




Document No.: GR-SC-IN-100	<b>Supplier Quality Agreement</b>	<b>forteq<sup>+</sup></b> <small>swiss precision global dedication</small>
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Ivan Spolaore, Director Global Quality	Miguel Sanchez, a.i. Director Global SCM	Miguel Sanchez, COO

# forteq Group

# Supplier Quality Agreement



## Preamble

The forteq Group is concentrating its sales and engineering efforts on selected applications in the automotive industries worldwide where its engineering and production knowledge as well as global footprint bring the most compelling competitive advantage. Our products and precision parts find their use in transmission and functional systems as well as in mechatronic applications within the automotive industries.

At forteq Group, we clearly recognize the critical role quality plays in our success. We are committed to meet our customer's quality needs and expectations with excellence by pursuing continuous quality and productivity improvements. A large segment of our quality performance is, of course, dependent on you as our supplier. Our suppliers are expected to deliver zero defects, superior delivery performance and on-time responsiveness to any issue.

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## 1 SCOPE OF APPLICATION

This Supplier Quality Agreement applies to all suppliers providing products and services that affect customer product requirements (regardless of industry/ end-user designation) such as raw material, components, sub-assembly, plating, inspection, rework and calibration services. It does not apply to suppliers of production equipment, MRO, forwarders, office supplies, standard packaging and contractors, working on forteq sites without impact to regulatory requirements.

Valid paragraphs	Supply/ Supplier Category							
	Resin Supplier	Components	Heat Treatment	Measuring	Calibration	Tool shop	Special packaging	Outsourced working steps (forteq controlled)
3.1 General								
3.2 Evidence Management System								
3.3.1 Regular planned Supplier Audits								
3.3.2 Supplier Approval Audit								
3.3.3 Unplanned Supplier Audits								
4.1 Technical documents								
4.2 Product Quality Planning								
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4.18 Delivery performance								
4.19 Products, provided by forteq								
4.20 Supply sources, specified by forteq								
4.21 Contingency Plan								
4.22 Supplier performance evaluation								
5.1 Special process monitoring (Automotive)								
5.2 Product Safety Coordinator (Automotive)								
5.3 Conflict Minerals								
5.4 Prohibited and declarable substances								
5.5 Additional End Customer Specific Req.								
6 Period of validity								
7 Termination								
8 Severability								
9 Governing Law and Jurisdiction								
11 Supplier Agreement Signatures (upon request)								

 = applicable paragraph

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## 2 SUPPLIER'S RESPONSIBILITY FOR THE QUALITY OF HIS PRODUCTS AND SERVICES

This Supplier Quality Agreement (SQA) with Production Material Suppliers is a binding statement of the fundamental technical and organizational conditions governing all deliveries and services to the forteq Group (i.e. all companies in which forteq Group directly or indirectly holds a majority interest) that are required in order to achieve the joint intended quality objective of zero defects, superior delivery performance and on time responsiveness in any issues. It describes the minimum requirements that are placed on the supplier's quality management system.

At the time of issuing this SQA following legal entities are part of the forteq Group:

<b>forteq Group</b>		
forteq Suzhou Ltd. Suzhou China ISO9001*/ IATF16949*/ ISO14001	forteq Czech s.r.o Most Czech IATF16949*/ ISO14001	forteq Italy S.p.A. Ciserano-Zingonia Italy ISO9001*/ IATF16949*/ ISO14001
forteq North America Inc. West Henrietta America IATF16949*/ ISO14001	forteq (UK) Ltd. Huddersfield UK ISO9001*/ IATF16949*/ ISO14001	Group Headquarters forteq Management AG Nidau Switzerland

\*) Specific exclusions in regards to the certified standards are mentioned in the local Management Manual

The quality strategy of the supplier must be oriented towards continuous improvement of his products, processes and services. This includes the qualification of all employees, in order to ensure the expertise required to meet forteq Group's demands on products, processes and services.

The supplier is also under obligation to meet the objectives of "zero defects" and 100 % delivery reliability and undertakes to observe confirmed dates and reduce costs.

The supplier is responsible for the faultless execution of his products and services, in accordance with the technical documents agreed in writing (see section 3.1). He shall check that the documents are complete and correct and, where necessary, request further information from the customer. The supplier shall be aware of the requirements placed on the product and, in case of any ambiguities, obtain appropriate information from the ordered forteq Group plant. A feasibility study is mandatory and needs to be performed at the earliest stage to assure concerns are clarified before start of project.

If the supplier places orders with subcontractors, he is under obligation to implement the requirements of this SQA in relation to his subcontractors.

The order fulfilment and compliance with the aforementioned obligations shall be ensured by means of suitable contingency plans, while taking account of potential risks or weaknesses.

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### 3 QUALITY MANAGEMENT SYSTEM

#### 3.1 General

For suppliers to the forteq Group, certification to ISO 9001 is a fundamental requirement.

If the supplier is not certified according to the minimum requirements, ISO 9001, he undertakes to continuously develop his management system in accordance with ISO 9001. Exceptional with specific approval from the Director Global Quality and the Director Global Supply Chain and, if required, with the approval from the end customer, the supplier can get orders for a certain period of time.

As a precondition for the awarding of contracts for automotive applications, the supplier undertakes to continuously develop his management system in accordance with IATF 16949. Suppliers who are not certified to IATF 16949 must, at a minimum be certified to the latest ISO 9001 standard and comply with the "Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers" (MAQMSR). Document is available at [www.iatfglobaloversight.org](http://www.iatfglobaloversight.org).

An environmental management system certified to ISO 14001 is desirable and is taken into consideration accordingly.

In individual cases, additional certificates can be contractually agreed for certain sectors depending on the product and service application, e.g.

- Accreditation according ISO/ IEC 17025 for calibration and external laboratory
- Certification according ISO 22000, food safety management and PAS223, Prerequisite programs and design requirements for food safety in the manufacture and provision of food packaging

#### 3.2 Evidence of the management system

The supplier takes responsibility for presenting his certificates, issued by accredited third parties, to the local Purchasing department of the forteq Group, stating the area of application, and reporting updates immediately after expiry of the period of validity or on withdrawal of the certificate. As regards the definition of the area of application, the supplier must observe and fulfil the context of his organization, the expectations of interested parties and external factors - in this instance in relation to the forteq Group. The local purchasing Department has the responsibility to check, if certificates are still valid.

#### 3.3 Supplier Audits

##### 3.3.1 Regular Planned Supplier Audits

To continually evaluate the management system of the supplier, the forteq Group has the right to perform supplier process audits according VDA 6.3 (or equivalent as defined in the IATF 16949) (tool shops can be audited according VDA 6.7). Depending the results of the process audit and the supplier performance the frequency can vary from three to five years. (Process audit result B=3years, A=5 years), if not otherwise stipulated by forteq Group's end- customers. In case of a "C"- rating during the supplier process Audit, a specific approval need to be requested from the Director Global Quality and the Director Global Supply Chain to deliver parts for a specific period of time. The local Purchasing department is responsible to get the approval. Immediate improvement actions needs to be defined and communicated by the supplier in case of a "B" or "C" rating to improve the management system.

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### 3.3.2 Supplier Approval Audit

To evaluate the management system of a potential new supplier, the forteq Groups has the right to perform a supplier potential analysis based on VDA 6.3. Depending the results of this potential analysis further steps within the supplier approval process can be initiated.

### 3.3.3 Unplanned Supplier Audits/ on-site visits

If quality deficiencies or system weaknesses are identified, the forteq Group has the right to inspect compliance with forteq requirements at the supplier's premises. Depending on the situation, this inspection can be carried out in the form of a technical discussion, quality discussion or as a system or process audit according VDA 6.3 and is agreed with the supplier in good time before its planned implementation.

Furthermore, the forteq Group has the right as necessary to check the quality assurance measures of the supplier and sub supplier, following prior agreement of the date and time, and this may be carried out with a person appointed by the end- customer.

The supplier shall grant the forteq Group access to the relevant areas and permit viewing of the corresponding documents. An improvement action plan needs to be submitted to the ordered forteq site.

## 4 FUNDAMENTAL FORTEQ GROUP REQUIREMENTS

### 4.1 Technical Documents/ documented information

The product characteristics to be complied with are defined in the technical documents, e.g. drawings, material specifications, product supply guidelines, delivery conditions, instructions valid for ordering, process guidelines, requirements specifications and design specifications from the forteq Group as well as its end- customers. The local forteq Purchasing department will always provide the supplier with the latest technical documents in printed or electronic data form. Additional valid end- customer Specific Requirements will be provided as well in printed or electronic data form. It is the responsibility of the supplier to check the technical documents and ask for missing specification.

The supplier is under obligation to ensure that production and inspection is carried out in accordance with the documents available to him and agreed with him. The supplier is also responsible for using current versions of the cited standards (e. g. in drawings). It is a basic requirement to perform feasibility studies at the earliest stage, as well after changes of the technical documents.

### 4.2 Advanced Product Quality Planning/ Project Management

The requirements defined in AIAG (Automotive Industry Action Group) APQP (Advanced Product Quality Planning) Manual (latest edition), alternative the requirements defined in the VDA 4.3, Project planning, must be implemented when preparing for series production.

### 4.3 Production Part Approval Process

The supplier must have approvals/ qualification prior to series production.

forte q Group requires its suppliers to adhere to the AIAG PPAP (Production Part Approval Process) Manual (latest edition). A level 3 PPAP is the default PPAP for engineered components/ metal inserts/ other products.

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Alternative the PPA (production process and product approval) according VDA 2, level 2 as default is defined, unless a different level for PPAP or PPA is agreed upon in writing from forteq Group's ordered plant.

Bulk material PPAP submissions are to include Part Submission Warrant (PSW) and the Bulk Materials Checklist, Safety Data Sheet (SDS), former Material Safety Data Sheet (MSDS), IMDS data base submission, if applicable, unless different documents are agreed upon in writing from forteq Group's ordered plant.

For (repeated) orders of plastic resin material, a Certificate of Conformity (CoC) stating the product name, the type, the lot or batch number, the relevant physical property values (as agreed with the receiving forteq Group site or stated in the purchase order, including actual, min. and max. values) as a minimum information will be accepted, other data (testing, product related) may be added on behalf of end- customer's requests. The relevant properties have to be agreed upfront (before first commercial order). This applies also for the non-automotive related suppliers.

For metal inserts the same requirements apply as above plus the necessary material certificates and testing according to the upfront agreed standards and other potential end- customer requirements (e.g.: salt spray tests, material analysis, declaration concerning conflict minerals – Dodd Frank Act, )

#### **4.4 Statistical Process Control and series production inspection**

A consistent quality level can only be achieved through a stable, statistically reliable process.

The supplier must therefore apply suitable control methods such as in-process records. Process parameters that may influence process features, for example in heat treatment and surface treatment, cleaning and sterilization processes, surface coating, welding and soldering processes or plastics injection molding, must be documented. Process interruptions, for example tool breakage, and measures governing quality must also be clearly visible from the records.

The supplier is under obligation to take random samples at regular intervals and document the results. In order for a batch to be approved, the random sample should not be found to contain any defective products ("zero defects" principle) according to the control plan.

For the monitoring of processes and thus the product features based, for example, on the product drawing or specification, suitable methods must be applied by the supplier, such as statistical methods or statistical process controls. These must be implemented in compliance with the guidelines/standards (corresponding to the state of the art) such as DIN/ EN/ ISO, VDA or AIAG. The corresponding capability values for the agreed features shall be made available to the ordered forteq Group site within one working day on request.

A capable series production process exists when a long-term process capability study produces a capability factor  $Cpk \geq 1.33$ , if not otherwise specified by the end- customer. In the event of a non-capable process, the supplier is under obligation to introduce appropriate corrective measures immediately. Furthermore, 100 % inspection must be carried out until process capability is restored. Costs are born by the supplier. The achieved process capability must be verified.

For economic reasons and with the aim of minimizing defects, the forteq Group expects the supplier to continuously improve his production processes.

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#### **4.5 Detection of defects at the supplier's premises**

If, during the production process, the product or service to be supplied is found to have a defect at the supplier's premises, the supplier must interrupt the process immediately and rectify the defect.

All products manufactured since the last random sample inspection that gave a positive result (last good part) must undergo a 100% inspection. Defective products detected during this inspection must be secured without delay and stored in a safe location ("quarantine store") until the cause of the defect has been resolved. If these defective products can be reworked, all of the defined series production inspections must be carried out, ensuring that the forteq Group's specification is observed. All corrective measures introduced must be clearly documented in the records. The supplier must request an approval for rework from the local Purchasing department (responsible buyer and their Quality Management) prior performing any rework (please ref. para. 4.6).

An effective firewall must be implemented without any delay at supplier's plant to protect the forteq Group to receive nonconforming products. Costs are borne by the supplier.

If, upon containing the defective quantity, it is found that defective products may already have been delivered to the forteq Group, the local Purchasing department must be notified immediately and a further course of action clarified.

#### **4.6 Request for special release/ concession**

In the event of deviations from the product or service specification (drawing, technical delivery condition, material, material properties, etc.), or from the approved process, the supplier must apply to the local Purchasing department for a special release before the products are dispatched.

Written consent must be obtained via the contact person stated in the order. If end- customers require a specific form, this needs to be used, if the end- customer needs to approve the special release/ concession note.

#### **4.7 Request for modification/ design change approval**

In the event of planned changes by the supplier to products, processes, materials, tooling or production site (relocation) - including those which involve subcontractors - the supplier is under obligation to submit a request for modification approval to the local Purchasing department as early as possible, at minimum 6 month in advance, if not otherwise specified by forteq's end- customer (please ref. to para. 3.6). This is necessary due to the fact that the forteq Group is obligated to ask for approval and to present complete new approval documents (Production Part Approval/ qualification) to the end- customer.

Written consent must be obtained from the end- customer, via the contact person stated in the order. (Please ref. to para. 3.6).

#### **4.8 Detection of defects at the forteq Group's sites**

If the product or service to be supplied is found to have a defect at the forteq Group's site or the end-customer site, the forteq Group notifies the supplier, e.g. in the form of a non-conformity report, and formally invites the supplier to carry out a specific analysis and generate effective corrective actions following the problem solving methods like 8D/ 5 Why root cause analysis. A feedback via 3D report (Problem, team, containment actions) must be given within 24 h to the complaining forteq Group's site. The supplier is required to submit a detailed corrective action/ preventive action plan (CA/PA



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plan) latest within 10 business days of the non-conformity report. A weekly progress report must be submitted to the issuer of the non-conformity within forteq Group's site until the actions are closed. All action's identified on the 8D report should be implemented and verified effective within this 30 day window (or any other date agreed upon in writing with the local Purchasing department).

The supplier is under obligation to introduce appropriate containment actions immediately, for all potentially non-conforming products in circulation (on stock at the supplier, in transit to the forteq Group, on stock at the forteq Group, in transit to the end- customer, if necessary) in order to contain the defect.

An effective firewall must be implemented without any delay at supplier's plant to protect the forteq Group to receive nonconforming product. Costs are borne by the supplier.

Non-conformity reports are incorporated into the supplier assessment, which represents an important decision-making criterion for the forteq Group in the placement of new orders.

## **4.9 Escalation process/ CSL 1 and CSL2**

### **4.9.1 General**

In the event of cumulative quality or delivery problems or repeat concerns, the forteq Group will place increased requirements on the inspection of delivered products and introduce appropriate corrective measures within the framework of the escalation process.

Depending on the severity of the incidents CSL1 or even CSL2 (Controlled Shipping Level 1 or 2) can be required by the complaining forteq Group site. By doing so, also the exit criteria have to be agreed and documented.

All additional costs for premium freight due the late deliveries, wrong deliveries, and replacement deliveries from the supplier will be borne by the supplier.

All internal costs incurred at forteq (sorting - CSL1), scrap of components, assemblies, material, rework, special freights, production downtime, additional set-up charges, additional travel expenses, etc., which are related to the non-conformity report, that is found to be the responsibility of the Supplier, will be charged back to the Supplier. External costs incurred by forteq (third party containment - CSL2 - , sorting, rework and scrap at end- customer facility, potential end- customer administrative fees, and all other related end- customer complaint costs i.e. line stops, lawsuits, recalls etc.) which are related to the non-conformity that is found to be the responsibility of the supplier will be charged back to the supplier. In case no clear responsibility can be determined an amicable agreement shall be strived for. A potential arbitration will be based on the local laws and regulation of the ordering forteq site. Due to that it is recommended, that the supplier contacts his insurance company as soon as possible.

Forteq Group's standard administrative costs (e.g. additional inspection, handling of non-conforming material, issuing non-conformity reports etc.) (150 Euro or equivalent in local currencies) will be charged back to the Supplier with each non-conformity report.

### **4.9.2 Controlled Shipping Level 1 (CSL 1)**

The CSL1 means a 100% inspection of all parts, focused on the characteristics, which were rejected. The supplier will be notified that they are at CSL1 and shall:

- Within 24 hours implement an inspection place away from the process, the affected characteristic must be 100% inspected
- Develop an inspection plan for the characteristic to be inspected

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- Develop and train operators conforming to the inspection plan
- Create a visual standard with acceptance limits
- Submit an action plan within 48 hours informing the ordered forteq site about the actions, timelines and responsibilities
- All material inspected must be identified with a marking agreed with the ordered forteq site
- The packages sent to the ordered forteq site must be identified / marked with the label "Controlled Shipment", advising what characteristics are under inspection

The inspection place must be kept for 30 days without findings after the actions implementation, if not otherwise specified by the ordered forteq site or the end- customer. The supplier must send evidence of training and the implementation of the inspection place to the ordered forteq site, as well as the results of the selected material.

#### **4.9.3 Controlled Shipping Level 2 (CSL 2)**

If Controlled Shipping Level 1 has not been effective in containment, or recurrence of the non-compliance occurs, the supplier will be escalated on Controlled Shipping Level 2, the supplier will be notified. In addition to the activities described for Level 1, the supplier must hire (at his own costs) a third party company approved by forteq Group for re-inspection of the material, released by the control station in CSL 1, at the supplier's plant.

The inspection place of the supplier and of the external service provider must be kept for 60 days without findings after the implementation of this action or 4 deliveries without nonconformance, if not otherwise specified by the ordered forteq site or the end- customer.

Results of these CSL 1 and CSL2 inspections must be send to the ordered forteq site to proof, that the root cause was detected and effective corrective and preventive actions are installed.

Further deliveries of nonconforming products can lead to "business on hold" and "new business on hold".

### **4.10 Preservation, packaging and marking**

#### **4.10.1 General**

The supplier is responsible for protecting the products he supplies. In order to achieve this, he must use suitable preservatives, packaging materials and means of transport in the production, storage and transportation of products to the plants of the forteq Group.

#### **4.10.2 Preservation**

The use of specific corrosion protection medium directly on the parts needs to be approved before any serial delivery where applicable. The supplier must inform the local Purchasing department about the planned corrosion protection system as well as the expected protection time. In specific cases the approval of the end- customer is necessary.

#### **4.10.3 Marking**

In order to ensure that delivered goods are clearly identified at the forteq Group's plants, both the products and the packaging must be marked in accordance with the agreements reached with the ordered legal entity.

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As a minimum, delivery notes and packaging units (external packaging, individual packaging) must be marked accordingly with the:

- purchase order number (at minimum on delivery note and external packaging)
- quantity and unit
- forteq Group drawing number or standard with revision level
- batch or lot number, if required

Additional information, where appropriate and required, may include:

- a copy of the deviation approval / concession issued by the forteq Group recipient premises
- reference to any partial or remaining deliveries
- marking as initial production samples

#### **4.11 Requalification inspection**

All products must undergo a full dimension and function inspection, taking account of the forteq Group specifications for material and function, on an annual basis, if not otherwise stipulated, in accordance with the production control plan (control plan) / inspection plan. The results must be made available to the ordered forteq site on request. Process qualification/ validation for specific processes (e.g. sterilization process) must be performed on a yearly basis, if not defined different in the specific contracts with the supplier. Costs for the requalification are borne by the supplier.

#### **4.12 Evidence of material properties**

As evidence of the material properties, the supplier of raw material/ resins must prepare 3.1-inspection certificates in accordance with DIN EN 10204 and send these together with the material deliveries to the ordered forteq site.

#### **4.13 Traceability**

If a concern occurs, it must be possible to securely identify and detect the defective products within the supply chain of the supplier and the ordered forteq site. The supplier must therefore introduce and maintain a FIFO (First in – First out) system as well as a traceability system in advance.

#### **4.14 Record retention**

For the purposes of traceability in the event of a quality defect, the supplier is under obligation to store quality records generated parallel to production, e.g. measurement records, material test certificates or other test results, in a safe place for a minimum of fifteen years after their creation.

Documents and records relating to quality services for characteristics requiring documentation must, however, be stored in a safe place for 1 year after end of production life (incl. spare-part production). Special characteristics requiring documentation are marked in the forteq Group's or end- customer's technical documents (e.g. drawings and specifications).

The above-mentioned record retention periods are only valid if longer periods are not stipulated by regulatory, ordered legal entity or end- customer-specific requirements.

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#### **4.15 Measuring and Test Equipment (M&TE)**

The supplier must be equipped with measuring & test equipment which allows him to check all product characteristics. If an external company is used, this must be appropriately accredited (ISO/ IEC 17025 accreditation) to carry out inspections and analysis as well as calibration.

If necessary, suitable M&TE and methods should be matched to each other between the supplier, the ordered forteq site and the end- customer. Measuring strategies must be aligned between the supplier, the ordered forteq site and the end- customer over the complete supply chain.

The supplier's M&TE must be subjected to controlled, appropriate and verifiable monitoring and calibration. Suitability of the inspection process and suitability of the measurement and test equipment must be ensured by performing a Measuring System Analysis (MSA) during the process development phase (APQP). The Measuring System Analysis is part of the Production Part Approval Process (PPAP).

#### **4.16 Environmental Management**

An objective of the forteq Group is to eliminate negative effects on people and the environment due to his products and products purchased by him. The supplier is under obligation to comply with all valid legal regulations and directives.

The materials and operating materials used by the supplier, as well as their ingredients, must comply with statutory regulations governing the environmental, safety and recycling and, where applicable, with forteq Group and end- Customer Specific Requirements (CSR), standards or drawing notations which have been agreed separately in writing.

#### **4.17 Checking of contractual products supplied**

The ordered forteq site performs inspection of incoming goods only in respect of externally apparent defects, transportation damages and externally apparent deviations in terms of identity, labeling or series/ quality of goods. The ordered forteq site will give notice of such defects without delay. Furthermore, the ordered forteq site will also give notice of defects as soon as such defects have been detected in the ordinary course of business. With respect to the foregoing, the supplier hereby waives the right to assert that notification of the defects was given too late.

#### **4.18 Delivery performance**

100% on time delivery is required. The supplier is under obligation to comply with and monitor the agreed quantities and dates. If he establishes that it will not be possible to supply the ordered delivery quantity on the agreed date, the local Purchasing department must be informed immediately. All additional costs for premium freight due the late deliveries, wrong deliveries, and replacement deliveries from the supplier will be borne by the supplier.

Deviations from the agreed delivery date and agreed quantity are also considered in the supplier assessment, which represents an important decision-making criterion for the forteq Group in the placement of new orders.

The supplier must assess his delivery performance to the forteq Group's plants on a regular basis - including cases associated with additional freight costs. These data must be provided to the ordered Purchasing department as a basis for assessment of logistics quality.

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#### **4.19 Products provided by the forteq Group**

Products provided or paid by the forteq Group must be included in the quality management system of the supplier. The ownership structure must be ensured at all times by means of appropriate marking. Provided products may also include documented information such as drawings, specifications, SOP's, tools, inspection equipment, containers, materials or semi-finished products. Appropriate marking can be e.g. a non- detachable nameplate, which clearly defines "property of forteq Group" on tools or other equipment.

#### **4.20 Supply sources specified by the forteq Group**

If agreed by contract with the local Purchasing department, the supplier is under obligation to procure products (components, semi-finished products and materials) and services from supply sources which have been approved by the forteq Group or the end- customer.

The utilization of these supply sources does not absolve the supplier of his responsibility to ensure the quality of the procured products and services.

#### **4.21 Contingency Plan**

The supplier shall prepare contingency plans to satisfy forteq Group's delivery requirements in the event of an emergency such as utility interruptions, labor shortages, key equipment failure and field returns. It is key that the deliveries from the forteq Group to their customers are not affected in a negative way.

#### **4.22 Supplier performance evaluation**

The forteq Group evaluate the performance of their main suppliers on a regular basis. Following factors are considered:

In order to determine the quality score (QC)

the individual evaluation criteria are weighted as follows:

35 %\*OTD

+ 20 %\*Commitment to quantity

+ 35 %\*Quality

+ 5 %\*Certification

+ 5 %\*Payment terms

=100%

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In principle, suppliers are classified as A, B or C suppliers on the basis of the quality score. In any case, results from supplier audits must be taken into account in the supplier evaluation.

#### **Quality score in points Classification Description**

**90 to 100 A supplier is approved without restrictions.**

Condition: only if at least certificate according to ISO 9001 2015 or equivalent certificate is available.

**80 to 89 B Supplier is conditionally approved, our requirements have been met for the most part.**

Supplier is required to develop an action plan to achieve an A rating and submit it in writing to Forteq within 3 weeks of receiving the rating.

**under 80 C Supplier is blocked from new awards.**

The supplier is required to develop an action plan to achieve an A rating and to submit to Forteq in writing within 3 weeks after receipt of the evaluation.

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## 5 ADDITIONAL CUSTOMER SPECIFIC REQUIREMENTS FROM END- CUSTOMERS

### 5.1 Special process monitoring by means of CQI assessments

The supplier is under obligation to observe the requirements of the AIAG (Automotive Industry Action Group) governing the assessment of technical processes by means of annual "CQI XX assessments" (Continuous Quality Improvement), which is also applicable within his supply chain, if requested by the OEM Customer Specific Requirements.

The table below details Special Process Assessments.

- CQI-9 Special Process: Heat Treat System Assessment
- CQI-11 Special Process: Plating System Assessment
- CQI-12 Special Process: Coating System Assessment
- CQI-15 Special Process: Welding System Assessment
- CQI-17 Special Process: Soldering System Assessment
- CQI-23 Special Process: Molding System Assessment
- CQI-27 Special Process: Casting System Assessment

All applicable special processes shall be assessed annually using the assessment criteria defined in the above documents. All "not satisfactory" and "needs immediate action" results must be addressed for root cause and corrective action. The corrective actions must include risk containment to immediately protect the forteq Group and the end- customers.

The CQI assessment should be made available to the local Purchasing department by agreement.

### 5.2 Product Safety and Conformity Representative (PSCR)

In order to ensure the requirements relating to product safety and product liability (ref as well to IATF 16949 and VDA Publication Product Integrity), which are defined by the forteq Group's end- customer, the supplier shall nominate a coordinator for every production site within his organization for this function, when it is requested. The supplier shall know and understand this requirement and the importance of this role and confirm it together with the name of the nominated "Product Safety Coordinator" to the local Purchasing department.

### 5.3 Conflict Minerals - Enquiry in Accordance with Dodd Frank Act Section 1502

Due to an initiative by the American regulatory body the SEC (Securities and Exchange Commission), the forteq Group is under obligation to provide information to its customers within the supply chain on the use of certain materials known as "conflict minerals".

Supplier is requested to submit the Cobalt Reporting Template (CRT) and Conflict Minerals Reporting Template (CRTM) on request. The Templates are free, standardized reporting template developed by the Responsible Minerals Initiative (RMI) to ensure the transfer of information through the supply chain regarding mineral country of origin and the smelters and refiners being utilized.

This concerns the minerals gold, tin, tantalum and tungsten (and their derivatives) in connection with their origin from the region of the Democratic Republic of Congo (DRC). If the supplier uses these minerals in products for the forteq Group, he is under obligation to inform the local Purchasing department annually.

Further information is available from the organization AIAG ([www.aiag.org](http://www.aiag.org)) and as well under [www.responsiblemineralsinitiative.org/](http://www.responsiblemineralsinitiative.org/)

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#### **5.4 Prohibited and declarable substances**

The requirements defined in end- customer-specific requirements must be fulfilled. Specific customer requirements (SCR) are mentioned within the specific documents from the forteq Group's ordered plant. All legal regulations like 76/769/EEC Restriction of dangerous substance including all amendments needs to be fulfilled.

Compliance with these requirements does not absolve the supplier of his responsibility to observe additional laws and regulations.

#### **5.5 Additional End- customer Specific Requirements (CSR)**

Further End- customer Specific Requirements will be communicated to the supplier by the respective Purchasing department and must be considered and adhered to by the supplier. These requirements will be documented and agreed upon in the Feasibility Study.

### **6 PERIOD OF VALIDITY**

This Quality Assurance Agreement is effective once it has been signed by both parties and is valid for an indefinite period. It applies to the full extent of the business relationship between the parties involved.

### **7 TERMINATION**

This Supplier Quality Agreement is not subject to termination. It will remain effective as long as the supplier is delivering parts and/or services to the forteq Group. Any amendments to this SQA that may become necessary over time, will be adjusted accordingly and agreed upon in good faith between the supplier and the forteq Group. Such amendments shall be concluded in written form.

### **8 SEVERABILITY**

Any changes and additions to the agreement must be given in writing. If a contractual provision is or becomes ineffective, the validity of other provisions will remain unaffected.

The parties commit themselves, in good faith and within the scope of what is reasonable, to replace ineffective provisions with effective regulations which have an economic result equivalent to the original provisions.

### **9 GOVERNING LAW AND JURISDICTION**

All legal relationships between the Supplier and forteq Group shall be governed according to the laws of the country (and state or province, if applicable) of the location of the concerned legal entity of forteq Group as shown in section 2 of this SQA. The Vienna Sales Convention shall not apply.

The exclusive place of jurisdiction shall be the place where the concerned legal entity of forteq Group has its registered office. However, forteq shall also be free to apply to the court located in the place where the Supplier has its registered office.



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## 10 DOCUMENT HISTORY

Rev.	Approval date	Change description
1.3	19.12.2011	Document revised: EMS, Supplier performance rating
1.4	10.02.2012	Supplier rating amended, Quality System requirements
1.5	01.10.2015	Revised considering new costumer or standard
2.0	01.03.2019	Complete revision, change from G01-0010-09 to GR-SC-IN-100
3.0	01.04.2019	Correction, para 3.3.1. Change VDA 6.4 to VDA 6.7
4.0	01.06.2021	Context changed to Automotive. Local entities: forteq Derendingen AG and forteq Nidau AG removed. PSB replaced with PSCR and VDA. Document retention adapted to fifteen years. CRT and CRTM referencing templates for conflict Minerals.
5.0	15.08.2023	Definition of weighting for Supplier Rating

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## 11 SUPPLIER AGREEMENT SIGNATURES:

Please fill out, sign and return this page upon request to the ordered Purchasing department. The Purchasing department will return the signed copy to the supplier or will initiate further negotiation. By signing this agreement, the supplier warrants that this agreement is valid and applicable for all entities of the forteq Group that are, or will be served by the supplier with related products and/or services.

Supplier		forteq Group ordering site (acting as representative for the forteq Group)	
Supplier Name		forteq Name	
Supplier number			
Place		Place	
Supply/ Supplier Category*			

\*) in reference to Paragraph 1: Scope of application

Forteq Group expects full compliance to the requirements, defined under paragraph 1 in relation to the defined supply/ supplier category. The supplier can apply for exclusions. Please document them in the below table.

Paragraph	Remarks

Above mentioned exclusions are subject for further negotiation and agreement.

Supplier		forteq Group ordering site (acting as representative for the forteq Group)	
Date		Date	
Name		Name, Purchasing	
Signature		Signature	
Name, Quality		Name Quality	
Signature		Signature	