Quality assurance regulations (QSV)

for suppliers

of

PURKERT Metall & Form GmbH
Bahnhofstraße 6
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hereinafter referred to as ‘Purkert’

and

hereinafter referred to as ‘supplier’

1 Introduction

This guideline for guaranteeing the quality of purchased products and materials represents the foundation of the business relationship with Purkert Metall & Form GmbH (hereinafter referred to as 'Purkert'), and is thus considered to be part of every order placed by our company. These quality guidelines describe the minimum requirements pertaining to the supplier's management system.

Purkert seeks to collaborate with its suppliers in the spirit of partnership. The zero-error principle forms the basis of this partner-like collaboration. The goal is to reduce errors to a minimum through the process of continuous quality improvement. Our objective is to collaborate with our suppliers to reach a high level of quality at an economic cost. This objective can only be attained through the consistent use of proven and new methods of quality assurance, process assurance and process control. In order to be able to fulfill the stringent requirements of our clients, we expect our suppliers to provide their services in a high-quality, economical and timely manner.

The goal is to maximize internal and external customer satisfaction as much as possible by delivering defect-free products and services in a timely manner.

2 Management system of the supplier

2.1 Responsibility of the supplier

The supplier shall be obligated to fulfill the legal and official requirements pertaining to his corporate processes.
The supplier's quality policy includes the continuous improvement of his processes, as well as an attempt to attain 100% delivery reliability and adherence to quantity stipulations. The supplier should implement suitable measures in order to fulfill these goals. Purkert reserves the right to ask for the corresponding evidence, such as capacity confirmations.
The quality guidelines constitute an important part of both the contract and the purchase conditions that are in place between Purkert and the respective supplier.

2.2 Quality management system/Certification of the supplier

At the very least, we expect each one of our suppliers to introduce, permanently use, maintain and further develop a QM system corresponding to the standard of ISO 9001:2015 (the latest version). The respective evidence can be provided by sending a copy of a certificate issued by an accredited certification body. Under exceptional circumstances (e.g. single source), the audit results of automobile manufacturers or other reputed companies belonging to various sectors can also be accepted as evidence.
In any event, we reserve the right to subject the supplier to a QM system audit that is in accordance with VDA 6.3. Compliance with other regulations, especially ISO TS 16949 or IATF 16949, should also be targeted.
The supplier shall conduct an annual self-audit to inspect his own manufacturing process.

If the supplier loses the ISO TS 16949/IATF 16949/ISO 9001 certificate, Purkert should promptly be notified to that effect.

2.3 Management of the sub-suppliers

The supplier shall be responsible for ensuring that all of the required information is made available within the supply chain, all the way up to his sub-suppliers.
Purkert can demand that the supplier produce documented evidence pertaining to the effectiveness testing of the sub-supplier's quality management system.
The supplier shall accordingly be obligated to make it possible for Purkert to subject the respective sub-supplier to an audit.

2.4 Environmental protection and occupational safety

The supplier shall be obligated to comply with the national legal regulations that pertain to environmental protection and occupational safety, and which apply to him. Work places and work flows should be designed in a manner that rules out impermissible effects on the employees and products.
The supplier should attempt to implement and certify the management systems for environmental protection, occupational safety and health protection.

2.5 Legal and official requirements

The supplier shall be obligated to fulfill the applicable legal and official requirements of the exporting country, the importing country and the destination country that has been specified by the client.

3. Purkert's supplier management

3.1 Supplier qualification/Supplier approval

Purkert maintains a list of the approved suppliers who have, in accordance with Purkert's approval procedure, qualified for deliveries of raw materials, surfaces and purchased parts.

Purkert's clients can also prescribe the use of certain suppliers.

3.2 Supplier audits

Upon consultation, the supplier shall permit Purkert and its clients to test his quality management system and the processes being used at his production facilities by conducting an audit during the supplier's normal working hours.

The auditors shall therefore be provided with free access to the departments of the supplier which are involved with the planning, development and manufacturing of the products that are to be delivered to Purkert. Reasonable restrictions imposed by the supplier to protect his trade secrets shall be accepted.

During these quality audits, the supplier shall provide all the required documents and information, as well as the data requested by Purkert and the clients. The process audits shall be conducted in accordance with VDA 6.3. If necessary, they shall also be expanded to include client-specific requirements pertaining to process audits. The result and the corrective/improvement measures that may be necessary shall be logged.

The reasons for a supplier audit could be as follows:

- Supplier approval procedure
- The awarding of a new contract
- Commencement of production (approval of series production)
- Changes affecting equipment/production locations or relocation
- Regular monitoring of suppliers
- Excessive complaints
- Escalation conversation

3.3 Supplier assessment and classification

The annual classification of the supplier (A, AB, B or C in accordance with VDA 6.1) involves the following five assessment criteria:

- Delivery quality (schedule and quantity variances, special trips and delivery documents)
- Service (flexibility, information behavior and complaint processing)
- Product quality
- Innovation (price behavior and active teamwork)
- Management system (certifications)

3.4 Escalation conversation

Purkert reserves the right to have an escalation conversation with the supplier in question if there are serious deviations from the quality requirements.
Possible triggers of an escalation conversation could be as follows:

- Repeated defective deliveries in spite of completed problem-solving operation (8D report)
- Repeated production disruptions at Purkert's end due to defective deliveries
- Unsatisfactory complaint management on the part of the supplier
- Imminent stoppage in production for Purkert or its clients, caused by mistakes made by the supplier

3.5 Supplier development

Purkert is prepared to continuously keep developing its suppliers further on the basis of ISO/TS 16949 (or IATF 16949) and client-specific additional requirements. The information that is required for this purpose shall be passed on to the supplier.

4. Document management and data protection

The supplier's quality management system must contain a process for the management of quality specifications and the archiving of evaluable quality records. It must be possible to correlate these with the products and processes.

4.1 Order documents and technical documents

The supplier shall be responsible for executing the order in accordance with the specifications and Purkert's latest technical documents.

The supplier shall be obligated to check the completeness and consistency of the documents with regard to his production process. If applicable, he shall also be obligated to request any additional information that may be necessary in order to be able to correctly execute Purkert's order.
Purkert's requirements pertaining to the supplier's product shall be specified in both the order and the diagram. If necessary, such requirements shall also be specified within the framework of additional technical requirements.

Purkert shall be obligated to add valid ordering information, such as the latest diagrams, to the order.

The supplier must ensure that only valid documents corresponding to the respective contract are used. The specifications, standards, diagrams etc. upon which our orders are based are binding. It must be possible for the supplier to trace any and all technical changes (parts, diagrams etc.) throughout the entire product service life.

4.2 Document archiving

The requirements pertaining to the archiving of the quality requirement documents and quality records can be found in the respective legal, client-specific and sector-specific regulations. Documents that are relevant to critical features should be archived for a period of at least 15 years after the discontinuation of series production (VDA Volume 1).

This also includes the evidence and reports associated with the annual self-audit that pertains to the critical product/process features (e.g. VW Group D/TLD self-audit).

The supplier must provide access to the audit reports if Purkert makes such a request.

4.3 Data protection

Information, documents or other pieces of knowledge may not be passed on to third parties. The supplier shall acknowledge the confidentiality of information belonging to Purkert or (as the case may be) Purkert's clients in writing by signing Purkert's confidentiality agreement.

5. Quality planning and inspection planning

5.1 Risk analysis/FMEA

The supplier must use suitable preventive methods of quality planning and fault prevention (e.g. FMEA, MSA, SPC, PPF/PPAP and APQP) where necessary. An FMEA process must be defined.

All the factors that can affect the production process should be considered and assessed in this regard. The corresponding precautionary measures for process assurance must be implemented for risks that have been determined. Purkert must be allowed to access the FMEA upon request.

The supplier should comply with the characteristics established by Purkert which are particularly important in terms of documentation and archiving. The supplier can augment these with the special features contained in his production process.

5.2 Production control plan/Inspection planning

The supplier shall be responsible for establishing a production control plan and an inspection concept in order to fulfill the agreed-upon objectives and specifications. He shall be responsible for ensuring that the products are tested in accordance with the agreed-upon specifications.
Purkert shall either mention/specify the specifications directly in the respective order or - in case the scope has already been established - add them to the order in question.

The quality proof documents that are to be enclosed with the products delivered to Purkert are listed in the order specifications (e.g. company certificates 3.1)

The supplier must keep systematically-evaluable records of the results of the quality monitoring operation, the quality test and the defect rectification measures that have been implemented.

5.3 Monitoring of testing and measuring equipment

The supplier must periodically examine all testing and measuring equipment with regard to its suitability. He must also mark and manage the said equipment.
This includes regular calibration of the testing and measuring equipment, as well as the statistical evaluation of the measurement uncertainty/measuring capability of the measurement systems (VDA Volume 5) that have been mentioned in the production control plan and used. The supplier must select his testing equipment in a manner that ensures that the characteristics to be tested can be gaged in conjunction with an acceptable level of uncertainty.

If Purkert or its client provides the supplier with testing and measuring equipment, the equipment in question must also be included in the management of testing equipment.

Purkert reserves the right to inspect capability tests

6. Production process approval and product approval procedure (PPF)

6.1 General

Purkert needs the supplier to check the producibility of the services he is offering before he submits a tender; the supplier must do so in a manner that takes his own production facilities into consideration.
We reserve the right to ask for evidence of the producibility test.

6.2 Sampling

The process and product approval procedure (PPF) should be carried out before series production is initiated. The respective submission level that is associated with the sampling documents and which is related to Purkert has been regulated as follows.

Unless otherwise agreed upon, submission level 2 (as per VDA 2) shall come into play.
In case of parts that are manufactured using tools, the initial samples must be produced under serial-production conditions.

In the following cases, an initial sample must be submitted for approval or approval testing before the first series production operation is carried out:

- Before the first serial delivery of a new product/part
- Before series launch, in case of product/part modification
- Before serial delivery, and after the production process has been changed
- After the relocation of production facilities
- In case of a long-term suspension of production

6.2.1 Initial sample/Initial sample test report

The supplier shall use an initial sample test report that is in accordance with VDA 2 to certify that the parts fulfill the requirements.

Characteristics that cannot be tested by the supplier must be verified using either a specific test report, acceptance test certificates, comparable standards or test certificates issued by testing institutes. The test logs should be enclosed with the initial samples.

The material data in the IMDS (International Material Database System) should be used to determine the materials for all submission levels.

When it comes to the series release test, the supplier must gage at least 3 free initial samples and submit them in a manner that ensures that they can be correlated clearly with the test report.
The initial sample parts for the series release should be packaged separately and specially marked. The initial sample test report should be enclosed with the initial sample parts.

The number of tools/molds that are required in order to manufacture the products should be verified in the test report or in some other form.

6.3 Evaluation/Approval of the initial samples

Approval of initial samples/Series release
Purkert shall issue an approval in writing if the initial samples are in accordance with the specifications, and if the parts can be used in the production procedure without any problems

Approval with conditions
If an approval is only issued with conditions, the supplier must implement the respective corrective measures within the time period that has been agreed upon with Purkert and submit new initial samples.

Rejection of initial samples
If the initial samples are rejected, the supplier must implement the respective corrective measures within the time period that has been agreed upon with Purkert and submit new initial samples.

6.4 Process approval at the supplier's end

During the internal process approval, the supplier proves that he can use a controlled process to manufacture the specified quantity of products under series-production-conditions, and at the required level of quality.

The process approval operation that is in accordance with the client-specific requirements can be carried out by Purkert, by Purkert's clients or at the supplier's end with the participation of both parties.

6.4.1 Process capability evidence

A separate agreement is used to establish this evidence for defined characteristics in an order-specific manner. This is done in collaboration with the supplier, and in accordance with the specifications of Purkert and its client.
Process analyses and process capability studies should be carried out to document and prove that the supplier's processes are controlled processes.

If no other values have been agreed upon, at least the following values shall be applicable

- Machine capability (short-term study) Cmk ≥ 1.67
- Process capability - Production run (long-term study stable) Cpk ≥ 1.33
- Process capability - Production run (long-term study unstable) Ppk ≥ 1.33

6.5. Requalification testing

The delivered products must be subjected to annual requalification tests in accordance with the specifications of Purkert and its clients. It must be proven that all the agreed-upon features of the delivered product fulfill the requirements or, as the case may be, the valid specifications.

The requalification documents should be made available to Purkert upon request.

7. Series production/Incoming goods inspection/Complaints

7.1 Series production

The supplier shall be obligated to implement control measures that are suitable for the series production monitoring operation, such as statistical process control procedures or random sampling.

If process disturbances and quality defects emerge at the supplier's end, the causes of the same must be analyzed, improvement measures must be implemented and their effectiveness must be checked.

7.2 Incoming goods inspection/Complaints

Purkert shall check the products received from the supplier for quantitative compliance, identity compliance and externally discernible transport and packaging damage. Any complaints that emerge during this procedure shall be shown to the supplier immediately using an 8D report. Apart from that, Purkert shall, if required, check the products delivered by the supplier over the course of the production process and use a written complaint report (8D report) to inform the supplier about any defects that may have been detected during this procedure.
If defects (hidden defects) caused by the supplier are detected while the parts are being used, the supplier shall be liable for the same within the framework of the valid legal regulations.

By delivering the products, the supplier shall be confirming that all the specifications for the ordered product have been complied with.

If products that are not in line with the specifications have been produced for Purkert under exceptional circumstances, the supplier can file an application for a deviation of dimension and obtain a waiver from Purkert before delivery. Deviations that have been noticed by the supplier after delivery should promptly be communicated to Purkert.

If Purkert or its client is about to face production shutdowns because of defective deliveries, the supplier must promptly arrange for corrective actions. Alternatively, Purkert can, after a written approval has been obtained from the supplier, implement the required measures (e.g. sorting and reworking) independently at the expense of the supplier. All direct and indirect expenses that have been incurred by Purkert or its clients due to complaints and which were demonstrably caused by the supplier should be borne by the supplier.

8. Marking, traceability, packaging, storage

The production flow and product handling process must be devised in a manner that ensures that quality impairments and damages are avoided. This applies in particular to transport, storage, packaging, preservation and delivery. The parts must be marked in accordance with Purkert's order specifications.
In order to facilitate traceability, the supplier shall practice a system of identification that fulfills the product requirements and which guarantees that lots can be traced back in a manner that covers everything from the process data and product data to the primary material used.
The conditions under which the products are stored at the supplier's end must rule out loss, theft, damage and environmentally-induced changes in material properties.

Purkert's special packing instructions should be followed. When it comes to deliveries, each packing unit must be furnished with a goods tag that can be seen from the outside. The load carriers may only be marked in a different way upon consultation with Purkert.

The delivery slips and accompanying documents associated with delivered lots that are handled in batches must contain the batch number. The products' current index (change status) should also be noted down in the accompanying documents.

9. Parts that must be documented (D-parts)

The parts that must be documented are products/parts for which there is a high product liability risk. D-parts and D-characteristics should be clearly marked in the documents (diagrams and specifications).

The supplier shall be obligated to retain the test results in a suitable form. In any event, he shall also be obligated to keep them in safe custody for 15 years. Purkert should be provided with copies of these records and instructions upon request. If required, the supplier must appoint a product safety officer (PSB) in accordance with VW Formula Q.

10. Employee training

It is important that the supplier's respective employees be sufficiently trained in quality assurance techniques.

11. Risk management/Emergency plan

The supplier must ensure that all the risks within the supply and process chains which could negatively affect his delivery capacity are identified independently, assessed and controlled by a risk management system.
For example, possible risks could involve machine defects, personnel shortfalls, a loss of the sub-supplier or power failures. The appropriate measures should be indicated in an emergency plan.
This emergency plan should be submitted to Purkert upon request.

12. Information obligation

If it becomes apparent that agreements that have been made (e.g. regarding quality characteristics, deadlines, delivery quantities) cannot be fulfilled, the supplier shall be obligated to promptly inform Purkert to that effect and take appropriate corrective actions.

The supplier shall notify Purkert in a timely manner before modifying the production processes and testing processes that affect the product quality, making product-related changes or relocating production sites. Purkert shall then decide whether the planned change necessitates sampling.

All changes affecting the product and production process should be recorded in a product life cycle.

Changes made to the supplier's organizational structure (changes in the managerial staff or Purkert's contact persons) should be communicated to Purkert.

13. Liability and warranty

In addition to the products liability insurance policy, the supplier shall also be obligated to take out and maintain a suitable so-called 'extended products liability insurance' policy. Sufficient insurance coverage must exist for the product liability risk. In particular, this shall also apply to the supplier's recall cost and exchange cost risks.
The supplier must agree upon these general liability conditions with his insurer. Furthermore, the supplier shall also be obligated to submit the respective documents to Purkert upon request.

These quality assurance regulations do not limit the supplier's legal warranty-related and liability-related obligations that are associated with the warranty periods of Purkert's clients which have been agreed upon via the delivery contract, and which are in accordance with the applicable legal regulations.

14. Confidentiality

The contractual partners hereby assure each other that they shall maintain the confidentiality of specific information and knowledge that they have obtained from the other partner, regardless of the manner in which they were obtained. They also assure each other that they shall not make the respective information available to third parties or use it for any purpose other than that for which it was imparted, unless the other partner has approved of such a course of action in writing. Sub-suppliers should be obligated accordingly. In the event that the contractual partners' employees need to gain or can gain knowledge of the obtained data and information, the contractual partners shall guarantee that all such employees are or will be subject to the an identical confidentiality obligation. The contractual partners shall not be obligated to maintain confidentiality within their corporations.

If one of the contractual partners realizes that information that is supposed to be confidential has made its way to a third party, or that a document that is supposed to be confidential has gotten lost, he shall promptly inform the other contractual partner to that effect. This provision shall be applicable indefinitely, even after the duration of this agreement.

15. Supplementary provisions

Only the valid versions of the conditions for purchase and quality assurance regulations - which are available on the internet at www.purkert.at - shall apply to orders placed by Purkert Metall & Form GmbH. These quality assurance regulations and Purkert's conditions for purchase shall unconditionally become an integral component of contracts between Purkert and its suppliers.

16. Confirmation Supplier

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date, company stamp, signature supplier