Quality Assurance Agreement

Quality Assurance Agreement

between

company:

( ) Supplier

as supplier
(hereinafter termed "supplier")

and

company:

brandgroup

Völlinghauser Strasse 44

D-59609 Anröchte

(hereinafter termed "BG")

as well as its subsidiaries within the meaning of §§ 15 et seq. German Stock Corporation Act.

The agreement concerns implementation of a common quality management system with the aim of ensuring product quality and improving the reliability of the relationship between the contract parties.

Foreword

Our recognition and position on the world market are decisively determined by the quality of our products. The quality of your deliveries has a direct impact on our products.
This agreement is meant to help implement a common quality strategy to ensure smooth procedures between our suppliers and the BG.

From our suppliers, we expect implementation of a comprehensive philosophy of continuous improvement (CIP). This relates, in particular, to:

- Quality
- Costs
- Deadlines
- Products and processes

Also contributing essentially to dependability of supply is effective environmental management which guarantees compliance with respective national environmental regulations, besides continuously and effectively improving the environmental situation.

Table of contents

1 General provisions

1.1 Scope of application

This QAA applies to the delivery of production materials and externally provided processes and services, such as heat treatment, surface coating and mechanical processing.
It applies to all suppliers in the supply chain who supply BG with products, as well as to suppliers specified by the customer (“Directed Buy”).
The BG requires its suppliers to pass on the requirements of the QAA to their suppliers and sub-suppliers.
It is an indispensable part of the supplier's supply relationships with BG.
The supplier accepts the BG purchasing conditions without exception. If components of this agreement do not correspond to the purchasing conditions, the quality assurance agreement takes precedence.
Only the German version is legally binding.

1.2 Exclusion of general terms and conditions

The supplier's general terms and conditions do not apply.
This quality assurance agreement applies to all products currently and future delivered to BG by the supplier, unless otherwise agreed. The current BG purchasing conditions apply.

1.3 References

All reference documents listed in this QAA are the most current editions. Unless otherwise prescribed by the BG, only the latest edition of the referenced documents may be used.

2 Quality management

2.1 Quality management system

The supplier undertakes to introduce and maintain an effective quality management system based on the international regulations IATF 16949 and ISO 9001.
The effectiveness of the QM system is reflected in:
- Continuous and demonstrable improvement
- Delivery quality
- Adherence to delivery dates
- Effectiveness and speed of implementation of corrective measures
- Communication at all levels

The aim of this quality management system is to achieve the zero-defect goal.

The minimum requirement is certification according to ISO 9001 by an accredited certification company.
IATF 16949 certification is required for suppliers of automotive and service parts. If these suppliers are not yet certified according to IATF 16949, they must create a plan for obtaining certification and present it to the BG.

New certificates must be sent to the BG plants supplied and to central purchasing without being asked.

The supplier must inform the BG immediately if the certificate:
- was withdrawn,
- expired without successful recertification or
- has been temporarily suspended.

If no recertification is planned, the supplier must inform the BG at least 3 months before the expiry date.

2.2 Quality objectives

The supplier must ensure that quality objectives are defined, established, adhered to and verified for the relevant functions, procedures and levels throughout the organization to meet customer requirements.
As part of quality planning, the supplier's most important task is to develop a “zero defect strategy” and take all necessary measures to achieve the zero defect goal.
BG reserves the right to agree quality targets with suppliers for certain products. If he violates this contractual obligation, the supplier will be subject to measures agreed separately between BG and the supplier. The supplier's liability for defects or for claims for damages due to incorrect deliveries remains unaffected.

2.3 Subcontractors' quality management systems

Subcontracting orders from the supplier to subcontractors must generally be reported and subject to approval. If the supplier awards orders to sub-suppliers, he must ensure that the requirements of this QAA are also met by the sub-suppliers. In any case, the commissioning of subcontractors does not affect the supplier's direct legal responsibility towards BG for the provision of the service owed.

2.4 Compliance with regulatory and legal regulations

Suppliers must comply with all applicable regulatory and legal requirements and communicate them to their suppliers throughout the supply chain.

2.5 Compliance, Social Responsibility & Sustainability

The BG requires its suppliers and sub-suppliers to adopt and meet our minimum expectations for business ethics, working conditions, people and environmental protection. These are described in our mission statement and code of conduct (available on the BG website in the download area).
At BG's request, suppliers must provide evidence of compliance with these requirements, which can also be done as part of an audit.

2.6 Environment

Effective environmental management makes a significant contribution to security of delivery. The BG is committed to protecting the environment. We therefore also expect our suppliers to make a voluntary commitment to environmental protection by implementing an environmental management system.
Suppliers that operate pickling, electroplating or painting shops as well as companies with any type of surface treatment must provide evidence of a certificate according to ISO 14001 or a comparable system. If this proof is missing, a schedule for achieving certification must be presented.

2.7 Product-related environmental requirements and safety data sheets Environment

All suppliers must comply with applicable legal, environmental and import regulations (e.g. EU REACH (EC) No. 1907/2006, EU ELV Directive 2000/53/EC, China's requirements for banned substances in automobiles GB/T 30512-2014, …). The I_P3210_S_BG_-_003 “Restrictions on prohibited and regulated substances” must also be observed. These technical delivery conditions are available on the homepage in the download area.
Upon request, suppliers must demonstrate suitable recycling and disposal concepts for their products. Additional data (e.g. energy consumption and emissions) can be requested to assess the life cycle of BG products.
Suppliers must provide safety data sheets (SDS) for materials and mixtures in accordance with the United Nations Globally Harmonized System of Classification and Labeling of Chemicals (GHS) and the European Regulations for Classification, Labeling and Packaging (CLP).
For products classified as dangerous goods, the supplier must provide the safety data sheet (SDS) or similar information to enable the BG to meet the handling and transport requirements.

2.8 Management representative

Each partner will name the contact person responsible for the implementation of this agreement to the other in writing. Any change in contact person must be reported immediately in writing.

2.9 Communication

BG expects suppliers to be available to provide technical support during discussions with customers, in-house or at BG.
Communication between the supplier and BG customers regarding BG products must take place exclusively in consultation with BG.

2.10 Audit

The supplier allows BG to determine, through audits of the supplier and any subcontractors, whether their quality assurance measures meet BG's requirements.
Audits can be performed on systems, processes or products, and are to be announced in due time.
The supplier grants BG and, wherever necessary, its customers access to all establishments, test centres, warehouses and adjacent areas, as well as insight into quality-relevant documents. Reasonable limitations on the supplier for safeguarding their trade secrets are acceptable here.
If corrective measures are necessary from BG's perspective, the supplier undertakes to immediately create an action plan, implement it on time, and inform BG without delay.
In addition, product / process quality is to be ensured through regular internal audits carried out by the supplier.

2.11 Product Safety

Product safety and product liability are particularly important. The supplier bears manufacturer responsibility (product liability) for its parts and processes that BG procures to produce the end products. This responsibility also includes the parts and processes of the supplier's suppliers. In order to avoid risks arising from product liability, the supplier is responsible for doing everything possible organizationally and technically to ensure product safety.
The supplier must have documented processes for the management of products and production processes relevant to product safety.
The BG requires its suppliers to appoint a qualified product safety officer (PSB/ PSCR) who is responsible for all related tasks in accordance with IATF 16949 paragraph 4.4.1.2.

2.12 Emergency plans

Suppliers must identify and assess internal and external risks for all production processes and manufacturing facilities that are essential to maintaining production output. All production and shipping locations must be included and it must be ensured that the BG requirements are met.
If an event of damage occurs (e.g. interruption of externally provided products/processes/services, natural disasters, fire, strike), the BG must be informed immediately.
Suppliers must review and update all emergency plans regularly, at least annually, in interdisciplinary teams (including management).

2.13 Control of reworked or repaired products

The supplier must have a documented process and carry out a risk analysis (e.g. FMEA) for rework and repairs on products.
Any repair or rework that is not included in the agreed production control plan for the sampling phase PPF/PPAP phase is considered a process change in accordance with Section 5.1 “Changes to the product or process”.
At BG, approval must be applied for before implementation using the “Application for change/special release” form, see Sections 4.15, 5.1 and 6.3.

3 Project planning

Comprehensive planning is required to achieve our customers' high quality requirements. For this reason, systematic, order-related planning must be a main component of the QM system.
To ensure product quality and delivery dates for all new or changed products, project planning must be carried out as part of project management in accordance with AIAG APQP or VDA Volume 4 Part 3. This also applies to the subcontractors used.

3.1 Order basis

The basis for orders is formed by this quality assurance agreement, as well as BG's currently valid purchase order text. Without exception, products must meet the requirements specified in BG's relevant, current purchase order text.
Technical documents (e.g. drawings, specifications, environmental requirements, recycling regulations, requirement specifications, etc.) must be evaluated by the supplier as part of contract review using the form I_P2420_S_BG_-_001_F_001 „Feasibility Assessment“. The evaluation must be submitted with the initial sample documentation.
The supplier will take all construction and manufacturing measures necessary to meet the requirements described in the aforementioned documents.
The supplier will immediately examine whether any documentation submitted by BG is incorrect, unclear or incomplete. On identifying any such deficiency, the supplier will immediately notify BG in writing. This also applies to defects only detected during the subsequent production process.

3.2 QM planning

For all characteristic, the supplier will perform QM planning (including work schedules, inspection plans, resources, tools, machinery, etc.).

3.3 Characteristic requiring special verification

In principle, all product and process characteristic are important and must be compliant.
Special characteristic include:

- CC = Characteristic requiring special verification (Critical Characteristic)
- SC = Characteristic significant to functionality (Significant Characteristic
- IC = Important characteristic (Inspection Characteristic)

These characteristic require special attention because deviations from them might notably influence assembly capability, functionality or the quality of subsequent manufacturing operations, as well as compliance with legal provisions. They are defined by BG and/or arise from the supplier's design and/or process FMEA.
Verification must meet the requirements of VDA volume 1 in terms of content, and permit demonstration of exercised diligence in the event of damage (proof of indemnity).Production process and release
Process and product release take place according to the production process- and product release procedures (PPF) of VDA volume 2, or Production Part Approval Process of QS 9000 / PPAP.
Serial delivery is only permissible after process and product release by BG.

4 Production process and product release

The process and product release takes place according to the production process and product release procedure (PPF) of VDA Volume 2 or according to the production parts acceptance procedure of QS 9000/PPAP.
Series delivery may only take place after process and product approval from BG.

4.1 Initial samples

Initial samples are items manufactured completely with serial equipment under serial conditions, and whose dimensions, materials, material properties and functions comply with subsequent series production, assuming that this process remains stable.

4.2 Occasions for initial sampling

According to the sets of rules mentioned above, initial samples are required:

- When a product is ordered for the first time (stated in the order).
- After the supplier has changed a subcontractor.
- After a product change affecting all relevant characteristics.
- After a change in drawing index affecting all relevant characteristics.
- After a delivery block.
- After an interruption of more than one year in delivery.
- After a production hiatus of more than one year.
- On a change in production process.
- After a use of new / modified shaping equipment (e.g. casting, punching, rolling, forging, pressing tools, in case of several or multiple forms / every cluster).
- After production facility relocation or a use of new or relocated machines and / or resources.
- After a use of alternative materials and constructions.

Exceptions in procedure and scope are permitted only in consultation with BG in the following cases:

- Interruption of more than one year in supply / production.
- Very small series, customer service parts, standard and catalogue parts.

4.3 Material data acquisition

Acquisition of material data in IMDS (international material data system - www.mdsystem.de) is a prerequisite for production process and product release in the automotive industry. Missing material data sheets lead to rejection of initial samples.

4.4 Quality testing and documentation of initial samples

To be examined in accordance with the technical documentation are all characteristic produced or influenced in the manufacturing process. Test results are to be documented in the form of reports as depicted in VDA 2 / PPAP, and presented on delivery of the initial samples.
Missing, incomplete or deficient initial sample documentation leads to the rejection of the initial samples. Initial samples without complete documentation are not be processed, and lead to consequential costs which are charged to the supplier.
Measured parts are to be marked clearly. The characteristic are to be numbered in the technical documentation, and entered with identical numbers and allocations in the test report.
The number of parts to be documented is to be agreed with BG. Documents, records and initial samples are to be submitted only once all specifications have been met. At the dispatch date, complete initial sample test reports are to be sent in electronic form to the central e-mail address sampling@brand-group.com. Initial sample delivery must include a copy of the initial sample documentation.

4.5 Deviations in the case of initial samples

In case of deviations, the supplier is to obtain written permission from BG in advance using form F_00.014 "Application form" via the central e-mail address deviation@brand-group.com and add it to the initial sample documentation.
Deviant initial samples for which no deviation approval has been granted are not processed by BG.
Costs arising from non-conformity of initial samples will be charged to the supplier.

4.6 Storage of reference samples

Reference samples (for retention) from initial sampling are to be stored suitably by the supplier.

4.7 AIAG / CQI requirements

If applicable, the supplier and relevant subcontractor(s) undertake to perform an annual system test according to CQI-9, 11, 12, 15, 17. A copy is to be submitted to BG on request.

5 Series production

5.1 Changes to product or process

Before implementation, changes to product or process are to be submitted using form I_S3120_S_BG_-_001_F_001 "Request for modification approval / special release" to the central e-mail address change@brand-group.com and require BG's approval. A corresponding procedure for production process and product release must be carried out. These changes must be documented by the supplier in a product and process chronology.

5.2 Coordination of series monitoring

The supplier must monitor special characteristic with appropriate methods, e.g. quality control charts (SPC).
If process capability cannot be demonstrated, a 100% inspection is necessary.
Special characteristics which are not measurable or can only undergo destructive testing are to be monitored and documented using appropriate methods. Planned series monitoring of characteristic must be agreed with BG.

5.3 Inspection planning / schedule creation

To ensure that the products to be supplied fulfil quality specifications, the supplier will carry out appropriate quality tests. The scope of the tests must be defined by the supplier according to the level of the achieved process capability, the significance of the respective characteristic, and the possible impact of defects (FMEA).
For all characteristic, the supplier defines the test methodology including appropriate test equipment.
Acquisition and preparation are to be completed prior to series production.
Test process suitability must be verified for all planned measurement resources. To be taken into account here are the entire measuring process and the tolerances of the characteristic to be measured. Verification must be performed according to the requirements of VDA volume 5 or AIAG-MSA.

5.4 Certificates of capability

The execution of the machine capability investigation (MFU) and the process capability investigation (PFU) is regulated in the VDA Volume 4, IATF Reference Manual SPC.
The supplier must verify capable processes at least for all special characteristics.

Machine capability test / short-term capability

Machine capability tests are to be planned so that all evidence becomes available no later than the initial sampling date.
cmk ≥ 1,67

Preliminary process capability test

The first evaluation of the preliminary process capability test is to be submitted after at least 25 random samples with 5 readings in each case have been obtained from different production batches and lots. Regular evaluation of SPC records (preferably automated) is to be commenced by the start of the series at the latest.
ppk ≥ 1,67

Process capability test / long-term process capability

Long-term process capability is to be announced to BG as soon as it can be determined from the rules mentioned above. Furthermore, the process capability test results are to be submitted on request.
cpk ≥ 1.33

5.5 Re-qualification test

All products must undergo annual re-qualification according to the production management plan. The re-qualification test includes full dimensional and functional testing, taking into account applicable specifications for materials and functions. The results must be documented. The supplier must immediately notify BG of any negative test results, determine the cause of the error, initiate appropriate remedial action and document the event.

6 Delivery and product test

6.1 Tests by the supplier

Before distributing their products, the supplier must perform outgoing goods inspection according to the scientific and technological state-of-the-art. The supplier is obliged to notify BG immediately and comprehensively about new or modified concepts of testing the production process.

6.2 Incoming goods monitoring

Within a reasonable period of time after arrival of goods at their destination, BG will inspect them for compliance with ordered quantity and type, and check for externally visible transport damage or defects (hereinafter referred to as **incoming goods inspection**).
On detecting any damage or defects during the incoming goods inspection, BG will immediately notify the supplier.
BG will report non-obvious defects to the supplier immediately after discovery.
Evaluation of each incoming shipment is incorporated into a supplier assessment.

6.3 Deviant delivery

A delivery of products deviating from specifications requires prior, written consent through submission of form I_S3120_S_BG_-_001_F_001 – "Request for modification approval / special release" to the central e-mail address deviation@brand-group.com.
Deliveries are permissible only for agreed quantities or agreed periods of time.
Each delivery is to be furnished with a specifically agreed label.

6.4 Traceability

A batch-related system of traceability is to be maintained by the supplier in agreement with BG.

6.5 Periodic evidence / test certificates

BG is entitled at any time to request the supplier to confirm compliance with important properties through test certificates.
Such certificates must comply with the requirements of DIN EN 10204.

7 Complaints

Quality deficiencies falling under the supplier's responsibility and established during inspection of incoming goods or later are to be announced immediately to the supplier in a complaints report. §377 of the German Commercial Code is excluded against the background of the process-controlled quality assurance maintained by the supplier.
Any payment made before discovery of a deficiency does not imply recognition that the goods were delivered free of defects in compliance with provisions.
The supplier will be given the opportunity to subsequent fulfilment, as far as this is reasonable for BG. In urgent cases, BG can perform remedial measures at the expense of the supplier following consultation with them.
If the supplier has unsuccessfully attempted subsequent fulfilment, unjustifiably refused such fulfilment, or allowed a reasonable grace period to expire, BG may eliminate the deficiency independently, or have it eliminated, and demand compensation for the expenses incurred in this process. This does not influence the right to withdrawal, reduction or damage compensation in accordance with legal regulations.
The supplier shall inform BG about emergency measures within 48 hours, and submit a statement using form I_S1100_S_BG_-_001_F_003 „8D-Report“ within the required time limit (usually 1 week). The supplier is obliged to remedy the situation by means of appropriate measures and limit the impact of the defect as quickly as possible. In an event of deficient deliveries, the supplier must immediately inform the other, concerned BG establishments.
Product specifications are to be observed in any case and at all times. Based on the contractual provisions, the supplier is liable for defects even if the defect rate lies within the agreed target.

8 Liability

The provisions of the existent contracts (e.g. skeleton contract) as well as legal regulations apply to the supplier's liability. For measures of damage avoidance / limitation (e.g. recall actions) the supplier is liable to the extent legally imposed.

8.1 Liability insurance

The supplier is obliged to conclude and maintain, at their own expense, appropriate liability insurance to cover product liability risks arising from the supply relationship with BG. The coverage must adequately consider personal and material damage. To be covered furthermore are recall actions, potential sorting and transport costs, installation and removal costs, as well as further handling / processing costs.
Immediately on request, the supplier is obliged to present BG with confirmation of insurance by the liability insurance company.

9 Other contractual components

9.1 Retention periods

Quality records are to be kept safely and easily findable at all times. On request, these records must be made available to BG at short notice. Records must be retained for a period of least 5 years.
Parts or characteristic whose documentation is subject to special archiving (DmbA in Germany) and which have been marked as such must be handled as per VDA volume 1 (15 years).
These definitions do not replace statutory requirements.
Longer retention periods (up to 30 years) are recommended in view of limitation periods for product liability claims.

9.2 Package / transport planning

By means of suitable packaging and transport facilities, the supplier must ensure that products arrive complete and undamaged at their place of use. In an absence of any special requirements by the client, the contractor will propose suitable packaging (taking into account the product, quantity and transport type / route).

9.3 Preservation

All products which might be affected by interactions with their environment are to be safeguarded in an appropriate manner. The planned type of preservation (if necessary) is to be agreed with BG at the supplier's initiative in time before series delivery.
Any special requirements in technical documents must be given precedence.

9.4 Confidentiality

The supplier is obliged to keep all received technical and commercial documents strictly confidential, and not use them for own competitive purposes. Relay of such documents to third parties and disclosure of the business relationship with BG are permitted only with explicit, written consent. This also applies beyond the duration of this agreement.

10 Duration of the agreement

This agreement comes into force on signature by both parties and is open-ended.
The notice period for both contracting parties is 3 months prior to the end of the year; notice must be served in writing. The parties agree to carry out joint talks within 14 days after submission of notice.

11 Supplementary agreements

There are no supplementary agreements.
Additions or modifications to this contract require mutual, written consent. This applies equally to a waiver of the requirement for the written form.

12 Severability

Invalidity of a clause of this contract does not influence the validity of its remaining provisions. The invalid clause is to be replaced by deciding on an effective clause whose economic purpose comes closest to that of the actually agreed clause. This also applies in the case of contractual gaps.

13 Legal venue

This agreement is governed by the laws of the Federal Republic of Germany, under exclusion of provisions concerning conflict of laws as well as the UN convention on contracts for the international sale of goods (CISG). The courts at the headquarters of BG are responsible for all disputes arising from, or in connection with, this contract.

BG	**Head of purchasing**	**Head of QM**
	_____ Date/ Signature	_____ Date/ Signature

Supplier	**Commercial contact person**	**Head of QM**
	_____ Date/ Signature	_____ Date/ Signature

14 Additionally applicable documents

BG Code of Conduct
BG purchasing conditions

Forms:
Restriction of banned and regulated substances
Manufacturability Assessment - HSB
Request for change/special release
8D report
Applicable in each case is the current version, available in the download area at www.brand-group.com

15 List of references

Standards
ISO 9001: Quality management systems, requirements
ISO 14001: Environmental management systems

IATF
IATF – International Automotive Task Force, www.iatfglobaloversight.org
IATF 16949 Requirements for quality management systems for series and spare parts production in the automotive industry

AIAG reference manuals
AIAG PPAP
AIAG APQP
AIAG SPC
AIAG MSA

IATF & VDA
VDA Volume: AIAG & VDA FMEA Manual

Rule sets – VDA volumes
VDA - Association of the Automotive Industry e.V., www.vda-qmc.de
VDA Volume: 8D – Problem solving in 8 disciplines
VDA Volume 1 Documented information and storage
VDA Volume 2 Assurance of the quality of deliveries, production process and product release (PPF)
VDA Volume 3 Part 1 and 2: Reliability assurance for automobile manufacturers and suppliers
VDA Volume 4 (Sections 1-4) Assuring quality in the process landscape
- General
- Risk analysis
- Methods
- Process models
VDA Volume 5 measurement and testing processes
VDA Volume 6 Part 3: Process audit
VDA Volume 6 Part 5: Product audit
VDA tape special characteristics (BM)
VDA tape customer-specific requirements
VDA Band Lessons Learned
VDA Volume Product Compliance – Volume 1: Product Compliance System
VDA tape product integrity
VDA tape maturity level assurance for new parts

VDA tape Robust production process
VDA volume damage part analysis field + audit standard
VDA Volume Standardized Complaint Process

AIAG rule sets
AIAG PPAP
AIAG APQP
AIAG SPC
AIAG MSA

The current version applies in each cas

Scope of application

Internal	Division	External
☒ Brand, company site Anröchte/ D	☒ PT (AS)	☐ N/A
☒ Brand, company site Erwitte/ D	☒ IS (IF)	☒ Supplier
☒ MFW, company site Lüdenscheid/ D	☒ SGD (FTT)	☐ Customer
☒ BKL-CN, company site Taicang/ CN	☐ M	
☒ BKL-MX, company site Querétaro/ MX		
☒ BSP, company site Siemianowice Śląskie/ PL		

With my signature, I confirm that I have prepared and reviewed the document truthfully, accurately and to the best of my knowledge and belief within my role (see below) and according to the rules of our quality management. Furthermore, I specifically confirm the criteria mentioned below.

Creator	Release (professional)	Release (disciplinary)
Creation/testing criteria: • Completeness and correctness of the information • Formally correct	Test criteria: • Completeness and correctness of the information • Plausibility • Detailed test criteria fulfilled, note appendix if applicable	Test criteria: • Goal of the document achieved • Preparation and review complete • Detailed test criteria fulfilled, note appendix if applicable • Document is applicable for all intended areas
Surname, First name	Surname, First name	Surname, First name
Wolf, Jürgen	Teutenberg, Patrick	Teutenberg, Patrick
Function/ Role	Function/ Role	Function/ Role
HQM	IMS	IMS

Date	Date	Date
24.01.2024	25.01.2024	25.01.2024
Signature	Signature	Signature
Gez. Wolf	Gez. Teutenberg	Gez. Teutenberg

Index	Explanations
A	Document created
B	Rework Layout, Change Identifications of the forms
C	Change contect according to IATF 16949:2016 und ESG