**Quality assurance agreement for suppliers (QAA)**

**between the**

# WALTHER-WERKE Ferdinand Walther GmbH

* **hereinafter referred to as "Walther-Werke"** -

and

# XXXXXXXXXX

**XXXADRESSEXXX**

* **hereinafter referred to as "Supplier"** -

Contents: Page

|  |  |  |
| --- | --- | --- |
|  | Preamble | 2 |
| 1 | Quality management system of the supplier | 3 |
| 2 | Quality management system of the subcontractor | 3 |
| 3 | Audit | 3-4 |
| 4 | Supplier evaluation system | 4-5 |
| 5 | Information and documentation | 4 |
| 6 | Special features | 5 |
| 7 | Agreements on the product life cycle | 5 |
| 7.1 | Feasibility / contract review | 5 |
| 7.2 | Development, planning, release | 6 |
| 7.3 | Series production, labeling of products, traceability | 6-7 |
| 7.4 | Delivery, incoming goods inspection | 8 |
| 7.5 | Requalification test | 8 |
| 7.6 | Complaints, measures | 9 |
| 8 | Quality objectives | 9 |
| 9 | Environmental protection | 10 |
| 10 | Secrecy | 10 |
| 11Appendix 1 | Final provisionsSignatures on the quality agreementTarget agreement on purchased part quality | 111213 |
|  |  |  |

## Preamble

**Quality principles and objectives**

We strive to offer our customers an advanced, reliable and reasonably priced service that meets their needs. To expand this strategic position and to ensure long-term successful cooperation with our customers - and therefore also with our suppliers - we expect the following quality principles and objectives to be implemented:

* The continuous improvement of cooperation, process capability and the consistent pursuit of a zero-error strategy.
* The development and maintenance of a contemporary quality management system typical of the industry, which fully covers the typical customer-specific requirements of potential Walther-Werke customers.
* Promoting quality awareness at all levels and in the supply chain as a permanent management task and line responsibility.
* Quality assurance and the independent pursuit of improvement as a constant task and responsibility of each individual employee of Walther-Werke, its suppliers and its sales organization. Only the sum of the quality work of each individual guarantees the high quality of the entire WALTHER-WERKE service to our customers.

The appropriate implementation of this agreement is the basis for the procurement of parts, assemblies and components from suppliers who guarantee that the technical delivery conditions of WALTHER-WERKE are complied with, that the delivered goods are free of defects and comply with the applicable specifications.

Alexander Voos Hoang Pham

Quality Manager Purchasing Manager

WALTHER-WERKE WALTHER-WERKE

Ferdinand Walther GmbH Ferdinand Walther GmbH

1. **Quality management system of the supplier**

The supplier undertakes to apply and improve at least one QM system certified in accordance with the latest revision of the ISO 9001 standard.

If an existing certification expires, is revoked, suspended or placed on probation, the supplier must inform WALTHER-WERKE, to which it supplies products, of the change in certification status without delay. All affected production sites of WALTHER-WERKE must be informed within five working days of the suspension of certification

1. **Quality management system of the subcontractor**

The supplier also obliges its subcontractors to apply and improve a QM system in accordance with the latest ISO 9001 standard revision.

The supplier undertakes to document a process to ensure that all externally provided processes, products and services comply with the applicable legal and regulatory requirements of the exporting country, the importing country and the country of destination specified by the customer, if notified.

The supplier undertakes to comply with all applicable requirements, including customer-specific requirements, and to pass them on along the supply chain - right up to the actual place of manufacture.

WALTHER-WERKE may demand proof from the supplier that the supplier has satisfied itself of the effectiveness of the quality management system of its sub-supplier and is promoting the development of the supplier's QM system.

If quality problems arise, the supplier shall provide WALTHER-WERKE with the opportunity to conduct an audit at its sub-supplier.

1. **Audit**

WALTHER-WERKE or, by agreement between the parties, an authorized WALTHER-WERKE representative is entitled, if necessary together with WALTHER-WERKE customers, to examine and evaluate the supplier's QM / QA system and quality assurance measures. In this context, WALTHER-WERKE is entitled to a comprehensive right to information, which extends to the overall processes of development and manufacture of the delivery item.

The optimization of identified weak points is the responsibility of the supplier; WALTHER-WERKE has the right to participate in the optimization.

If the supplier involves sub-suppliers in the development and manufacture of the delivery item, he must oblige them to enable audits by WALTHER-WERKE or authorized WALTHER-WERKE representatives. Irrespective of this, the supplier is responsible for the auditing and optimization of identified weaknesses of its sub-suppliers.

Audits of the QM system can be carried out, for example, in the course of a complaint, supplier evaluation, sample inspection, documentation review, etc. after prior notification. Verification of quality capability shall be carried out by evaluating the technological and development competence by means of an audit of the QM system on the basis of the VDA specification, Volume 6, Part 3, as amended. Deviating audit types must be agreed in writing between the parties

1. **Supplier evaluation system**

WALTHER-WERKE evaluates supplier performance annually in at least the following categories:

* Quality
* Delivery reliability
* Disruptions at the customer / delivery stops
* Service
* Certifications (IATF 16949, DIN EN ISO 9001 and DIN EN ISO 14001)

The results obtained in this way lead to a general supplier classification, which is as follows:

A - Supplier The requirements for quality and delivery capability are fulfilled.

B - Supplier The quality capability requirements are met to a limited extent; the supplier is able to deliver with conditions; corrective measures are required.

C - Supplier The requirements for quality capability are not met;

 Corrective measures must be initiated immediately and effectively

 otherwise the supplier must be classified as unable to deliver.

1. **Information and documentation**

If it becomes apparent that agreements made, e.g. quality features, deadlines, delivery quantities, cannot be complied with, the supplier shall inform WALTHER-WERKE of this immediately. The supplier shall also inform WALTHER-WERKE immediately of all other deviations recognized after delivery. In the interest of a quick solution, the supplier shall disclose all necessary data and facts.

The supplier undertakes to provide

* Changes to production processes, procedures and materials (also at subcontractors)
* Change of subcontractors
* Changes to test procedures/equipment
* Relocation of production sites
* Relocation of production facilities at the site

the consent of WALTHER-WERKE must be obtained in writing. In these cases, the PPF procedure in accordance with section 3. must always be carried out. In exceptional cases, the parties may agree in writing to waive this obligation

The first three deliveries after the start of series production and after the aforementioned modification measures must be marked accordingly in the delivery documents.

The supplier undertakes to document all changes to the product and product-relevant changes in the process chain in a product life cycle and to treat them in accordance with VDA Volume 2 "Quality Assurance of Deliveries" in the current version.

The supplier regulates the control of all documents and data in specification documents and implements them effectively. Documents of external origin such as standards and customer drawings are included to an appropriate extent.

Records of the incoming goods inspections (concerning vendor parts and other preliminary products of the sub-suppliers), the reliability and service life tests, the outgoing goods inspections and, if applicable, the error analyses shall be kept by the supplier for at least 24 months. The supplier shall grant WALTHER-WERKE access to the records on request. In individual cases, WALTHER-WERKE may request a longer retention period.

1. **Special features**

If characteristics with special documentation requirements have been agreed, the supplier must include the corresponding labeling in its documents such as FMEA, control plan, EMPB and goods tags.

If the process reliability for special characteristics (safety-critical characteristics (CC), important characteristics (SC)) is verified by means of proof of capability, this must be provided by means of a short-term inspection with a sample size of at least 50 parts per nest/cavity. If conventional proof of process safety is not possible (e.g. for materials), another suitable measure must be demonstrated to rule out a defective delivery (e.g. factory test certificate analogous to DIN EN 10204-3.1).

The archiving period for records of special features (definition of features according to drawing and accompanying documents) must be at least 30 years from the event (according to VDA Volume 1 - Documented information and storage).

1. **Agreements on the product life cycle**
2. **Feasibility / contract review**

The supplier must check each order with regard to its producibility. In this context, manufacturability means that the requested products can be manufactured without any restrictions, in particular with regard to technical, legal and commercial requirements such as:

1. Capacities/quantities,
2. Dates,
3. Prices,
4. Specifications,
5. Drawings,
6. Specifications,
7. Process capabilities: Short-term capability Cpk min > 1.67

 Long-term capability Cpk min > 1.33

can be manufactured under series production conditions.

The contractual order acceptance is deemed to be a confirmation of manufacturability.

1. **Development, planning, release**

If the order to the supplier includes development tasks, the requirements shall be defined in writing by the contractual partners, e.g. in the form of a specification sheet. The supplier undertakes to carry out project management as early as the planning phase of products, processes and other cross-divisional tasks in the form of quality management plans and to grant WALTHER-WERKE access to these on request.

In the course of the contract review, the supplier shall check all technical documents such as specifications, drawings, parts lists, CAD data for feasibility upon receipt. The supplier shall inform WALTHER-WERKE immediately of any defects and risks identified in the process, as well as any opportunities for improvement.

During the development phase, the supplier applies suitable preventive quality planning methods, such as feasibility analysis, reliability analysis, FMEA. Experience (process sequences, process data, capability studies, etc.) from similar projects is considered.

For prototypes and pre-series parts, the supplier agrees the manufacturing and testing conditions with WALTHER-WERKE and documents these. The aim is to manufacture the prototypes and pre-series parts under near-series conditions.

The supplier shall carry out process planning for all characteristics (work plans, test plans, equipment, tools, machines, etc.). For the function- and process-critical characteristics, the supplier checks the suitability of the production facilities according to statistical criteria as well as the suitability of the test procedures and frequencies to be used and documents the results. Product quality is monitored by regular audits.

Before the start of series production, the supplier shall submit initial samples of the product manufactured under series conditions to the agreed extent and on time. The sampling procedure to be used (PPAP or PPF in accordance with VDA Volume 2) and the submission stage to be complied with shall be specified by WALTHER-WERKE. Series production may only commence after approval by WALTHER-WERKE.

If approval is not granted by WALTHER-WERKE, further measures with dates for re-sampling shall be agreed in writing.

1. **Series production, labeling of products, traceability**

Series deliveries may only be made after the initial samples have been approved by WALTHER-WERKE. If this is not possible for scheduling reasons, the further procedure must be agreed with WALTHER-WERKE Quality Assurance and WALTHER-WERKE Purchasing.

The supplier guarantees that its delivery items comply with all applicable laws and regulations that apply to the respective delivery item in the sales markets of the WALTHER-WERKE products. WALTHER-WERKE products are used worldwide, unless their use is restricted on a project-specific basis.

For electronic components, only goods whose residual processing time is not less than 3 months will be accepted. If the goods do not comply with this, the supplier must confirm their usability in writing one week prior to delivery without being requested to do so. In this case, the goods must be delivered separately and labeled.

The supplier shall ensure at all times that the series has been manufactured, tested and documented in accordance with the specifications and complies with the technical delivery conditions of WALTHER-WERKE. If faulty deliveries nevertheless occur, the supplier must immediately take remedial action in coordination with WALTHER-WERKE (e.g. replacement deliveries, sorting and reworking).

As far as possible, WALTHER-WERKE shall give the supplier the opportunity to organize necessary special actions promptly itself. If the supplier commissions a third party to carry out the special action, it undertakes to ensure in advance that the third party has the required and necessary qualifications and suitable methods, equipment and competence of the service provider. In order to prevent significant damage and to maintain production due to disruptions for which the supplier is responsible, WALTHER-WERKE may commission special actions (analyses, selection, etc.) even without the consent of the supplier (provided the supplier cannot be reached at short notice, depending on the urgency), which will be charged to the supplier after completion of the special actions. In this case, WALTHER-WERKE undertakes to inform the supplier directly in writing about the special action.

The supplier must record in its quality records in accordance with the respective valid quality planning for all products when, in what way and by whom the defect-free manufacture of the deliveries was ensured. This evidence must be kept for 15 years in accordance with the VDA recommendations and presented to WALTHER-WERKE if required. As a guideline, reference is made to the VDA document "Verification - Guidelines for the documentation and archiving of quality requirements" in the current version. The supplier must obligate upstream suppliers to the same extent within the scope of the legal possibilities. The supplier agrees to allow WALTHER-WERKE to inspect the evidence and production processes vis-à-vis authorities or legal bodies upon request and to provide all reasonable support.

If, in exceptional cases, the supplier is unable to supply products that meet the specifications, he must obtain special approval from WALTHER-WERKE before delivery.

The supplier must ensure the traceability of its products. The supplier shall ensure by labeling the products or - if this is impossible or inappropriate - by other suitable measures that it can immediately determine which other products could be affected if a defect occurs in products.

The following applies specifically to electronics suppliers: Electronic components must be clearly marked with batch identification. This clear marking must be present on the delivery documents.

The following information must also be printed on the delivery documents as a barcode / 2D DMC in addition to the plain text, irrespective of other obligations:

* Delivery note number
* Quantity
* Part number WALTHER-WERKE
* Batch/Date Code/Lot No./ or other relevant component identification

The supplier must agree the traceability concept with WALTHER-WERKE and grant access to the records and documents at any time upon request.

1. **Delivery, incoming goods inspection**

The storage of the goods at the supplier's premises must be adequately secured against loss/theft and must exclude damage or changes to the material properties due to environmental influences.

The supplier shall deliver the products in suitable and - if agreed - exclusively in means of transport approved by WALTHER-WERKE in order to avoid damage during transportation and quality deterioration (e.g. contamination, corrosion, chemical reaction).

Incoming goods inspections at WALTHER-WERKE are limited to externally recognizable transport damage and to determining compliance with the quantity and identity of the ordered products, at least on the basis of the delivery documents. Complaints identified in the process shall be reported immediately.

The notification shall be deemed timely if it is received by the supplier within a period of two weeks from delivery of the goods or, in the case of hidden defects, from their discovery.

1. **Requalification test**

Unless otherwise agreed, the supplier is obliged to check annually whether its services comply with the specifications of WALTHER-WERKE (including dimensions, material, reliability, legal requirements, environment). The supplier must inform WALTHER-WERKE of the result of this inspection on request. If the result of the inspection is negative, the supplier must inform WALTHER-WERKE immediately and independently. In exceptional cases, the supplier may be released from this obligation with the written approval of WALTHER-WERKE.

1. **Complaints, measures**

The supplier is required to apply the 8-D system.

This process must be completed within the following deadlines:

* up to D3 within 24 hours
* Problem description, responsibilities, immediate measures for next deliveries, work in progress and stock levels
* up to D5 within 4 working days
* with initial root cause analysis and associated measures
* up to D7 within 8 working days
* (Minimum requirement for scheduled action plan)
* D8 within 10 working days
* Completed 8D

In addition, systematic problem-solving methods must be used (Ishikawa/ 5 Why / DMAIC...). The supplier must aim to reduce the number of complaints compared to the previous year.

The deadlines are based on the receipt of the complaint by the supplier. Depending on the type of defect, a separate agreement can be made that the deadlines for 4 and 8 working days only apply after receipt of defective parts.

If the supplier destroys/damages parts that are the subject of a complaint in the course of processing the complaint so that it is no longer possible to determine the cause, the complaint shall be deemed to have been accepted. The determination of the cause must then be extended to the fault in the processing of the complaint. If WALTHER-WERKE does not receive any feedback within 10 working days of the complaint being issued, this will result in the complaint being accepted and any costs incurred will be passed on to the supplier.

If there is a threat of production downtimes at WALTHER-WERKE or its customers due to the delivery of products that do not comply with the specification, the supplier must, in coordination with WALTHER-WERKE, take suitable immediate measures to remedy the situation (replacement deliveries, sorting, reworking, special shifts, express transportation, etc.).

If this is not done, any costs incurred will be passed on to the supplier.

The supplier shall take out sufficient insurance against recall risks and product liability cases and submit proof of insurance to WALTHER-WERKE on request.

1. **Quality objectives**

The supplier is committed to WALTHER-WERKE's zero-defect target.

Furthermore, the agreed target is 100% delivery and quantity reliability.

If the zero-defect target cannot be achieved in the short term, the supplier shall propose temporary upper limits for defect rates as interim targets and measures and agree these with WALTHER-WERKE. Falling below agreed upper limits does not release the supplier from its obligation to process all complaints and to continue continuous improvement. The focus here should be on error prevention rather than error detection.

The Supplier's liability for defects or for claims for damages due to defective deliveries shall remain unaffected.

1. **Environmental protection**

The Supplier undertakes to comply with all statutory regulations on environmental protection, health and safety at work and to minimize the impact on people and the environment by means of an appropriate environmental protection organization and appropriate operational environmental protection.

WALTHER-WERKE reserves the right to assess the degree of implementation in the course of audits (see section 3).

The supplier must provide WALTHER-WERKE with all necessary data relating to the End-of-Life Vehicle Ordinance. For this purpose, the supplier shall use the procedure specified by WALTHER-WERKE.

Hazardous substances, RoHS, REACH, energy efficiency and conflict materials

(1) The supplier must observe the Hazardous Substances Ordinance (GefStoffV) when delivering the goods, constantly check the goods for substitution (substitution principle), package the goods concerned accordingly, label them, expressly refer to hazardous substances in the delivery bill and provide the current safety data sheet in the event of changes

(2) The supplier shall comply with the obligation under the REACH Regulation when delivering the goods without being requested to do so.

1. In accordance with DIN EN ISO 50001, we would like to point out that the evaluation of the procurement of energy services, products and facilities that have or may have an impact on significant energy use is partly based on energy-related performance. This means that energy efficiency is a decision-making criterion for WALTHER-WERKE when it comes to procurement and ordering.
2. The supplier does not use any conflict minerals within the meaning of Section 1502 of the US Dodd-Frank Act for the manufacture of the products to be supplied and only purchases products from its suppliers that do not contain any such conflict minerals. Once a year, the supplier confirms this to WALTHER-WERKE in the form of the current CMRT (Conflict Minerals Reporting Template, www.conflictfreesourcing.org).
3. **Secrecy**

The supplier undertakes to keep secret all information received from WALTHER-WERKE, including the content of this agreement, and to use it exclusively in the interests of the contractual conditions existing between the parties. The supplier may use product-specific information received from WALTHER-WERKE exclusively for WALTHER-WERKE.

This does not apply to information that is demonstrably

* were already publicly known at the time of notification or become publicly known thereafter without any action on the part of the supplier
* are already known to the supplier prior to the notification or are disclosed to the supplier by a third party after the notification without the supplier being obliged to maintain confidentiality
* have been or will be developed by the **supplier** independently of the notification
1. **Final provisions**

In all other respects, the statutory provisions shall apply. Agreements to the contrary, for example in the framework agreement, remain unaffected.

This agreement is subject to the law of the Federal Republic of Germany to the exclusion of the conflict of laws and to the exclusion of the CISG (Convention on the International Sale of Goods). The competent courts for the registered office of WALTHER-WERKE are agreed as the place of jurisdiction.

Amendments or additions must be made in writing. This formal requirement can only be revoked or amended in writing. The written form requirement is only satisfied if the declaration is signed by the parties in person. The written form described in the previous sentence cannot be replaced by an electronic form.

Should individual parts of this contract be legally invalid, this shall not affect the validity of the remaining provisions. The same applies if the contract contains a loophole. In order to fill a loophole, those effective provisions shall be deemed to have been agreed which the contracting parties would have agreed in accordance with the economic purpose of the contract if they had recognized the loophole.

|  |
| --- |
| **Signatures on the quality agreement**  |
| For WALTHER-WERKE Ferdinand Walther GmbH  |
|  |  |  |
| **Quality Manager** |  | **Purchasing Manager** |
|  |  |  |
| **Name (block capitals) /signature** |  | **Name (block capitals) /signature** |
|  **Eisenberg the ,** |
|  |
| **For** |  |
|  | **Supplier name** |
|  |  |  |  |
|  |  |  |
| **Name (block capitals) /signature** |  | **Name (block capitals) /signature** |
|  |  |  |
| **Place / Date** |  | **Place / Date** |

**Appendix 1 Target agreement on purchased parts quality**

**1. goals**

The following ppm targets apply until they are redefined by mutual agreement:

as a total target for the entire delivery range, unless otherwise agreed:

 From year: XXXX Target value: \_XX\_ ppm

***Delivery quantity:*** All goods receipts of the products in the period under review.

***Period under review****:* The last 12 calendar months on a rolling basis

The following targets for the number of complaints apply until they are redefined by mutual agreement:

as a total target for the entire delivery range, unless otherwise agreed:

***max. permissible number of complaints:*** X

***Period under review****:* is 6 months rolling

The results are recorded monthly at WALTHER-WERKE, communicated to the supplier as required and taken into account in the supplier evaluation. For its part, the supplier will record and evaluate suitable quality indicators in order to constantly monitor the achievement of objectives.

If the objective is jeopardized, the supplier is requested to inform Walther-Werke and to indicate preventive measures.

**2. target review**

Carried out in the annual supplier meeting.

All other agreements existing between WALTHER-WERKE and the supplier are

agreements remain unaffected by this target agreement.

|  |  |  |  |
| --- | --- | --- | --- |
| valid from:  | Quality | Purchasing  | replaces issue of:  |
| WALTHER-WERKE |  |  |  |
| Supplier |  |  |  |