

## **Quality Assurance Agreement**

Between

HAUTAU GmbH  
Wilhelm-Hautau-Straße 2  
D-31691 Helpsen

hereinafter referred to as HAUTAU

and

....

hereinafter referred to as Supplier.

## **Preamble**

This Quality Assurance Agreement (hereinafter “QAA”) describes and governs all intended quality-assuring measures agreed between the contract partners for future deliveries with the aim of ensuring the quality of the products. The QAA is a component part of the supplier contract agreed between the parties.

It describes the minimum requirements for the quality management system of the contract partners and governs rights and obligation regarding the quality of the products to be delivered.

The QAA in particular lays down special requirements for the production process and product approval procedure.

## **1. Scope of application, subject matter of the Agreement**

The QAA applies to parts which are delivered to HAUTAU or to contract partners of HAUTAU.

The provisions of this QAA apply together with the supplier contract existing between HAUTAU and the Supplier. Any agreement or specific changes and supplementations shall be required in writing; they shall be laid down in the annexes to this QAA.

## **2. Supplier's quality management system**

The Supplier undertakes to permanently use a quality management system in compliance with DIN EN ISO 9000 et seqq. in its respective valid version or a system which as a minimum meets all of the requirements of one of the aforementioned standards.

If HAUTAU provides the Supplier with production and testing equipment as part of the procurement of deliveries, these must be incorporated by the Supplier into its own quality management system as its own production and testing equipment, unless anything to the contrary is agreed.

The Supplier undertakes to deliver the product only as described in the drawing/specification; this also applies for materials and parts of its sub-suppliers.

The Supplier must carefully check the HAUTAU requirements, such as specifications and drawings, to see whether it is able to comply with the required target values and tolerances.

In the event of uncertainty, HAUTAU must be consulted.

## **3. Feasibility check**

The Supplier is obliged to check the inquiry and quotation documents received, or those referred to therein, for completeness and absence of discrepancies. In the case of missing information and data required for the processing, HAUTAU's purchasing department must be consulted immediately. As part of the feasibility check the Supplier must check the technical, economic and time-related implementability of the inquiries and quotations and notify HAUTAU immediately of any potential risks and potential for improvements. Change request or ambiguities must be clarified with HAUTAU immediately.

By submitting and/or accepting the quotation the Supplier is confirming the manufacturability of the product according to the specifications.

## **4. Environment, safety, recycling**

HAUTAU's goal is to minimise negative effects from its products on humans and the environment taking into consideration the technical and economic aspects in line with ecological criteria. Compliance with valid laws and regulations are therefore a minimum requirement for the Supplier. The materials used and their constituent parts must conform to statutory provisions regarding the environment, safety and recycling.

For materials which due to their composition or their effect on the environment are, according to statutory provisions, subject to special regulations for packaging, transport, storage, handling and disposal, the Supplier must provide a fully completed EC safety data sheet, a data sheet for further distribution abroad and the written instructions according to ADR (accident leaflet for transport). In the case of changes to the component parts or the statutory provisions, an updated version must be provided.

## 5. Sampling of prototypes

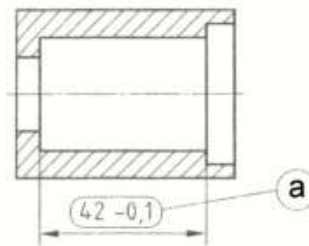
For an optimal development and testing of our products it is necessary that only parts of perfect quality are used, for which the actual values of the product features are also known. The documentation of components prior to testing it is necessary to find causes for functional defects and obtain knowledge about wear and tear and deformations during the test.

For these reasons the actual values of all important features must be documented.

### 5.1 Parts, features and materials to be measured

Check gauges and properties that are important for the product and its functionality must be identified as test criteria on the drawings **(a)**. The labelling shall be done according to DIN 406 by means of laterally rounded frames (see drawing).

The Supplier shall compile initial sample test reports for each assembly.



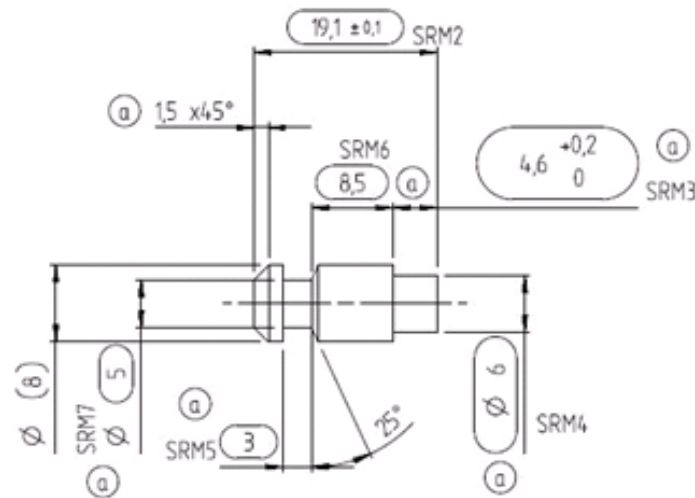
In the case of multiple-nest tools the procedure must be carried out for each nest.

#### 5.1.1 Frequency of the dimension checks to be carried out, including documentation

	Initial sample test report	Annual requalification	Serial manufacturing
<b>Auxiliary measurement</b> Example: (25+/-2)	100%	-	If required
<b>Measured values</b> Example: 25+/-2	100%	-	If required
<b>Check gauges</b> Example: Drawing above	100%	100%	Ensure with suitable testing methods as part of the series verification
<b>Safety-relevant check gauges</b> Example: Drawing below	100%	100%	Ensure with suitable testing methods as part of the series verification
<b>Safety-relevant material</b>	100%	100%	Ensure with suitable testing methods as part of the series verification

Safety-relevant properties must be identified in drawings with the additional abbreviation SRM. Requalification checks must be carried out for each product. In the case of product families defined by

HAUTAU a requalification per family shall suffice. Family requalifications must be coordinated with HAUTAU and approved.



For safety-relevant material a material test certificate must be enclosed in each delivery. The retention period for safety-relevant material shall be 15 years.

## 5.2 Labelling of parts

Prototypes must be labelled with the name and drawing number incl. the change status. In the case of parts with insufficient space for labelling or the risk of damage through labelling, these parts can be provided with tags, adhesion tape rolls or labelled individual packaging.

## 5.3 Documentation

The documentation of the dimensions must be assigned to the parts and attached to the delivery with the result of the measurement. The documentation papers must be archived by the Supplier. Pre-samples must be delivered with test report. By prior agreement with HAUTAU the delivery can be permitted without test report.

## 5.4 Procedure in the case of deviations

In the case of deviations from a specification an application for deviation approval must be made via the responsible project team at HAUTAU prior to delivery. In the case of an approved deviation the diverging measure must be documented, identified by underlining on the test report and a copy of the deviation approval attached to the test report. In the case of changes to drawings by the engineer, a copy of the drawing must be enclosed with the delivery. Conditionally usable, approved components which are suitable for use for particular prototype tests must have tags attached. The tag must contain the following information:

- drawing number
- change status
- information on the deviation
- deviation approval number allocated by HAUTAU

## 5.5 Labelling of delivery papers

It must be clearly evident from the delivery papers that the delivery in question is prototypes or development samples. This is best ensured by filling in the words "development sample" on the delivery note.

To provide better information please differentiate:

- development sample from sample delivery
- development sample partly with series tools
- development sample from series tools

For every delivery the quantity, name, drawing number and the change status according to which it was produced must be stated on the delivery note.

If in this way the processing status cannot be fully described, copies of correspondence, faxes, conversation memos, drawings, etc. must be included as evidence of the agreements.

### **5.6 Initial sample test report (ISTR)**

For all initial sample test reports, the form according to VDA Volume 2 should be used. It must be clearly evident on the cover sheet that it is not series samples, i.e. for reason for the submission please cross "Other" and enter Development Sample.

## **6. Series release**

Prior to series delivery, initial samples should generally be submitted with completed initial sample test report.

As documentation for this, an initial sample test report, material certificate EN 10204/3.B or EN 10204/2.B and a consecutively-numbered drawing should be delivered to HAUTAU. Initial samples must be manufactured in full with serial operations.

A dimensional inspection must be carried out and documented; for multi-purpose tools this must be on a per nest basis. Test results from approved external testing institutes shall be recognised. The test results must be compared with the requirements. Function tests as well as additional tests agreed between HAUTAU and the Supplier must be carried out and documented. The test results must be compared with the requirements. The cover sheet of the ISTR must be completed in full. The Supplier's authorised person must assess the result sheets and sign the cover sheet.

HAUTAU shall assess the documentation and the sample parts, add the approval status to the cover sheet and provide this to the Supplier.

If the HAUTAU assessment is "approved with condition" or "conditionally OK" a series delivery of products may be permitted for a limited period or a limited quantity. A subsequent sampling with fulfilment of the condition shall, however, be required.

If the initial samples are rejected in the first sampling process due to errors on the part of the Supplier new initial samples with ISTR must be submitted in each case. The additional test costs shall be borne by the Supplier at cost.

## **7. Series production, quality tests / measurements, analyses and improvements**

During the series delivery the Supplier shall be obliged to take all suitable quality-assuring measures to ensure the contractually agreed and/or specified quality in all deliveries.

The Supplier must ensure that all its products conform to the defined requirements and specifications. The Supplier shall inform HAUTAU immediately as soon as any adverse deviations from the agreed requirements become foreseeable.

The production processes must be regularly monitored, assessed and controlled. If the required machine or process quality ( $Cmk \geq 1.67$  or  $Cpk \geq 1.33$ ) is not achieved, the quality must be ensured with suitable inspection methods; the production process should be optimised accordingly to reach the required capability. The Supplier shall be responsible within the scope of its inspection planning for an appropriate specification of accompanying incoming goods inspections, at least with respect to shipping documents and obvious defects, and appropriate outgoing goods inspections as well as for the proper use of important, special process parameters.

On request, inspection plans and statistical procedures employed, such as capability analyses, must be provided by the Supplier. Inspection scopes (properties, number of random samples, etc.) can be defined by HAUTAU. If no requirements are defined, the Supplier shall be responsible for defining appropriate inspection scopes (e.g. special product and process features) in coordination with HAUTAU. The Supplier shall allocate inspection results on a production/lot basis and ensure the corresponding archiving of these. This also applies for any inspection certificates provided by sub-suppliers. On request (e.g. on the basis of complaints, audit, certification), documents must be provided to HAUTAU at short notice.

Where necessary the Supplier shall coordinate specifications and required resources (e.g. limit samples, gauges) with HAUTAU.

In the first series delivery, quality proofs for the dimensions and materials listed in our specification (test certificates and material certificates) must be enclosed with the delivery.

## **8. Packaging, traceability, identification**

The Supplier shall ensure that the products are delivered in suitable means of transportation coordinated with and approved by HAUTAU in order to avoid reductions in quality and damages. The labelling of the products and the packaging must be agreed with HAUTAU and complied with. Care must be taken to ensure that the labelling of the packed products is also visible during transportation and storage. Non-conformance with labelling obligations shall require a written agreement.

The Supplier undertakes to ensure the first-in-first-out principle and the traceability of all products supplied by it at any time. In the event that an error is identified, containment of the defective parts, products/lots/batches must be fully guaranteed.

The packaging of electrostatically sensitive products must be carried out according to the ESD Norm EN 61340-5-1, as amended, and provided with a warning sign according to DIN 40021.

## **9. Incoming goods, notification of defects**

In knowledge of HAUTAU's intended use of the product, the Supplier shall guarantee that products supplied by it comply with the performance features, dimensions, tolerances and surface finishes according to the drawings and samples with the respective current processing status and the other contractual bases, are of customary commercial quality and of high quality in material and execution as well as are free from defects, and are appropriate for the intended use.

HAUTAU shall check the delivered products solely in terms of

- identity
  - number of units
  - transport damage,
- without performing a separate individual inspection.

The Supplier undertakes to align its quality management system and its quality assurance measures to this reduced incoming goods inspection.

HAUTAU has no additional obligations under §377 of the Commercial Code. Identified defects must be reported immediately, i.e. within one week. The Supplier shall also accept later identified obvious and hidden defects.

HAUTAU must notify the Supplier immediately, i.e. within one week, of defects in the delivery, as soon as they have been identified during the circumstances of a normal business process. The complaints period shall be deemed to be complied with if HAUTAU has sent the notification of defects within this period. In this case the Supplier shall forego the defence of a belated complaint. Payment made before the defect is detected shall not represent acknowledgement that the goods were delivered free from defects and in accordance with requirements.

If deviations are identified, an inspection report shall be created. There will then immediately be a consultation with the Supplier about the return shipment of the products or a sorting action and/or rework. The performance of this shall be effected by the Supplier or by a third-party company commissioned by HAUTAU at the Supplier's expense. In principle, the Supplier has the right in respect of the parts contested by HAUTAU to effect a rework or a make replacement delivery.

If HAUTAU suffers an assembly standstill, however, as a result of a defect, HAUTAU has the right to conduct a possible sorting action and/or rework itself in its own premises at the expense of the Supplier or demand such from the Supplier. In any case this must be notified to the Supplier beforehand.

HAUTAU expects the quickest removal of defects as well as an 8D report on the measures to eliminate the defect within the period specified in the inspection report.

#### **10. Test certificates**

Works test certificates and/or acceptance test certificates must be provided to the QA incoming goods control upon delivery of the goods or - if agreed - sent to the known email address.

#### **11. Special approval**

Deviations from drawings/specifications and orders shall be permitted only after prior agreement with HAUTAU. In the case of deviations in dimensions, quality and properties approved by HAUTAU the Supplier must state the number of the deviation approval on the delivery papers.

If HAUTAU decides after testing to approve the product, this shall not release the Supplier from its obligations to deliver defect-free products and does not constitute a renouncement on the part of HAUTAU of warranty and liability (exemption) claims with respect to the delivery of the defective products.

#### **12. Documentation / Information / Archiving periods for documents and records**

Product and process-relevant documents and reference samples must be kept at least for the period in which delivery agreements are in place for the products, at least one additional year.

Quality records must be kept by the Supplier as evidence of the fulfilment of the quality requirements in all areas, and presented upon request. The following archiving periods are defined according to VDA Volume 1:

- Records and documents at least 3 years
- Important records and documents at least 10 years
- Safety-relevant records and documents at least 15 years<sup>1)</sup>

<sup>1)</sup> Necessary as evidence of discharge for reasons of product liability

The Supplier must grant HAUTAU access to these documents upon request.



If it is apparent that concluded agreements (e.g. on quality criteria, deadlines, quantities) cannot be complied with, the Supplier is obligated to inform the HAUTAU of this immediately.

Significant changes in the production process, to materials or supply parts for the products, relocation of production sites and to other machines, including the test procedures or other quality assurance measures, must be communicated to HAUTAU beforehand. Depending on the nature and extent of the change, HAUTAU shall decide whether a new series release (Section 6) is necessary.

The Supplier must be connected to the change service for the exchange of drawings. In addition the Supplier undertakes to install a change service which guarantees that technical documents, standards and regulations are updated at regular intervals (e.g. QA 9001 texts, VDA texts, customer norms, etc.).

After a change is implemented, new initial samples must be submitted to HAUTAU for approval with completed initial sample test reports according to VDA 2. Furthermore, the first three deliveries after the effected change must be labelled on the delivery papers (information on changes status). Other changes are not permitted without approval from HAUTAU.

### **13. Audits**

HAUTAU reserves the right by means of an audit of the Supplier's premises to determine whether the Supplier's quality management system is capable of guaranteeing the HAUTAU requirements in quality. The audit can after prior announcement and approval by the Supplier be conducted as a process and/or product audit.

On request, the Supplier shall allow the inspection of the production and test documents and other documents and papers connected with the manufacturing of the delivery object, irrespective of how and on what data carriers they are recorded or stored. This also applies to the management of measuring equipment and tools. The Supplier shall be informed of the result; corrective measures shall be coordinated with the Supplier.

Within the scope of quality assurance the Supplier must also conduct the auditing of its (sub-)suppliers.

### **14. Quality performance and escalation process**

HAUTAU shall regularly assess the quality performance of the Supplier. If a drop in performance is identified, HAUTAU shall be entitled to demand measures to achieve the quality performance from the Supplier.

If quality problems occur which are caused by services and/or supplies of sub-suppliers, the Supplier shall be obliged to implement improvement programmes (where necessary, audits) with its sub-suppliers.

In the case of a supplier assessment with grade B or C, and in the case of repeated quality or delivery problems, the following escalation process shall take effect depending on the nature of the problem and the frequency.

#### **Escalation level 1**

The Supplier shall be informed about its worsening performance. The Supplier's quality manager will be asked to attend a meeting at HAUTAU. An action plan shall be adopted by mutual agreement.

Case-specific:

- 100% self-inspection by the Supplier incl. check of the parts located at HAUTAU and parts coming in
- 100% check by third parties (in agreement with HAUTAU)
- extension of the QA measures to further components



**Escalation level 2**

Letter from the management and/or the senior management group of the Supplier.  
The management of the Supplier must present a programme for trouble-shooting.  
Information to the HAUTAU management.

Case-specific:

- regular date for Q discussion at HAUTAU.
- Audit date and visit to the Supplier for process and error analysis and control of measures

**Escalation level 3**

Meeting between HAUTAU purchasing management, HAUTAU QA management and the Supplier's management. If necessary:

- No consideration for new business
- Shift of the volume

**Escalation level 4**

Establishment of an alternative supplier

- Targeted reduction
- Withdrawal of supplier contract

If the Supplier fails to define any or sufficient measures to improve the quality performance or if defined measures are not implemented in a timely manner HAUTAU shall be entitled to support the achievement of the required quality performance through technical revisions or audits. HAUTAU reserves the right in this case to charge the Supplier for the support services rendered.

**15. Confidentiality**

The confidential matters, processes and relationships of the respective other contract partner must be kept confidential. Business and trade secrets, financial relationships, prices and customers shall in particular be subject to confidentiality. The partners shall oblige employees and suppliers likewise to confidentiality. The duty of confidentiality shall also apply for the time after the end of this Agreement. The confidentiality agreement shall apply until the respective partner releases the other from the duty of confidentiality.

**16. Severability clause**

If any provisions of this Agreement are or become invalid, this shall not affect the validity of the remaining provisions of this Agreement. The parties undertake to replace invalid provisions with new provisions which express the arrangements intended by the invalid regulations provisions in legally acceptable terms.

The same shall apply accordingly for loopholes in the Agreement. The parties undertake to resolve loopholes by inserting terms which most closely reflect what the parties would have agreed according to the sense and purpose of this Agreement, had they been aware of these at the time.

Helpsen, (date)

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HAUTAU GmbH

The following annexes in their respective current version are component parts of the Quality Assurance Agreement.

Annexes: