

# QUALITY AGREEMENT



Valid from: January 2016

Quality agreement is made between

MATADOR Automotive Vráble, a.s, Staničná 1045, 952 12 Vráble

..... - Company Director ..... - Financial Director

Bank: VUB Nitra BLZ: 0200

Bank account: 15208-162

Company Registration No.: 31 411 801 Tax Registration No.: SK2020411272

registered in the Companies Register of the District court of Nitra, section Sa, entry No.: 8/N

hereinafter referred to as "Customer"

and

hereinafter referred to as "Supplier"

on joint quality management with the aim to ensure quality of product development and the products themselves. Description of agreement purpose. This Agreement on quality assurance is a stipulation on general technical and organizational conditions and processes between the Customer and the supplier, which are necessary to reach the required aim of quality.

Agreement shall describe minimum requirements for management system of contractual partners concerning quality assurance.

## **I. GENERAL PROVISIONS**

### **1. Scope and subject-matter of the Agreement**

This Agreement shall stipulate quality requirements for all development tasks or for products which are provided or delivered specially to a contractual partner during their validity, unless the scope of validity is in a separate attachment limited for certain performances or deliveries.

Respective articles of this Agreement shall not be valid if being in conflict with superior agreements, e.g. agreements on development or purchase agreements.

This agreement, its modifications and amendments shall have to be in written form. Specific modifications of this Agreement of quality assurance are stated in the annex.

### **2. System of quality management of the supplier**

The supplier shall be obliged to permanently apply the system of quality management according to the standards of quality systems mentioned as:

- ISO/TS 16949 Systems of quality management in car industry
- VDA regulations for documents
- EAQF ( D' EVALUATION D'APTITUDE QUALITE FOURNISSEURS )
- AVSQ ( ANFIA VALUATIONE SISTEMI QUALITA )
- Fulfilling the requirements according to Formel Q (Konkret, Fähigkeit, Neuteile Volkswagen AG) for purchased parts which Matador Automotive Vráble a.s. use for all its customers /Mainly for VW Group AG/

Supplier undertakes that products manufactured for MAV, way of their production and delivery will be completely in compliance with legal requirements of European Union (regarding the environmental and safety requirements) which are part of the agreement only when agreed upon in written form.

The supplier undertakes that permanent to improve its process as well as the evaluation from the side of MATADOR Automotive Vráble in last period in case it was worse than "A".

The supplier herewith commits to achieving the target "no errors / no defects", and should continuously optimize his performance thereof, accordingly.

Each time the customer provides the supplier with any production, packaging and testing/inspection devices and devices and instruments under a contract with contractor, the supplier shall - unless agreed otherwise in writing - include such devices and instruments into his system of quality assurance as if these were to be used as his own production, packaging or testing devices, supplier has to provide to

customer documentation regarding the production of tools, gauges and control jigs which are paid by customer and supplier has to create for customer copy of drawings and it's construction.

### 3. Management of quality assurance system by contractors

The supplier shall oblige his subcontractors to comply with the obligations he has assumed as supplier, himself, under this contract.

The customer may require from the supplier presentation of documents providing the proof that the supplier has verified the systems of quality assurance used by his subcontractors, or has otherwise ensured that the quality of purchased components shall be appropriate with the use of relevant measures.

### 4. Audit (at contractor's site)

The customer has the right to carry out the audit at contractor's site in order to verify whether the measures launched by the supplier in order to ensure the required quality comply with customer's requirements. The audit may be performed in the form of the process or product audit. The customer must inform the supplier of his intention to perform the audit at his site in advance and respect contractor's justified interests. An account may be taken of audits carried out by other automotive industries area companies. Any reasonable restrictions by the supplier for protection of his manufacturing and trading secrets will be respected.

### 5. Documentation, information.

An obligation of preserving the documents and records on quality extends to 5 years with standard parts and 15 years with parts for which the archiving in the archive of "D" /TLD/ safety parts is compulsory (see VDA, Volume 1, Documents archiving) and these must be made available upon request.

If the agreed provisions (such as on quality parameters, dates, quantities to be supplied) cannot be complied with, the customer must be advised of the true situation and the circumstances resulting in his inability to meet his obligations. All essential facts and details needed for resolving the issue should be included therein.

If the supplier identifies the rise in discrepancy between the actual and required quality of products (decrease in quality), the customer must be advised of the situation and planned measures without delay.

The supplier shall advise the customer in advance of all changes in production procedures, materials or parts supplied for customer's own production, on relocation of production facilities or changes introduced to procedures and products testing or of other measures related to quality, allowing the customer identify any possible impact resulting thereof. The obligation of informing the partner is set by regulations on sampling.

Any changes of product and in a process chain related to products must be documented in a product curriculum in an appropriate detail pursuant to VDA, Volume 2 „Assuring the quality of supplies".

## II. PRODUCT CURRICULUM PROVISION

### 1. Development, planning.

If the commitment won by the supplier includes the development work, the contractual parties are obliged to provide a detailed specification of this in written form / as "Specification ZP5 Lastenheft a Lasten s PAG Volkswagen AG)".

The supplier commits to apply the methods of planning product quality assurance and processes as well as with other interdisciplinary tasks related to product and process safety, logistics planning and project management and make the project schedules available to the customer for viewing upon request.

Any technical details needed for supporting the development of production in series, such as specifications, drawings, bills of material, CAD data, must be reviewed by the supplier upon receipt in order to verify if these are complete and comply with the intended purpose.

The customer shall be advised of any defects identified within the above procedure. The customer shall make sure that the specifications, drawings and CAD data the supplier has received are complete and not conflicting.

Within the development phase the contractual partners are obliged to make use of the appropriate preventive methods of quality assurance planning, such as the analyses of manufacturability, calculation of reliability, FMEA, etc. An account must be taken to experience (with regards to processes, process related data, studies of competence, etc.) from similar projects. Special requirements related to documentation must be identified, such as D properties and parameters by the customer and critical properties and parameters by the contractor.

The customer and supplier shall mutually agree and document the production and testing conditions for prototypes and pre series products. The aim is to achieve the conditions similar to production in series.

The supplier shall provide for an analysis of the agreed special properties/ parameters and document the analysis of suitability of the machinery in use. Unless the agreed coefficients of suitability are reached, the supplier shall optimize, in an appropriate manner, his production machinery or perform suitable checks so as to avoid the occurrence of any defective supplies.

Prior to beginning the production in series, the supplier shall carry out the procedure of making the process available to customer's review, regarding the VDA 2 level 3 or 4 as specified by customer

Making the production process and product the subjects of review by the customer, an index of suitability must be provided, of the machinery expected to be used for production.

## 2. Production in series, defects backtracking, identification and signaling

Any failures in production process and discrepancies in quality must be analyzed, identifying the reasons, corrective measures launched and efficiency of these verified. Exceptionally, if the products failing to meet the specifications have to be supplied, the special prior authorization/permit must be requested from the customer's purchasing department. The customer shall also be informed without delay on any deviations found additionally.

The supplier commits to ensure the back traceability of the products he supplies. Any of the identified defects should provide for the 100% back traceability. The customer shall deliver the supplier the data needed for products back tracing. The customer shall deliver the supplier the data needed for products backtracking.

The supplier shall ensure that the products are supplied to the customer in suitable packing, approved by the customer to prevent degradation of quality (such as contamination, chemical reaction).

Provisions agreed with the customer related to products, parts and packing marking and labelling must be complied with at all times. The products must be provided on packing with the marking visible also during and haulage and storage. Any deviations from existing marking obligations are subject to prior agreement in writing.

## 3. Tests (inspections), claiming procedures, measures

The supplier shall determine, subject to responsibility of his own, the concept of tests and inspections in order to comply with his duties. Both contractual partners commit to comply with the "no defects" concept.

With the standard series products, the supplier shall document all functional relevant properties (parameters) with the use of suitable procedures and methods. (such as the process management based on statistical data or manually maintained control cards) during the entire processing period.

Unless the required degree of process suitability is achieved, the quality must be ensured with the use of other suitable methods; the production process must be optimized in an appropriate manner, so as to provide for the required suitability.

The customer shall verify the products supplied by the supplier upon delivery, by verifying the quantity and proper product types as well as with regards to the obvious outward signs of damage and defects.

The defects of supplies referred to above should be reported by the customer to the supplier without delay, as soon as these are identified. Supplier takes the responsibility for delivered products and for the costs caused by the delivered products.

The supplier shall obtain the rejected parts for purposes of analysis, unless agreed otherwise. If there is a dispute, this should be subject to mutual consideration by both of the contract parties.

In case of defective supplies the supplier must provide for a corrective measure without delay (supply of replacement parts, assorting or rectification).

## III. DURATION OF THE AGREEMENT VALIDITY

This Quality Agreement shall remain valid for an indefinite period. The Agreement may be terminated by any of the parties in writing, the notice period being 3 months. The termination of this Agreement shall not affect the validity of other individual contracts on supplies or other agreements (general agreements) until these are fully complied with.

Any further specific customer requirements or requirements related to product are subject of separate amendments to this Agreement.