Between

HEYCO Holding GmbH
Birgden III/1
GER - 42855 Remscheid

below referred to as “HEYCO”

and Company

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below referred to as the “Contractor”.

1. Introduction

HEYCO aims to meet its customers’ expectations through consistent quality management. The contractor’s (supplier’s) performance—in terms of the agreed-upon quality, on-time delivery, quantity, and location—plays a decisive role in achieving this.

2. Scope

This Quality Assurance Agreement sets out, in contractual terms, the technical and organisational framework and processes between HEYCO, including all its subsidiaries and affiliated companies (see Annex 1), and the Contractor, which are necessary to achieve the specified quality objectives.

Individual clauses of these QSV shall not apply where expressly different provisions have been agreed in the relevant order. Furthermore, supplementary technical documentation and specifications shall only take precedence over these QSV to the extent that they contain stricter requirements.

In the event of any inconsistencies, the following order of precedence shall apply:

- Individual order
- Framework agreement
- Technical documentation (drawings, specifications, requirements documents)
- this QSV
- HEYCO’s General Terms and Conditions of Purchase

Any deviations require HEYCO’s prior written consent.

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3. Quality Management System, quality capability

The Contractor undertakes to implement a quality management system based on ISO 9001 or VDA 6.1. The aim is to obtain certification from an accredited certification body in accordance with IATF 16949. If the Contractor does not hold a valid ISO 9001 certification at the time this agreement comes into force, such certification must be obtained within 24 months. The Contractor must inform HEYCO of progress every six months. If certification is not achieved by the deadline, HEYCO is entitled to review the business relationship and, if necessary, to suspend the award of new contracts.

In the event that the contractor does not maintain such a quality system, the effectiveness of the system in place (e.g. in accordance with VDA 6.3, VDA 6.8 and customer-specific requirements) will be verified as part of an approval procedure. Alternatively, this may be demonstrated by providing evidence of an audit carried out by another customer, provided that it was conducted under the same conditions. A supplier assessment is carried out annually by the Purchasing and Quality departments (see Chapter 10).

4. Access, auditing

HEYCO is entitled, subject to prior notice given to the Contractor with at least five (5) working days' notice, to verify the effectiveness of quality assurance measures. In the event of reasonable suspicion of quality defects or in cases of urgent complaints, HEYCO is entitled to demand access even without observing the aforementioned notice period.

The contractor will be audited where circumstances so require (e.g. number of complaints, complexity of components). The audit is carried out in accordance with the applicable VDA audit standards (e.g. VDA 6.3; VDA 6.8), taking into account customer-specific requirements. This may also be carried out in the presence of the HEYCO customer.

In principle, the contractor is responsible for auditing its subcontractors and must carry out this audit independently. However, where necessary, the contractor shall ensure that an audit can also be carried out on its subcontractors. This shall be arranged by mutual agreement between all parties.

If the contractor refuses access, HEYCO is entitled to terminate the contract with immediate effect.

5. Guidelines

The contractor must take account of any customer-specific requirements; this applies in particular to the specifications provided by HEYCO's customers, which, where applicable and not already set out in the documents, shall be passed on accordingly.

The contractor must familiarise themselves with and comply with all national and international standards relating to the products covered by the contract. The following guidelines, regulations and standards, in the version valid at the time of delivery, form an integral part of this requirement:

- VDA Volume 2 'Ensuring the Quality of Deliveries'
- VDA Volume 4: 'Quality Assurance Prior to Series Production'
- REACH (Regulation (EC) No 1907/2006)
- RoHS (EU Directive 2011/65/EU)

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- Ban on conflict minerals (CMRT/EU Regulation 2017/821) and extended minerals (EMRT)
- EUDR (EUDR, VO 2023/1115)
- PPWR (Packaging and Packaging Waste Regulation)

as well as the minimum expectations of corporate social responsibility (CSR) with regard to

- Business ethics
- Working conditions
- Human rights
- sustainable business practices
- Environmental protection

These are set out in our sustainability requirements for suppliers, and we expect our contractors to comply with them.
The document ‘Sustainability Requirements for Suppliers’ can be downloaded from our website.

CSR requirements must be strictly complied with. Any breaches entitle HEYCO to terminate the contract with immediate effect without granting a grace period. The contractor shall indemnify HEYCO against all damages, costs and claims by third parties arising from the contractor’s breach of the aforementioned CSR requirements.

Production process and product approval reports (first articles) must be provided in accordance with specified customer requirements (e.g. VDA, AIAG), including dimensional and material testing as well as IMDS registration, based on 5 parts per cavity.
In the event of failure to comply with the sampling requirements (Note 6), the contractor shall bear all additional costs incurred, provided that they are responsible for the negative result.

6. Documentation, evidence

6.1 Suppliers of raw materials (e.g. granules, films, etc.) must provide a 3.1 acceptance test certificate (APZ) with each batch, in accordance with the standard applicable at the time of delivery. Where product-specific safety features are involved, the documents must be labelled accordingly in accordance with HEYCO’s specifications or those of its customers.

6.2 The contractor shall provide IMDS entries for the products it has supplied.

6.3 Contractors supplying parts, carrying out contract work and assembly undertake to maintain a complete parts history.
They demonstrate the faultlessness of their products/goods through appropriate tests and documentation. This includes regular product and process audits in accordance with VDA 6.5 or VDA 6.3, as well as an annual requalification test. Customer-specific requirements are taken into account where they are relevant to the customer’s process or product.

6.4 The contractor ensures the traceability of the scope of supply, including the components used, throughout the entire value chain with regard to the production facility and date of manufacture. This minimises costs in the event of a complaint.

6.5 Documentation providing evidence of delivery quality for safety-critical characteristics, materials or parts must be archived for a period of 15 years following the last spare parts delivery (EOS); the remainder must be archived in accordance with statutory requirements.

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6.6 The contractor shall also require its subcontractors to comply with the contractual obligations arising from this provision which it has undertaken.

7. Failure Mode and Effects Analysis (FMEA)

The contractor must draw up a process FMEA in accordance with the VDA/AIAG FMEA Handbook for all production processes and all associated processes (goods receipt, packaging, dispatch). The aim is the early detection of potential faults and their causes. The contractor must implement effective measures for fault prevention and detection during the planning phase. Product group-specific FMEA's are permitted.

Specific features must be assessed on a case-by-case basis.

The process FMEA must be drawn up by the agreed date and maintained throughout the entire production period. The FMEA must be updated in the event of product or process changes, as well as in the event of customer complaints.

HEYCO is entitled to review the FMEA reports at any time and to request that corrections be made.

8. Confidentiality

The Contractor undertakes to treat all non-public commercial and technical details as trade secrets. Drawings, data, information, parts, etc. must not be disclosed to third parties without HEYCO's prior written consent. A separate confidentiality agreement must be signed and complied with. The duty of confidentiality shall continue for a period of five (5) years following the termination of this agreement. In the event of culpable breaches of the duty of confidentiality, the Contractor shall be obliged to compensate HEYCO for any resulting damage; furthermore, HEYCO shall be entitled to claim a contractual penalty for each proven breach in accordance with the confidentiality agreement, which may be reviewed by the competent court in the event of a dispute.

9. Quality, setting targets

The contractor is committed to the '**zero-defect strategy**' and must continuously optimise its processes accordingly (CIP).

Should it be necessary to deviate from the "zero-defect principle", HEYCO and the contractor shall set an annual ppm target rate and the number of complaints in a separate agreement. If the agreed targets are not met in the current financial year, the contractor is obliged to submit and implement an action plan at its own expense. In this case, HEYCO is entitled to suspend the award of new contracts until it has been demonstrated that the targets have been met.

10. Supplier evaluation

HEYCO carries out regular supplier assessments.

The following categories will be assessed:

- LOGISTICS (Accuracy of quantities / On-time delivery / Logistics complaint rate)

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- QUALITY (PPM figures / quality complaint rate / customer issues)
- MANAGEMENT SYSTEMS (Quality management / Environmental and energy management / Occupational health and safety management / Special customer status)
- PURCHASING (Agreements/ Risk/ Collaboration)

The classifications are based on a three-tiered scale of achievement: C < 60, B < 85; the target is level A with 85 points or more.
B and C suppliers receive their assessment annually, along with a request to draw up an action plan setting out the measures to be taken, the persons responsible and the deadlines for regaining an A rating.
If the 'A' rating is not regained within twelve (12) months of notification of the assessment, HEYCO is entitled to review the business relationship and, where appropriate, to suspend the award of new contracts or to terminate the contract in accordance with the terms. 'A' suppliers do not receive an annual assessment.

11. Manufacturability, process characteristics, changes

The Contractor shall review all technical documents. In the event of defects, errors or documents that are not sufficiently informative, the Contractor is obliged to inform HEYCO immediately. The same applies to HEYCO (mutual duty to provide information).

He ensures that the quality meets the standards agreed in the data sheet or the delivery specification.

Any (process) changes must be communicated to the relevant HEYCO QM staff in good time before the changeover.

In the case of critical characteristics and those relevant to product safety, the following information must always be provided:

a. Risk assessment in the event of process changes
b. Evidence that the process flows are safeguarded
c. Evidence that the approach has been agreed with subcontractors.

For all characteristics for which monitoring by means of statistical process control (SPC) has been agreed, the following requirements must be observed:

Short-term capacity should be >1.67 and long-term capacity >1.33.

If process capability cannot be assessed statistically, or if the minimum targets are not met, the supplier must carry out a 100 per cent inspection and include this in the control plan.

If a product characteristic cannot be verified on the basis of process capability parameters – for example, in the case of specialised processes (such as welding, heat treatment or casting) – evidence must be provided in the form of secondary characteristics and/or 100 per cent inspections must be carried out.

The application of statistical methods should comply with the requirements of the AIAG MSA (latest edition) and VDA 2 (latest edition).

The OEMs' specific customer requirements must be taken into account.

Daimler requires a short-term capability of >2.00 and a long-term capability of >1.67 for all special features, provided this is agreed in the specification requirements.

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Unless HEYCO specifies any particular characteristics, the contractor shall define its own for its processes.

(Any changes (including process changes) require HEYCO's prior written consent. They must be notified in writing to the relevant HEYCO QM department in good time, and in any event at least three (3) months before the planned changeover. In the event of changes, HEYCO is entitled to demand a new initial sampling (PPAP/PPF) at the contractor's expense.

Unauthorised changes entitle HEYCO to reject the delivery and to claim damages.

12. Complaints, costs, escalation

Upon receipt of goods, HEYCO checks only the quantity, identity and any externally visible damage. Any further checks are carried out only in justified cases. The obligation to inspect and give notice of defects pursuant to Section 377 of the German Commercial Code (HGB) is hereby excluded. Hidden defects may still be reported even after further processing or onward delivery to the customer; HEYCO's warranty claims remain unaffected in such cases.

HEYCO is entitled to lodge a complaint, even after the deadline, regarding defective parts that are only discovered during its own production or that of the customer.

HEYCO undertakes to inform the contractor of any complaints or problems as soon as possible so that the contractor, in turn, has the opportunity to minimise the damage as far as possible.

The contractor is obliged to sort out any faulty deliveries or, where possible, to rectify them free of charge.

Furthermore, the Contractor undertakes to bear all costs arising from the complaint for which it is at fault, in particular the Customer's inspection costs, sorting costs, logistics costs, special transport costs, recall costs, rework costs (in accordance with the current hourly rates) and warranty costs. The Contractor is obliged to maintain business and product liability insurance with a sum insured appropriate to the automotive sector (this clause applies to suppliers with an influence on the automotive sector) and to provide HEYCO with proof of insurance upon request.

The warranty period shall be at least 36 months from the date of delivery of the end product to the end customer. Where longer warranty periods apply on a customer-specific basis, these shall be set out in a separate agreement between HEYCO and the contractor. The contractor agrees to participate constructively in such negotiations.

The contractor shall be liable for its subcontractors in the same way as for its own negligence.

In the event of a complaint, HEYCO is entitled, even if the contractor is unable to respond immediately, to take all necessary measures to minimise the damage to all parties involved (the customer, HEYCO and the contractor) in order to ensure that the customer's order can be fulfilled.

This could also involve, for example, an immediate search operation at HEYCO or at the customer's premises to prevent a production line stoppage.

He shall produce a 3D report within one (1) working day and, as a rule, an 8D report within ten (10) working days. No later than three (3) months after the occurrence, he shall demonstrate the effectiveness of the measures taken. If the contractor fails to meet these deadlines, HEYCO is entitled to carry out the necessary measures itself or have them carried out by third parties at the contractor's expense.

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In the event of significant problems caused by the contractor, the HEYCO escalation model is applied. This involves setting out measures to ensure that the contractor is once again able to deliver or to reduce its complaint rate. In the event of a disagreement, termination of the contract with the contractor may be the final recourse.

13. Field failure analysis (applies to suppliers of automotive components)

The VDA guideline on field failure analysis is the binding standard for the analysis of field returns and warranty claims from OEM customers, broken down by individual purchased parts or components. The contractor is obliged to follow a predefined field failure analysis process (parts analysis with standard tests and load tests, NTF process) if parts subject to a complaint are marked by HEYCO as field returns and the purchased part is identified as defective. The definition of the field failure analysis process must be finalised before the initial sample submission.

14. Environmental protection and health and safety at work

The contractor must comply with all statutory provisions relating to environmental protection and minimise the impact on people and the environment through appropriate environmental management and suitable environmental protection measures at the site.

The introduction and ongoing operation of an environmental management system (EMS) in accordance with ISO 14001 or EMAS is recommended for this purpose. Furthermore, HEYCO recommends that the supplier aims to achieve certification to ISO 45001 (occupational health and safety management) and ISO 50001 (energy management).

15. Miscellaneous

The contractor undertakes to provide contact persons who speak German or English to a standard suitable for business negotiations.
Documents relevant to quality must be kept in German or English.
These include, amongst others:

a. Initial sample reports, including the necessary documents
b. FMEA reports (for reference only)
c. Production and management plans
d. Capacity planning
e. Contingency plan regarding security of supply

He informs HEYCO of his contingency plan regarding delivery reliability.

The contractor shall notify HEYCO of the name of its Product Safety and Conformity Responsible (PSCR). If no PSCR is named, HEYCO shall assume that this role is held by the management.

In the event of the company's winding-up, the filing of an insolvency petition or the commencement of insolvency proceedings, HEYCO shall have a claim for the return of all documents, products, materials, tools and other HEYCO property. The Contractor shall ensure that HEYCO's property is at all times marked as such and stored separately from its own assets, in order to guarantee a right of separation in accordance with section 47 of the Insolvency Code (InsO). The Contractor is obliged to inform HEYCO immediately of any impending insolvency or over-indebtedness.

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The parties agree that the place of jurisdiction for all disputes arising from this agreement shall be Remscheid. The law of the Federal Republic of Germany shall apply exclusively.

Events of force majeure (in particular natural disasters, epidemics, pandemics, war, terrorist attacks, official orders, strikes and lockouts) which are beyond the control of the affected party shall release that party from its contractual obligations for the duration and to the extent of the disruption. The affected party must inform the other party immediately in writing of the occurrence and the expected duration of the event and take all reasonable measures to mitigate its effects. If the event of force majeure lasts for more than three (3) months, either party is entitled to terminate the affected individual contracts in writing.

Tools, moulds, jigs, models, samples and other means of production provided or financed by HEYCO shall remain the property of HEYCO. The contractor must handle these with care, maintain them at its own expense, insure them against damage and loss, and use them exclusively for the fulfilment of orders from HEYCO. Any use for third parties requires HEYCO's prior written consent. The Contractor must mark HEYCO's property as such and surrender it at any time upon request.

16. Duration

This agreement shall remain in force indefinitely; upon coming into effect, it shall replace any previous QSV that may have been in force.
It may be terminated in writing with three months' notice. The termination of this agreement shall not affect the validity of any ongoing individual contracts until they have been fully discharged.
The right to terminate the contract for cause remains unaffected.

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Signatures:

Addendum (Appendix 2) included ☐ Yes ☐ No

Contractor (authorised to sign):

……..
Signature/ Name/ Title

…… ., on ……
Place Date

HEYCO (authorised to sign)

……..
Signature/ Name/ Title

…… ., on ……
Place Date

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17. Changes

Date	Name	Chapter	Action
14.02.23	Mannheim	9. Supplier evaluation	A-grade suppliers do not receive an annual assessment.
07.07.26	Hain/ Vogel	Chapters 1–17 / Appendices 1 and 2	Complete revision and consolidation of both QSV variants EU Regulations (EUDR and PPWR) added

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Appendix 1

HEYCO Holding GmbH, including all its subsidiaries and associated companies.

No.	Company / Organisation	Location	Relationship
1	HEYCO Holding GmbH	Remscheid / GER	Houlding
2	HEYCO-Werk Heynen GmbH & Co. KG	Remscheid / GER	Subsidiary company
3	HEYCO Qualitätswerkzeuge GmbH & Co. KG	Remscheid / GER	Subsidiary company
4	HEYCO IML Kunststofffertigung GmbH & Co. KG	Remscheid / Bergisch Born / GER	Subsidiary company
5	Carl Steinmann Kunststoffverarbeitung GmbH	Remscheid / GER	Subsidiary company
6	HEYCO-Werk Heynen GmbH & Co. KG Werk Süd	Tittling / GER	Production Plant
7	HEYCO-Werk Heynen GmbH & Co. KG Werk Bergisch Born	Remscheid / Bergisch Born / GER	Production Plant
8	HEYCO-Werk Ireland ltd	Ballina / IE	Production Plant
9	C Connect s.r.o.	Velvary / CZ	Production Plant
10	HEYCO WERK CR s.r.o.	Pisek /CZ	Production Plant
11	HEYCO-Werk USA Inc.	Emporia (VA) / USA	Production Plant
12	HEYCO-Werk USA Inc..	Dallas (NC) / USA	Production Plant
13			
14			
15			

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Appendix 2

Addendum

Both parties hereby agree to the following amendments to the General Quality Assurance Agreement

Chapter / No.	Amendment	Contractor, confirmed by	HEYCO, as confirmed by	Date

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