

## Supplier Quality Agreement – EK 25

### 1. Purpose and Scope of Agreement

- 1.1. In order to exceed the expectations and ensure the satisfaction of its customers, Benteler is committed to achieving a level of quality that results in zero defects. To reach that goal, Benteler must be able to rely upon the quality and reliability of performance of products and services it receives from Supplier. Therefore, this Agreement is being entered into to set forth in detail the minimum quality systems requirements to be met by Supplier.
- 1.2. This Agreement applies to all purchase agreements for production material and services between Benteler and Supplier (which could include design and development work provided by Supplier), whether now existing or entered into in the future. It specifies the quality requirements for all products and services that are specifically rendered and/or supplied to Benteler during the commercial relationship with Supplier. In the case of a conflict between provisions of any such purchase agreement and this Agreement, in regard to quality requirements, this Agreement shall prevail. However, nothing in this Agreement changes or limits Benteler's rights under the purchase agreements in regard to Supplier's warranty and liability for its products, material or services.
- 1.3. In the event that Supplier shall supply production material and production services to any subsidiary and/or affiliate of Benteler, Supplier's obligations under this Agreement shall be fully enforceable by such subsidiary and/or affiliate as if such entity was an original party to this Agreement.
- 1.4. Supplier's obligations under this Agreement shall apply to all Supplier subsidiaries and affiliates which supply production material or production services to Benteler. As such, Supplier is responsible for enforcing its contract obligations under this agreement with those subsidiaries and affiliates.
- 1.5. Supplier (and its subsidiaries and affiliates, consistent with Section 1.4, above) agrees to abide by the requirements contained herein, as well as the additional requirements as listed below:
  - All applicable laws
  - ISO/TS 16949 (latest version including their related amendments, supplements and replacements from time to time)
  - ISO 9001 (latest version)
  - VDA Volumes (6.1, 6.3 etc.)
  - Latest versions of the AIAG Reference Manuals (APQP, PPAP, FMEA, SPC, MSA, CQI, etc.)
  - Applicable Technical Drawings, CAD Data, Engineering Specifications and Statement of Requirements
  - Region-specific Benteler Supplier Manuals
  - OEM / Customer-specific Requirements (available from Benteler upon Supplier's request).
  - Other applicable national/international standards
- 1.6. By signing this Agreement (or a contract package including this Agreement) or by commencing work for Benteler under one or more purchase agreements, Supplier confirms knowledge and acceptance of this Agreement and its requirements. Further, it is the responsibility of Supplier to be informed and familiar with any applicable specifications and standards. In the case that Supplier is unfamiliar with these specifications, it is obligated to inform itself or request these from Benteler. (See Appendix I for a stand-alone signature page for this Agreement. See Appendix II for a list of website homepages for some of the requirements listed above.)
- 1.7. Supplier understands that any and all side arrangements, amendments and supplements, including any exceptions, clarifications or deletions, to this Agreement must be made in writing, including the waiver of this requirement in the written form. The current version of all documents referenced herein shall apply to amendments thereto, and references therein to further documents/literature. This Agreement is entered into in addition to the standard Terms and Conditions of Purchase of Benteler; in the event of any conflict between those Terms and Conditions and this Agreement, this Agreement shall be controlling.
- 1.8. Supplier warrants/guarantees and represents to Benteler that all products shall be:
  - 11.8.1. in strict compliance with the specifications, samples, drawings or other descriptions or requirements relating to the products;
  - 11.8.2. free from any defect in design, workmanship and materials;
  - 11.8.3. merchantable;
  - 11.8.4. manufactured and produced according to the latest state-of-the-art of science and technology;
  - 11.8.5. fit for the particular purposes for which they are purchased. Products that are reasonably determined to fail to conform to the warranties set forth herein above or in a purchase agreement are referred to as "Defective Products". Deviations, however minor, from the abovementioned are not allowed. Supplier must prove that the products comply to the aforementioned requirements.

## 2. Quality Management System

- 2.1 Supplier shall establish a quality management system ("QM System"). The minimum QM System requirement is accredited 3<sup>rd</sup>-party certification to ISO 9001 (latest version) with conformance to ISO/TS 16949 (latest version).
- 2.2 The effectiveness of Supplier's QM System will be measured by:
- Continuous and verified improvement in processes, products and supporting procedures with the company goal of zero-defect supply.
  - Delivery quality
  - Delivery reliability
  - Effectiveness and speed of the implementation of corrective measures
  - Communication at all levels
  - Content and deadline reliability in working through new and change projects
- 2.3 Benteler must be notified at least 3 months in advance by Supplier in the event that any of the required certificates expires without planned recertification. In the case of unexpected certification revocation, the responsible Benteler Purchasing Agent and Regional Supplier Quality Manager are to be notified immediately.
- 2.4 Supplier shall send new certificates to the Benteler Regional Supplier Quality Manager upon receipt, without request by Benteler.
- 2.5 Supplier understands that this Agreement is a customer-specific requirement and should be understood and adhered to in addition to the ISO/TS 16949 Technical Specification.
- 2.6 Benteler reserves the right to perform audits (alone, or together with Benteler's customer(s)) on the QM system, processes, and products, if, in its sole discretion, it deems it necessary. If possible, Benteler shall give sufficient notice before conducting such an audit. Supplier shall grant Benteler (and its customer(s), as applicable) all requested access to its premises and documents for purpose of such audit. Further, Supplier understands Benteler (and its customer(s)) may visit Supplier's facility due to unexpected issues and reserves the right to do so with little notice to the Supplier.

## 3. Supplier Guarantees

- 3.1 Supplier acknowledges that Benteler has to agree to guarantees to its customer(s) for customer vehicle programs. Supplier herewith agrees to be bound by those terms and, without limiting the generality of the previous statement, to the warranty period identified in any applicable Benteler purchase agreement. Benteler shall inform Supplier about any specific customer terms and warranty period upon request.
- 3.2 Any further specific warranty requirements will be stipulated in a specific warranty agreement, if necessary. The specific warranty agreement prevails in case of any contradiction.
- 3.3 With any dispute regarding a part warranty, it is Supplier's obligation to provide clear, accurate and convincing evidence (that the root cause is not their responsibility) to Benteler in a timely manner before a claim would be considered for reversal.
- 3.4 Upon a decision to terminate or transfer the contract, for whatever reason, Supplier agrees to take such action as may reasonably be required by Benteler to accomplish the transition to an alternative supplier. In addition, Supplier agrees to negotiate in good faith any exit requirements deemed necessary by Benteler.

## 4. Advanced Product Quality Planning (APQP)

- 4.1 Supplier will manage the development phase of this program with the program team, technical support, production process, equipment, and personnel presented to Benteler during the technical review conducted prior to the award of the business.
- 4.2 Supplier will conduct a thorough feasibility assessment on each part prior to accepting the business award from Benteler and again prior to design release. Supplier will communicate any concerns relative to the program feasibility or success to Benteler in a timely manner.
- 4.3 Supplier will use suitable program management methods and tools to ensure a well managed development program and launch.
- 4.4 Supplier agrees to utilize the Benteler APQP Tool within the Newtron Web Portal to manage their development program.

- 4.4.1 Supplier understands that the questions asked within the Newtron APQP Tool define the expectations of Benteler relative to program development/APQP timing and content.
- 4.4.2 Supplier agrees to provide accurate and timely information based on the Benteler APQP Milestone Timing and provide updated timelines and an open issues list throughout the development program.
- 4.4.3 Supplier agrees to inform Benteler of any risks to the program timing or launch success in a timely and appropriate manner.

## **5. Pre-production Parts**

Supplier shall provide a pre-production parts plan subject to approval by Benteler's Supplier Quality Engineer ("SQE") which shall ensure, without limitation, each of the following:

- 5.1 A pre-production warrant has been signed by the Benteler SQE for each Part Number prior to shipment of parts.
- 5.2 Pre-production packaging has been discussed with and agreed to by the Benteler SQE.
- 5.3 The Benteler LO\_02 - Sample/Pre-production/Changed\_Part Label is utilized for all pre-production parts shipped to Benteler facilities.
- 5.4 The pre-production control plan (incoming goods through pack & delivery to Benteler) and gage methodology have been reviewed and approved by the Benteler SQE.
- 5.5 Pre-production documentation relative to verification of dimensions, SC/CCs, material specification, and functional requirements have been discussed with and approved by the Benteler SQE.
- 5.6 If required by Benteler's customer, Supplier will submit their material data in IMDS and receive approval prior to the shipment of the pre-production parts.

## **6. Run @ Rate / Capacity Verification**

- 6.1 As part of the production process sign-off, Benteler reserves the right to carry out an extensive process acceptance run (Run @ Rate), on Supplier's site under serial production conditions.
- 6.2 Unless otherwise agreed to by the Benteler SQE, Supplier should expect the Run @ Rate duration to last two successive eight (8) hour shifts under full production conditions.
- 6.3 Supplier will select parts from this run in support of the initial sample submission as defined below.

## **7. Initial Sample Approval (AIAG PPAP, VDA PPF)**

- 7.1 Supplier agrees to conduct a PPAP of its parts and process to current standards of AIAG PPAP (or alternatively VDA PPF if requested by the Benteler SQE).
- 7.2 In addition, Supplier agrees to adhere to the applicable OEM-specific initial sample requirements as requested by Benteler's customer for specific vehicle programs (such as, but not limited to, ANPQP (Renault), MRF (PSA), Ford Phased PPAP, etc.)
- 7.3 Supplier agrees that all of the following scenarios shall require a (new) initial sample submission
  - If a product is being produced for the first time.
  - A change in (geographic) location of supply.
  - A change in Supplier's sub-contractor / sub-supplier.
  - A product design modification or material change.
  - A production process modification.
  - \*Implementation of additional or replacement tools / cavities / molds / forming devices.
  - Utilization of alternative capital equipment.
  - A planned change in material specifications.
  - After a supply or production interruption of more than one year.

\* - Does not include perishable tools like weld tips and cutting tools which are replaced multiple times a day/shift.
- 7.4 Supplier agrees to provide advanced written notification of such changes to the responsible Purchasing Agent and SQE and receive back written concurrence from Benteler prior to any such changes being initiated.

- 7.5 Supplier acknowledges that an AIAG PPAP Submission Level 3 (or VDA PPF Level 2) is required by Benteler for such changes (unless alternative agreements are made with the Benteler SQE) and that no parts are to be shipped without the Benteler SQE approval.
- 7.6 Supplier shall submit their material data in IMDS 30 days prior to their PPAP submission. The submitted IMDS details will be checked by Benteler for correctness and compliance and Benteler will either accept or reject the submission. Supplier further understands that it is their responsibility to track the status of their submission within the IMDS system and update the submission if rejected by Benteler. Finally, Supplier must include the IMDS approval in their PPAP submission to Benteler and understands that they will not receive full initial sample approval without a Benteler-approved IMDS submission.
- 7.7 For parts with applicable special processes, supplier must ensure their (or their sub-supplier's) processes are in accordance with the applicable AIAG CQI standard by conducting an appropriate audit and submitting the results with Supplier's PPAP.
- 7.8 In the case where initial samples deviate from the Benteler specification and/or requirements, the Benteler SQE should be notified in advance of receiving the Initial Sample Submission. Any deviation requires written approval in advance from Benteler using one of Benteler standard deviation templates. (See Appendix III of this document.) This approval must be part of the Initial Sample Submission.
- 7.9 For parts supporting new program launch, Benteler will determine the PPAP sample quantity based on the specific program needs. For parts already in production going through a design or process change, Supplier shall provide 6 PPAP samples (minimum) for line trials at the Benteler facility if not determined otherwise by Benteler.
- 7.10 Supplier shall be responsible for keeping master samples from the Initial Sample Submission and the last documented process or design change for the period identified in Section 21.
- 7.11 Supplier is responsible for timely and complete initial sample submissions. If expenses are incurred by Benteler due to redundant initial sample work or deviations from the drawing / specifications, they will be charged back to Supplier.
- 7.12 Supplier understands that Benteler's approval of the initial sample submission does not waive any future rights of Benteler.

## **8. Safe Launch**

- 8.1 Supplier shall develop and implement a safe launch control plan prior to initiation of the production part supply. The safe launch control plan shall cover the initial part supply + ninety (90) days and shall, at a minimum, include additional samplings, additional checks or tests and/or increased frequencies to ensure quality issues are contained within their facility and are not forwarded to Benteler.
- 8.2 The safe launch control plan must be approved in writing by Benteler's SQE prior to implementation. (@ the Benteler APQP Milestone - Production Readiness Review).

## **9. Ongoing Production Quality**

- 9.1 Supplier shall verify and improve product and process quality through regularly-scheduled internal system, process and product audits. Additionally, Supplier shall pursue continued quality improvements (in an effort to achieve zero defects) through the tracking and evaluation of internal process indicators (e.g. downtime, scrap, rework, etc.).
- 9.2 Supplier shall employ suitable procedures (e.g. statistical process control or manual control chart methods) across the entire production period in order to prove the process capability for any and all function-relevant characteristics.
- 9.3 If a process capability of  $Cpk \geq 1.33$  (or the applicable customer-specific requirement) is not achieved Supplier shall conduct 100% quality testing as defined by Benteler and actively pursue a corrective action plan to improve the process capability to acceptable levels.

## **10. Incoming Inspection**

- 10.1 In accordance with the purpose of Supplier's quality management system and the expected pursuit of zero-defect quality, the incoming inspection at Benteler is minimized to avoid inefficiencies and double checks.
- 10.2 The Supplier shall undertake quality controls during the production and shall carry out a check at the dispatch and accordingly shall check parts supplied extensively as to their quality. Benteler inspects the goods upon receipt only as to their identity and completeness in accordance to the order as well as for any apparent damage, and in particular any transport damage. Any such defects shall be notified by

Benteler within a reasonable period. Benteler reserves the right to carry out further inspections upon receipt. In addition, Benteler shall give notice of any defects as soon as such are detected having regard to the circumstances of normal business procedures. The Supplier waives any objection in this regard based on a late notification of defect.

10.3 In the event the products have already been installed by Benteler and delivered to Benteler's customer, and to the extent that Benteler does not receive defective products from its customer for inspection and analysis, Supplier agrees to accept the determination of Benteler's customer or its agents or contractors (e.g. dealer) as a reasonable determination that the products are defective, without defective products having been provided to Supplier for inspection.

10.4 Benteler reserves the right to stipulate further project specific regulations.

## **11. Incident Management**

Regardless of Supplier's quality performance, Supplier agrees to react immediately and thoroughly to all quality complaints. This includes, but is not limited to, the following:

### **11.1 Zero Kilometer Incident Management**

11.1.1 100%, off-line \*containment of the quality non-conformity immediately and preliminary communication with defined immediate actions sent back to the Benteler quality contact within 24 hours of the initial notification.

\*- Supplier shall continue a 100% inspection for the non-conformity in their facility until such time that Supplier can prove (with data) that the corrective actions implemented have effectively resolved the issue(s) causing Benteler's concern.

11.1.1 Expedited delivery of replacement stock (certified and tagged appropriately), if requested by the Benteler, to ensure uninterrupted supply to Benteler's customer.

11.1.2 Thorough, team-driven root cause analysis and detailed corrective action plan sent back to the Benteler quality contact within five (5) working days of the initial notification.

11.1.3 Complete implementation and standardization of all identified corrective actions for sustainable defect prevention and a finalized 8D (or Benteler approved equivalent) sent to the Benteler quality contact within 20 working days of the initial notification.

11.1.4 If requested by Benteler, Supplier will support Benteler with a visit to the Benteler (or Benteler's Customer's) facility in less than 24 hours.

11.1.5 Supplier acknowledges that all costs and expenses (including administrative charges) for the quality incidents will be debited from Supplier's account. Supplier has the right to review and dispute any debit. However, Supplier is not excused from further performance during review of the debit.

11.1.6 Supplier understands they have 20 working days from the receipt of the initial claim to dispute a quality incident. Failure to meet this timing will result in 100% of the costs being applied to their account.

11.1.7 With any dispute regarding a quality incident, it is Supplier's obligation to provide clear, accurate and convincing evidence (that the root cause is not their responsibility) to Benteler in a timely manner before a claim would be considered for reversal.

### **11.2 Warranty (Field) Incident Management**

11.2.1 Expedited delivery of replacement stock (certified and tagged appropriately), if requested by Benteler, to ensure uninterrupted supply to Benteler's Customer.

11.2.2 Acknowledgement of receipt of the notification and defined immediate actions sent back to the Benteler Warranty contact within 24 hours of the initial notification.

11.2.3 Complete implementation and standardization of all identified corrective actions for sustainable defect prevention and, if requested by Benteler, a finalized 8D (or Benteler approved equivalent) sent to the Benteler Warranty Management contact within 10 business days of the initial notification. In case the above mentioned time periods can not be met, Supplier to define reasonable time periods in the 8D-report (or Benteler approved equivalent) which need to be approved by the Benteler Warranty contact.

11.2.4 If requested by Benteler, Supplier will support Benteler with a visit to the Benteler (or Benteler's Customer's) facility in less than 24 hours.

- 11.2.5 Any costs, expense, or damages incurred as a result of this complaint will be charged back to Supplier. This includes costs, expense, or damages associated with any delays to the requested actions highlighted above.
- 11.2.6 Supplier understands they have 20 business days from the receipt of the initial claim to dispute a quality incident. Failure to meet this timing will result in 100% of the costs being debited to the Supplier's account.
- 11.2.7 With any dispute regarding a warranty incident, it is the Supplier's obligation to provide clear, accurate and creditable evidence (that the root cause is not the Supplier's responsibility) to Benteler in a timely manner before a claim would be considered by Benteler Warranty Management for reversal.

## **12. Problem Solving Methodology**

Supplier agrees to adopt Benteler's problem solving philosophy which places emphasis on the following:

- 12.1 Immediate and complete containment of the issue with a data - proven inspection method.
- 12.2 Data-driven analysis in every step of the problem solving activity.
- 12.3 Team approach to the problem solving activity.
- 12.4 Development of possible root causes through the use of the Fishbone / Ishikawa Diagram.
- 12.5 Root cause analysis through the use of the 3 x 5 Why Methodology.
- 12.6 Implementation of corrective actions which address prevention, detection and quality system improvement.
- 12.7 Verification, through data analysis, that quality issues have been effectively addressed.
- 12.8 Implementation of corrective actions into standard documents (e.g. FMEA, control plan, work instructions, etc.) and like products and processes as a preventative measure and continuous improvement activity.

## **13. Part Re-qualification**

- 13.1 Supplier agrees to re-qualify their parts to Benteler's expectation (+ OEM-specific requirements) on an annual basis. At a minimum, this includes the full dimensional layout of three (3) parts, verification of SC/CC capability, confirmation of performance/ functional tests (e.g. corrosion, tensile, adhesion testing, etc.) and material certification (or as originally agreed to during the project development phase).
- 13.2 In the case of negative re-qualification results, Supplier must contact Benteler immediately and initiate the problem solving process to effectively determine the root cause and severity of the defect and the suitable corrective measures.
- 13.3 Supplier also agrees to provide Benteler the results of the latest re-qualification electronically (inclusive of a PSW/Cover Page) within twenty-four (24) hours after Benteler's request.

## **14. Process Audits**

- 14.1 Supplier understands that Benteler uses the process audit as a tool to assess the Supplier's system and practices against standard automotive industry norms in an effort to continuously improve our supply base and minimize risk associated with supplied parts.
- 14.2 Benteler reserves the right, at their sole discretion, to conduct a process audit at any time during the life of the program to ensure Supplier's process and product continue to meet Benteler's requirements.
- 14.3 Supplier understands that negative process audit scores (Aggregate or Risk scores < 90%) and negative individual question scores (<8) must be addressed in a timely and thorough manner by Supplier's management.
- 14.4 Further, Supplier understands that negative audit scores or other clear deficiencies, as determined by Benteler, must be eliminated within a reasonable amount of time. Failure to do so could have a negative impact on the business relationship and, accordingly, Benteler reserves all rights under its contracts and applicable laws.

## **15. Use of 100%, 3<sup>rd</sup>-party Containment**



Supplier understands that, in certain situations (e.g. repeat quality defects, pass-through quality defects to our customer, increased occurrence of quality defects, quality defects with safety-critical componentry, concerns identified during a process audit which could put Benteler or our customers at risk, etc.) Benteler reserves the right to institute the use of 100% off-line inspection (within Supplier's facility or on Benteler premise) utilizing a 3<sup>rd</sup> party company (chosen at Benteler sole discretion) at Supplier's expense. In such situations, the 3<sup>rd</sup> party inspection will stay in place until such time that Supplier can prove (with data) that the corrective actions implemented have effectively resolved the issue(s) causing Benteler's concern.

## **16. Focus Supplier Program**

- 16.1 As a pro-active measure to improve the incoming quality from our poor-performing suppliers, Benteler has developed the Focus Supplier Program. At its sole discretion, Benteler can decide to enter Supplier into this 4 month program designed to ensure Supplier's management team takes responsibility for, and uses effective problem solving methods to address the individual and systemic issues causing unsatisfactory quality to Benteler.
- 16.2 If required to enter into the program, Supplier agrees to make every effort to address the concerns identified by Benteler within the 4 month timeframe.
- 16.3 Supplier understands that additional costs (e.g. SQE travel, 3<sup>rd</sup> party consultation, etc.) incurred by Benteler as a direct result of this program will be charged back to Supplier.
- 16.4 Supplier further understands that if this program is unsuccessful in improving Supplier's quality performance, additional measures could be taken by Benteler to address their poor quality performance (e.g. indefinite 3<sup>rd</sup> party containment, notification to TS certification body, new business hold, re-sourcing, etc.)

## **17. Part / Batch Traceability**

- 17.1 Supplier must present their planned level of traceability (single part or batch size, including definition of the traceability reference) to Benteler and gain written acceptance from the Benteler SQE (@ the Benteler APQP Milestone - Production Readiness Review).
- 17.2 Supplier is responsible and liable for the clear traceability and proper marking of the product during all phases of production and delivery (including to and from sub-contractors & other external processes).
- 17.3 Supplier commits to use the proper barcode label defined by the receiving Benteler Region.
- 17.4 Supplier shall ensure full traceability of items supplied by him through the implementation of appropriate technical and organisational measures. At a minimum, the traceability of the origin of primary material and the Supplier's production data must be guaranteed at all times.
- 17.5 Supplier shall be able to provide traceability information to Benteler, based upon their traceability reference number, upon demand, at any time.

## **18. Packaging**

- 18.1 Supplier agrees to only utilize the Benteler-approved packaging for deliveries to the Benteler facility.
- 18.2 Supplier further agrees to maintain and keep clean the Benteler-approved packaging to ensure the part quality is not affected by debris or damaged packaging.
- 18.3 If Benteler is responsible for the packaging, Supplier agrees to communicate any issues with the packaging (shortages, damage, loss, etc.) in an effective and timely manner so as not to impact part quality or slow Benteler production.

## **19. Environmental Management**

Supplier shall operate an environmental management system which will observe the standard regulations applied locally, regionally, nationally and other regulations that apply in the industry, minimize the consumption of resources (earth, water, air, energy, raw materials) and meet the requirements for the recycling and disposal of the supplied products in a demonstrable manner (e.g., ISO14001, IMDS, REACH, ELV, OEM specific requirements, and legal requirements).

## **20. Sub-suppliers**

- 20.1 Supplier commits to bind its sub-suppliers to fulfilling the same obligations as Supplier under this Agreement.

- 20.2 If a Supplier manufactures sub-assemblies or parts utilizing parts, material or processes specified by Benteler from a designated/directed sub-supplier, Supplier agrees that quality and warranty is still the responsibility of Supplier. Supplier must ensure compliance with the quality and warranty requirements of these parts, materials or processes.
- 20.3 Benteler may, upon request, require Supplier to submit documented evidence that Supplier has verified the effectiveness of the quality management systems of its sub-suppliers, the suitability of the production processes, and resulting product.
- 20.4 Benteler may, if it deems necessary (either alone or together with its customer(s)), also audit sub-supplier's process, product/service and supporting documentation. This, however, does not release Supplier from its responsibility to the sub-supplier or to Benteler.

## 21. Document Control - Archiving Periods

It is expected that Supplier controls and archives its documents per the specifications within the table below. If longer record retention periods are required under the purchasing contracts, applicable laws or OEM customer requirements, those will prevail.

	Type of document	Start of archiving period	Documents	Archiving Period
Specifications	Documents from the product and process development phase as well as from the production phase of the supply item, e.g. process descriptions, production management plans, customer concept catalogues, drawings or test instructions	After <b>product discontinuation</b> at Benteler for series and spare part demand or after amendment of the document	DmbA	<b>30 yrs</b>
			All others	<b>3 yrs</b>
Records	Records from the product and process development phase as well as from the production phase of the supply item, e.g. measurement reports, control charts, audit reports, reviews, assessments, traceability records	At the <b>delivery of the product</b> to which the records for product and corresponding process belong.	DmbA	<b>30 yrs</b>
			All others	<b>3 yrs</b>
Records	Records and documents on process and product approval (PPF, PPAP), including reference samples	After <b>product discontinuation</b> at Benteler for series and spare part demand	All	<b>30 yrs</b>

## 22. Deviations & Exception Approvals

- 22.1 If any processes, materials or products deviate from the specifications, temporary approval may be granted by Benteler at its sole discretion with the express condition that the functional performance, durability, and safety of the products are not adversely affected.
- 22.2 As stated in section 7.8, Supplier must pursue and obtain written approval from Benteler prior to shipping the product into the Benteler facility. Such deviations will only be granted for a specific period of time or quantity of parts. It is expected that Supplier will develop and carry out an action plan to eliminate any non-conformance in this time period. (See Appendix III for the appropriate deviation templates.)

## 23. General Supplier Communication & Support

- 23.1 Supplier shall act as an extension of Benteler's business and support Benteler's plants with open and accurate communication. Further, Supplier shall be available (at the Benteler facility or elsewhere) for technical support when required.
- 23.2 Supplier understands that if they are requested to support activities with a Benteler customer, communication between Supplier and the Benteler customer only takes place with Benteler's prior approval.
- 23.3 Supplier understands that any changes highlighted in Section 7.3 must be communicated to Benteler in a timely manner using the standard Engineering Change Request (ECR) form K1\_05\_05\_&\_06.
- 23.4 Supplier understands they are obligated to provide immediate notification and information to Benteler if and when a risk to safety or Benteler production is identified.



23.5 Supplier is obliged to participate upon Benteler request in any quality, development, or improvement programs initiated by Benteler or its customer.

**24. Contingency Plans**

Supplier must establish and provide an executable contingency plan to ensure supply of product to Benteler. This plan should generally address natural disasters, power outages, labor work stoppages, etc. The plan should also specifically address the facility and equipment used to produce the Benteler products and details regarding alternative means to continue the supply of product to Benteler.

**25. Specific Supplier Quality Targets**

Supplier’s overriding goal should be to pursue and implement a zero-defect strategy in support of the product they supply to Benteler Automotive. Supplier agrees to implement preventative measures, error proofing, inspection plans and continuous improvement activities to ensure its quality performance, at a minimum, equals or is better than \*Benteler’s Supplier Quality Thresholds highlighted below, which are subject to change from time to time. Supplier understands that if the quality thresholds highlighted below are not met, their business relationship with Benteler could be impacted. Further, Supplier understands that failing to meet these thresholds may require Benteler to take reasonable, protective measures (e.g. 3<sup>rd</sup> party company involvement) to ensure our facilities receive an acceptable level of quality.

**Supplier Quality Thresholds**

Year	<sup>1</sup> PPM	<sup>2</sup> IPM
2011	35	1.30
2012	25	1.05
2013	20	0.85
2014	15	0.70
2015+	10	0.55

Pass-through Customer Incident Target = 0  
 On-time PPAPs = 100%  
 Incident Closure within 20 working Days = >90%  
 Benteler Process Audit General Score = >90%  
 Benteler Process Audit Risk Score = >90%

Notes:

\* - If lower Benteler Region-specific Supplier Quality Thresholds have been identified, they prevail.

<sup>1</sup>PPM (Parts per Million) = (# of Parts Rejected x 1,000,000) / Total Parts Shipped by Supplier

<sup>2</sup>IPM (Incidents per Million) = (# of Official Quality Claims x 1,000,000) / Total Parts Shipped by Supplier)

# Supplier Quality Agreement

## Made between

(Benteler Entity Name Here)

*(contracting Benteler Entity)*  
("Benteler")

## and

(Supplier Name & Location(s)  
Listed here)

*("Supplier")*

By signing this document, Supplier agrees to the quality requirements herein for all current and future purchase agreements between Benteler and Supplier. Any deviations to this original document made by Supplier must be explicitly approved and agreed to by Benteler in writing. This Quality Agreement replaces all previous quality agreements.

### Benteler

### Supplier Authorized Representative

Purch. Director Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Benteler Legal Entity Representative (if different): \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_


Signature: \_\_\_\_\_

This document may be provided in several languages. In case of legal disputes, the English version will prevail.

## Appendix II: Standards Homepage Examples

[www.vda.de](http://www.vda.de) VDA Information (German/English)  
[www.ts16949.com](http://www.ts16949.com) ISO/TS 16949 Information (English)  
[www.vda-qmc.de](http://www.vda-qmc.de) Informationen zum VDA und zur IATF (German)  
[www.aiag.org](http://www.aiag.org) ISO/TS 16949 – Information (English)  
[www.fiev.fr](http://www.fiev.fr) FIEV Information (French automobile manufacturer) (French)  
[www.anfia.it](http://www.anfia.it) ANFIA Information (Italian automobile manufacturer) (Italian/English)  
[www.smmmt.co.uk](http://www.smmmt.co.uk) SMMT Information (Great Britain) (English)  
[www.mdsystem.com](http://www.mdsystem.com) International Material Data System (German/English)  
[www.emas-logo.de](http://www.emas-logo.de) Eco-Management and Audit Scheme (German)  
[http://europa.eu.int/comm/environment/emas/index\\_en.htm](http://europa.eu.int/comm/environment/emas/index_en.htm) European commission official EMS site (English)

Appendix III: Benteler Deviation Form

To: <b>Fa. Benteler Automobiltechnik</b> Dep.: Address:	<b>Request for</b> <input type="checkbox"/> <b>Deviation</b> <input type="checkbox"/> <b>Change of Design</b>																												
<b>Requested by:</b> <input type="checkbox"/> <input type="checkbox"/> <b>by Order of the Customer</b>																													
Firma: _____ address: _____ Site: _____	Mr./Mrs.: _____ Tel.-#: _____ Fax-#: _____ E-mail: _____																												
Part #: _____ Part Name / further Descriptions: _____																													
<b>Explanation of Deviation / Change:</b> characteristic: _____ specification (acc to drawing): _____ Deviation to Specification: _____																													
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%; text-align: center;"><b>For an amount of parts:</b></td> <td style="width:50%; text-align: center;"><b>For a time</b></td> </tr> <tr> <td style="text-align: center;">Number:</td> <td style="text-align: center;">from                      until</td> </tr> <tr> <td style="height: 20px;"></td> <td></td> </tr> </table>	<b>For an amount of parts:</b>	<b>For a time</b>	Number:	from                      until																									
<b>For an amount of parts:</b>	<b>For a time</b>																												
Number:	from                      until																												
<b>confirmation:</b> all containing actions to ensure delivery of ok-parts will be started immediately! <input type="checkbox"/> Fa. .... takes over the change costs <input type="checkbox"/> Fa. .... requests a pre-calculation																													
_____ Date	_____ Department	_____ Sign (responsible)																											
<b>Decision:</b> <table border="1" style="width:100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th colspan="4" style="text-align: center;">Approval for Deviation</th> <th colspan="3" style="text-align: center;">Change of Design</th> </tr> <tr> <th colspan="2" style="text-align: center;">accepted</th> <th rowspan="2" style="text-align: center;">For an amount of number</th> <th colspan="2" style="text-align: center;">For a time</th> <th colspan="2" rowspan="2" style="text-align: center;">Recommendation For timing</th> </tr> <tr> <th style="text-align: center;">yes</th> <th style="text-align: center;">no</th> <th style="text-align: center;">from</th> <th style="text-align: center;">until</th> <th style="text-align: center;">yes</th> <th style="text-align: center;">no</th> </tr> </thead> <tbody> <tr> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 15%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> </tbody> </table>			Approval for Deviation				Change of Design			accepted		For an amount of number	For a time		Recommendation For timing		yes	no	from	until	yes	no							
Approval for Deviation				Change of Design																									
accepted		For an amount of number	For a time		Recommendation For timing																								
yes	no		from	until			yes	no																					
<b>Deviation #:</b> _____ <b>dated:</b> _____ <b>Remarks:</b> _____ _____ _____																													
<b>Approved:</b> _____ <div style="display: flex; justify-content: space-around; font-size: small;"> <span>Development.: Name, Leader of Dep.</span> <span>QM: Name, Leader Of Dep.</span> </div>																													
Responsible for compliance with Amount of parts / Timing Requests of the Deviation Release: Name: _____ Responsible for Realization and Timing Requests of the Change (Drawing, Tooling etc.): Name: _____																													
<b>Distributor:</b> (defined by QM) <input type="checkbox"/> Quality Management <input type="checkbox"/> Expedition <input type="checkbox"/> PPS <input type="checkbox"/> Sales <input type="checkbox"/> Tooling <input type="checkbox"/> Material Disposition <input type="checkbox"/> Production Manager <input type="checkbox"/> Calculation <input type="checkbox"/> EVP <b>Date:</b> _____																													