

between Seuffer GmbH & Co. KG
- hereinafter named: - Seuffer -

and

- hereinafter named: - supplier -

1 Intention and scope

Customer satisfaction is the ultimate goal of all quality assurance activities. The quality capability and continuous improvement of our suppliers is essential for our mutual success in the market.

The cooperation by the supplier will be crucial. As described in the quality assurance agreement, the supplier and its subcontractors are committed to the zero defect goal. Until the achievement of zero defect target are defined with this supplier agreement quality control limits for quality parameters.

This supplier agreement Quality is an integral part of our supplier management and is intended to give the supplier and Seuffer a common basis to the quality performance.

A concluded supplier quality agreement meets our expectations.

2 Quality parameter

The following quality parameters are compiled:

- Series products:
 - ppm-Value
 - Number of complaints
- development competence:
 - Systematic approach in projects
 - Application of statistical methods in the development
 - Application appropriate methods for failure prevention

Valuation- and calculation period is the Seuffer- fiscal year (July- June)

3 Calculation method

3.1 For active series products:

- ppm-Value (Weighting 70%)

The calculation of the failure rate occurs in accordance with VDA Volume 2 as follows:

$$\text{ppm} = (\text{defective parts} / \text{components supplied}) \times 10^6$$

Until reaching the 0-defect objective, a ppm-intermediate value is agreed as warning limit.

Maximum ppm-Value/ Year:

	Status
ppm < = agreed Value	A
Until 1,5-fold Value	B
> 1,5-fold Value	C

- Number of complaints (Weighting 30%)

Maximum number of complaints/ Year:

	Status
Within < = agreed Value	A
Until 1,5-fold Value	B
> 1,5-fold Value	C

- The general rule:
 - Included are all incorrect parts independent on the place of occurrence (incoming goods, production, production line failure at customers, field defects).
 - After the failure analysis the number of failure parts will be corrected, if complaints are unfounded.
 - Parts deviating from target state, which the supplier reports himself by voluntary disclosure and have not led to a disturbance in the production process, will not be considered.

3.2 Recoding for the evaluation of the active series products:

Status	Recoding
A	= 3 Points
B	= 2 Points
C	= 1 Point

Calculation example:

Criteria	Classification	Points	Weighting	Rating Points	Overall rating		
ppm	A	3	* 7	21	A	> 26 Points	
Number of complaints	B	2	* 3	6	B	20-25 Points	
				Sum:	27	C	< 20 Points

3.2 For the development competence:

The development competence is valued separately (Weighting 100%)

- Systematic approach in projects
e.g. APQP, Maturity level assurance, etc.
- Application of statistical methods in the development
e.g. Capability analysis, Six Sigma, FIT-rate calculation, etc.
- Application appropriate methods for failure prevention
e.g. FMEA, simulation - tools, CMMI, etc.

	Status
All 3 criteria of development competence fulfilled	A
Not all 3 criteria of development competence fulfilled	C

4 Exceeding the control limits of quality parameters

If the agreed control limits are exceeded, the supplier has to initiate short-term additional corrective measures and prove their efficacy. Seuffer is to be informed in this respect without delay.

For recurring quality or delivery problems, the escalation procedure is initiated in accordance with the Quality Assurance Agreement. (Point XXIII)

5 Correlation between this agreement and complaints

The quality agreement with the supplier shall have no effect on the validity of the supplier's liability for warranty claims and claims for damages towards Seuffer regarding non-conforming deliveries.

Lower deviation below the upper limits of this ppm agreement, does not release the supplier from its obligation to process all complaints and to continuous improvement.

6 Deviating agreements

Deviating agreements must be in written form and are valid only when signed by both contracting parties.

7 Period of validity

This supplier agreement enters into force upon signature and is valid until the conclusion of a new supplier agreement.

Seuffer

Calw,

Seuffer GmbH & Co. KG

Supplier

ppa. Axel Schulz
Executive Vice President
Quality

Legally binding signature

Signature QM

Signature QM

Change history			
Rev. Status	Date	Point / Chapter	Change
01	2016-09	2	Valuation- and calculation period added