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## **VA-QS-RB-002 Quality Assurance Agreement.docx**

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External issue only upon the management's (level FK 2 or higher) authorisation.

<p><b>checked and approved</b> (date, name):</p>	<p>Sven Diembeck (CTO)</p> <p>Peter Handrich (head of purchasing department)</p> <p>Sven Jacobsen (head of QM/QS representative)</p>
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## **Quality Assurance and Claim Process Agreement (QSV)**

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between

**Teckentrup GmbH & CO. KG**

**Industriestraße 50**

**33415 Verl**

- hereinafter referred to as Teckentrup

and

- hereinafter referred to as Supplier

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### 1. Target and Scope of Application

#### 1.1

The quality of TECKENTRUP's products is continuously optimised in order to improve customer satisfaction at the same time. These are the highest goals also in the partnership cooperation with our Suppliers. In order to achieve these goals while at the same time rationalising and reducing processing times, this agreement defines in particular organisational and process-oriented framework conditions, which are also fundamentally necessary for the smooth handling of complaints.

We consider our Suppliers as partners and expect them to adhere to the directive's requirements and contribute to avoiding quality problems and ensuring smooth processes between both companies. In addition to high quality, flexibility and reliability, Teckentrup expects an open dialogue, which is the only way to guarantee long-term, partner-like cooperation.

#### 1.2

This agreement for active quality assurance and complaint handling, hereinafter referred to as QSV, forms the basis of all purchase and delivery transactions between Teckentrup and the Supplier and shall be deemed accepted by the Supplier upon acceptance of the order. In addition to this guideline, the agreed conditions of the respective order as well as the general terms and conditions of purchase in their currently valid version shall apply.

Deviations or additional conditions, in particular Supplier's conditions, shall only apply if they have been explicitly agreed in writing. Contract workers and other service providers shall also be deemed Suppliers.

### 2. Quality Assurance by the Supplier

#### 2.1

The Supplier is fully responsible for compliance with this agreement and for the quality of the products and services it supplies to Teckentrup in accordance with all attributes specified by Teckentrup or agreed with Teckentrup.

## 2.2

In order to fulfil this responsibility, the Supplier maintains at least one certified and valid quality management system in accordance with DIN EN ISO 9001, which guarantees the consistently high quality of the products it supplies to Teckentrup. The Supplier commits to continuously improve and enhance this system according to the state of the art and on the basis of agreements with Teckentrup. Suppliers who do not have a certified quality management system must be audited by Teckentrup (6.).

## 2.3

Teckentrup expects its Suppliers to take all necessary measures to implement a zero-defect strategy. Teckentrup regularly evaluates the Supplier on the basis of existing quality data. Taking this evaluation and the Supplier's quality reports (see 2.3.1) into account, the Supplier must present Teckentrup with his measures for achieving his zero-defect strategy. Customers will only cooperate with Teckentrup and thus also with the Suppliers in the long term if they are convinced of the quality of our products.

### 2.3.1

The Supplier prepares a quality report at an annual interval and makes this available to Teckentrup. The following elements form the minimum requirements for the quality report:

- a) the annual trend of faulty parts in relation to the total quantity delivered of that particular part
- (b) action plan regarding complaints and achievement of the zero-defect objective
- c) changes and development of the QM system

The report to be executed is not linked to a specific template.

## 3. Planning

### 3.1

The Supplier must ensure that production, testing and delivery are always carried out in accordance with the latest valid order standards and current technical documents.

### 3.2

Each contract shall be reviewed by the Supplier to ensure that

- the contractual requirements are adequately documented;
- requirements deviating from technical documents or other specifications or agreements have been clarified;
- the Supplier can fulfil the contractual requirements.

### 3.3

The Supplier shall carry out suitable risk assessments for their manufacturing processes for the products supplied to Teckentrup and shall update these in the event of any deviations in regard to product and process quality which may occur and in the event of changes to the process.

The Supplier may define the method of risk assessment. Any risk assessment must be made available for inspection by Teckentrup upon request and must be archived for at least 10 years after discontinuation of the product. All parameters relating to product safety shall be included in the analysis. The production control plan shall take into account the results of the risk assessment, experience with similar processes and products as well as any additional inputs. **For the Supplier, the production control plan forms the basis for the planning of series testing, under consideration of the defined measuring and testing equipment.**

The focal points are

- Manufacturing (machines, devices, tools, work processes...)
- Capacity and procurement (materials, operating and testing equipment, subcontractors)
- Handling, storage, packaging and shipping
- Environmental protection in processes and packaging

### 3.4

The analyses shall be carried out with calibrated, suitable and proficient measuring equipment, the type and scope of which shall be such that all contractual quality characteristics can be assessed. The test equipment has to be examined at specified intervals and has to be subject to an examination to ensure their suitability for measurement in order to keep them functional and ready for use.

### 3.5

The Supplier shall be fully responsible for deliveries and services provided by subcontractors. The Supplier ensures through comprehensive incoming goods inspections that the requirements of the QSV are also met in full extend by his subcontractors. This means that the Supplier must ensure the quality capability of his subcontractors. If, within the scope of the incoming goods inspection (4.1), a raw material, an externally produced or a purchased part which does not comply with the order standards or technical documents of Teckentrup is further processed, the Supplier must pay Teckentrup a lump sum of 50.00 in the event of a warranty claim.

### 3.6

The Supplier shall ensure the traceability of the goods delivered by him to ensure adequate isolation of defective quantities of goods in the event of a detected defect. **The goods must be visibly marked by the Supplier in accordance with the Teckentrup delivery instructions** so that in the event of a defect identification and subsequent communication of relevant data (e.g. supplier's signature, batch number and/or production week) will be easily possible for Teckentrup.

### 3.7

All quality assuring measures of the "quality management system" shall be documented in an appropriate manual and, if necessary, in supplementary internal quality assurance regulations and instructions. If necessary, in individual cases due to a justified request by Teckentrup, these documents shall be submitted to Teckentrup.

## 4. Physical Goods Inspections

### 4.1

The Supplier is obliged to carry out incoming goods inspection for raw materials, third-party production and purchased parts on its own responsibility. Only upon compliance with Teckentrups's order standards and technical documents may the raw materials and products which are part of the service provided for Teckentrup be processed, modified or installed. The traceability of materials by production batch must be guaranteed.

### 4.2

Outgoing goods inspection to ensure identity, proper and correct packaging, labelling and completeness of deliveries.

### 4.3

The incoming goods inspection by Teckentrup is mainly limited to specifications in accordance with §377 HGB:

a) Transport damage and packaging damage

Teckentrup inspects all consignments of goods from the Supplier for obvious transport damage, i.e. damage which is externally recognisable on the packaging and which allows the conclusion to be drawn that the contents of the packaging have been damaged.

b) Identity, quantity

Teckentrup compares the information on the delivery note with that on the packaging in order to determine the identity and Teckentrup thus establishes whether there is a wrong delivery or a quantity error.

### 4.4

If any transport damage or deviations in identity and/or quantity are discovered during the inspections in accordance with points 4.3 a and 4.3 b, Teckentrup will immediately notify the supplier thereof, stating the quantity affected and the order number.

If defects become apparent at a later point in time, notification of the defect will be made immediately after its discovery (§377 HGB para. 3).

### 4.5

In the event of recalls and other measures of end products caused by defective supplier parts, the Supplier is obligated to cooperate in error analysis, cost coverage and personnel provision.

### 4.6

If the supplier parts are subject to special statutory, official or normative (DIN, DIN-EN or DIN EN ISO) requirements, the Supplier must ensure that these requirements are entirely complied with and implemented without Teckentrup explicitly mentioning them.

Such products with special requirements, including their packaging units, must be labelled in accordance with the approval/standard. Deviations and changes with regard to manufacture and labelling of the delivery parts in conformity with approval/standards must be communicated to the development department and quality management at Teckentrup in writing without being requested to do so.

#### 4.7

Regarding the labelling of goods and products, the current version of the Teckentrup delivery regulation applies and must be implemented in its entirety by the Supplier. The current version is available to suppliers on the Teckentrup homepage.

#### 4.8

The Supplier must pack raw materials, delivery parts and services for Teckentrup in such a way that transport, storage and ageing damage can be excluded with certainty.

### 5. Quality Deviations

#### 5.1

In general, only raw materials, products and services without deviations in quality may be supplied to Teckentrup.

#### 5.2

Teckentrup shall notify the Supplier of a defect in writing with a defect notice or test report referring to a reference/procedure number. The Supplier shall always refer to Teckentrup's processing number in any further communication regarding the complaint.

#### 5.3

Within the bounds of a documented deviation procedure, raw materials, products and services may be delivered with deviations in quality if these do not exhibit any defects which have a negative impact on usability and functionality and these deviations do not cause Teckentrup any additional costs. However, the quality deviation must be approved by Teckentrup prior to delivery. The Supplier must ensure that defective goods are not delivered to Teckentrup without deviation approval.

#### 5.4

Repaired or refurbished parts must be re-tested in accordance with the established quality inspection procedure before re-use.

#### 5.5

The Supplier agrees to actively cooperate in finding the cause of defects in supplied parts. Teckentrup will ensure that their customers return any defective supplier parts that have been reported, providing this is possible and economically justifiable, to Teckentrup. These parts are then internally inspected by Teckentrup and the inspection result is documented in writing by Teckentrup. If the Supplier does not explicitly object to this when signing this contract, the Supplier accepts testing of his products by Teckentrup. Teckentrup decides independently in which cases the defective goods are returned to the Supplier for inspection. After inspection by the Supplier, Teckentrup receives a notification with a clear statement:

- Goods were defective
- or
- Goods were not defective

#### 5.5.1

In order to determine the cause of defects in supplier parts, it may be necessary for the Supplier alone to visit or for Teckentrup employees and employees of the Supplier, who are authorised to make decisions, to visit Teckentrup or the customer together. By accepting this agreement, the Supplier undertakes to take part in such visits upon Teckentrup's request to remedy the defect in the interest of mutual customers. The date of the visit is to be agreed between Teckentrup and the Supplier.

#### 5.5.2

The results of any visits to Teckentrup customers must be documented by the Supplier, e.g. in the form of visit or operation reports, and must be sent to Teckentrup unrequestedly via e-mail or in writing to the Quality Management. Teckentrup also retains the right to request visit and operation reports retroactively for up to two years.

#### 5.6

Upon Teckentrup's request, the supplier is obliged to replace defective goods that are at Teckentrup's premises with new ones within a reasonable period of time and to retrieve defective goods at its own expense. If the return of the defective goods is not organised within the individually agreed period, Teckentrup reserves the right, after a final notification, to dispose or store the defective goods at the Supplier's expense.

#### 5.7

In the event of a warranty claim, Teckentrup is entitled to, against proof of costs, assert the expenses incurred for processing the complaint, which are based on culpable conduct on the part of the Supplier. However, at least 100,- will be charged to the Supplier. In the event of repeated cases, Teckentrup reserves the right to double the amount to 200,-.

Teckentrup is also entitled to be reimbursed for the costs of a second incoming goods inspection in the event of repair or subsequent delivery.

If the quality defect is only noticed by a customer after assembly, Teckentrup shall also be entitled to demand reimbursement of the dismantling and installation costs from the Supplier.

In order to avoid sorting costs, the supplier shall, upon Teckentrup's request, also be obliged to replace an entire consignment, that contained faulty parts, with new, faultless goods within a reasonable period set by Teckentrup.

The Supplier reserves the right to prove in individual cases that the expenditure claimed by Teckentrup has not been incurred or has been incurred to a minor extent.

#### 5.8

Contractually agreed defect periods shall apply to the goods. If no specific agreement has been made, legal warranty and guarantee periods shall apply.

## 5.9

In the event of complaints by Teckentrup, the Supplier must immediately initiate and document remedial measures and, in the event of a specific demand by Teckentrup, submit them on time in the form of an 8D report.

The 1 - 5 - 10 rule applies here:

- 1 day: Within one working day, Teckentrup must be notified in writing of the immediate measures.
- 5 days: Within five working days, the Supplier must inform Teckentrup of the cause of the defect and the planned remedial measures.
- 10 days: The planned remedial measures must be implemented, and a respective effectiveness check has to be carried out within ten working days.

In individual cases, other deadlines require written approval of Teckentrup upon application. **The statements including the written measures must be submitted to the Teckentrup Quality Management.**

## 6. Auditing of the Supplier by Teckentrup and Customer Protection

### 6.1

In order to safeguard Teckentrup's quality requirements, representatives of Teckentrup and its customers can acquaint information about the Supplier's production and quality management system by means of visits announced in good time.

### 6.2

In cases in which delivery parts are manufactured or delivered according to drawings provided by Teckentrup or their customer, or in which the technical product or manufacturing know-how originates from Teckentrup or their customer, the Supplier grants customer protection with regard to the customer. In particular, for the duration of the business relationship with Teckentrup, the Supplier shall not submit offers, accept orders or supply those delivery parts to these customers, unless a written declaration of consent has been received from Teckentrup.

### 6.3

As part of a process audit, the Supplier is obliged to provide Teckentrup insight into

- its manufacturing processes,
- all quality assurance measures and organisational units,
- the Quality Management Manual
- the documentation carried out on the basis of the quality management system.

### 6.4

A valid certificate, at least in accordance with DIN EN ISO 9001, is recognised as sufficient proof of the quality capability of the Supplier or its subcontractors.

### 6.5

In doubtful cases or in the event of complaints, Teckentrup shall be additionally entitled to carry out an audit of the Supplier.

### 6.6

If required, the Supplier will also carry out audits at its subcontractors together with Teckentrup.



## 6.7

Teckentrup informs the Supplier about the result of these audits. If Teckentrup considers measures as necessary, the Supplier undertakes to create an action plan without delay, to implement this plan in due time and to inform Teckentrup thereof.

### Activities before Start of Series Production - Initial Sampling

#### 7.1

For every article ordered by Teckentrup for the first time, an initial sampling must be carried out in accordance with the VA 060 guideline. Initial samples must be produced under serial conditions. The number of initial samples to be supplied depends on the product and is agreed with Teckentrup's quality management. All features indicated in the product and packaging specifications, specification book, technical specifications and other specifications are to be sampled. The test classes required by Teckentrup are primarily dimensional accuracy, function, reliability, material, appearance and labelling. Teckentrup reserves the right to accompany the initial sampling at the Supplier's premises.

Further initial samples are required for the following situations:

- Design changes
- Specification changes and/or material changes
- Use of new or modified tools (casting moulds, models, etc.) including additional or replacement tools (exception: fast wearing tools)
- Conversion / update of existing tools

#### **The supplier is obliged to inform Teckentrup in writing in case of:**

- Changed manufacturing methods or production processes
- Relocation of production or use of new production facilities
- Quality-caused delivery block
- When production facilities have been closed for more than 12 months.

In these cases, Teckentrup shall trigger the initial sample order and determine the extent to which this will have to take place. If Teckentrup does not request sampling, this does not release the Supplier from the obligation of a written, internal release on the basis of Teckentrup's product and packaging specifications. Teckentrup further reserves the right to subject parts that have not been sampled to formal subsequent sampling. **Serial parts may only be supplied after initial sample approval by Teckentrup Quality Management or Teckentrup Management Level 1.**

#### 7.2

Initial samples shall be taken as random samples from a first batch produced under serial conditions with serial tools or from a pilot series. Unless otherwise agreed, at least one initial sample produced in this way shall be presented. In the case of initial samples of injection moulded parts, the Supplier must ensure that a sufficient, representative number of parts, also from the individual injection moulding nests, are presented. If the packaging is part of the specification, it must also be subjected to initial sampling.

#### 7.3

If the initial sampling reveals errors (critical dimensional deviations, functional faults) which cannot be rectified by correction and the delivery date of the series is thereby jeopardised, the Supplier is obliged to submit samples with express service to the Teckentrup's quality management at short notice in order to be able to check whether a special release is possible. Teckentrup will make a decision shortly after receipt and inform the supplier in writing unless taking a decision requires a sample production at the Supplier's premises.

## 7.4

Reference samples from the initial sampling shall be archived by the Supplier in accordance with the retention periods. Deviations from this are to be agreed with Teckentrup. Reference/reset samples are also archived at Teckentrup. At Teckentrup, these are archived by the Quality Management. The following product groups are excluded from this:

- Packaging
- Catalogue and trade goods
- Uncoated raw and semi-finished materials
- Auxiliary and operating materials
- Large, bulky components/groups

## 8. Product Liability

If damage occurs due to a product supplied by the Supplier, the Supplier shall be liable within the framework of the statutory provisions to the extent that the product supplied by the Supplier has become the cause of such damage. In this respect, the Supplier expressly releases Teckentrup from its liability for products supplied by the Supplier.

The Supplier is obliged to insure against the risks associated with product liability for the delivered items up to an appropriate amount, but at least with a coverage amount of 3 million euros per person / property damage, which not only includes the extended product risk including foreign damage, but also the risk resulting from the waiver of objection of delayed defect notification. The Supplier shall provide Teckentrup with evidence of the conclusion and existence of the insurance policy upon request. The Supplier must notify Teckentrup immediately of any change or cancellation of the insurance cover. The Supplier is also obliged to bear Teckentrup's consequential costs caused by the defect insofar as he is responsible for the defect.

This includes costs for:

- Personal injury and damage to property due to material defects due to the lack of guaranteed assets
- dismantling and installation costs
- Damage caused by defective machines
- Inspection and sorting costs

## 9. Secrecy

Confidential matters, business transactions and financial circumstances of the respective business partner shall be kept secret.

In particular, business and company secrets, financial circumstances, prices and customer base shall also be subject to secrecy. The partners will also oblige affected employees and suppliers to maintain secrecy, unless this has already been covered within employment contract regulations.

The obligation to maintain secrecy shall also apply to the period after termination of the business partnership.

The non-disclosure agreement applies until the respective partner releases the other from the non-disclosure agreement.

## 10. Duration of the Agreement

### 10.1

This agreement shall come into force upon full signature by both contracting parties and shall be concluded for an unlimited period of time.

## 10.2

The agreement may be terminated by either party giving three months' notice. The right to extraordinary termination remains unaffected. All cancellations must be made in writing. The termination of this agreement does not affect the validity of current purchase and delivery contracts until they have been completed.

## 11. Others

### 11.1

Changes or additions to the QSV need to be made in writing and must be signed by both contracting parties.

### 11.2

Exclusive place of jurisdiction is the registered office of Teckentrup in 33415 Verl. The law of the Federal Republic of Germany shall apply to this agreement. All annexes are essential to this agreement.

**Other relevant documents are the Teckentrup delivery regulations, the VA 060 guideline and the General Terms and Conditions of Purchase.**

### 11.3

The contract remains binding in its remaining parts even if individual terms are legally invalid. Should a provision be invalid overall or partially, the contractual parties will immediately endeavour to achieve pursued economic success sought with the invalid provision in a different, legally permissible manner.

### 11.4

The Supplier is obliged to keep documents and records, which serve the traceability of performance, for at least 10 years in an immediately accessible manner.

### 11.5

The Supplier undertakes to comply with all statutory regulations and safety-related requirements regarding occupational health and safety. If the Supplier carries out work on Teckentrup's premises, relevant safety and accident prevention regulations as well as further instructions regarding the conduct on the premises of Teckentrup will be followed.

### 11.6

Teckentrup recommends environmental management in accordance with DIN EN ISO 14001 and expects its suppliers to treat the environment responsibly and sustainably. This obliges the supplier to act responsibly, in particular to comply with all relevant and valid laws and regulations. The Supplier must also ensure that these principles are also promoted and demanded from his suppliers in the best possible way. All materials and manufacturing processes used in production must comply with applicable legal and safety requirements for restricted toxic and hazardous substances. For deliveries within the EU, the supplier shall comply with the obligations under the European Chemical Regulation Reach EC No. 1907/2006. The current candidate list of substances of very high concern is published by the European Chemicals Agency and can be downloaded from <http://echa.europa.eu>. As the list is continuously updated, the supplier must check this independently.

Proof of the registration and approval of the chemicals used must be included in the initial sample test report (EMPB) without being requested to do so and must be noted on the EMPB. Material data sheets or EC safety data sheets for the delivered products in accordance with 1907/2006/EC are to be kept and are always to be sent unrequestedly in their current version to the Teckentrup Purchasing or Teckentrup Quality Management.

12. Special Agreements

12.1

Teckentrup and the Supplier reserve the right to define special regulations or make agreements that go beyond the aforementioned regulations.

However, these may not contradict the formulated requirements of the directive.

These special requirements must be formulated in writing here

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12.2

Both Teckentrup and the Supplier shall each receive a signed original of this agreement. The original is archived at Teckentrup by the purchasing department in Verl and can be viewed by the development and quality management department. Changes or terminations by one of the two contracting parties will also be communicated to the development and quality management departments without being requested to do so.

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place, date

\_\_\_\_\_

signature Teckentrup

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signature Teckentrup

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place, date

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signature Supplier

\_\_\_\_\_

signature Supplier

12.3

Teckentrup and the Supplier hereby announce their responsible contact persons and contact details for the following specialist departments and explicitly agree with the conclusion of the QSV that this data is for internal purposes only and will not be passed on to third parties.

Contacts, Supplier:

Role	First name / Last name	Telephone no.	Email
Purchase department			
Production			
Quality Assurance			

Contacts, Teckentrup:

Role	First name / Last name	Telephone no.	Email