



Quality Agreement

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Issue date	Sept 2009
Issue level	06
QE Ref	b 905
created by	Käfer-Purch

Quality Agreement

between

Cooper-Standard Automotive

(Hereafter referred to as the "Company")

and

.....
(Hereafter referred to as the "Supplier")

This agreement is made between the above named parties in order to assure the quality of supplied product(s).

This is confirmation of receipt and agreement. Any deviations to this original document made by the Supplier must be approved by the Company in advance, submitted in writing and attached to this confirmation. This Quality Agreement replaces all previous quality agreements.

Cooper-Standard Automotive

Supplier

Signature

Print name

Position

Date

CONTENTS

Ref	Description	Page
1	General	2
2	Auditing and verification	2
3	Specifications and machine & process capability	2
4	Production Part Approval Process (PPAP/VDA)	2
5	Delivery and transport	3
6	Zero defects	3
7	Corrective action	3
8	Failure costs	3
9	Documentation	4
10	Testing and inspection by the Company	4
11	Health, Safety & Environment	4
12	Contingency Plan	5
13	REACH awareness	5

1 General

- 1.1 The provisions of this Quality Agreement, together with the Company's purchase terms and conditions, shall apply to all current and future purchase agreements between the Company and the Supplier.
- 1.2 On new projects, the Company may request changes or additions to this document, which must be approved by the Company and the Supplier.
- 1.3 It is the responsibility of the Supplier to make products and provide services that meet the requirements of the Company and its customers. The Supplier is further responsible for the quality of the products provided by their sub-suppliers and ensuring that they adhere to the same quality requirements to which the Supplier is obligated.
- 1.4 It is the Supplier's responsibility to inform the Company of any change to the status of an approved quality or environmental certification and to provide proof of new or updated certification upon receipt from an approval body.
- 1.5 This Quality Agreement is of unlimited duration. Failure to maintain a Quality Agreement with the Company may result in the Supplier being removed from the Approved Supplier listing.
- 1.6 The supplier shall keep all details of any communication, verbal or written, confidential.

2 Auditing and Verification

- 2.1 The Company and its customers reserve the right to examine, evaluate and audit the processes and quality assurance measures of the Supplier and its sub-suppliers at any time, with or without advanced notification.

3 Specifications and Machine & Process Capability

- 3.1 Where appropriate, the Supplier will be involved in the production of drawings or specifications. During the Advanced Product Quality Planning (APQP) process, it may be necessary to establish "Special Characteristics" (SC) or "Critical Characteristics" (CC). These characteristics must be statistically controlled with records available to the Company or its customer on demand. Other special requirements, such as "Appearance Level" may also be specified and must be controlled as required by the Company and its customer.
- 3.2 The Supplier must conduct and document a detailed analysis of the suitability of the manufacturing plant used. The Company, during the APQP process, will set specific machine capability and/or process capability target values that must be achieved prior to approval.
- 3.3 The Supplier product and packaging and all the materials used in the manufacture of the product and packaging must conform to all applicable governmental, safety and environmental regulations as they apply to the country of manufacture and sale, and in the country where the product(s) is received by the Company.

4 Production Part Approval Process or VDA depending on Customer Requirements

- 4.1 PPAP/VDA documentation must be submitted for all products to a level stipulated by the Company. Product(s) must not be shipped unless PPAP/VDA approval has been obtained.
- 4.2 Trial material is exempt from 4.1.
- 4.3 The Company will not pay for tooling until PPAP/VDA approval, unless otherwise agreed.

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- 4.4 The Supplier must not make any changes to the product, the production processes, or the manufacturing or warehouse location without the approval from the Company. Approval must also be given if production is re-started following a shutdown of greater than three (3) months. The Supplier must give a minimum of three (3) months notice to the Company for any proposed change.
- 4.5 Following PPAP/VDA, the Company may inspect 100% of deliveries until satisfied that sample inspection is adequate. The cost for the inspection is the responsibility of the Supplier.
- 4.6 The Supplier shall requalify the product and processes on a periodic way. And at a minimum with dimensional / analytic checks of our products at least yearly and upon request send the results to us within 48 hours.

5 Delivery and Transport

- 5.1 To meet Company requirements, Supplier performance must target 100% delivery (on-time and quantity) in accordance with Company schedules.
- 5.2 The Supplier use of Electronic Data Interface (EDI) is recommended and may be required for certain products designated by the Company.
- 5.3 Delivery must be in accordance with the Company's normal receiving hours, unless otherwise agreed. Information must accompany each delivery to identify the Supplier, the product(s) and quantities, the reference/order number, and hazardous material or environmental notification. The Company may specify additional requirements.
- 5.4 Packaging must be sufficient to ensure no damage to the product(s).
- 5.5 The Supplier must track, document and report on all instances of premium transport used for product(s) delivered to the Company.

6 Zero Defects

- 6.1 It is the Supplier's responsibility to maintain a production and quality system to provide a product with zero defects that meets the Company specifications. In order to achieve the objective of zero defects, the Supplier shall have an active Continuous Improvement Program in place.
- 6.2 The Company may inspect a product at any stage of manufacture to ensure zero defects.

7 Corrective Action

- 7.1 Upon notification of a concern or defect, the Supplier must respond with written documentation indicating immediate corrective and/or preventative measures taken to avoid further defects, using suitable problem solving techniques in G8D or similar format. This must be provided within 24 hours of notification.
- 7.2 The Supplier must arrange for collection and replacement of defective product immediately or arrange for personnel to sort or rework at a location specified by the Company.
- 7.3 Should the Supplier fail to respond adequately within 24 hours, the Company may take appropriate measures to ensure production is not jeopardised. All actions will be documented and costs tracked (see "**8 Failure Costs**" below).
- 7.4 The Company reserves the right to specify Level I or CSL ONE (supplier certification of material conformance) or Level II or CSL TWO (third-party certification of material) containment activities depending on the nature of the defect, the supplier's ability to manage the issue, and ultimate assurance of customer satisfaction.

- 7.5 The Supplier must update the G8D (or similar) document regarding the identification of the root cause(s), actions taken to prevent recurrence, and verification that the actions have been effective within a period of time specified by the Company.
- 7.6 The concern will be deemed closed when the Supplier receives a signed-off copy of the concern from the Company.
- 7.7 The Company reserves the right for an escalation audit on a management level within 24 h without an additional notification before if:
1. The reporting requirements regarding “Out of specification notification” are not followed.
 2. Relocation of production sites without approval from the Company.
 3. Improper quality performance as a result of insecure internal or external processes.
 4. Accompanying preventive action if necessary.

8 Failure Costs

- 8.1 In the event that a defective product is found, the Company will take reasonable actions necessary to maintain production at the Company or customer location(s). All costs incurred will be documented and may include, but is not limited to, inspection, premium freight, and travel and expenses to and from customer sites. All or some of the costs incurred may be charged to the Supplier.
- 8.2 Subsequent deliveries must be 100% inspected at Supplier cost, as the Company requires. Parts must be suitably identified with 100% sort labels.

9 Documentation

- 9.1 The Supplier and their sub-suppliers must keep quality records on file to ensure 100% traceability of products back to the date of manufacture or receipt. The Company will specify the required data and retention period. If no date is specified, the documentation must be kept indefinitely. The Supplier must make these available on request by the Company or the customer.

10 Testing and inspection by the Company

- 10.1 The Company reserves the right to participate in tests and inspections carried out by the Supplier and their sub-suppliers, to have inspections observed by an authorised third person, and to carry out inspections of products and system from the Supplier, if deemed necessary.

11 Health, Safety & Environment

- 11.1 The Supplier must ensure that products and services delivered comply with all relevant regulatory requirements on occupational and public health and safety as well as environmental protection in both: the country of manufacture as well as in the country of sale.
- 11.2 The Supplier must provide all regulatory required documentation for the products and services delivered (e.g.: safety data sheets; marking and labelling of hazardous materials; machines safety conformity declarations associated with operation manual and technical file; etc.) in the languages needed.

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- 11.3 The Company expects the Supplier to perform its manufacturing and other activities in compliance with all relevant health, safety & environmental regulatory requirements.
- 11.4 The Company would encourage that the Supplier establishes and maintains an environmental management system in accordance with ISO 14001 or equivalent. At least, environmental procedures should be in place covering the manufacture and delivery (e.g. durable, recyclable packaging) of the products or services in question.

12 Contingency Plan

- 12.1 Suppliers shall develop a contingency plan for potential catastrophes disrupting product flow to the Company, and advise the Company at the earliest in the event of an actual disaster. In an actual catastrophe, suppliers shall provide the Company access to the Company tools and/or their replacements.

13 REACh awareness

- 13.1 The supplier is "if applicable" responsible to fulfil all REACh requirements.