

Wagner / Supplier Agreement

Between:

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and

or
Wagner Spraytech Corporation
1770 Fernbrook Lane
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www.wagner-group.com

Referred to as “Wagner”

Referred to as “Supplier”

Wagner Approvers		Supplier Approvers
Date:		Date:
Location:		Location:

Quality

Name:		Name:
Title:		Title:
Signature:		Signature

Purchasing

Name:		Name:
Title:		Title:
Signature:		Signature

Technical

Name:		Name:
Title:		Title:
Signature:		Signature

Sales

Name:		Name:
Title:		Title:
Signature:		Signature

Agreement Exceptions:



Supplier Requirements Manual

WSRM

SUPPLIER REQUIREMENTS MANUAL

WSRM

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I Introduction

Welcome to the Wagner Supplier Requirements Manual (WSRM). We appreciate your intention to make Wagner one of your preferred customers.

Through this material we would like to provide you with guidelines, expectations and requirements as we initiate or continue our journey together to deliver outstanding quality products to our customers.

At Wagner, we pride ourselves on being an innovative company with a customer centric mindset. To accomplish our vision "To be the Most Innovative Company", we need reliable suppliers that deliver on time and with the highest quality standards.

II Purpose and Scope

This document will guide you through the requirements and expectations for the process of qualifying you as a supplier for the products you provide to Wagner. Throughout the process Wagner wants to have the opportunity to listen to you and partner with you to produce the best products possible to satisfy our demanding customer base. In addition to clarifying requirements and expectations for products, this WSRM also describes the minimum requirements for your management system.

The provisions of this WSRM apply to all existing and future purchase/supply agreements between Wagner and Supplier. Any exceptions shall be documented as part of the Wagner / Supplier Agreement to this WSRM.

This WSRM applies to custom designed products per Wagner drawings and specifications and standard off the shelf products. Wagner can and does test products to ensure they meet specification.

"Product" as used in this document means actual material, processes or services the supplier may provide.

This WSRM is part of the Wagner / Supplier Agreement that becomes effective when signed by both parties. It remains in effect for an indefinite period of time until either party provides written notice of termination.

III Summary of Fundamental Supplier Responsibilities

The supplier is responsible for the quality of its products and services provided to Wagner as a matter of principle. This includes sub-suppliers.

- The supplier is responsible for the quality of its products and services provided to Wagner as a matter of principle.
- Supplier ships only product meeting Wagner drawings and specifications to Wagner.
- Supplier continuously monitors Wagner product quality, and improves its processes reducing defects toward zero.
- Supplier commits to communicating to Wagner and requesting approval for any changes to the Wagner product or process -- this affects quality.
- Wagner product changes, via revision control or deviation, to be physically identified and shipped separately.
- Notify Wagner of capacity and schedule changes.
- Notify Wagner when Supplier changes sub-suppliers.
- Supplier and sub-supplier committed to continual improvement.

1.0 Supplier Selection and Approval

- 1.1. Quote Process: Wagner Materials Group will provide the necessary drawings, specification, supplier requirements documents and purchase order information to ensure the supplier can efficiently and effectively provide Wagner a valid quote for the specified product(s).
- 1.2. Supplier survey: Wagner may request potential Suppliers complete a self-assessment or the Supplier allows Wagner personnel to complete an on-site evaluation. (Form MA-4-042)
- 1.3. Capacity: Potential suppliers must be able to demonstrate that they can meet the capacity requirements required by Wagner. This includes the necessary people, equipment, processes and systems required to fulfill Wagner requirements in an efficient and cost-effective manner, guaranteeing Quality requirements as a priority.
- 1.4. Final Selection: Responsible Wagner functions will make final supplier selection based on supplier provided information and factors which ensure meeting business performance and quality requirement which will minimize risk.

2.0 Supplier's Quality System

- 2.1. The Supplier and sub-sub-suppliers are responsible for the quality of products supplied and serviced as a matter of principle.
- 2.2. The Supplier is obliged to review specifications and descriptions received from Wagner for the parts ordered. The Supplier must assure there are no omissions or errors in the specifications and that the parts ordered are feasible for the Supplier's production capabilities.
- 2.3. In order to ensure compliance with the specifications from Wagner, the Supplier must establish an effective management system. The management system shall be applied and maintained according to the requirements of recognized standard organizations (ISO etc). If a certification of the management system does not exist, the supplier is requested continue to develop and operate the management system in accordance with the current version of an appropriate recognized management system standard for the supplier business operations.
- 2.4. The Supplier must be committed to targeting zero defects and shall continuously monitor and optimize its products, processes and services to that effect.
- 2.5. The Supplier must have its own policies and procedures for selecting, monitoring and developing its sub-suppliers.
- 2.6. Wagner shall be afforded the opportunity to conduct its own audit(s) of the Supplier's Management System upon request.

3.0 Drawings and Specification Control

- 3.1. The Supplier must assure the products or parts comply with the specification provided by Wagner (drawings, specifications, data sheet, etc.).
- 3.2. The Supplier shall review the product requirements (drawings, specifications, data sheet, etc.) immediately with respect to any obvious errors, lack of clarity or incompleteness and, if such a deficiency should be found, inform Wagner.
- 3.3. When Wagner specifications and/or drawings are changed by revision control, or as directed by Advanced Deviation Request, the supplier shall not mix previous and new product revisions within the supplier's processes or in shipments to Wagner. The Supplier must ensure the previous revision products are supplied first. The supplier must physically identify the last shipment of the previous version and the first shipment of the new version. The supplier will coordinate these shipments with Wagner.

4.0 Product Qualification Process

- 4.1. Wagner reserves the right to request for a part / product qualification in any time during the life of the product.
- 4.2. Design for Manufacturability (DFM): Wagner may expect our suppliers to perform a Design for Manufacturability analysis as early as possible during the development stages. The DFM review includes feedback on any design or tolerance issues that could affect ability to manufacture parts or products with the required quality and lead time. This will include specific review of Key Characteristics specified by the drawings and or dimensions identified by Wagner as "High Risk".
- 4.3. Product Requiring Qualification:
 - 4.3.1. New parts/product at existing suppliers or existing parts/product from new suppliers shall be manufactured on production tooling using planned production processes. Exceptions must be approved by Wagner.
 - 4.3.2. New Parts/Product: Parts/products considered "custom" and or critical; will have a First Article Inspection Report (FAIR) completed (Form QS-4-032) or may go to a "Production Part Approval Process" (PPAP) (Form QS-4-132).
 - 4.3.3. For existing Parts/Products/Standard Parts (off the shelf, hardware) parts/product changes; Wagner will determine the level of validation required for changes during the life of the part/product, a PPAP, First Article Inspection (FAI) or Sample Part Approval Report (SPAR) process will be used.
- 4.4. Product Qualification Approval Methods:
 - 4.4.1. Production Part Approval Process (PPAP): Wagner will determine the PPAP level. The supplier must provide the documentation and data required based on level of approval. Production orders (product) shall not be shipped until approval is granted by Wagner.

- 4.4.2. Part Submission Warrant (PSW) (Form QS-4-132): Product Approval is through sign-off of the Part Submission Warrant form provided by Wagner as part of the PPAP process. The Part Submission Warrant provides communication to Wagner from the Supplier, documented reasons for product submittal (i.e. engineering changes, tooling replacement, non-conformance correction, material source change, material change, etc.)
- 4.4.3. First Article Approval: FAI Approval/Disposition is through a completed and signed FAI report provided by Wagner.
- 4.4.4. Samples from multi-cavity tooling shall be measured and submitted separately from each cavity on the FAIR/PPAP format. Mold identification must be on parts from multi-cavity tooling where possible.
- 4.4.5. Significant Production Run: Data for a PPAP must be acquired from a significant production run. Significant run will be defined in agreement between the Supplier and the Supplier Engineer. The significant run quantity will be based on the Estimated Annual Volume.
- 4.5. Product Qualification Process analysis may result in process modifications by the supplier and/or design changes by Wagner. These features will be part of the Supplier Control Plan monitored during the life of the product and expectation the results show stability over time and an acceptable level of Process Capability (Cpk). The Supplier Control Plan shall be made available for verification to Wagner on site of use. The PPAP may be sent to Wagner for verification depending upon PPAP level.
- 4.6. For any changes to the control plan and/or process Wagner shall be notified for change approval.
- 4.7. Safe Launch Plan (SLP) (Form QS-4-132): When key and or critical characteristics have been identified, Wagner may require the supplier to demonstrate process stability during the early stages of production after approval by Wagner. This process is known as the "Safe Launch Plan". Wagner and the supplier will agree on terms and conditions to consider for a successful Safe Launch Plan as well as the corrective actions if required.
- 4.8. Wagner reserves the right to measure the parts/product to confirm the data and communicate results to the Supplier using the FAI or PSW forms. Samples released for production shall be confirmed as released by both contractual parties. Both Wagner and the Supplier shall retain approved samples for use as references in case of complaints. The retention period ends on phase-out of the associated production or when the production is changed and new accepted sample(s) is available. The retention of the test results determined is exclusively governed by the time-limits specified.

5.0 Process Control

- 5.1. It is the policy of Wagner to monitor ongoing process stability for supplier product with key quality and process characteristics (Critical and Control Plan Characteristics). Statistical Techniques to monitor such characteristics are recommended (such as SPC). The key characteristics to be monitored should be reflected in the FMEA (Failure Mode Effect and Analysis Report) and Control Plan when submitting the PPAP and will be updated as necessary during the life of the part / product.
- 5.2. The Supplier agrees to inspect and/or verify the quality of the products within the scope of a comprehensive outgoing inspection such that additional incoming product inspection at Wagner may be eliminated or is limited to random samples.
- 5.3. The Supplier shall establish suitable test procedures on its own to safeguard the quality and create test schedules which reflect the characteristics to be verified, the scope of testing and the testing equipment. The results shall be recorded, kept on file and made available to Wagner as necessary.
- 5.4. The Supplier shall ensure that all testing equipment required for testing the products to be manufactured for Wagner is available at any time and be able to demonstrate that it is subject to permanent monitoring, calibration and maintenance.
- 5.5. Test, inspection and verification points shall be reflected in a Production Control Plan containing the minimum set of requirements as follows:
 - 5.5.1. Process flow
 - 5.5.2. Sample size and frequency
 - 5.5.3. Inspection and or control methods
 - 5.5.4. Reaction Plans
 - 5.5.5. Key Critical to Product/Process Quality Characteristics (CTQ) Identified
 - 5.5.6. Statistical Process Control for product and process CTQs or other methods to preserve process stability and process capability.
- 5.6. The test documentation maintained by the Supplier for Wagner products shall be accessible for review and inspection at any time. The Supplier shall support Wagner in the defence against any claim asserted by a third-party. This includes Inspection of the relevant quality documentation and ensuring availability as necessary for the purpose of providing objective evidence for defence.
- 5.7. Supplier shall also follow workmanship guidelines for cosmetic, visual appearance of components that required cosmetic acceptance.

6.0 Special Processes

6.1. For physical, metallurgical, chemical properties of materials, as well as regulations, the supplier should provide a Certificate of Conformance (CoC) with a format provided by Wagner (Form QS-4-132). Certificates shall reference applicable Wagner part numbers, revisions, lot numbers, PO number, etc. Examples of product attributes or processing steps that require certification include but are not limited to:

- Welding
- Heat Treatment
- Plating
- Painting
- UL
- RoHS
- REACH
- ATEX
- WEE

7.0 Non-Conforming Material – Corrective and Preventive Action Process (CAPA)

- 7.1. Supplier production processes must be interrupted and corrected immediately if during process monitoring defective products are found. The product manufactured since the last 'pass' assessment shall be subjected to a 100% inspection. The quality assurance office of the receiving Wagner plant shall be notified immediately if investigation reveals defective product may have been shipped to Wagner. Wagner requests actions taken to correct the non-conformances are communicated in the form of an 8D Corrective Action (Form QS-4-132). The Supplier may be requested to have qualified personnel on site for review and sort if required in case of serious issues.
- 7.2. The Supplier is required to sort out and/or rework defective shipments at its own expense so Wagner does not incur any loss. If necessary, a replacement delivery must be made on a date specified by Wagner.
- 7.3. In the event material is identified as non-conforming (post-delivery), Wagner will initiate its internal process to identify, segregate and control the material. A report describing the non-conformance will be created and provided to the supplier. Where the non-conformance is found to be the result of error or oversight by the supplier, the supplier will be held responsible for the cost of actions needed to correct the issue. This could include costs associated with missed or late deliveries, sorting, rework, materials, etc. This may negatively impact the Supplier's scorecard.
- 7.4. If it is found the non-conformance is due to an error or oversight on Wagner's part, Wagner will take responsibility and the non-conformance report will indicate the supplier is not responsible. These cases will not impact the Supplier's scorecard.

- 7.5. If a product recall should become necessary because of a defective product of the Supplier, the Supplier commits to cooperate with Wagner in the interest of limitation of damage. The costs incurred by the recall shall be at the Supplier's expense unless Wagner is responsible for the defect.
- 7.6. The Supplier agrees to indemnify Wagner against any claims arising out of product liability if the claim asserted by a third party is attributable to the defective product of the product manufacturer.
- 7.7. Work performed by a third party for the supplier does not relieve the supplier of the responsibility of inspection, disposition and any replacement delivery.

8.0 Deviation Requests

- 8.1. A deviation approval must be requested from Wagner for any intended deviation from drawings or specifications. Wagner's Advance Deviation Request (ADR) (Form DE-4-019) may be used for this purpose.
- 8.2. Products with an approved deviation shall be packaged separately. The delivery note and the packing units shall indicate the nature of the deviation. A copy of the deviation approval shall be included with the shipping documents. The period of validity of the deviation approval is limited with respect to either quantity and/or time.

9.0 Purchase Orders

- 9.1. Purchase orders will be sent to suppliers for review and acknowledgement prior to acceptance. Purchase orders will include the following:
 - Wagner Part Number
 - Description
 - Revision Level
 - Quantity
 - Shipping Methods
 - Required Arrival Date at Wagner Facility
- 9.2. Suppliers will acknowledge the PO indicating that they understand and agree to the conditions of the PO and that they have the current specifications corresponding to the part number and revision.
- 9.3. In cases where the Supplier finds any discrepancy and/or needs clarification or further input, it is the supplier's responsibility to contact the Wagner Purchasing representative.

10.0 Packaging, Storage, Transport and Marking

- 10.1. Where Wagner specifications do not clearly specify product packaging and marking, the supplier will assure that shipping containers are all clearly marked with the following:
- Wagner Part Number
 - Revision Level
 - Quantity
 - Weight, if the box weights more than 40 Lbs. a weight "exceeds" warning label to be added.
 - Production date
- 10.2. The Supplier shall establish procedures avoiding inappropriate handling, e.g. damage, exceeding the storage life or other foreseeable quality deterioration. The product supplied to Wagner must be packaged appropriately to prevent transportation damage.

11.0 Tooling Inventory and Condition

- 11.1. In the case of Wagner supplied tooling, the Supplier is responsible to have a process established to assure no abnormal damage or deterioration of the tooling will occur. If Wagner tooling become damaged, the damage shall be reported to Wagner. Wagner may require the product produced from the repaired or rebuilt tooling be re-qualified.

12.0 Supplier Performance

- 12.1. Wagner reserves the right to conduct audits at the Supplier's production site(s) to determine if the Supplier's quality management system is maintaining compliance with Wagner's quality requirements. The audit may be carried out as a process or product audit.
- 12.2. Wagner will announce and coordinate the audit agent's visit. The Supplier shall make available all the documents required for this purpose that are not confidential.
- 12.3. Within the scope of the supplies, the Supplier shall also facilitate auditing its sub-suppliers together with Wagner personnel.
- 12.4. Wagner will also evaluate the Supplier's performance on Quality, Delivery, Pricing, Documentation and Service Level. A Supplier Score card will be available for review.

13.0 Confidentiality

- 13.1. Through a signed Nondisclosed Agreement (NDA), the Supplier commits to keeping Wagner information and knowledge confidential, regardless of how it was obtained and not disclose it to any third party without the Wagner's written consent. Wagner information and knowledge must not be used by the Supplier for any purpose other than the original intent.
- 13.2. Sub-suppliers must be committed to confidentiality accordingly and sign a Nondisclosed Agreement (NDA).
- 13.3. This provision shall survive the term of this agreement as long as the data, information and knowledge subject to confidentiality do not become publicly known.

14.0 Severability Clause

- 14.1. This agreement shall remain in effect in all other respects if any individual provision should be found to be invalid or not applicable.
- 14.2. The invalid or N/A provision shall then be interpreted in such a way that its original economic and legal intent is achieved as far as possible

Wagner Quality Tool Forms and Reference Website

Wagner Quality may require any and/or all of the following Quality Tools to qualify parts or to ensure that all the supplier parts meet the drawings and specifications. Part complexity, cost, supplier capabilities, processes needed to produce the product, capital, supplier location, as well as other factors will be considered by Wagner Quality to determine tools needed and timeline for submittal.

The following forms may be accessed and downloaded from the Wagner Spraytech Website Supplier Documents Page:

<http://www.wagnerspraytech.com/support/supplier-documents/>

Under Brochures & Manuals

Select Supplier Document

Under the desired document

Click on -> English

Form MA-4-042: Wagner Supplier Performance Excellence Evaluation

Form QS-4-132: PPAP Workbook

PAPP

Part Submission Warrant

Appearance Approval Report

Safe Launch Plan (SLP)

Control Plan

8D Corrective Action Report

Certificate of Compliance (Example)

Design Failure Modes Effects Analysis

Process Failure Modes Effects Analysis

Form QS-4-032: First Article Inspection Report (FAIR)

Form DE-4-019: Advance Deviation Request (ADR)

Wagner reserves the right to modify these forms at any time for continual improvement.