

Quality Assurance Agreement

between the parties

Joseph Dresselhaus GmbH & Co. KG

Dresselhaus International GmbH

Zeppelinstraße 13, 32051 Herford

with all affiliated companies and branches

and

(Name and address of the supplier)

Introduction

This Quality Assurance Agreement (QAA) is the contractual definition of the technical and organizational master conditions, which are necessary to achieve the quality requirements of the Dresselhaus Group. The QAA describes the minimum requirements with regards to quality management and quality assurance.

Both parties are committed to a zero defect target.

1. Management system of the Supplier

The supplier keeps and holds in minimum a management system in accordance to the ISO 9001 (current valid version).

In addition to the management system should fulfill the following standards:

- Compliance with the requirements of ISO 14001 (current valid version) .
- Compliance with the requirements of QHSAS/ISO 18001 (current valid version) or similar.
- Compliance with the requirements of the automotive industry (Reference :VDA Book 1 – 19)

2. Scope of the QAA

This QAA settles the quality requirements for products delivered to Joseph Dresselhaus GmbH & Co. KG/Dresselhaus International GmbH with all affiliated companies and branches

If there are any individual regulations by other contracts in competition with the QAA, the regulations of the QAA are invalid.

3. Responsibility of the supplier

3.1 Feasibility studies

3.2 The supplier is responsible to analyze the technical feasibility of the products before placing an offer.

Following aspects should be taken into consideration:

- Compliance of specifications under controlled conditions
- Production capacity.
- Quantity and due date.
- Material.
- Legal compliance.

The supplier is obliged to document the feasibility study.

3.3 Quality check/test planning

The supplier conduct a risk based approach (e.g FMEA) on test planning, which ensures a full compliance with the specification.

The test planning has to be documented by a control plan.

The test equipment in use shall be capable and calibrated.

The execution of the tests as well as the test results shall be documented.

3.4 Process capability

The supplier is responsible that the manufacturing process is conducted under controlled conditions.

With regards to the principal of error prevention the supplier has to conduct a risk analyze for the manufacturing process (e.g. PFMEA). He is managing the potential sources of defects.

Mainly these potential sources are:

- Set Up Process.
- Management of tool defects.
- Management of disruption within the manufacturing process
- Quality check before delivery.
- Incoming goods check after outsourced processes (e.g. heat treatment).

The supplier evaluates his process with regards to systematic influences and disturbances that could result in systematic variances. The supplier is responsible for implement measures to optimize the process.

The procedure to manage that kind of variances is described in the VDA Book 4.
(Alternative the AIAG guideline SPC)

If the supplier is aware that the requirements are not fulfilled, he is responsible to find the right measures to ship only o.k. goods.

3.5 Traceability

The supplier assures that he is able to trace his products to the production a raw material lot, after receiving the order or the delivery note number,
The traceability shall consider outsourced and supplied processes as well.

If traceability on the lot number is impossible, the supplier ensures the traceability on the week of manufacturing.

The supplier provides all necessary information on the delivery notes and on the trading unit. For products with a limited service life, he provides the minimum service life on the delivery note.

3.6 Complaints / Non Conformity Management

If the supplier receives a complaint (Point 4.2) he is obliged to analyze the defect and take appropriate measures to ensure:

- Traceability on the effected lots.
- Check of stock.
- Quarantine stock with potential defects.
- Taking measures to prevent recurrence.
- Statement to Dresselhaus within 5 working days in the requested format (8 D template).

3.7 Initial sample process

If Dresselhaus orders initial samples, in general the procedure shall be in accordance to the VDA Book 2 PPF. The submission level is „2“.
Deviations should be agreed with Dresselhaus in written format.

Differing to VDA 2 Dresselhaus is able to order initial samples for standard parts.

The language of the initial sample documentation is elective German or English.

3.8 Obligation to inform.

For products introduced to an initial sample process (VDA 2 PPF) an obligation for information is requested as per VDA 2.

In alignment with the end customer an approach for the further procedure shall be discussed.

3.9 Documentation and evidences

The supplier ensures that all evidences are archived for 15 years, to confirm the compliance with this QAA and the legal compliance.

On request the supplier shall submit these evidences.

On request the supplier confirms the conformity with the specification with a certificate of conformity in accordance to EN 10204 3.1.

The content of that certificate shall be aligned with Dresselhaus.

The suppliers ensures as well the availability of evidences of conformity for the raw material.

4. Responsibility Dresselhaus

4.1 Incoming goods inspection

Dresselhaus will conduct an incoming goods inspection. The incoming goods inspection is reduced, but not limited to sample checks. The check is limited to identification, completeness and obviously visible defects.

The supplier confirms the compliance with the specification as ordered and disclaim on any other duty with regards to incoming goods inspection by Dresselhaus.

4.2 Complaint

Dresselhaus is obligated to announce any complaint as soon as possible after detection. The supplier abstains from the objection of late announcement.

4.3 Rating of the quality performance

Dresselhaus evaluates permanently the quality performance of the supplier.

If the supplier is graded down in his performance rating, Dresselhaus will inform the supplier immediately.

The supplier is obliges to take measures against the downgrade and provide an action plan within 20 days.

5. Other topics

5.1 Audit

Dresselhaus is eligible to conduct audits along the supply chain after notification.

The supplier is obliged to ensure the entrance to all facilities in the supply chain.

5.2 Liability

The liability will be regulated by common law, alternative a regulation could be agreed in other contracts (e.g. frame contract, order).

The acceptance of quality targets or action limits will not release the supplier from any contractual or legal liability for warranty and/or compensation.

5.3 Environment

The supplier is committed to the environmental law of the European Union.

5.4 Social responsibility

The supplier ensures to consider and fulfill the ILO labor standards. (e.g. ILO.org)

5.5 Occupational safety

The supplier is committed to the legal obligations with regards to occupational safety within the country of manufacturing.

5.6 Retention period

The retention period of the QAA is not limited, but can be resigned by both parties with a notice period of 3 month.

5.7 Severability clause

If one regulation of this contract is invalid for any reason, the validity of the other regulation is not influenced.

Both parties are committed to find, in the case of an invalid clause, an agreement which is close to the common sense of the invalid clause.

Supplier's confirmation:

We confirm the acknowledgement of the QAA. We confirm the acceptance of the regulations mentioned in this QAA.

A supplemental agreement is existing and accepted by Dresselhaus (Attachment).

Supplier

Place, Date, Stamp, Signature


