INDEX

1. PURPOSE
2. GENERAL PROVISIONS
3. REFERENCES
4. QUALITY MANAGEMENT SYSTEMS AND SUPPLIER QUALIFICATION
5. RESPONSIBILITIES, DOCUMENTATION AND COMMUNICATION
6. FEASIBILITY, APQP AND PROJECT PLANNING
7. FMEA, SPECIAL CHARACTERISTICS AND RISK MANAGEMENT
8. SUB-SUPPLIER MANAGEMENT AND REQUIREMENTS CASCADING
9. PRODUCTION PROCESS PLANNING AND CONTROL
10. INSPECTION AND TEST EQUIPMENT
11. PRODUCTION PART APPROVAL PROCESS (PPAP)
12. QUALITY AND CONFORMITY CERTIFICATE
13. LAUNCH READINESS, CAPACITY STUDY AND SAFE LAUNCH PLAN
14. MATERIAL COMPLIANCE, IMDS, SUSTAINABILITY
15. CHANGES
16. DEVIATION
17. IDENTIFICATION, TRACEABILITY AND PACKAGING
18. CAPABILITY, STATISTICAL PROCESS CONTROL
19. PRODUCTION TOOLS
20. SPECIAL PROCESSES AND CQI
21. PRODUCT SAFETY E CONFORMITY REPRESENTATIVE (PSCR)
22. AUDITS, REQUALIFICATION AND PERIODIC VERIFICATIONS
23. SUPPLIER QUALITY PERFORMANCE REPORTING
24. ESSCALATION
25. WARRANTY AND FIIELDS FAILURE
26. BUSINESS CONTINUITY AND CONTINGENCY PLAN
27. RECORD RETENTION
28. CHARGEBACKS AND COST RECOVERY
29. ACCEPTANCE OF THE AGREEMENT

This standard is the property of LEVA. No part of this document may be reproduced or distributed, by any means, without the written permission of the General Management (GM).

1. PURPOSE

This Quality Agreement supplements LEVA's **General Purchasing Conditions** and defines the minimum requirements relating to quality, reliability, product safety, regulatory compliance, development, industrialization, series production, and non-conformity management applicable to suppliers and sub-suppliers of products, materials, processes, and services intended for LEVA S.p.A. and the companies of the LEVA Group.
The objective is to ensure compliant, timely, and robust supplies in accordance with the zero-defect principle, while ensuring full compliance with the specific requirements of the final customer.
The Supplier retains full responsibility for product and process conformity, even when design, production, inspection, treatment, sorting, or testing activities are outsourced to sub-suppliers or third parties.

2. GENERAL PROVISIONS

Quality, reliability, safety, regulatory compliance, and delivery performance are the result of the coordinated efforts of all functions involved in product realization and of the entire supply chain. The Supplier shall therefore adopt a preventive, risk-based approach aimed at ensuring continuous product and process conformity, defect prevention, and continual improvement.
The Supplier retains full responsibility for the quality, conformity, production capacity, and continuity of supply, including activities outsourced to sub-suppliers, subcontractors, laboratories, or service providers. LEVA requirements and any applicable Customer Specific Requirements shall be appropriately cascaded, understood, and implemented throughout the supply chain.
Any inspections, audits, approvals, releases, PPAP/PPA activities, incoming inspections, or other activities performed by LEVA or by the final Customer shall not relieve the Supplier of its responsibility to ensure full conformity of each delivered product and of the related manufacturing process.
The Supplier shall ensure the availability of resources, competencies, infrastructure, equipment, control systems, and documented information appropriate to the nature and criticality of the supply. In the event of risks, abnormalities, or potential impacts on quality, safety, compliance, capacity, or deliveries, the Supplier shall promptly and proactively inform LEVA and implement the necessary containment and preventive actions.
Customer-specific requirements communicated by LEVA form an integral part of the supply requirements. In the event of a conflict between requirements, unless otherwise formally specified by LEVA, the more specific or more stringent applicable requirement shall prevail.

3. REFERENCES

The Supplier shall maintain written and up-to-date requirements concerning the assurance of the quality and reliability requirements applicable to products supplied to LEVA, including, as applicable, engineering drawings, manufacturing and inspection processes, material specifications, test reports, and other relevant technical documentation.
Such requirements should be made available to LEVA representatives or provided upon request.
The Supplier shall operate in accordance with the current and applicable revision of contractual requirements, technical standards, and Customer Specific Requirements communicated by LEVA. In the event of any conflict, unless otherwise specified in writing, the more specific and/or more stringent requirement shall prevail.

- IATF 16949 and ISO 9001;
- AIAG Core Tools: APQP, Control Plan, PPAP, MSA, SPC.
- AIAG & VDA FMEA;
- VDA 2 - Production Process and Product Approval (PPA), if required.
- VDA 6.3 - Process Audit e VDA 6.5 - Product Audit, if required.
- ISO/IEC 17025 for external laboratories or equivalent approved requirements.
- Applicable legal and regulatory requirements relating to the product, substances, safety, environment, and destination markets.
- Customer Specific Requirements and technical standards communicated by LEVA.
- specifications, drawings, technical specifications, purchase orders, control plans, and other LEVA requirements.

The Supplier is responsible for requesting clarification before commencing any activities whenever a requirement is missing, ambiguous, or unavailable. Failure to request clarification shall not relieve the Supplier of its obligation to comply with all applicable requirements.

This standard is the property of LEVA, no part of this document may bereproduced or disributed, by any means, without the written permission of General Management.

4. QUALITY MANAGEMENT SYSTEM AND SUPPLIER QUALIFICATION

Suppliers should maintain a Quality Management System appropriate to the risk associated with the supply and aligned with the requirements of IATF 16949. IATF 16949 certification is the expected reference standard for automotive production suppliers. Where this is not applicable or not yet available, at least third-party ISO 9001 certification is required, unless otherwise authorized in writing by LEVA and, where applicable, by the final Customer.
The Supplier is responsible for promptly notifying LEVA of certificates, renewals, suspensions, withdrawals, and any changes in certification scope and/or certified site. Failure to provide valid quality certification may negatively affect the Supplier's monthly performance rating.
For suppliers that currently do not meet this requirement, the following development sequence is required:
a) ISO 9001 certification through a third-party audit.
b) ISO 9001 certification, with conformity to LEVA requirements and applicable Customer Specific Requirements, verified through a second party audit.
c) ISO 9001 certification, with conformity to IATF 16949 requirements, verified through a second-party audit.
Customer-directed suppliers may be considered "certificate exempt" where this has been explicitly agreed with the Customer.
External testing or calibration laboratories shall be accredited to ISO/IEC 17025 for the applicable scope, or to an equivalent national standard. Where accreditation is not available, the laboratory shall be formally accepted by LEVA and/or the Customer.
LEVA reserves the right, at any time and subject to reasonable prior agreement, to verify the Supplier's manufacturing site and the objective evidence relating to its Quality Management System.

5. RESPONSABILITY, DOCUMENTATION AND COMUNICATION

The Supplier shall maintain, at the production and inspection locations, all current technical documentation necessary to ensure conformity, including drawings, specifications, standards, process flow charts, FMEAs, Control Plans, work instructions, acceptance criteria, reaction plans, and records.
The Supplier shall manage document revisions and prevent the unintended use of obsolete documents; protect LEVA and Customer documentation against unauthorized disclosure; ensure that applicable requirements are understood by the relevant personnel; proactively communicate any risks relating to quality, capacity, delivery, certification, or business continuity before they impact LEVA; and maintain up-to-date contact details for Quality, Logistics, Commercial, and Product Safety functions, where applicable.

6. FEASIBILITY, APQP AND PROJECT PLANNING

Before final acceptance of the purchase order or nomination, the Supplier shall perform and document a technical, quality, manufacturing, and logistics feasibility review, taking into account specifications, tolerances, special characteristics, capacity, tooling and equipment, timing, packaging, testing, sub-suppliers, and Customer requirements.

In the absence of formal communication from the Supplier and subsequent agreement by LEVA, ALL characteristics specified in the technical documentation shall be deemed FEASIBLE, and the Supplier shall guarantee compliance with such requirements both during sample production and throughout series production. The Supplier is responsible for clarifying with LEVA the intended use and application of its component.

For new products/processes or significant changes, an APQP planning process proportionate to the associated risk shall be applied. LEVA may require:

- Project plan including milestones, responsabilities, deliverable and progress status.
- Process Flow Diagram including layout.
- PFMEA;
- Control Plan for every project phase.
- Run at Rate if required by LEVA/ Customer.
- DVP / PVP;
- implementation of temporary and additional controls to ensure that LEVA receives no non-conforming products during the launch period.

7. FMEA, SPECIAL CHARACTERISTICS AND RISK MANAGEMENT

The Supplier shall apply the AIAG & VDA FMEA methodology or an equivalent approved methodology.
A DFMEA is required when the Supplier has design responsibility. A PFMEA is required for manufacturing processes producing automotive products and shall reflect the actual process, including alternative operations, rework, additional.

This standard is the property of LEVA, no part of this document may bereproduced or disributed, by any means, without the written permission of General Management.

controls, and outsourced processes.
Special, critical, safety-related, regulatory, or Customer-designated characteristics shall be consistently identified and cascaded across drawings/specifications, FMEAs, Process Flow Charts, Control Plans, work instructions, records, reaction plans, and approval documentation.
Characteristics not explicitly classified but identified by the Supplier as critical shall be communicated to LEVA.
High risks shall be reduced through prevention, poka-yoke, robust controls, or other effective actions before SOP.
Lessons learned arising from complaints, audits, and changes shall be incorporated into the FMEAs and Control Plans.

8. SUB-SUPPLIER MANAGEMENT AND REQUIREMENTS CASCADING

The Supplier is responsible for the quality and delivery performance of the entire supply chain. The Supplier shall select, qualify, monitor, and develop its sub-suppliers according to the associated risk and shall cascade all applicable LEVA and Customer requirements to them. The Supplier shall also ensure that its sub-suppliers establish and maintain a Quality Management System equivalent, as appropriate, to the system implemented by the Supplier itself.
The Supplier shall verify and ensure the continued validity of its sub-suppliers' certifications; approve sub-supplied products and processes before PPAP submission to LEVA; monitor quality performance, delivery performance, complaints, and require appropriate improvement plans; and perform system/process audits and supplier development activities where necessary.
The Supplier is responsible for cascading all necessary information to its sub-suppliers, including drawings, technical specifications, special characteristics, Product Safety requirements, traceability requirements, change management requirements, and applicable Customer Specific Requirements.
The Supplier shall ensure the involvement of its sub-suppliers in the I.M.D.S. system and shall remain responsible for the accuracy and completeness of the data entered therein, unless otherwise formally agreed.
Regardless of the system adopted, the Supplier shall always ensure that timely corrective actions are implemented in the event of non-conforming products originating from sub-suppliers. The Supplier shall also communicate to LEVA the criteria used for sub-supplier evaluation and any actions taken in relation to them.
During supply, any change or replacement of a sub-supplier shall always be communicated to LEVA.

9. PRODUCTION PROCESS PLANNING AND CONTROL

The Supplier shall ensure that the series production process remains consistent with the process approved during PPAP.
Process control shall be risk-based and shall include process parameters, product characteristics, inspection frequencies, methods, sample sizes, responsibilities, records, and reaction plans.
Process parameters and set-up conditions shall be defined, controlled, and protected against unauthorized changes.
First-off/last-off checks and verification after prolonged production stoppages or significant maintenance activities shall be performed, where applicable.
Rework and repair activities shall be defined, validated, traceable, and included in the PFMEA and Control Plan. Repair shall be subject to LEVA and/or Customer authorization where required.
Non-conforming and suspected products shall be segregated, identified, and protected against unintended use.

10. INSPECTION AND TEST EQUIPMENT

The Supplier shall have adequate inspection, measuring, and test equipment available to ensure that all inspections and tests necessary to verify product conformity with the applicable technical documentation are performed throughout all stages of the manufacturing process.
Measuring and test equipment shall be appropriate to tolerance and risk associated with the characteristics being verified, properly identified, calibrated and/or verified according to a defined plan, and protected against damage, deterioration, or unauthorized adjustment.
Measurement System Analysis (MSA) shall be performed on the measurement systems identified in the Control Plan and on special characteristics, in accordance with the AIAG MSA manual or applicable Customer requirements.
If any measuring or test equipment is found to be out of calibration, the Supplier shall perform and document an impact assessment on products previously inspected and accepted using such equipment.
The Supplier shall properly use and preserve any inspection and test equipment provided by LEVA, in accordance with the General Purchasing Conditions, and shall keep such equipment in proper working condition through routine maintenance, unless otherwise agreed between the parties, without carrying out any alteration, modification, or tampering.
Internal laboratories shall have a defined scope, competent personnel, validated or appropriate methods, and suitable records. External laboratories shall be qualified in accordance with the requirements set out in §4.

This standard is the property of LEVA, no part of this document may bereproduced or disributed, by any means, without the written permission of General Management.

11. PRDUCTION PART APPROVAL PROCESS (PPAP)

No series production supply may commence without formal LEVA approval, unless specifically authorized in writing, in accordance with the requirements of the AIAG Production Part Approval Process (PPAP) Manual, at the latest applicable revision level.
Any deviation from this requirement shall be approved in advance and agreed in writing by LEVA.
Unless otherwise specified, LEVA requires PPAP Level 3 by default, or an equivalent submission package. LEVA may also require the completion of specific documentation were requested by the Customer.
PPAP samples shall serve as Master Samples or reference samples. Where aesthetic issues cannot be adequately addressed using Master Samples, the Supplier shall be responsible for defining and obtaining LEVA approval of appropriate boundary samples prior to shipment. All boundary samples used to clarify upper and lower acceptance limits shall require LEVA approval.
A new PPAP submission shall be required in the event of changes, production transfers, tooling changes, material changes, sub-supplier changes, or any other conditions specified by LEVA and/or the Customer.
Customer-directed suppliers may be considered “exempt from LEVA PPAP approval” where this is expressly established through a specific contractual agreement with the relevant Customer.

12. QUALITY AND CONFORMITY CERTIFICATE

The duly completed and signed Quality Certificate is the document listing all technical characteristics specified in the drawing and related documentation. It shall be attached, in addition to the standard delivery documents, to product samples (new or modified), to each homogeneous supply batch during mass production, or whenever specifically requested by LEVA.
By issuing the Quality Certificate, the Supplier assumes responsibility for certifying the quality of the delivered product and declares that conformity of the supplies with the specified requirements is ensured through systematic inspections and tests performed on the product, including dimensions, performance, materials, and other applicable characteristics. For each characteristic inspected, the Quality Certificate shall report both the specified requirements and the measured values, including the range of values recorded on the inspected sample and, where applicable, individual values obtained from specific items within the submitted sample.
During series production, subject to prior formal agreement with LEVA, the Supplier may be authorized to certify only the Classified Characteristics (Key or Significant Characteristics) and to submit the document only upon request. In such cases, the Supplier remains responsible for retaining at its manufacturing site a copy of the C.Q.C. relating to each homogeneous production batch.
Where the Supplier has outsourced certain inspections or tests to qualified external organizations or laboratories, copies of the relevant test reports issued by such organizations shall be attached to the C.Q.C.
NOTE: Any deviations from the specified requirements **MUST** be clearly highlighted in the document.

13. LAUNCH READINESS, CAPACITY STUDY AND SAFE LAUNCH PLAN

Before SOP, the Supplier shall demonstrate process readiness and the capability to meet the required production volumes under normal operating conditions. LEVA may require a Run at Rate, capacity verification, production trial, readiness audit, and/or Safe Launch / Proactive Containment activities.
Capacity assessment shall consider bottlenecks, shift patterns, scrap rates, maintenance, set-up activities, and spare parts requirements.
Safe Launch activities shall be managed separately from the standard process controls, with defined exit criteria and documented results.
Products released under Safe Launch conditions shall be identified in accordance with LEVA instructions.
Any risks remaining open at SOP shall be formally approved by LEVA and supported by an appropriate action plan.

14. MATERIAL COMPLIANCE, IMDS, SUSTAINABILITY

The Supplier shall ensure compliance with all applicable legal, regulatory, and Customer requirements relating to materials, substances, and chemical composition.
IMDS data shall be submitted and accepted prior to final PPAP approval, unless otherwise specified in writing.
Any change in composition, raw material, or source that affects the material declaration shall require an IMDS update and formal change approval.
The Supplier is responsible for the data received from its sub-suppliers and for the accurate transfer of such information to LEVA.
Upon request, the Supplier shall provide information relating to origin, traceability, conflict minerals, deforestation/EUDR requirements, carbon footprint, and any other applicable obligations relevant to the project.

This standard is the property of LEVA, no part of this document may bereproduced or disributed, by any means, without the written permission of General Management.

15. CHANGES

The Supplier shall not implement any product or process changes without prior notification to LEVA and, where required, written LEVA approval before implementation.
For any change that may affect fit, form, function, performance, durability, appearance, safety, regulatory compliance, or the LEVA/Customer process, prior approval is mandatory.
Changes that shall always be communicated to and approved by LEVA include:

- material, formulation, specification, or raw material source.
- drawing, tolerance, characteristics, or software.
- machine, equipment, tooling, mold, fixture, program, or critical parameter.
- layout, process sequence, inspection method, or inspection frequency.
- rework/repair or alternative process.
- manufacturing site, production line, tooling transfer, or new equipment.
- sub-supplier or outsourced process.
- restart after prolonged inactivity, where required by the Customer.
- packaging, where it may affect product conformity.

LEVA shall define the required validation level and whether PPAP resubmission is necessary. The first shipments following the change shall be clearly identified and fully traceable.

16. DEVIATION

Products that do not conform to the applicable specifications shall not be shipped without a written LEVA concession/deviation approval. The request shall be submitted before shipment and shall specify the part number, revision level, affected characteristic, deviation, cause, quantity and/or applicable period, affected lots, associated risk, containment actions, and recovery plan.
Safety-related, regulatory, or Customer-prohibited characteristics shall not be subject to deviation unless explicitly authorized by LEVA and, where required, by the final Customer. Acceptance of a concession/deviation shall not constitute a permanent change to the applicable specification.

17. IDENTIFICATION, TRACEABILITY, PACKAGING

The selection of containers and packaging may have a significant impact on product quality.
The Supplier is responsible for using appropriate packaging, agreed with LEVA, to ensure that all products reach the point of use without damage.
Any deviation from the agreed packaging method shall require prior written authorization from LEVA.
The Supplier shall maintain a system capable of ensuring:

- identification of raw materials and semi-finished products held in its warehouses.
- clear distinction between conforming and non-conforming products throughout the entire production process.
- identification of finished and released products.

At the time of shipment, the Supplier shall affix to each container of the lot the appropriate Product Identification Sheet (SIP), duly completed and in the required number of copies.
In the case of sample parts, modified products, or products supplied under an approved deviation, in addition to the correct completion of the delivery documentation and SIP, the containers shall be clearly identified by means of an additional, highly visible label or sign.
Traceability shall, as a minimum, allow identification of the relevant batch/date/shift, raw material, production line/machine/tooling, inspection and test records, operators where required, and the relevant sub-supplier.
For safety-related and/or regulatory characteristics, traceability shall provide a clear link between the product and the results of the applicable critical inspections and tests, in accordance with Customer requirements.

18. CAPABILITY, STATISTIC PROCESS CONTROL

Where required by LEVA and/or the Customer, or as defined in the Control Plan, the Supplier shall demonstrate process capability and apply SPC to the appropriate characteristics. Capability targets shall be consistent with the associated risk and with the applicable Customer Specific Requirements.
As a general reference, unless more stringent Customer requirements apply, a Cpk ≥ 1.67 is expected for special characteristics under stable process conditions. For other characteristics, a lower capability criterion may be accepted only if agreed with LEVA.
Processes that are not capable shall be protected by 100% inspection, poka-yoke, or another equivalent approved control until the required process capability has been restored.

This standard is the property of LEVA, no part of this document may bereproduced or disributed, by any means, without the written permission of General Management.

19. PRODUCTION TOOLS

Production equipment and tooling owned by LEVA and/or the Customer shall be identified, protected, maintained, and used exclusively for the authorized purposes.
Where the condition of production equipment or tooling requires extraordinary maintenance or modification, including as a result of defects identified on products manufactured using such equipment, the Supplier shall promptly inform LEVA Purchasing before carrying out any intervention, in order to receive instructions on the actions to be taken.
In all cases, the Supplier remains responsible for verifying the conformity of products manufactured using such equipment and for promptly reporting to LEVA any anomalies identified.
Any transfer of tooling shall require prior notification to and approval by LEVA.

20. SPECIAL PROCESSES AND CQI

For special processes, the Supplier shall apply the applicable AIAG CQI process assessments or other Customer-specific standards, where relevant to the product and/or process.
The assessments shall cover both internal and outsourced processes and shall be kept up to date in accordance with the frequency specified by the applicable requirement.

- CQI-9 Heat Treat.
- CQI-11 Plating.
- CQI-12 Coating.
- CQI-15 Welding.
- CQI-17 Soldering.
- CQI-23 Molding
- Other applicable CQI;

21. PRODUCT SAFETY AND CONFORMITY REPRESENTATIVE (PSCR)

The Supplier shall identify and control all applicable product safety and regulatory compliance requirements and shall ensure that such requirements are incorporated into the risk management system, traceability arrangements, competence requirements, and reaction plans.
Where required, each Supplier manufacturing site shall appoint a local Product Safety and Conformity Representative (PSCR). As a minimum requirement, suppliers providing products for Volkswagen Group or BMW Group product lines shall have an identified PSCR.

22. AUDITS, REQUALIFICATION, PERIODIC VERIFICATION

Audit straordinari possono essere richiesti da LEVA dopo reclami ripetitivi, trasferimenti, CSL o degrado delle performance.
The Supplier shall maintain an audit and requalification program based on risk, performance, and applicable Customer requirements. LEVA may require system, process, product, or special audits at the Supplier's premises and, where necessary, at sub-supplier premises.
VDA 6.3 Process Audits and VDA 6.5 Product Audits shall be performed as annual self-assessments for supplies intended for German Customers or whenever specifically required.
Annual complete dimensional inspections (Annual Layouts) shall be performed to verify the continued conformity of all parts and components.
Reverse PFMEA / shop-floor risk reviews shall be performed where required by LEVA.
Periodic requalification shall be carried out in accordance with the Control Plan, applicable Customer requirements, and the agreed requalification plan. The results shall be made available to LEVA upon request.
Special or extraordinary audits may be required by LEVA following repeated complaints, production transfers, CSL status, or deterioration in Supplier performance.

This standard is the property of LEVA, no part of this document may bereproduced or disributed, by any means, without the written permission of General Management.

23. SUPPLIER QUALITY PERFORMANCE REPORTING

Based on inspections performed at its plants on incoming products, LEVA shall notify the Supplier of any anomalies identified that result in product non-conformity, product rejection, or disruption to the regular production flow, by means of a Non-Conformity Report ("Yellow Note").
The Supplier shall provide written confirmation of the actions taken, using its own 8D form or the specific LEVA document, to the requesting Plant Quality function, reporting:

- containment action implemented, within 24 hours.
- identified root cause of the anomaly and the analysis method used (e.g. 5 Whys), within 10 days.
- corrective action, temporary and/or permanent, defined within 10 days.
- implementation date of the corrective action.
- verification of effectiveness.

The Quality and Conformity Certificate shall accompany the first lot delivered after implementation of the corrective action.

24. ESCALATION

Where the quality performance of the delivered product results in an "unsatisfactory quality performance", LEVA reserves the right to take the actions considered most appropriate, including formal warning, Supplier meeting, technical/quality audit at the Supplier's premises, Supplier phase-out, or other appropriate measures.
The escalation measures that LEVA may implement include:

- **CSL1** – Controlled Shipping Level 1: containment activities performed by the Supplier.
- **CSL2** – Controlled Shipping Level 2: containment activities performed by an independent third-party company.
- **CSL3** – Controlled Shipping Level 3: problem-solving activities performed by an independent third-party company.
- **NBH** – New Business Hold.

24.1 Controlled Shipping Level 1

A decisione presa, la Qualità e gli Acquisti Centrali LEVA inviano lettera al Fornitore.
CSL1 may be applied to a Supplier for a specific product line and entails, among other measures, the suspension of self-certification of supplied products.
The purpose of CSL1 is to protect LEVA plants from receiving non-conforming products and to initiate appropriate corrective actions at the Supplier's manufacturing site.
In the event of a serious non-conformity recurring more than once within a short period of time, the Plant Quality Manager may place the Supplier under CSL1 for the control of one or more specific defects.
Once the need to place a Supplier under CSL1 has been established, the Supplier shall be formally notified through a CSL1 opening letter issued by LEVA Quality and Central Purchasing.
A copy of such notification shall also be sent to LEVA Central Quality for information.
The letter shall specify, among other information, the characteristics subject to 100% inspection, the CSL1 start date, and the applicable exit criteria, including the required duration and/or number of lots.
CSL1 shall consist of 100% inspection performed by the Supplier on all products intended for shipment from the Supplier's plant to LEVA. The Supplier shall report the inspection results on a weekly basis to the affected LEVA plant.
Exit criteria: withdrawal of the containment may be considered provided that the specific defect(s) that led to CSL1 do not recur for at least 25 working days with zero defects. For production volumes below two lots per month, CSL1 shall remain in place for at least 5 separate production lots.
A CSL1 period longer than the minimum duration specified above may be required at the discretion of the affected LEVA plant.
The decision to discontinue CSL1 shall be taken by the Quality Manager.
Before closing CSL1, the affected LEVA plant reserves the right to request and/or perform a Process Audit, which shall achieve a satisfactory result.
Once the decision to close CSL1 has been made, LEVA Quality and Central Purchasing shall issue a formal closure notification to the Supplier.

This standard is the property of LEVA, no part of this document may bereproduced or disributed, by any means, without the written permission of General Management.

24.2 Controlled Shipping Level 2

CSL2 is similar to CSL1 but is implemented with some fundamental differences.
Where the actions previously implemented by the Supplier have proven ineffective, or where the Supplier has lost LEVA's confidence as a result of repeated non-conformities or unsatisfactory audit/visit results, LEVA may decide to escalate the containment activity by requiring the Supplier to have the inspection performed by an independent third-party company at the Supplier's premises.
The Supplier shall be formally notified by LEVA Central Purchasing and Quality through written communication addressed to the Supplier's Management.
The Supplier shall be required to sign a formal Agreement Record.
In this case, the inspection results shall not be reported by the Supplier, but by the independent third-party company, which shall periodically submit the relevant inspection reports to LEVA.
The qualified third-party company shall be contracted and paid directly by the Supplier.

24.3 Controlled Shipping Level 3

CSL3 is applied in addition to CSL2 when the Supplier demonstrates inadequate problem-solving capability and insufficient effectiveness in permanently eliminating the defect.
Under CSL3, the Supplier shall engage a qualified and certified third-party organization which, in addition to the activities required under CSL2, shall provide the Supplier with comprehensive support throughout the entire problem-solving process, including root cause identification, definition of corrective action plans, and permanent defect eradication.

24.4 New Business Hold

In the event of a serious or prolonged situation involving non-conforming products and/or services, the Supplier may be penalized by exclusion from the award of new products within the same product line for a period of no less than 12 (twelve) months on new projects. This status is referred to as New Business Hold (NBH).
The factors that may lead to a Supplier being placed under NBH include the following:

- the Supplier receives an unsatisfactory result in two consecutive process audits.
- the Supplier has been placed by LEVA under CSL2 more than twice within a 12-month period.
- repeated complaints regarding product and/or service quality are formally raised by one or more LEVA Management functions, including General Management, Plant Management, Technical Management, Purchasing Management, or Quality Management.

The exit criteria shall be based on formal evidence that the issues which led to the NBH status have been fully resolved by the end of the 12-month period. Such evidence shall be verified directly at the Supplier's premises by LEVA Quality and Purchasing personnel or by their authorized representatives.

24.5 Supplier meeting

Following an "unsatisfactory quality performance" not covered by the escalation measures described above (§ 5.4), LEVA Purchasing, with the support of or upon proposal by LEVA Quality, may call the Supplier to a meeting at LEVA premises, specifying the topics to be reviewed.
Following the meeting, LEVA shall issue formal minutes covering the matters discussed and the agreed actions. The minutes shall be sent to the Supplier, who shall provide written confirmation to LEVA Purchasing of the actions implemented.
In the event of serious and/or repeated non-conformities identified by LEVA Plant Quality during the course of supply, LEVA may decide to implement urgent quality recovery actions through technical reviews, audits, or inspections at the Supplier's manufacturing site, in order to assess the causes that may have led to unsatisfactory quality performance for the affected product.

25. WARRANTY E FIELDS FAILURE

All Suppliers shall establish and maintain the resources necessary to support applicable warranty requirements.
Suppliers shall establish, maintain, and provide upon request a documented warranty procedure and related process flow covering containment, temporary corrective action(s), root cause analysis, implementation of permanent corrective action(s), read across / horizontal deployment of corrective actions, lessons learned, and sustained controls within the manufacturing process.

This standard is the property of LEVA, no part of this document may bereproduced or disributed, by any means, without the written permission of General Management.

25.1. Field Failure Analysis

Where required by the OEM Customer, Suppliers shall maintain an approved Field Failure Management process.
The process shall address the requirements specified by the applicable OEM Customer, including, where relevant, those defined in the VDA standard “Joint Quality Management in the Supply Chain – Marketing and Service” or in CQI-14 – Warranty Management.

26. BUSINESS CONTINUITY AND CONTINGENCY PLAN

The Supplier shall establish, test, and periodically review contingency plans for events that may disrupt production or deliveries, including critical equipment failures, power and utility interruptions, fire, flooding, personnel unavailability, cyberattacks/IT failures, material or sub-supplier unavailability, transportation disruptions, natural events, and other relevant conditions.
Planned or unplanned extended shutdowns shall be communicated to LEVA in advance whenever they may affect supply continuity. LEVA may require shutdown/start-up audits, safety stock, or additional verification activities before production restarts.

27. RECORDS RETENTION

The Supplier shall retain records for the period specified by LEVA, the final Customer, or applicable legal and regulatory requirements, always applying the longest retention period. Where no specific requirement is defined, retention periods shall be established within the Supplier’s management system based on risk and the product life cycle.

- Documents related to Product Safety, regulatory characteristics, and traceability: in accordance with the applicable Customer and/or legal requirements communicated by LEVA.
- PPAP, FMEA, Control Plan, changes, and approvals: at least for the duration of the supply and service period, plus any additional period required by LEVA and/or the Customer.
- Inspection and test records: in accordance with the Control Plan and applicable Customer requirements.

All documentation remains legible, retrievable, and available to LEVA upon request.

28. CHARGEBACK AND RECOVERY COST

28.1 Production-Related Costs

Supplies shall be free from defects and delivered within the agreed lead times.
Any non-conformity in this respect may generate unplanned costs, for which the Supplier responsible for causing such costs shall bear the financial liability.
The definition of these conditions enables the LEVA Plant to recover from the Supplier any additional costs incurred as a consequence of defective or non-conforming parts identified during or after use in production, including, for example, rework, sorting, disassembly, and similar activities, as well as costs resulting from missed or delayed deliveries.

This standard is the property of LEVA, no part of this document may bereproduced or disributed, by any means, without the written permission of General Management.

Therefore:

Type of costs	Reference Unit Cost	Note
Charge for Non-Conformity Report Management	300 euro / RNC	The indicated amount covers the costs associated with the management of an NCR, including time spent on the preliminary analysis; preparation of the technical documentation supporting the description of the issue; preparation and shipment of any defective part; issuance of the NCR notification; Supplier follow-up and monitoring; review of the 8D report; and verification of the effectiveness of the corrective actions.
Charge for Additional Inspections	300 euro	In the event that delivered lots are not accompanied by the required documentation certifying conformity with the applicable technical requirements (e.g. C.Q.C., material certificates, etc.), or where such documentation is incomplete, LEVA reserves the right to carry out the required conformity verifications through its own internal functions. **NOTE:** Where a third-party organization is engaged, the full amount of the relevant invoice shall be charged to the Supplier, plus an additional EUR 100 (one hundred euros) for administrative and management costs.
Labor Cost for Sorting Activities at LEVA	35 euro / hour	Hourly Cost for Skilled Labor
Labor Cost for Rework on LEVA Production Lines	35 euro / hour	Hourly Cost for Skilled Labor
Warehouse Occupancy Charge	20 euro / m² / day	Daily Cost for Warehouse Space Occupied by Lots on Hold or Rejected, Pending Supplier Action
Scrapping Cost for Non-Reusable Components	N/A	The cost varies depending on the type of components and the quantity to be scrapped.
LEVA Production Line Downtime	N/A	The cost varies depending on the type of production line, the type of product, and the manufacturing site.
Special Transportation Costs to the Final Customer	N/A	Where delivery delays against the Order Schedule make exceptional or expedited transportation necessary in order to meet LEVA's delivery commitments to the Customer, all related costs shall be fully charged back to the Supplier. Any Customer production line stoppage attributable to the Supplier shall also be charged back to the Supplier in full, for an amount equal to the Customer's invoice plus an additional EUR 100 (one hundred euros) for administrative and management costs.
Production Line Downtime at the Final Customer	N/A	The cost varies depending on the type of production line, the type of product, and the final Customer's manufacturing site.

28.2 Warranty product performance

Based on information received from the Customer regarding warranty interventions, where Supplier responsibility has been confirmed, LEVA shall notify the Supplier of both the type of non-conformity identified and the related costs, through partial and/or summary chargeback documentation.
Where necessary, LEVA may require the Supplier to participate in technical analysis activities with the Final Customer. Where possible, LEVA, either directly or through an appointed third party, shall make available to the Supplier the warranty-returned parts falling within the Supplier's area of responsibility.
Based on its diagnostic capabilities, the Supplier shall perform the necessary analyses to identify the root causes of the failures and define appropriate corrective action plans.
All costs arising from such activities shall be fully charged back to the Supplier in accordance with the documentation issued by the Final Customer. Any activities related to recall campaigns or field rework/rectification campaigns shall be reviewed with the Supplier and fully charged back in accordance with the Final Customer's invoice.
LEVA reserves the right to grant its insurance company the right of recourse against the Supplier in the event of any financial compensation related to field corrective campaigns or recalls involving defective vehicles and/or products within the service network.

This standard is the property of LEVA, no part of this document may bereproduced or disributed, by any means, without the written permission of General Management.

29. ACCEPTANCE OF THE AGREEMENT

This Quality Agreement shall enter into force on the date of acceptance or on the date specified by LEVA and shall remain valid until superseded by a new revision. The Supplier shall ensure that its requirements are communicated to all relevant functions and applicable sub-suppliers.
Any exceptions shall be formally documented in writing and approved by LEVA. The absence of comments or objections shall not authorize the Supplier to disregard any applicable contractual or Customer requirements.

This standard is the property of LEVA, no part of this document may bereproduced or disributed, by any means, without the written permission of General Management.