreement with Reutib (substitute delivery, sorting, reworking, additional shifts, express transport, etc.).
The Supplier shall then perform an immediate defect analysis based on 8D methodology. This defect analysis has to be strengthened with a usage of Ishikawa diagram, 5 Why´s analysis or other automotive root cause analysis tools.

Reaction times required by Reutib are:

3D: 24hours

4D/5D: 10 days

8D closure: 15 days.

Products subject to complaints shall be returned to the Supplier. The Supplier shall analyse all non-conformances with the aid of an 8D report and shall inform Reutib of the cause of the same, the corrective and preventive action taken, and the effectiveness of such action.

The clean point information shall be determined and communicated at once to the person in charge at Reutib. In addition, it shall be documented in the 8D-report.

Subsequent deliveries from warehouse and work in progress which have been subjected to 100% inspection or testing due to complaint shall be marked or labelled. This shall be done via the appropriate label or form which is provided by the document no. **Identification card 100% delivery**.

Every packaging unit shall be clearly labelled with the requested label or form until permanent corrective actions have been implemented successfully.

The type of marking on the individual part need s to be agreed with the Reutib receiving plant, described on the requested “Certified Parts” label or form, and included on the 8D Report.

Reutib holds the right to arrange a 3rd party rework, transport, analysis and claim this cost to Supplier to ensure delivery of conform products to its Customers. The preliminary administrative costs for each official complaint charged by Reutib towards Supplier is 155 €.

Supplier nonconformity costs include all internal and external costs for expenditures attributable to nonconforming products from Suppliers that do not correspond to the Reutib specification (requirement specification, drawing, instructions, etc.).

Final cost will be communicated to responsible contact person at Supplier in written form.

The 8D process can only be closed by the acceptance of Reutib.

An additional defect proof activity:

CSL1: Level I Controlled Shipping includes a problem-solving process as well as a redundant inspection process.

The inspection process is enacted by the Supplier’s employees at the Supplier’s location in order to isolate Reutib from receipt of nonconforming material.

CSL 2: Level II Controlled Shipping includes the same processes as Level I controlled shipping, with an added inspection process that is completed by an impartial third party. The third party is selected by Reutib or Reutib Customer and paid by the Supplier. In special cases, the Level II inspection may be required to be performed outside the Supplier's facilities at a facility deemed appropriate by Reutib.

4.3 Allowed bundlings

If expedient in terms of time the bundling of several disturbances (for example Quality Notifications, inspection reports, monthly accumulated scrap per quality agreement) into one Supplier-related complaint is allowed in the following cases:

- Discovery location key = internal
- Same Supplier
- Same material number
- Same error pattern
- Same Division / business unit / Reutib location

4.4 Supplier Escalation Process

Escalation process is a forced step used for cases where Supplier is not acting as it is required. The possible reasons for escalation could be:

- Not reacting on complaint in agreed/required timeframe
- Not reacting on complaint in required level (not correctly fulfilled 8D)
- Increased quality/logistic complaints quantity
- Repeated complaints
- Escalated complaint at Reutib Customer caused by Reutib Suppliers
- Continuously bad or worsening performance

For mentioned reasons the Supplier could be invited to Reutib for a meeting where Supplier must present the analysis / corrective actions / preventive actions for actual situation improvement and coming back to required level. Reutib is usually inviting the Quality Manager, Key account manager and General Manager/ Owner of Supplier for this meeting. Based on the meeting reasons the meeting are called as Supplier Day or Top Q meeting. If Supplier will be in such escalation level process, Reutib reserves the right to verify all defined and implemented actions by Supplier in his manufacturing facility on Supplier cost.

4.5 Measurement and Improvement of Supplier Quality Performance

It is the expectation of Reutib that Supplier will achieve and maintain "Zero-Defect Strategy" and 100% on time delivery.

Reutib continuously monitors the performance of their supply base using key performance indicators (KPI´s) designed to evaluate launch performance, delivery performance, complaint and warranty performance, and serial production quality performance.

Reutib monitors and evaluates these KPI´s in order to:

- Permit and enable Supplier performance comparisons
- Derive necessary strategies and initiatives for Supplier development activities
- Continuously improve Supplier quality performance.

The Q-KPI´s are identified for faulty sources of supply for production materials e.g., of steel, aluminium, plastics, oils, standard parts, items documented by a technical drawing, electronic components (including software), etc. and, for material and process specific services (for example external washing process etc.). Considered are:

- external purchased parts and material-specific services
- parts and components subject to external processing

The Supplier´s performance status is taken into consideration for future souring decisions as well as for identifying areas to focus continuous improvement efforts.

4.6 Quality Objectives / Zero defects strategy

(IATF 16949: section 6.2)

The Supplier shall ensure that quality objectives to meet customer requirements are defined, established, maintained, and reviewed for relevant functions, processes, and levels throughout the organization.

In the context of quality planning, the Supplier is expected to develop a “Zero-Defect Strategy” and take all necessary actions in order to achieve the “Zero-Defect” target.

If the quality performance has a potential to impact the safety, quality or delivery of products, the Supplier shall inform immediately all possible impacted Reutib receiving plants and other involved parties in the supply chain to Reutib.

Supplier must reach below DPPM (Defect Part Per Million) targets:

Injection moulded parts	**1 000 PPM**
Rubber parts	**1 000 PPM**
Assemblies	**1 000 PPM**
Metal parts	**500 PPM**
Packing material	**500 PPM**
Granules / paint	**50 PPM**

The Supplier shall be responsible to Reutib for complying with the Zero-defect strategy in the same way that Reutib is responsible to its customers. If the Zero-defect strategy cannot be achieved in the short term, the Supplier shall agree temporary upper limits for defect rates which shall serve as intermediate objectives and shall propose and agree measures with Reutib. Even if agreed upper limits are not exceeded, this shall not release the Supplier from its obligation to process all complaints and to pursue the process of implementing

continuous improvements. Supplier is expected to evaluate its own quality performance and react on negative trend by defining corrective and preventive actions.

4.7 Functional Testing / Annual Revalidation

(IATF 16949: section 8.6.2)

All products shall be subjected to an annual functional testing/revalidation, unless agreed otherwise with Reutib. After previous agreement with Reutib, for parts that are similar for Reutib, the requalification can be carried out per product group (“Family”) or results for the current series production tests can be included, for example:

- Series production releases
- Records for initial item and final item tests
- SPC evaluations
- Initial sampling
- Incoming goods inspection.

The valid Reutib specifications are the basis for requalification/revalidation. Functional testing usually covers:

- Dimension
- Material
- Function

The functional testing and annual revalidation shall be planned and presented with the Reutib Initial sample inspection and shall be included in the Control Plan.
The results shall be documented and made available for evaluation by Reutib. For this purpose, the initial sample inspection report forms from VDA ~~Vol.~~ (PPF) or PPAP (PSW) from AIAG shall be used. If the test results are negative, the Supplier shall immediately contact Reutib. The risk for Reutib, the cause of the fault, and corrective actions shall be specified.

4.8 Deviation approval

(IATF 16949: section 8.5.6.1/8.7.1.1)

In case of deviations from the specification, the following forms shall be used and submitted to Reutib in order to obtain release prior to delivery:

- Deviation Authorization Request form
- 8D Report form

The submitted information shall indicate when the Supplier plans to return to normal production.

All deliveries based on a deviation approval shall have additional identification labels on all load carriers.

4.9 Product/ Process documents

If necessary, Reutib shall provide to the Supplier with the following reviewed and updated documentation:

- Drawings

- Bill of materials

- Inspection and test instructions and - Reutib factory standards.

All relevant documentation shall be referenced on the inquiry and purchase order documentation. Should documentation change, the changed issue shall be made available to the Supplier. The Supplier shall maintain the following documentation:

- Qualification of employees for his work
- Work plans for each part,
- Inspection and test plans for each part
- Inspection and test records for each batch
- Process parameters for each batch
- Material used for each batch,
- Part history, (records of all products and production changes)
- Material certificate for each batch
- All changes to products and the process chain

The Supplier shall maintain all documentation and objective evidence and shall, if required, enable Reutib to inspect the same. Records retention shall be maintained according to local laws requirements, for a special cases have to be managed based on Reutib requirements. It is an obligation to retain documents and records according to the Product Liability (e.g., Safety related parts).

The Supplier shall be responsible for data and document control (including external documents and such as standards and customer drawings) in procedural instructions and shall effectively implement the same.
The agreements in this Supplier Quality Agreement shall not release the Supplier from the duty to send series related documentation with each shipment.

4.10 Packaging, identification, traceability

In order to avoid damages and quality impairments (e.g., contamination, corrosion, chemical reactions) the Supplier shall only deliver the products using means of transport which are suitable and will not have any negative effect on quality of the part.

The Supplier shall identify products, parts and packaging in compliance with agreements made with Reutib. The Supplier shall ensure that product identification is also legible during transport and storage.

The Supplier shall take steps to ensure the traceability of its products. If a defect is detected, it must be possible to trace and pinpoint the damaged parts/products/batches/humans and clearly identify the possible defective batch.

5 Safety and environmental regulations

(IATF 16949: section 8.2.2.1)

Reutib endeavours to protect the environment. It is therefore necessary if the Supplier operates an environmental management system based on ISO 14001 (or similar standard).
The Supplier shall comply with all statutory environmental protection, health and occupational safety regulations and shall maintain a suitable occupational safety/environmental protection organisation and take appropriate environmental and health and safety measures to minimise impact on people and the environment. The Supplier is expected to introduce and develop an occupational safety and environmental management system in this context.

6 Term and termination

This Supplier Quality Agreement is an integral part of the Framework Agreement between Reutib and the Supplier. Hence, the SQA shall come into effect upon the Framework Agreement being signed by both contracting parties. The SQA shall continue in effect until the termination of the Framework Agreement and may not be terminated seperatly independently from the Framework Agreement.

7 Attachments

Supplier is obliged to use exclusively the following documents of which the current version is attached hereto. The respective current version, which can be provided to the Supplier on request, shall be authoritative.

1. DAR, (deviation approval request)
2. Change request
2. Identification card 100% delivery
3. Classification of Characteristics