

between PVS-Kunststofftechnik GmbH & Co. KG  
Salzstraße 20  
74676 Niedernhall

- hereinafter, referred to as "PVS" -

and xxx  
xxx  
xxx

- hereinafter, referred to as "the Supplier" -

## Whereas

This Agreement is a contractual determination between PVS and the Supplier of the technical and organizational framework conditions and processes required to attain the desired quality objectives. The commercial and technical collaboration is based on this set of rules, individual contracts, framework agreements and/or general terms and conditions of purchase.

All products or services delivered by the Supplier during the validity of this Agreement are the object of the Agreement.

## 1. Supplier's management system

The Supplier undertakes to maintain a certified management system that, at minimum, complies with ISO 9001 (in its currently applicable version, as revised).

Where the Supplier delivers items, which are included in PVS automotive products, the Supplier further undertakes to maintain a certified management system that complies with IATF 16949. Where the Supplier fails to maintain a certified management system that complies with IATF 16949, it undertakes to further develop its system. If the Supplier cannot obtain a certification of compliance with IATF 16949 owing to the nature of its business (e.g. fabless companies, trading companies), it undertakes to maintain a certified management system that complies with ISO 9001.

Compliance with sector-specific or materials-specific requirements must also be evidenced.

Insofar as the Supplier is also the manufacturer, it undertakes to introduce or to develop a certified environmental management system (EMAS) that complies with ISO 14001 (in its currently applicable version, as revised) or a comparable environmental management system.

Insofar as the Supplier is also the manufacturer, it undertakes to introduce or to develop a certified energy management system (EnMS) that complies with ISO 50001 (in its currently applicable version, as revised) or a comparable environmental management system.

As evidence of a corresponding management system, the Supplier will provide copies of existing valid certificates to PVS without any further request being required.

Where the issue of a follow-on certificate is temporarily delayed, the Supplier shall inform PVS of this prior to expiry of the valid certificate, indicating the date of re-certification. The Supplier shall then provide confirmation from the certification company of successful re-certification, without further request being required.

Where valid certificates, or binding time schedules for attainment of the corresponding

certificate are not provided, PVS is entitled, after issuing an ineffective warning, to extraordinary termination of existing supply contracts, without notice. The Supplier is not entitled, in the event of such termination, to claim any compensation from PVS.

The Supplier will inform PVS immediately if it is deprived of its certification, and a notification duty also arises if a Supplier is subject to special conditions at the instigation of a third-party customer (CSL1 CSL2 or other such process).

All evidence must be sent to the e-mail address [info@pvs-plastics.net](mailto:info@pvs-plastics.net)

## 2. Sub-supplier management systems

The requirements from point 1 must be passed on to the sub-suppliers without restriction.

## 3. Supplier or sub-supplier audit

PVS acknowledges that the Supplier maintains management systems corresponding to state-of-the-art technology and is therefore well-placed to analyse problems and to carry out quality assurance activities and audits autonomously. The right of PVS to carry out audits of the Supplier and sub-suppliers itself remains unaffected thereby.

In every instance, audits will be carried out after prior notice and consultation. Where required, the Supplier will allow an audit at short-notice.

The Supplier will grant PVS, and, where necessary, its customers, access to all production sites, inspection sites, warehouses and adjoining areas and sight of documentation relevant to quality assurance. In this context, necessary and appropriate restrictions by the Supplier to safeguard trade secrets will be allowed.

PVS will share the outcome of such audits with the Supplier. Where, in the view of PVS, actions are required, the Supplier undertakes to create an action plan immediately, to implement this in a timely manner at its own expense and to inform PVS of the same.

Where quality issues arise, which are caused by a sub-supplier, the Supplier will, where required, give PVS and, to the extent required, its customers, the opportunity to audit the sub-supplier.

Where the Supplier, or the sub-supplier, has justified objections against the participation of PVS, or its customers, in an audit, PVS is prepared to allow audit by a neutral body, which will represent the interests of PVS and its customer, at the expense of the Supplier.

## 4. Information and documentation

In the event that it becomes apparent that agreements made, with respect, for example, to quality attributes, deadlines, delivery quantities, packaging instructions, cannot be adhered to, the Supplier will inform PVS of the same immediately. The Supplier will inform PVS without delay of any deviations detected after delivery. In the interests of swift resolution, the Supplier will disclose all necessary facts and data.

The Supplier undertakes, **prior to**

- modification of the product or packaging
- modification of the production process, equipment, procedures and materials (including by the

sub-supplier)

- change of the sub-supplier
- modification of the test procedure / equipment,
- transfer or development of production sites
- transfer or development of production systems within a site

according to the trigger matrix for PPA Process VDA Volume 2 to obtain the written consent of PVS and to provide evidence of agreed quality assurance in this context. Where the Supplier introduces the above-mentioned modifications/changes without the consent of PVS, PVS is entitled to extraordinary termination of existing supply contacts, without notice. The Supplier is not entitled, in the event of such termination, to claim any compensation from PVS.

The first three deliveries at the start of series production and after implementation of the above-mentioned modification measures must be identified per delivery address in the delivery documentation/transport label or goods tag/sticker.

All modifications to the product and chain of production must be documented by the Supplier in a product life cycle and submitted to PVS upon request.

The archiving period, beginning with the last delivery from series production, for all contractual and product-relevant documentation and drawings, is 15 years minimum.

Documents and drawings must be archived and disposed of in such a manner that they are not accessible to third parties.

Where the Supplier is obliged to implement special conditions by another customer (e.g. Controlled Shipping Level 1/2), the Supplier must inform PVS of this immediately.

## 5. Product life cycle agreements

### 5.1. Development, design, approval

If the order to the Supplier includes development activities, the requirements will be set down in writing by the Contractual Partner, e.g. in the form of a specifications sheet. The Supplier undertakes to practice project management including in the design phase of products, procedures and other cross-functional tasks. Documentation must take the form of quality management and project management plans.

In the course of contract checking, the Supplier will check for feasibility upon receipt of all technical documentation such as specifications, drawings, parts lists, CAD-data, packaging instructions and standards. In this context, the Supplier will inform PVS immediately of any defects and risks detected, and of any scope for improvement.

In the development phase, the Supplier will employ suitable preventive methods in quality planning, such as, for example, feasibility studies, reliability tests, risk analyses, FMEA.

FMEA is obligatory in the automotive industry and is recommended in the non-automotive industry, whereby the procedure must follow, for example, VDA volume 4, AIAG (Automotive Core Tools of the AIAG - FMEA Handbook).

The Supplier will take into account experiences (process procedures, process data, capability studies, etc.) from previous or similar projects.

For prototypes and pre-production parts, the Supplier will agree the manufacturing and test conditions with PVS and will document the same. Pre-production parts are manufactured under conditions similar to mass production.

For all characteristics, the Supplier will implement process planning (work plans, test plans, operating resources, tools, machines, etc.). For function- and process-critical characteristics, the Supplier will test the suitability of production facilities in accordance with statistical criteria and will document the results.

Sampling is carried out in accordance with PVS-specific sampling requirements and must be documented comprehensibly, where applicable, as agreed in the individual case with the respective competent PVS employee (Project Management/Quality Management). Where the Supplier realizes that agreements made cannot be adhered to, the responsible buyer at PVS must be informed immediately. Where there are deviations from the specifications, PVS will decide on the manner in which to proceed.

Serial delivery may only be made after approval by PVS. Such approval does not exempt the Supplier from its liability for defects.

PVS is to be granted access to all documentation under this Article 5.2 upon request.

### 5.2. Production, product labelling, traceability

In the event of process disruptions and quality deviations, the Supplier will analyse the causes, introduce corrective measures, examine their efficacy and document this process.

If the Supplier is unable to supply products as specified, it must obtain a deviation authorization from PVS prior to delivery.

The Supplier undertakes to label products, parts and packaging in accordance with agreements made with PVS. It must ensure that the labelling of packaged products is also readable during transportation and warehousing.

The Supplier undertakes to ensure the FIFO principle and traceability of the products it supplies. Where a defect is detected, the defective part/product/batch and production data must be isolated within one working day.

Production and testing resources, in particular, resources and facilities related to deliveries, provided by PVS, must be identified as PVS property. The Supplier is responsible for ensuring products remain intact and function properly and will arrange for maintenance and repair.

### 5.3. Delivery, incoming goods inspection

The Supplier delivers products by appropriate means of transport according to PVS delivery or packaging instructions, to prevent damage and quality degradation (e.g. soiling, corrosion, chemical reaction).

The incoming goods inspection with PVS is limited to externally-discernible transportation damage, and to determining compliance in terms of the quantity and identity of the products ordered, at least based on the delivery documentation.

Any defects detected at this stage will be reported immediately. Defects not detected at this stage will be reported to the Supplier immediately, as soon as these are detected in the course of normal business operations.

To this extent, the Supplier waives its right to object to belated notification of defects pursuant to Article 377 German Commercial Code.

The Supplier must align its quality management system and its quality assurance activities with this reduced incoming goods inspection.

#### 5.4. Complaints, problem-solving, 8D reports

If defects are indicated by PVS to the Supplier, the Supplier will carry out an error analysis immediately, with support from PVS to the extent necessary or possible.

Rejected products will be returned to the Supplier in the agreed amount.

Complaints must be processed in accordance with the 8D method or other PVS-specific agreements must be complied with.

Where the Supplier delivers items, which are included in PVS automotive products, the Supplier further undertakes to have received defect-free replacement goods after one working day, to have received the causes of the problem and corrective actions after five calendar days, to have received the results of the findings with causes and corrective actions after five calendar days after receipt of the rejected parts and to have received the final 8D report with verified actions after ten calendar days.

Upon request of PVS, every Supplier must demonstrate root-cause analysis using the 5 Whys and Ishikawa methods, and also carry out a process analysis or process audit.

Insofar as material defects occurring or threatening to occur cannot be unequivocally rectified by quality assurance measures taken by the Supplier, PVS, to avoid increased consequential damages, can order instigation of a more extensive test procedure, for a charge, on PVS premises or with another service provider, until the agreed quality level is again attained. The resultant costs will be borne by the Supplier.

Use of supplies from different sources, as provided by PVS or negotiated or arranged in agreement with PVS, does not release the Supplier from the responsibility of ensuring the quality of the procured products. Complaints will be made by the Supplier immediately and directly against the sub-suppliers. On request, the Supplier will inform PVS of the current status of complaints handling.

#### 5.5. Continuous improvement process (CIP)

The Supplier undertakes to maintain a continuous improvement process and to involve all relevant employees. Quality-related information is to be diffused and short control loops installed.

#### 5.6. Requalification testing, process capabilities

Unless otherwise specified, products delivered to PVS must undergo requalification testing on an annual basis, during which all dimensions, functional characteristics and materials will be checked against their specifications. The establishment of requalification testing will be effected without special request by PVS and is undertaken without charge to PVS.

The Supplier is obliged, in the context of its production processes to ensure continuous process

capability by applying statistical process control (SPC).

The results must be provided to PVS in both instances upon request within 24 hours, on working days from Monday to Friday.

## 6. Quality objectives

Mirroring the obligation of PVS towards its customers, the Supplier has a zero-defect target obligation of towards PVS and will communicate this internally and to its own sub-suppliers.

Where a defect-free delivery cannot be guaranteed, the Supplier will agree interim objectives with PVS (temporary upper limits for defect rates). The Supplier will introduce measures for continuous improvement and attainment of the zero-defect target.

If the defect rate is below the upper limit, this does not release the Supplier from its responsibility to process all complaints nor from its liability for all defective deliveries. If the defect rate is above the upper limit, the Supplier will take effective short-term improvement measures, at its own expense, and will keep PVS informed of progress. The liability of the Supplier for all defective deliveries will remain unaffected by the agreed upper limits.

Quality meetings with a thematic focus such as preventive quality assurance, evaluation of quality data exchanged, discussion of errors and current issues, etc. will take place upon request of a Contractual Partner. In the event of escalation, the Supplier undertakes to conduct meetings at management level.

## 7. Environmental protection, occupational health and safety and social responsibility

The Supplier undertakes to comply with currently applicable statutory regulations regarding compliance, environmental protection and occupational health and safety and, by appropriate environmental management and corporate environmental protection, to minimize effects on human health and the environment.

## 8. Insurance

The Supplier is obliged to maintain suitable public and product liability insurance, extended product liability insurance (including installation and removal costs for deliveries to the automotive industry) and suitable recall costs insurance with the following minimum amounts of cover:

- a. Public liability insurance: Sum insured - 3 million euros lump sum for personal injury and material damages
- b. Product liability: Sum insured - 3 million euros lump sum for personal injury and material damages, including further cover for removal and installation costs for motor vehicle components:
- c. Motor vehicle recall costs insurance: Sum insured - 3 million euros

The Supplier will evidence the existence of the insurance upon contract conclusion by submitting written confirmation from the relevant insurer. The Supplier undertakes to inform

PVS immediately of changes to the insurance contracts, in particular, loss of insurance cover.

## 9. Duration of the contract, termination

This Agreement is for an indefinite duration. It can be terminated with a notice period of six months to the end of the year.

The validity of arrangements under this Quality Assurance Agreement will remain unaffected hereby, i.e. the provisions of the Quality Assurance Agreement apply for such arrangements until the end of their respective term.

The right to termination for good cause remains unaffected.

Where the Supplier violates fundamental provisions of this Agreement, PVS is entitled to extraordinary termination of existing supply contracts, without notice, after an ineffective warning. The Supplier is not entitled, in the event of such termination, to claim any compensation from PVS.

## 10. Final provisions

Amendments of and supplements to this Agreement, including to this Article 9, require the written form.

If provisions of this Agreement are ineffective, in whole or in part, the validity of the remaining provisions will not be affected thereby; in this case, the Parties will agree to an effective provision which comes closest to the economic purpose of the ineffective provision. The same applies for any omissions.

This Agreement is subject to German law to the exclusion of conflict-of-law rules and the United Nations Convention on the Sale of Goods (CISG). The exclusive place of jurisdiction for all contractual disputes is Stuttgart.





Niedernhall, on the \_\_\_\_\_

(Place) \_\_\_\_\_, on the \_\_\_\_\_

---

**PVS-Kunststofftechnik GmbH & Co. KG**  
Director Quality Management

---

**Supplier**  
Sales Management  
(Company stamp)

Niedernhall, on the \_\_\_\_\_

(Place) \_\_\_\_\_, on the \_\_\_\_\_

---

**PVS-Kunststofftechnik GmbH & Co. KG**  
Head of Purchasing / Supply Chain

---

**Supplier**  
Quality Management  
(Company stamp)**PVS-Kunststofftechnik GmbH & Co. KG**  
Salzstraße 20  
74676 Niedernhall  
GermanyTel.: +49 (7940) 9126-0  
Fax: +49 (7940) 9126-98Email: [info@pvs-plastics.net](mailto:info@pvs-plastics.net)  
Internet: [www.pvs-plastics.net](http://www.pvs-plastics.net)