**Quality Assurance Agreement (QAA)**

between the company:

**Rädlinger**

Maschinen- und Stahlbau GmbH

Kammerdorfer Straße 16

D-93413 Cham

and the “Supplier”

**Company:**

Street:

Postal code and city:

**Preamble**

In recent years, our customers’ requirements concerning product and service quality have continuously increased. To reach the objectives, the quality of the purchased parts influence our products directly and increasingly gains importance under the aspects of product quality, customer satisfaction, environmental protection and occupational safety. Accordingly, the requirements on our suppliers are at a high level, in order to reach the objective of zero-error production together.

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# Objective and Scope

This Quality Assurance Agreement (hereinafter referred to as QAA) governs important measures in the relationship between the Supplier and the Rädlinger Co.

This QAA regulates the requirements laid down between the Supplier and the Rädlinger Co. In addition, individual agreements can be concluded and laid down.

The scope extends to the Supplier named on the front page and is valid for all delivered product materials, external processing jobs and development activities.

The QAA does not exclude the warranty and damage compensation claims by the customer related to defects.

# Basic Demands made on the Supplier

## Quality management system

Acc. to DIN ISO 9001, the Supplier commits himself to apply a Quality Management System, to develop it further for fulfillment purposes, and to maintain it. The current certificates must be submitted to the Rädlinger Co when requested.

If the Supplier acquires production resources and testing equipment for product manufacturing and quality assurance or other pre-deliveries from sub-suppliers, then he shall include them in his QM System or ensure the quality of the pre-deliveries himself through suitable measures. The Supplier commits himself to check the effectiveness of the QM systems of his sub-suppliers and monitor their observance.

## Specifications (quality requirements)

Specifications such as drawings, standards, provisions, etc. are components of an order. The Supplier commits himself to make sure that the products meet the quality-relevant requirements and are manufactured accordingly.

## Delivery

The Rädlinger Co. expects error-free deliveries from its suppliers. All expenses for preventing errors must be considered in the offer. Expenses for the subsequent elimination of defects referenced in the respective offer are borne by the Supplier.

If defects are determined, the Supplier must react immediately and take appropriate action. The exact approach to be taken is indicated in Chapter 2.11 “Complaints”. The quality performance is included in the supplier assessment and therefore constitutes an important criterion for further collaboration.

## Identification and traceability

The Supplier’s appropriate identification in the manufacturing process ensures that if defects occur, the defective parts, products or batches can be traced back.

The Supplier must ensure that the identification of the respective products remains legible during transportation and storage as well.

## Packaging, transportation and storage

The Supplier ensures that the goods are delivered in suitable means of transportation intended for the purpose in order to prevent possible damages or a reduction in quality.

The Supplier also ensures the proper handling and continuous identification of the parts and products.

## Delivery date

The Supplier commits himself to meet the promised delivery deadlines to ensure a smooth manufacturing process at the Rädlinger Co. The Supplier must notify the Rädlinger Co. about an impending delivery delay and communicate the next possible delivery date. The Supplier must analyze the causes of the delivery delay and take appropriate action.

## Environmental protection

The Supplier commits himself to observe the legal environmental protection regulations and to maintain the human and environmental impact low through continuous improvement.

As far as economically reasonable, the Supplier strives to apply the current state of the art to achieve a conservation of resources in advance.

## Occupational safety and health protection

The Supplier commits himself to observe the legal occupational safety and health protection regulations.

As far as economically reasonable, the Supplier strives to apply the current state of the art to prevent accidents and health-related damages in advance. Orderliness, cleanliness and safety at the workplace are a basic prerequisite for this.

## Maintenance

Through preventive maintenance, the Supplier ensures the required operational readiness and capability of its facilities and installations.

If delivery dates are jeopardized by unexpected production facility breakdowns, the Supplier commits himself to notify the Rädlinger Co. immediately about the current situation.

## Manufacturability

The Supplier commits himself to conduct a feasibility analysis for the requirements on the products to be manufactured. Apart from the manufacturability of the parts under assembly line conditions, this also includes aspects such as logistics, quality, deadlines and staff.

The manufacturability must be confirmed by completing and signing the form

“MAB-FB-QS-003-DE+EN Feasibility Analysis”.

In principle, the manufacturability analysis is required for new parts although it must be revised and reconfirmed if products and processes change.

## Complaints

A complaint is deemed to be any objection sent by the Rädlinger Co. in writing. The Rädlinger Co. is entitled to send back parts or products determined defective at the Supplier’s expense. For the extra effort and expense for each complaint, a processing flat rate amounting to €100 (DE/EU) will be charged.

In coordination with the Supplier, the Rädlinger Co. reserves the right to have possible extra work be performed at the Supplier’s expense owing to the urgency. The necessary reworking is charged at the hourly rate of €55. If there is a threat of production interruptions at the Rädlinger Co. or an insufficient customer supply due to the delivery of defective products, then the Supplier must take immediate and corrective action (replacement deliveries, sorting and extra work, urgent transportation, special shifts, etc.) in coordination with the Rädlinger Co.

To ensure error-free subsequent deliveries, the Supplier must immediately conduct an analysis after receiving a complaint. The causes of the deviation, the corrective and preventive action as well as the verification of effectiveness must be communicated to the Rädlinger Co. in form of an 8D Report within 10 working days. An initial reaction must take place no later than one working day after receipt of the complaint.

## Special release (deviation authorization)

In principle, only products without quality deviations may be delivered because the zero-error principle applies. If the Supplier cannot deliver the required quality in exceptional cases, then the Supplier must obtain the corresponding special release “MAB-FB-QS-004-DE-EN Application for Special Release” from the Rädlinger Co. before delivery.

To be valid, the special release always needs the written authorization from the Rädlinger Co. and is limited to a certain number of parts or a certain delivery period. If the Rädlinger Co. checked and granted a special release, then the goods must be marked with a copy of the release and delivered.

Since the authorized special release exclusively benefits the Supplier (prevention of rejects, downtime costs, etc.), the Rädlinger Co. will calculate the internal time and effort for it (after announcement and consultation with the Supplier) according to the current hourly rate (Chapter 2.11). The special release granted by the Rädlinger Co. does not release the Supplier from his responsibility with regard to quality, delivery reliability, warranty as well as damage compensation and product liability.

## Audit

The Supplier allows the Rädlinger Co, to determine through audits whether the requirements concerning quality assurance measures are met. In them, observance of specifications and customer requirements and their continuous documentation are investigated. An audit can be conducted as a system, process or product audit after previous announcement.

A process release can be conducted through an audit before serial deliveries are started.

After prior notice and agreement, the Rädlinger Co. may look at the product-relevant processes, documents, notes and tools at the Supplier’s premises. The Supplier also allows the Rädlinger Co. and its customers (if necessary) access to all production sites, warehouses and other facilities.

The Rädlinger Co. communicates the results of the conducted audits to the Supplier. If it is the viewpoint of the Rädlinger Co. that appropriate action is necessary to fulfill the quality characteristics, the Supplier commits himself to set up the corresponding action plan without delay, implement it and inform the Rädlinger Co. about the status.

The Supplier’s reasonable and necessary limitations to secure his company secrets are accepted. The Supplier commits himself to an audit at the premises of the respective sub-supplier if quality problems occur that were caused by sub-supplier services or deliveries.

# Initial Samples

If requested by the Rädlinger Co., initial samples must be submitted in due time before serial deliveries are started. Initial samples must be fully manufactured with standard operational materials and under standard conditions. All quality characteristics indicated in the specifications must be carefully checked and the test results obtained by the Supplier in form of initial sample test reports (ISTR) must be submitted.

The number of necessary initial samples is generally 1 sample or determined in the individual case with the Rädlinger Co. in the order.

Initial samples are required in the following cases:

* When the products are new
* When there are product changes (specification change)
* When the production process changes
* When the production site or supplier changes
* When new production facilities are used

The Rädlinger Co. uses the initial sample as reference part for the future serial delivery in order to refer to it if quality deviations are determined.

Deliveries deviating from the initial sample part are processed immediately acc. to the Chapter 2.11 “Complaints” and communicated to the Supplier accordingly.

# Information and Documentation

## Information

The Supplier generally commits himself to inform the Rädlinger Co. without delay if it becomes apparent that the agreements made regarding quality characteristics, delivery deadlines, etc. cannot be met.

This applies especially also to:

* Changes to production methods and processes
* Changes to testing methods and facilities
* Relocations of production facilities at the site or of production sites
* And when sub-suppliers change

In case of catalogue goods or standard parts, there is no notification obligation.

## Documentation

The Supplier commits himself to keep records on the implementation of quality assurance measures, especially about measurement and testing results and to store them accordingly. The obligation to store (archiving of) documents and records must also observe the requirements of laws and general guidelines. The minimum archiving requirements is 10 years according to the Rädlinger Co.

The Supplier will allow the Rädlinger Co. to inspect the records if desired and to make them available upon request. The Supplier ensures that all necessary documents and records are controlled accordingly and effectively implemented.

# Warranty, Damage Compensation and Product Liability

The Rädlinger Co. expects a stable product quality from its Suppliers owing to the quality tests that are to be conducted. For this reason, when the Supplier delivers goods, generally no technical incoming goods inspection is performed. Acc. to Section 377 of the German Commercial Code (HGB), the incoming goods inspection is limited to externally recognizable transportation damages and the determination of the observance of the delivery quantity and identity of the ordered products with the delivery papers. The deficiencies recognized here are immediately complained about in writing to the Supplier. The warranty period is 12 months from receipt of the goods at the Rädlinger Co.

The Supplier commits himself to take out enough insurance for possible damage compensation claims due to defective deliveries (e.g. recall) during the contractual term and to prove insurance coverage to the Rädlinger Co. upon request. The Supplier is not liable for the costs of the Rädlinger Co. for damage prevention, provided he can prove that he is not at fault. The Rädlinger Co. must give the Supplier an opportunity to investigate the claim so the corresponding damage mitigation measures can be taken.

# Confidentiality

The Supplier commits himself to treat all company information in a confidential manner and sees to it that company secrets are not made directly or indirectly accessible to third parties. This also applies to the time after this Agreement has ended. The Agreement must be confirmed by the form “MAB-FB-EK-002-DE-EN Confidentiality Agreement”.

# Termination

This Quality Assurance Agreement is valid for an indefinite time period as soon as it is signed and can be terminated by giving a 6-month notice at the end of a quarter/calendar year. The termination of these agreed upon delivery contracts, however, remains valid for all until their complete processing.

# Other

Changes and additions to this Quality Assurance Agreement need to be in writing. This Quality Assurance Agreement is governed by German law. If provisions of this Agreement turn out to be fully or partially legally invalid, this shall not affect the validity of the remaining provisions. In this case, the contractual partners shall adopt a legally valid provision that comes closest to the economic purpose of the invalid provisions.

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| --- | --- | --- |
| City & date  |  | City & date |

|  |  |  |
| --- | --- | --- |
| Signature of the |  | Signature of  |
| Contractor |  | Rädlinger Maschinen- und Stahlbau GmbH |