Quality Assurance Agreement (QAA) – General

for suppliers of

OTTO FUCHS KG

Derschlager Straße 26
58540 Meinerzhagen

- hereinafter referred to as the Buyer -

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1. Preamble/Scope

This Quality Assurance Agreement (QAA) contains the binding definition of the technical and organisational framework conditions between the Buyer and the Supplier, which are necessary to achieve the desired zero-defect target.
This QAA describes the minimum requirements for the quality management system and concerns suppliers of the Buyer's supply chain relevant to the **construction industry, general engineering,** or accessories (**"after-market"** parts). These include, among others, pre-material suppliers, suppliers of purchased parts, as well as providers for machining and surface treatment for components of the buyer.
The QAA refers to suppliers and subcontractors who regularly supply the production process of the Buyer under series conditions with products, processes, or services and who cannot be assigned to any other specific QAA document of the Buyer (see supplier portal of the Buyer under www.otto-fuchs.com).
The acceptance of this QAA by the Supplier is the prerequisite for a business relationship with the Buyer.

2. General Agreements

2.1. Responsibility of the Supplier

The supplier's quality strategy must be aligned towards continuous improvement of its processes and performance. This includes the continuous qualification of its employees to ensure the necessary skills to meet the Buyer's requirements for products, processes and services.
The supplier is responsible for the execution of the order in accordance with the specifications and the Buyer's order documents.
The supplier is required to check that the order documents are complete and, if necessary, to request further information from the Buyer necessary for the correct execution of the order. The continuous improvement of its processes, services and products, as well as 100% delivery reliability and adherence to delivery dates are part of the supplier's company policy.
The Supplier may not subcontract the complete order of the Buyer to third party without the written consent of the Buyer.
The supplier shall oblige any necessary subcontractors to comply with the relevant contents of this Quality Assurance Agreement. The Buyer may demand from the supplier documented evidence of the effectiveness of the quality management system of its subcontractors and suppliers.
The fulfilment of the order or the above-mentioned obligations shall be ensured by appropriate emergency plans, considering the potential risks (see Chap. 4).

2.2. Quality Management System of the Supplier

The supplier commits himself to permanently apply an effective quality management system that is based on the current revision of ISO 9001 in accordance with its structure and company size. This international standard is to be regarded as the basis for the QM system requirements, which may have to be supplemented by industry and customer-specific standards depending on the type of products, processes or services ordered.

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If the supplier does not have a valid certificate for his quality management system (QMS), the QMS can be checked in other ways by the Buyer - e.g. by means of the documents for self-disclosure or in an approval audit by the Buyer. The improvement measures that may be defined are laid down in writing. The implementation of the improvements necessary for supplier approval is monitored by the Buyer.

If the supplier loses his approval or his QMS certificate, the Buyer must be informed in writing without delay, but no later than three working days after the loss becomes known.

The supplier is obliged to comply with his national legal provisions regarding environmental protection, energy use and occupational safety. Workplaces and processes must be designed in such a way that negative effects on people and products are excluded. In addition, the Buyer recommends the supplier to implement appropriate management systems: information security/ environmental/ energy/ occupational safety and health management system.

2.3. Review of QM System, Process and Product Quality at the Supplier

The supplier shall allow the Buyer, the Buyer's customers or third parties named by customers and the competent authorities to carry out an audit of its quality management system and the processes in its production facilities by agreement during the supplier's normal business hours. For this purpose, the auditors shall be granted free access to the areas of the supplier that are involved in the planning, development and manufacture of the products to be supplied to the Buyer. Reasonable restrictions of the supplier to protect its trade secrets are accepted.
The Buyer reserves the right, depending on current travel restrictions (e.g. pandemic situation), to conduct the supplier audits virtually from a distance (remote).

During these quality audits, the supplier shall make available all necessary documents and information and provide the information requested by the Buyer.
The result as well as any necessary improvement measures will be recorded.

Reasons for a supplier audit may include the following:

- Supplier approval procedure
- Significant changes in the production process or in the test procedures
- Changes in facilities or production locations/relocation
- Scheduled supplier monitoring
- Repeat audit with negative audit result (C-rating)
- Ongoing escalation procedure with suppliers

2.4. Documentation, Obligation to inform, Data protection

The supplier's quality management system shall include a procedure for control of the quality specification documents and for archiving the evaluable quality records. These must be able to be assigned to the products and processes.

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The procedures regarding the archiving of the quality requirements documents and quality records are to be taken from the legal and the customer or industry-specific regulations. If not otherwise regulated, a retention period of at least three years applies.
At the request of the Buyer, the supplier shall grant him access to these documents. Access to quality records at the supplier must be guaranteed for the Buyer even in the event of a company takeover or if insolvency proceedings have been initiated (see General Terms and Conditions of Purchase on the Buyer's supplier portal www.otto-fuchs.com).

If it becomes apparent that agreements made (e.g. on quality features, deadlines, delivery quantities) cannot be adhered to or if the supplier detects a deterioration in quality, he is obliged to inform the Buyer immediately in writing about this and the more detailed circumstances and to initiate remedial measures. He is obliged to disclose the relevant data and facts.

The supplier shall notify the Buyer in good time of any planned changes to production processes and test procedures throughout the supply chain that will affect product quality, changes to the product or relocation of production sites. The Buyer will then decide at his own reasonable discretion whether the changes are subject to mandatory process and product approval.

3. Agreements on the product/process or service

3.1. Technical Requirements

The technical requirements for the product, process or service are defined by the Buyer in his order and, if necessary, in a specification (e.g. drawing, specification, technical requirement). Compliance with these requirements shall be confirmed by the supplier in writing.

The confidentiality of information from the Buyer or the Buyer's customer is confirmed by the supplier in writing in the non-disclosure agreement.

If the supplier does not have a valid version of one of the requirement documents listed in the order or the customer specific QMS requirements relevant to the order, these must be requested at the Buyer. For the respective order of the Buyer, the revision levels of the documents (including technical drawing, specification) listed in the order shall apply. If standards without revision status are specified, the current version applies.

3.2. Project plan, Development, Special characteristics, Process and Product Approval

The supplier shall check the order documents available to him for completeness and consistency regarding his production process. If defects are detected in the process, the Buyer must be informed immediately.

The supplier commits himself to apply consistent project management involving all the company divisions as early as the planning phase and to allow the Buyer to inspect the project documents if necessary.
The supplier must apply suitable preventive methods of quality planning and prevention of deviations.

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The special characteristics specified by the Buyer or by the Buyer's customer
are defined in the buyer's technical drawing. These special features shall be supplemented by the critical parameters from the supplier's manufacturing process.
Special characteristics require special attention, as deviations in these characteristics may have an impact on product safety, service life, assembly capability, function, or quality of subsequent manufacturing steps as well as compliance with statutory regulations.

Prior to the start of series production for the respective product, the process and product approval procedure shall be carried out. The content of the sampling documents must be agreed with the Buyer. Only after the Buyer has approved these in writing, will the supplier be able to start series production.

3.3. Testing- and Measuring Equipment

The supplier must manage and continuously monitor all testing and measuring equipment.
This includes the regular calibration of the testing and measuring equipment.
Within the calibrations of the testing and measuring equipment, the metrological traceability to the calibration standards applied must be documented and retained.
The externally commissioned calibration providers must demonstrate a suitable scope of application for the ISO/IEC 17025 certificate (or comparable).
If test and measuring equipment is provided to the supplier by the Buyer, it must also be included in the supplier's test equipment management and returned to the Buyer before the expiry of the valid calibration status.

3.4. Series Production

The supplier is obliged to apply suitable steering measures for monitoring of the series manufacturing.
If process disturbances and quality defects occur, the causes must be analysed, improvement measures must be introduced, and their effectiveness must be checked.

With the delivery of the products to the Buyer, the supplier confirms the compliance with all specifications for the ordered product, process or service.
Deviations from the order specifications, which the supplier only recognised after the shipment of the products to Buyer, must be notified to the Buyer in writing immediately.

3.5. Identification, Traceability, Packing, Storage

The production flow and the procedure for handling the products must be defined in such a way as to avoid quality deviations and damage. This applies to transport, storage, packaging, preservation and shipping.
The marking of the goods must comply with the technical order specifications of the Buyer.

The supplier shall practice a system of identification that ensures traceability of the products or services to the Buyer's order number. Any requirements going beyond this are specified in the order.

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Special packing instructions of the Buyer must be respected. Each packing unit must be provided with a goods label visible from the outside.

The storage conditions of the products at suppliers must be such that loss, theft, as well as damage and changes in material properties due to environmental impacts can be excluded.

3.6. Inspections, Complaints, Measures

The supplier shall, under his own responsibility, define a testing concept in order to meet the targets and specifications agreed with the Buyer.
The supplier must keep systematic, evaluable records of the results of quality monitoring, quality inspection and of the measures carried out to eliminate defects, the nature and scope of which must be agreed with the Buyer in case of doubt.
The quality verification documentation (e.g. Certificate of Conformity), which is to be enclosed with the products delivered to the Buyer, can be found in the order specifications.

The Buyer shall inspect the products received from the supplier for compliance with the quantity and identity, as well as for externally visible transport and packaging damage. The supplier shall be notified in writing without delay of any complaints arising in this connection.
If products are delivered directly from the supplier to the customer of the Buyer, the incoming goods inspection is subject to the customer, who reports any complaints to the Buyer.
In addition, the Buyer shall inspect the goods delivered by the supplier during the production process in accordance with the conditions of an orderly course of business and shall notify the supplier in writing in the form of a complaint report of any defects occurring in the course of such inspection.

The supplier shall receive a corresponding complaint report from the Buyer (incl. 8D- report) for reply. The appropriate immediate measures to remedy the defects and maintain production at the Buyer or its customers must be notified to the Buyer within one working day of becoming knowledge of the defect. Within a reasonable period or as agreed with the Buyer, the complete 8D- report including the root cause analysis, corrective and preventive actions shall be submitted to the Buyer.

If, as a result of defective deliveries, there is a threat of production stoppages at the Buyer's premises or at the Buyer's customer's premises, the supplier must immediately take remedial action, or the Buyer may take the necessary measures (e.g. sorting and reworking) himself with the supplier's written consent and at the supplier's expense.

All direct and indirect expenses incurred by the Buyer or its customers and demonstrably caused by the Supplier shall be covered by the supplier.
In the event of serious deviations from quality requirements, the Buyer reserves the right to apply an escalation procedure up to the blocking the supplier.

4. Risk management / emergency plan

The supplier must ensure that all potential incidents (including pandemic outbreak) that could negatively affect his ability to supply within the supply and process chain are identified, evaluated, and controlled by a risk management system on his own responsibility.

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Possible incidents leading to an emergency may include machine failure, cyber- attack, personnel failure, loss of subcontractor or power failure.

Suitable remedial measures must be set out in an emergency plan. The emergency plan must be checked annually by the Supplier for effectiveness and must be presented to the Buyer on request.
The supplier must take out adequate insurance for the damage caused by his inability to deliver to the Buyer and his customers as well as for product liability cases, if applicable.

5. Warranty and Liability

This quality assurance agreement does not limit the supplier's obligations under warranty and liability law in accordance with the supply contract and the legal regulations.

Disclaimer: in case of any dispute, the original German text of this agreement is the legally binding version.

6. Supplementary Provisions

This Quality Assurance Agreement shall apply until it is replaced by a new revision confirmed in writing by the Supplier.
The current version of the QAA- General document for the information of the supplier can be found in the supplier portal of the Buyer at www.otto-fuchs.com.

If within one month after receipt of the QAA by the Supplier no feedback is provided to the Buyer regarding the confirmation of the QAA contents, the Buyer shall consider the QAA as accepted by the Supplier.

Meinerzhagen, _____ _____

Date Place, Date

OTTO FUCHS KG
-Buyer- - Supplier-

_____ _____

Name, Position, Stamp Name, Position, Stamp

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Revision History:

Rev.6. (May 2022) Chap. 1- Adjustment of the scope of application; Chap. 2.3: remote audits added; Chap. 3.1: Non-disclosure agreement added; Chap. 3.2: Section Special characteristics extended; Buyer's approval in writing added;
Chap. 3.3: metrological traceability added; Chap. 3.6: immediate measures within one working day and blocking the Supplier added; Chap. 6: the validity and acceptance of QAA defined

Rev.5 (June 2020): Chap. 2.2- Management system for information security added; Chap. 2.3- Third parties named by customers added; new Chap.4- Risk management / emergency plan added

Rev.4 (March 2020): complete revision; Chap.1- scope of application specified; heading changed QS- "Regulations" replaced by "QS Agreement – general"; Chap 4 – Disclaimer added

Rev.3 (Feb. 2016): name changed- "QS-regulations" used instead of "QS-agreement"; Chap. 5- Reference to supplier portal added

Rev.2 (Aug. 2012): Tab. 1 added: Supplier group specific requirements for the QM system defined

Rev.1 (May 2008) - First edition of "Quality Assurance Agreement OTTO FUCHS KG

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