Quality Agreement

|  |  |  |
| --- | --- | --- |
| **CUSTOMER** |  | **SUPPLIER** |
| WITTUR  (address)  (contact info) |  | SUPPLIER  (address)  (contact info) |
|  |  |  |
| Stamp |  | Stamp |
| Legal representative or authorized person sign |  | Legal representative or authorized person sign |
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| Date |  | Date |

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| First |  | 2017-07-28 | 00 |  | M.Ursida | V.Bruno |
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|  |  | 2018-03-29 | 04 | Changed Supplier Manual reference | M.Ursida | V.Bruno |
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|  |  | 2018-07-19 | 08 | Added sentence about new compliance or regulatory in the chapter 2.2 | M.Ursida | V.Bruno |
| Current |  | 2018-10-08 | 09 | Updated table of requirement on paragraph 3 in line with Supplier QRQC criteria.  Added Appendix C. Updated Appendix A. | M.Ursida | V.Bruno |
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1. CONTRACTUAL AGREEMENT STATEMENT

# Purchase Agreement

This Agreement applies to all deliveries done by Supplier for Customer, coming into effect on the date of signature by Parties. Application of the conditions come into full force once the Supplier accepts a Customer purchase order and remain valid during the full commercial relationship, including the period covered by applicable guarantee.

# Conflict Resolution

This Agreement is governed by the Law of the state in which the Customer has its statutory seat. Conflict resolution between Customer and Supplier will take place at the ordinary jurisdiction of the local court of the district in which the Customer has its statutory seat. If multiple Customer sites are considered to be part of the same conflict resolution process, then Customer shall have the right to choose the jurisdiction which is most convenient.

# Conflict of Contracts

In the event of a conflict between any of the provisions of the Quality Agreement, Purchasing Agreement and/or General Purchasing Conditions, Purchasing Agreement terms shall override those of the Quality Agreement and Quality Agreement term shall override those of the General Purchasing Conditions.

1. SUPPLIER MANAGEMENT

# 

# Initial Qualification On-Site audits

Customer shall be allowed to visit Supplier’s premises in order to determine process and product qualification on pre-arranged schedules. Supplier agrees to provide documentation and grant access to production areas as necessary to ensure that Customer will be able to determine compliance with standards, competence in processing and risk mitigation. Supplier should meet minimum audit acceptance criteria as per *Supplier Manual*1.

# Product and Process Testing

Testing requirements for the initial qualification will be agreed in advance in written form.

If new compliance or regulatory requirements were to appear, Supplier will do its best efforts to provide testing information or material analysis data so as to comply with these.

# Access to Documents and Measurement

# Documents from Customer

Customer shall provide valid technical documents and information according to Customer design specification. All technical documents and information should be submitted in written form.

# Documents from Supplier

Supplier shall provide written quality documents, records and other information of products according to demand of the Customer, such as process control plan, process capability analysis report, material certificate, third party inspection report (type approval test report issued by quality inspection authority shall be provided for key components) and factory inspection report. A complete list of Quality Documents can be found under *Wittur Group’s Production Part Approval Process* 1.Supplier shall be responsible for authenticity of all information.

# Subsequent Qualification (Ongoing)

# On-Site audits

Periodic process audits by Customer shall be planned according to *Wittur Group’s Supplier Qualification, Monitoring & Evaluation Procedure*1. WITTUR GROUP CUSTOMERS may request attendance to on- site audits in which case the auditing coordination remains to Customer.

# Product Testing

Supplier product testing may be required to take place at Customer facilities in which case the Supplier is required to deliver the number of required samples into a designated customer facility. In the event Supplier product testing results being performed at Customer premises do not reach a satisfactory outcome, Supplier agrees to cover all sample testing related costs. For Supplier product testing being performed at Supplier premises; Supplier bears all related testing costs.

# Communication with WITTUR GROUP CUSTOMER

If a WITTUR GROUP CUSTOMER contacts Supplier directly in order to get any type of information related to parts and or processes related to a part being delivered to any of the Customer locations or directly to WITTUR GROUP CUSTOMER, Supplier must notify immediately Customer and get written authorization before providing any information to the WITTUR GROUP CUSTOMER. In addition, Supplier shall not visit directly any WITTUR GROUP CUSTOMERS to discuss Customer parts/ processes without previous written authorization by Customer.

1. QUALITY REQUIREMENTS

It is a Customer requirement to all Suppliers to implement a continuous improvement program, measuring performance, reacting quickly to quality issues and maintaining effective communication to address these effectively. Specific targets between Customer and Supplier are established in APPENDIX B.

Customer has identified specific characteristics and targets that are defined below.

Table of Requirements

|  |  |  |
| --- | --- | --- |
| **Standard** | **Requirement** | **Evaluation Method** |
|
| Alert/Notification | Within 4 Hours from internal detection  Within 4 hours after the closure of the root cause analysis for Wittur customer complaints where clear supplier responsibility is accepted | Continuous Measurement |
| Containment Plan Implementation | Within 24 Hours from reception of Customer Non Conformity Report | Continuous Measurement |
| Analysis Implementation | Within 5 Working Days from reception of Customer Non Conformity Report to completed the Root Cause Analysis | Continuous Measurement |
| Corrective Action Implementation | Within 10 working days from reception of Customer Non Conformity Report  Extension may be agreed case by case | Continuous Measurement |
| Corrective Action Closure Effectiveness | Within 30 working days from reception of Customer Non Conformity Report | Supplier Audit Checklist or Evidence provided |
| Quality Management System Certification | ISO 9001 (or equivalent) Certification | Assessment |
| Wittur HSE standards & Environmental Management System Certification | Reference to the Supplier Manual (eg. Compliance to ISO 14001 is desired, etc.) and chapter 3.1 | Assessment |
| Process Capability | (as agreed in writing with Customer) | Continuous Measurement |
| Traceability | Supplier material delivered to the customer should be traceable for supplier production lot identification purposes; Supplier is required to demonstrate full ability to trace a delivered product back to the Supplier production flow in order to be able to set material clean points in case a defect is detected in Supplier delivered material.  Supplier shall be compliant to the Technical Specification TS001 (WHQ-IMS-PR013)*1*, which defines traceability requirements for safety components under Lift directive 201/33/EU.  Supplier shall be compliant to the Technical Specification TS002 (WHQ-IMQ- PR013)*1*, which defines the traceability requirements for components under the EMC Directive 2014/30/EU, ATEX Directive 2014/34/EU, LVD Directive 2014/35/EU, Red directive 2014/53/EU. | Assessment |
| Raw Materials | All Raw Materials used in Supplier delivered product must be:   * new and/or unused * provided by a Customer approved source * have passed inspection in accordance with communicated control plans | Assessment |
| Customer Material Supply and Directed Sourcing | For materials and/or components purchased by the Customer and delivered to a Supplier, it will become Supplier responsibility to provide proper use of such material within the Supplier manufacturing flow.  If quality issues or potential quality problems are discovered before the materials/components are put into production, Supplier shall stop production and inform Customer immediately.  In the case the Supplier, through agreement with Customer, is receiving materials/components from a specific source (therefore a Directed Buy), the Supplier will bear Quality responsibility of the parts being received from the directed source.  In the case the Supplier, through agreement with Customer, is delivering materials/components to a Wittur Supplier (therefore a Directed buy), Supplier will apply the current contract conditions to those deliveries unless more demanding conditions have been agreed to directly between Supplier and Wittur Supplier.  Non Conformance Report (NCR) issued for every Non-conforming material detected along the processes shall be forwarded from Wittur Supplier to the Supplier. | Assessment |
| Restricted Substances | Supplier will meet requirements of the Restricted Substances and Candidate Substances Agreement. | Assessment |

# Health, Safety and Environment Commitment

WITTUR is committed to ISO 14001 Environment Management System / ISO 45001 Occupational Health and Safety Management System compliance and strongly encourages our Suppliers to integrate these into their management systems.

WITTUR Suppliers are required to follow and ensure application of all WITTUR safety and environmental requirements. Additionally, Suppliers will rigorously comply with all mandatory regulatory requirements which may apply (e.g. REACH, WEE, ROHS, SOC etc…) including but not limited to the ISO 45001 and ISO 14001 standards.

WITTUR team is dedicated to satisfy customer requirements based on Health, Safety and Environmental program towards continuous improvement. WITTUR Suppliers are expected to demonstrate the same level of commitment and diligence. It is mandatory that WITTUR Suppliers provide the necessary support and cooperation to comply with Wittur Customer initiatives on Health, Safety and Environmental related topics.

WITTUR Suppliers will be evaluated based on environmental aspects of all supplied products entire life cycle. This life cycle evaluation will progressively cover quantitative determination of all exchange flows between the product system and the ecosphere in all the transformation processes involved.

The Wittur Supplier Quality Development Department will check during audits the compliance of the Suppliers with product environmental requirements, fabrication emission reduction programs and the use of environmentally sustainable packaging/ raw materials according to the *Life Cycle checklist* *1*, the *Supplier Audit Checklist* *1* and the *Supplier Qualification Monitoring Evaluation Procedure 1*)



# Testing tools ownership

Testing tools provided by Customer are for the sole purpose of production of contracted products within the contract terms. These tools are property of Customer and are handed over on trust to Supplier, who will adequately mark and handle the devices with appropriate care.

Any problems with tooling must be immediately reported to ensure no delays in production. Upgrades, maintenance and repair will be scheduled as agreed by both parties.

1. NON-CONFORMING MATERIAL PROCESS

Non-Conforming material found in inspection (First Article or Standard), In-Process and returned from Customer must be marked, controlled and handled to ensure that material does not enter into the product stream, according to the *Non-Conforming Management Procedure1*. Non Conformance Report (NCR) shall be issued for every Non-conforming material detected along the processes.

Customer reserves the right to ask Supplier to make an additional 100% inspection control by applying a *Customer Controlled Shipping Inspection Level 1 Procedure1*(CSL1).In case the problem persists, Supplier may be required to act in accordance to the *Customer Controlled Shipping Inspection Level 2 Procedure*1 which integrates a 3rd party inspection and sorting company.

Customer reserves the right to place the Supplier on New Business on Hold status at any time if quality problems persist during and after the execution of *Controlled Shipping Level 2 Procedure1*.

1. NON CONFORMANCE REPORT (NCR) MANAGEMENT

# Identification and Labeling

All material must be properly labeled to clearly identify Supplier name, address, country of origin, Customer part number, revision level, quantity, lot number, part description, manufacturing date. Supplier Shipping Label should contain all described information or have a label which refers to a database with all relevant information.

# Containment Action

Supplier has to put in place within 24 hours a detailed Containment Action so as to protect Customer of further Non-Conformities (eg. identified and isolated suspicious material in warehouse, in transit, at Customer, sorting activity, material replacement, etc.)

# Root Cause Analysis (RCA)

Supplier will deliver a Root Cause Analysis file for ALL products that do not meet agreed specifications (Non-Conformance). Root Cause must be effective and based on standard Root Cause methodology such as Ishikawa (Fishbone) Analysis and WHY or similar methods

# Corrective Action (CA)

Corrective Actions must be effective in order to prevent re-occurrence – and shall have a measure to monitor the effectiveness of each corrective action.

ALL products that do not meet specifications (Non-Conformance) shall have a Corrective Action from Supplier.

Supplier should refer to *Wittur Group Non-Conforming Management Procedure1*.

# Disposal of Material

Disposition of the item depends on whether it can be reworked, used as-is or if it must be scrapped.

# Reworkable

Items must be properly marked and inspected after the rework process. Reworked items must be separately marked and packaged if returned with new production parts. Rework process must be agreed with Customer.

# Not-Reworkable:

In case of material being identified as non re-workable material by Customer, Supplier may choose among two options:

1. In-House Scrap at Customer (preferred solution for Customer so as to ensure product is not re-entered into the supply chain): Supplier must pay for material scrap processing costs if these were to exist and all scrapped material is considered Customer property.
2. Return to Supplier for Scrap: Supplier has 5 working days to pick up the material from the Customer plant. In this case Supplier must clearly permanently mark the Product and preferably do so as rendered inoperative (destroyed) so that Product cannot accidently be resent to Customer. Supplier must bear any related costs to mark or destroy the product.

# Use As-Is

Items used as-is are still considered “Non-Conformities” and count as defective units in PPM, requiring a Corrective Action.

# NON CONFORMANCE COSTS

When product is not delivered on time or is delivered with Non-Conformities, the Supplier will be notified and Customer reserves the right to charge fees to compensate for costs incurred.

Non-conformance costs may include the following:

* Cost of the rejected purchased goods, including both product price paid by Customer as well as additional logistic costs incurred to ship to Customer plant.

Re-inspection or Disposal fees (by Customer or 3rd Party as appropriate). In this case Customer will advise Supplier of the need to do this. Supplier has the right to send own personnel in 4 hours or less to the Customer plant to carry out these tasks. If unsuccessful, Customer will carry out these tasks directly, applying the following costs per hour/ operator:   
 - 20€/hour for China, India, Turkey, Mexico

- 25€/hour for Slovakia, Hungary, Brazil, Argentina

- 30€/hour for Spain, Italy

- 45€/hour for Austria, Germany

* If a batch is rejected, or partially rejected the Supplier shall reimburse Customer a lump sum of two hundred Euro (200 EUR) as compensation for additional administrative costs caused to Customer in the follow-up.
* If one or several line items of a purchase order are delayed, application of a lump sum of two hundred Euro (200 EUR) as compensation for additional administrative costs caused to Customer in the follow-up. This sum will be applied per order. If Supplier communicates to Customer the delay in advance and Customer explicitly authorizes the delay, penalty will not be of application. For each additional working day of delay (additional working day of delay will be based on accepted delivery times at Wittur plants), an additional 25% will be added to the total value of the lump sum (e.g.: day 1 total lump sum 200€; day 2 total lump sum 200€x1,25= 250€; day 3 total lump sum 250€x1,25= 312,5€;… Therefore, if delayed three days Supplier would pay a total of 312,5 €).

It is expected that in case of a technical issue affects Customer capacity to produce, Supplier will do all the necessary to deploy solutions to urgently deliver correct Product to Customer, including express deliveries or airfreight if needed.

Costs indicated above do not represent in any case a limitation or maximum of Supplier liability in front of Customer nor a reduction of rights of the Customer to demand additional compensation due to impact of Supplier non-conformance.

1. WARRANTY PERIOD

Warranty period of the products supplied by Supplier shall be 36 months.

1. CHANGE MANAGEMENT

# Notification of change prior to implementation

Supplier shall inform Customer in writing before applying any change to Supplier production process, location, or testing processes which affect Products delivered to Customer. Implementation of these changes of production can only be made when agreed in writing by Customer.

CUSTOMER uses a PPAP-based change management process which may include other requirements for qualifying changes. These requirements will be communicated as part of the change approval process.

# Sub-contracting of Process/Product

Supplier shall not entrust a third party to process or produce any Product partially or in whole without the express written consent of Customer. Breach of this agreement gives Customer the right to terminate the contract and request compensation of business losses to Supplier if these were to exist.

# **APPENDIX A:** **WITTUR Procedures and Documents**

All the Procedure and Documents above mentioned are available on the Customer Supplier Portal at the following address:

<https://www.wittur.com/it/gruppo-wittur/supplier-portal/supplier-quality-development-procedures-and-documents.aspx>

Versions of the documents which are applicable in the moment of signature of this Quality Agreement are:

* Supplier Manual [WHQ\_SQD\_MAN001, Ed. 08 2018-10-05]
* Supplier Qualification Monitoring Evaluation [WHQ\_SQD\_PR002, Ed. 04 2018-16-07]
* Technical Specification TS001(WHQ-IMS-PR013), Ed.00 2017-03-31
* Technical Specification TS02 (WHQ-IMS-PR013), Ed.01 2018-02-09
* Non-Conforming Management Procedure [WHQ\_IMS\_PR009, Ed. 05 2018-10-02]
* Controlled Shipping level 1 and 2 [WHQ\_SQD\_PR007, Ed. 01 2018-01-25]
* Life Cycle checklist FR001 [WHQ\_PMO\_PR004], Ed.0 2017-11-24
* Supplier Audit Checklist FR002 [WHQ\_SQD\_PR002], Ed. 03 2018-10-26

Supplier Manual includes main definitions.

In case of important new documents release/revision the Appendix A will be shared again with new signature request.

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| **CUSTOMER** |  | **SUPPLIER** |
| WITTUR  (address)  (contact info) |  | SUPPLIER  (address)  (contact info) |
|  |  |  |
| Stamp |  | Stamp |
| Legal representative or authorized person sign |  | Legal representative or authorized person sign |
|  |  |  |
| Date |  | Date |

# **APPENDIX B: Quality Targets**

A three year target with at least 20% improvement year over for both metrics PPM and NCR is settled with the supplier. Non achievement of the below indicated targets will not lead to additional penalties for Supplier to the ones already established in the document. Wittur nevertheless reserves the right to put Supplier on Business on Hold status in case of clear poor quality performance. Parties will do regular updates concerning quality performance based on mutual agreement.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Baseline | Current Year | Current Year +1 | Current Year + 2 |
| PPM |  |  |  |  |
| NCR |  |  |  |  |

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| --- | --- | --- |
| **CUSTOMER** |  | **SUPPLIER** |
| WITTUR  (address)  (contact info) |  | SUPPLIER  (address)  (contact info) |
|  |  |  |
| Stamp |  | Stamp |
| Legal representative or authorized person sign |  | Legal representative or authorized person sign |
|  |  |  |
| Date |  | Date |

Latest after two years new targets will be agreed.

In case an agreement won’t be reached, the latest agreed targets remain valid.

# **APPENDIX C: WITTUR Companies in the Scope of the Agreement**

The following Wittur Companies are currently included under the conditions of the Agreement.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **PLANT** | |  | | **PLANT** | |  | |
| WITTUR Austria GmbH (WAT)  Sowitschstraße 1  3270 Scheibbs, Austria | | X | | Wittur s.r.o. (WSK)  Priemyselná ulica 2747/7  963 01 Krupina, Slovakia | | X | |
| Wittur S.p.A. (WIT)  Via Macedonio Melloni n° 12  43052 Colorno (Parma), Italy | | X | | Wittur S.A (WAR)  Av. Belgrano 2445, Sarandi  Pcia. de Buenos Aires , Argentina | | X | |
| Wittur Elevator Components S.A.U. (WES)  Polig. Ind. Malpica, Calle E - No.8  50016 Zaragoza, Spain | | X | | Wittur Elevator Components India Pvt. Ltd. (WIN)  Survey nos 45/1B , 3 & 4  Pondur Village; Sriperumbudur – 602 105  Tamil Nadu. India | | X | |
| Wittur Asansör San. ve Tic. A.Ş. (WTR)  Y Dudullu Organize - Sanayi Bolgesi n° 13,  34776 Istanbul ,Turkey | | X | | Sematic S.p.A.  Via Comm. Francesco Zappa, 5  24046 Osio Sotto (BG), Italy | | X | |
| Wittur Elevator Components Co., Ltd. (WCN)  18 Shexing Road  FOHO Economic Development Zone  Wujiang City, Jiangsu Province  P.R. China 215214 | | X | | Sematic Hungária Kft.  Debreceni út 273.  4400 Nyíregyháza, Hungary | | X | |
| Wittur LTDA (WBR)  Rua Eugenia Safra do Rosario, 3000  Jardim Flores do Campo – Londrina – PR  ZIP CODE: 86086-550 | | X | | Sematic Elevator Prod. (Changshu) Co., Ltd.  No. 20 Jinmen Road, Changshu South East  Jiangsu Province , P.R. China 215500 | | X | |
| Wittur Electric Driver GMBH (WED)  Offenburger Strasse 3  Dresda, Germany  ZIP CODE: 01190 | | X | | LM LIFTMATERIAL  Rohrbachstraße 26-30  Wiedenzhausen, Germany  ZIP CODE: 85259 | | X | |
| Sematic Elevadores Mexico S. de R.L. de C.V.  Avenida Revolución Mexicana n°1001 Col Barrera X  Monclova, Coahuila 25770, Mexico | | | |
| **CUSTOMER** | |  | | **SUPPLIER** | |
| WITTUR  (address)  (contact info) | |  | | SUPPLIER  (address)  (contact info) | |
|  | |  | |  | |
| Stamp | |  | | Stamp | |
| Legal representative or authorized person sign | |  | | Legal representative or authorized person sign | |
|  | |  | |  | |
| Date | |  | | Date | |