

## Quality Assurance Agreement



Between

**TIGGES GmbH & Co. KG**, Kohlfurther Brücke 29, 42349 Wuppertal, Germany

- Hereinafter known as “**customer**” -

and

---

- Hereinafter known as “**supplier**”-

### Introduction

This Quality Assurance Agreement is the contractual definition of the technical and organisational framework conditions and processes between the parties. It describes the minimum requirements for the quality management system of the suppliers and regulates the rights and obligations with regard to the quality assurance for the products to be supplied. In particular, special requirements for the production process and product approval process are defined with the Quality Assurance Agreement. The area of the supplier’s responsibility thus refers to the proper manufacture, procurement, storage and delivery of the products. It obligates the suppliers to exclusively deliver products which are product and manufacture approved by the customer. The supplier shall assist the customer in the procurement of data from the manufacturer to the best of his ability.

## Contents

§ 1 Scope, subject of the contract.....	2
§ 2 Quality management of the supplier .....	3
§ 3 Quality management of the subsupplier .....	3
§ 4 Audits .....	4
§ 5 Documentation .....	4
§ 6 Product history.....	4
§ 8 Traceability.....	5
§ 9 Transport .....	6
§ 10 Outgoing/incoming inspection.....	6
§ 11 Environment management .....	7
§ 12 Rights of the customer .....	7
§ 13 Nondisclosure.....	7
§ 14 Duration .....	8
§ 15 Target agreement / Supplier Manual .....	8
§ 16 Final provisions .....	8

### § 1 Scope, subject of the contract

(1) This agreement applies together with all supply contracts concluded between the parties provided that no other arrangements have been made. This agreement refers to all current and future contracts between the supplier and the customer. In the case of inconsistencies, the conditions in this agreement have priority. The regulations of this Quality Assurance Agreement also apply in the contract relationship between the supplier and the associated companies of the customer who can directly or indirectly take part in it. As far as in this agreement, the term “associated company” is used, associated companies in the sense of §§ 15 ff. Stock Act (German AktG) are meant.

(2) The object of this agreement is the assurance of a uniform, consistently high quality of the products/services to be delivered and a reduction of duplicate inspections. The contents are the basic quality requirements and regulations which results from the delivery relationship between the parties.

## § 2 Quality management of the supplier

(1) The supplier is obligated to assure that his suppliers (hereinafter: “subsuppliers”) set up a quality management system and verify with a certificate that at least the requirements as per DIN ISO EN 9001 are met. The goal of the supplier must be to achieve and verify the QM system of ISO/TS 16949 in its current version. If there are customer requirements on the part of TIGGES GmbH & Co. KG for other management systems, these are to be defined in the Quality Assurance Agreement (QAA). Environmentally friendly production and products are requirements for the supplier. A further goal of the supplier should be the careful use of resources. In this way, the responsibility for the environment and people should be documented. We expect compliance with the valid laws and guidelines by the supplier and for the customer locations to be supplied. In addition, the supplier must ensure that the subsuppliers observe the **EU End-of-life Vehicle Directive 2000/53/EG** and the **GADSL** (Global Automotive Declarable Substance List); an entry in the **IMDS database** (International Material Data System) is to be made.

(2) The supplier is obligated to the **zero-defect goal**, will continually optimise his services to this purpose and obligate his subsuppliers to the zero-defect goal.

(3) Insofar as the customer provides the supplier with production and testing equipment, in particular equipment and facilities within the framework of the receipt of deliveries, those are to be included by the supplier in his quality management system just as with his own production and testing equipment.

(4) The supplier is to immediately inform the customer of any modification in the management systems, the certification status or the responsible contact people.

## § 3 Quality management of the subsupplier

(1) The supplier is obligated to render the quality-relevant services of the obligations assumed in this agreement, negotiate and aim for the conclusion of a corresponding agreement with his subsuppliers.

(2) The supplier is only authorised to change subsuppliers following prior, written approval by the customer. If subsuppliers are used without the written approval the customer is authorised to cancel the corresponding order (termination for an important reason). The costs of the customer which arise due to an unauthorised change in the subsupplier, is borne by the supplier. Schedules and deadline delays are not acceptable. The agreed upon quality certifications already rendered in this connection must be recertified.

## § 4 Audits

(1) The customer is authorised after the corresponding prior agreement, to determine through audits if the quality assurance actions of the supplier and his sub-suppliers guarantee the customer requirements. The audits can be carried out as a system, process or product audit. For this, the supplier grants the customer, his contracting entity or the persons assigned by the customer unimpeded entry during the usual operating and business times (after consultation) to all relevant areas as well as access to all quality-relevant documents, in particular, in the Failure Mode and Effects Analyses (FMEAs) generated by the supplier. The auditor is authorised to make copies of the quality-relevant documents – with the exception of the FMEAs – in consultation with the supplier/sub-supplier and take these with him. In doing so, reasonable limitations of the supplier to protect his operating secrets will be accepted. Insofar as not otherwise agreed, the auditing system to be used with initial approval of the supplier is the potential analysis according to VDA 6.3. With quality problems and process acceptances, the auditing according to VDA 6.3 is to be used.

(2) If quality problems occur which are caused by services and/or deliveries by sub-suppliers, the supplier has the possibility to clarify with a joint audit upon the request of the customer at the sub-supplier's premises. The results of the audit are then provided to the customer by the supplier. If deviations are discovered, the supplier is obligated to set up and implement a coordinated action plan.

## § 5 Documentation

The supplier will store the inspection documentations for tracking of the contract products as per VDA for at least 3 years for standard parts and at least 15 years for parts having special archiving (A-parts). For this, the respective current status of the VDA brochure 1 "Verification management" (Guideline for documentation and archiving of quality requirements and quality management) is to be observed. With regard to such documents which contain the statements on the manufacturing process or for the quality of a concrete single part, the storage time period begins with the manufacturing point of time of the respective single part. Regarding such documents which are generated prior to or shortly after the series was started and which was significant during the entire series production, the storage time period begins at the end of the series production.

## § 6 Product history

(1) If the order to the supplier includes services within the framework of a development project, the requirement specifications are to be defined in written form e.g. in the form of a specification manual by the customer. The information in the specification manual in the current, valid version is to be complied with.

(2) Prior to the start of the delivery, the supplier must carry out the process and product approval (PPA) as per AIAG (Automotive Industry Action Group) PPAP (QS-9000) or the VDA Edition 2. If the customer requires a design release, this must be done prior to the process and product approval.

(3) The supplier guarantees through proper inspection methods corresponding to his inspection planning, a systematic monitoring of his incoming goods. For the series monitoring, further programme and product-specific concepts can be agreed upon if needed.

In the series, the supplier ensures – also for his sub-suppliers – with inspections of the dimensions, materials, functions and utilisation, that the products are manufactured according to the technical instructions and labels the inspection status clearly visibly on all containers and transport racks.

(4) The supplier will define an inspection concept to meet the agreed goals and specifications under his own responsibility. Both contractual partners are obligated to the **zero-defect goal**.

(5) Within the scope of the zero-defect strategy, the process procedures are to be statistically assured. For this, in the course of the quality improvement process (QIP), features for which a capability must be verified, are to be defined which correspond to the production processes of the contracting entity. The documentation is to be verified with process control cards (process capability  $C_{pk} > 1.33$ ; machine capability  $C_{mk} > 1.67$ , see here the Supplier Manual 4.1.5 Capability verification). The verification of the process and machine capability is also to be rendered by the sub-suppliers. If the required capability is not achieved, an automatic 100% inspection is required unless not otherwise agreed. At the same time, measures are to be taken by the suppliers to achieve the required capability. The customer is to be notified with a schedule as soon as possible.

(6) In the case of a process malfunction or events which affect the quality, the delivery deadline or the delivery quantity of the ordered production materials, the customer is to be informed immediately with a simultaneous naming of suitable remedial measures for the guarantee of controlled processes as well as a continual material and parts supply.

(7) The supplier guarantees through corresponding inspections and the definition of a corresponding inspection conception that no faulty products are delivered. If as a result of defective deliveries, there is a production standstill at the customer's, the supplier must immediately provide assistance (replacement deliveries, sorting work or reworking).

(8) The supplier is obligated to label defective parts accordingly and separate them from made-to-spec parts.

(9) If the supplier in exceptional cases, is not able to deliver parts which are to spec, he is obligated in every case, to obtain a special written release prior to the delivery from the customer which is limited to the time period or number of parts. In every case, the supplier is obligated immediately restore the made-to-spec status according to agreement. The customer reserves the right, according to the circumstances, to insist on a 100% inspection at the supplier's premises until the original process status is achieved again. The costs for this 100% inspection are to be borne by the supplier.

(10) Within the framework of a repeated inspection done at least once of year of all components supplied to the customer, all properties (in particular function, material and geometry) are to be verified (see here the Supplier Manual 4.1.13 Requalification inspection). The verifications are to be provided to TIGGES GmbH & Co. KG free-of-charge.

## § 8 Traceability

(1) The supplier is obligated to ensure the traceability of the products he supplies. In the case of an established defect, traceability must be possible so that a limiting of the amounts of defective parts/products can be carried out.

(2) The delivery papers must guarantee the traceability of the goods.

## **§ 9 Transport**

- (1) The supplier is to ensure that the goods are delivered in suitable transport means coordinated with the customer and according to the packaging specification. This is to prevent damage and reductions in quality (e.g. contamination, chemical reactions).
- (2) Regarding the labelling of products and the packaging, the requirements agreed upon with the customer are to be observed. It must be ensured that the labelling of the packaged products is maintained during the transport and warehousing.
- (3) Deviations of existing labelling obligations require a written agreement between the parties.
- (4) The deliveries must be carried out in such good time that the delivery date is observed. If, due to circumstances, which the supplier is responsible for, special trips/special transports are required, these are to be borne by the suppliers.

## **§ 10 Outgoing/incoming inspection**

- (1) All products are to be inspected exclusively at the supplier.
- (2) Following receipt of the goods at the customer's premises or at an unloading point specified by the customer, the products must be examined for the type of goods and quantity designated in the delivery documents as well as for any external, visible damage caused by the transport. If during the above-described examination at the incoming goods, damage is discovered, the supplier will be informed of this immediately and in writing. The customer is not obligated to carry out further inspections at the receiving/incoming goods and is thus exempt from the usual immediate inspection and complaint obligations. Defects which are not discovered here are classified as hidden. If the customer determines defects in a delivery in the course of a normal business operation, he will inform the suppliers of this immediately. The supplier shall receive the defective parts for analysis.
- (3) The customer is entitled to all legal claims for defects. In every case, he is authorised to require that suppliers eliminate defects or delivery new products as he decides. The right of damage compensation especially damage compensation instead of service and/or cancellation of the contract remains expressly reserved.
- (4) The customer is entitled to undertake the elimination of defects at the expense of the suppliers if there is an imminent danger or a special urgency. For the same reasons, the customer is entitled to undertake a covering purchase. The added costs which are incurred are to be borne by the supplier.
- (5) If the costs arise for the customer because of the defective delivery of the goods, in particular transport, work, travel or material costs, the supplier must bear these costs.
- (6) In every case, a defective delivery is charged a flat rate cost of 75 € for the handling of such an occurrence (market-based standard rates lie between 150 € and 250 €!).
- (7) The statute of limitations is 36 months calculated from the transfer of risk.

## § 11 Environment management

(1) Within the scope of our responsibility to the environment, we want to hold an open, constructive discussion with our suppliers. We expressly encourage our suppliers to actively work with us on the continual reduction of operational environmental pollution in the development of products, the planning or production processes, in the packaging and the transport of products.

(2) The supplier is obligated to comply with the negative list and the instructions of GADSL. The observance and compliance with the negative list is guaranteed with this agreement. Furthermore the environmental certification according to ISO EN 14001 (current version) is to be aimed for.

## § 12 Rights of the customer

(1) Should the supplier not meet the requirements of the agreed upon quality assurance or the supplier refuses to issue legally required essential information without a legal basis or the supplier refuses to carry out an agreed upon or reasonable audit required by the customer without legal basis or the supplier violates any other obligations to cooperate, the customer has, irrespective of his legal rights, the right to:

- a) refuse the acceptance of ordered products until the supplier meets his obligations to cooperate or proves that he complies with the contractually agreed quality assurance procedures or submits to the customer concrete corrective measures regarding the negative results of the audit carried out.
- b) withdraw from the series delivery contract in whole or in part after the effectless expiry of a grace period.
- c) claim compensation of the additional expenses incurred by the customer which he has based on the above-mentioned breaches of contract with the incoming goods inspection.

(2) This does not apply if the supplier is not responsible for the above-mentioned contractual breaches.

(3) If the supplier violated this agreement for reasons other than those mentioned previously, the customer is entitled to all legal claims.

## § 13 Nondisclosure

(1) Each party shall use any documents and knowledge obtained as part of this agreement for the intended purpose of this agreement only and will not disclose them to a third party with the same due diligence and care that would be paid to its respective own similar documents and knowledge if the other party to the contract declares these to be strictly confidential or has any apparent interest in keeping these secrets. This obligation begins at the receipt of the documents or knowledge and ends five years after the end of the agreement.

(1.1) If applicable, TIGGES GmbH & Co. KG reserves the right to conclude individual nondisclosure agreements with the suppliers.

(2) The obligation shall not apply for documents and knowledge which are generally known or which were already known upon receipt without the party being committed to nondisclosure or which were subsequently transferred by a third party entitled to forward them or which were developed by the receiving contractual party without the use of confidential documents or knowledge of the other contractual party.

## **§ 14 Duration**

(1) This agreement shall enter into force upon signature and shall be valid for an indefinite period of time. It can be terminated by either party in writing with a notice period of three months to the end of a quarter.

(2) A termination only applies to projects which were not legally binding between the parties at the time of the termination. During the duration of one or several projects, this agreement can only be terminated with effect for the current or several on-going projects for an important reason.

(3) The termination of this agreement does not affect the effectiveness of other contracts, negotiated within the scope of the delivery relationship, up to their completion.

## **§ 15 Target agreement / Supplier Manual**

The TIGGES GmbH & Co. KG is obligated to the zero-defect goal and also expects this from its suppliers. Therefore an individual PPM goal value is not specified. Accordingly TIGGES GmbH & Co. KG pursues quality and logistics key figures of the development of the service of its suppliers following the specifications of the TIGGES GmbH & Co. KG Supplier Manual.

## **§ 16 Final provisions**

(1) The customer recommends that the supplier who is at risk from this agreement with regard to product liability take out liability insurance.

(2) Additional and deviant provisions of this agreement may in exceptional cases, in particular in the implementation of special requirements, be made. If such additional/deviating provisions are made, they will be regulated in a separate appendix to this agreement. This appendix 1 is then a component of this agreement. In the case of contradictions, the provisions in appendix 1 take precedence over this agreement.

(3) The customer's General Purchasing Terms and the Supplier Manual are supplement (retrievable at <http://www.tigges-fasteners.com/de/zertifikate-downloads.html>) in the current, valid version. In the case of contradictions of this agreement to the TIGGES GmbH & Co. KG General Purchasing Terms, the provisions of this agreement take precedence.

(4) The heading to the individual paragraphs of this agreement are for convenience of reference only and contain no separate contractual provisions or legal significance.

(5) Any assignment or transfer of rights or obligations from this contract requires the prior written consent of the other party.



(6) This contract contains all agreements between the contractual parties regarding the contractual object and replaces all previous agreements between the contractual parties concerning this matter. Collateral verbal agreements have not been made. Changes and additions as well as the termination or annulment of this contract require the written form; this also applies in case of a nullification of the written form.

(7) Any act deviating from the contract shall neither modify nor delete any agreed rights nor shall it establish any new rights or obligations.

(8) For this contract as well as further agreements, the laws of the Federal Republic of Germany apply exclusively to the exclusion of the international private law and the United Nations Convention on Contracts for the International Sale of Goods (UN law).

(9) Jurisdiction for all disputes arising out of and in connection with this agreement, insofar as this agreement is made in a legally permissible form, is Wuppertal, Germany.

(10) If one or several of the provisions of this agreement should be or become invalid for whatever reason, the validity of the other provisions shall not be affected. The parties shall replace the invalid provisions with other, valid provisions which constitute as close an equivalent to the economic intent of the invalid provision as possible. This applies accordingly for missing provisions.



**TIGGES GmbH & Co. KG**

Wuppertal, date: \_\_\_\_\_

\_\_\_\_\_  
Manager Purchasing  
(TIGGES GmbH & Co. KG)

\_\_\_\_\_  
Manager TQM Customers/Suppliers  
(TIGGES GmbH & Co. KG)

**Supplier**

City, date: \_\_\_\_\_

\_\_\_\_\_  
Manager Purchasing  
(Supplier)

\_\_\_\_\_  
Manager Supplier Management  
(Supplier)