Quality assurance agreement (QAA)

between

Möhling GmbH & Co. KG
Altenaer Straße 49
58762 Altena

hereinafter referred to as "Möhling GmbH & Co. KG”

and

supplier
address / street
address / city
country

hereinafter referred to as "Supplier”

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1. Preamble

Product quality is becoming increasingly important in terms of competition and in terms of product safety and cost avoidance.
The necessary measures are part of a constantly improving QM system. The QM activities of the suppliers are included in the implementation of the common zero-defect objective.

This quality assurance agreement is the contractual stipulation of the technical and organizational framework conditions and processes between Möhling GmbH & Co. KG and the Supplier that are required to achieve the desired quality objectives. It describes the minimum requirements for the contractual partner's management system with regard to quality assurance.

2. Scope/purpose

This agreement applies to all products and services that the Supplier delivers on the basis of an order.

The requirements defined in this document apply to all manufacturing and supplying locations of the Supplier and are an additional component of every order from Möhling GmbH & Co. KG.

German is defined as the language of communication with the Supplier.

Changes to this document only apply if they are documented in Appendix -A- and dated and countersigned by the QM officer of Möhling GmbH & Co. KG.

3. Supplier responsibility

In accordance with the written agreements, the Supplier is responsible for the correct execution of its products and services. In order to meet this responsibility, he must maintain an effective quality management system.

The Supplier's responsibility for the quality of the products delivered by the Supplier also includes semi-finished products or raw materials and purchased parts that the Supplier obtains from his sub-supplier.
The Supplier is responsible for ensuring that the claims from this agreement are also transferred to his sub-suppliers.

The Supplier must check the completeness and correctness of the documents and, if necessary, request further information from Möhling GmbH & Co. KG. Technical and commercial documents submitted must be assessed by the Supplier within 10 working days and returned to Möhling GmbH & Co. KG, with a corresponding statement.

The Supplier undertakes to set zero defects, combined with continuous improvement in performance and quality.

4. Management system

As a supplier to Möhling GmbH & Co. KG, certification according to ISO 9001 is a basic requirement. Furthermore, Möhling GmbH & Co. KG recommends to further develop its quality management system in accordance with IATF 16949.

An environmental and energy management system in accordance with DIN ISO 14001 and DIN ISO 50001 should have been introduced and certified. All statutory occupational health and safety requirements must be observed.

The Supplier must send new or extended certificates to Möhling GmbH & Co. KG without being asked and on his own responsibility. Deletion, suspension or loss of the certificate must be reported to Möhling GmbH & Co. KG immediately.

The Supplier is required to demonstrate a process for continuous improvement. Implementation of the 5S system is recommended.

If the Supplier is commissioned as the setting supplier for the customer, the provisions agreed in this QAA apply alongside other customer requirements.

5. Quality planning

5.1 Production parts approval process

Initial samples are products and materials that have been completely manufactured using standard equipment under standard conditions. They must be taken as a random sample from a representative production quantity under series conditions.

The Supplier must carry out the process and product approval procedure either according to VDA Volume 2, submission level 2 or AIAG PPAP, level 3, depending on the specifications.

The currently valid sampling templates must always be used for the documentation.
Sampling is free of charge for Möhling GmbH & Co. KG.
Series products may not be supplied without a release or special release from Möhling GmbH & Co. KG.
Retention samples must be kept for each sampling carried out.

If necessary, the Supplier must enter the relevant information about the ingredients in the IMDS (International Material Data System). The ID number must be specified in the initial sample test report.

If a sample is rejected, the further measures will be coordinated with the quality department of the location to which the sample parts were delivered.

History of parts must be kept by the Supplier for all products. All product and process changes are documented.

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5.2 Statistical process control and process capability

The Supplier is responsible for using effective systems to monitor process and product quality. Statistical process control is a method for monitoring and regulating manufacturing processes using statistical methods. The Supplier must monitor critical and important features using SPC. The features and process parameters to be monitored using SPC result from the specifications and written agreements with Möhling GmbH & Co. KG.

Unless otherwise agreed, the Supplier guarantees Ppk ≥ 1.67 and Cpk ≥ 1.33.
If the required process capability is not achieved, the Supplier is required to immediately optimize the production process at his expense. Until then, other suitable measures must be taken to prevent the delivery of defective components (e.g. 100% inspection, poka-yoke).
For the implementation of statistical studies, the Supplier may only employ personnel who have demonstrably been trained in statistics.

5.3 FMEA (Failure Mode and Effects Analysis)

FMEA must always be created to assess the risks that can arise from possible errors.
FMEA must be maintained over the entire production period and updated in the event of product or process changes as well as in the event of measures taken based on the cause analyses from the problem-solving process.

5.4 Test and test equipment planning

The Supplier is required to equip himself with test equipment with which all quality-relevant product and process parameters can be checked. Tests that cannot be carried out by the Supplier with suitable test equipment can be tested by the Supplier on his behalf at service companies accredited according to the DAkks.
If necessary, suitable test equipment and test methods must be agreed between the Supplier and Möhling GmbH & Co. KG.

5.5 Customer-specific requirements

Customer-specific requirements of Möhling GmbH & Co. KG customers are communicated to the Supplier when they are applied by Möhling GmbH & Co. KG and must be taken into account and complied with by the Supplier.
If the Supplier delivers products to the VW Group supply chain, a product safety officer must be appointed. He must have be demonstrably trained in accordance with the specifications of Volkswagen AG "Formula Q".

5.6 Special features

Special features are product or process features that relate to safety or to compliance with the function or further processing of the product.

At Möhling GmbH & Co. KG, special features are classified as safety-relevant (CC) or function-relevant (SC) in the technical drawing and must be identified by the Supplier in all relevant documents, records and must be treated separately.
Within this context, Möhling GmbH & Co. KG can agree on further quality assurance measures for pre-series and series products with the Supplier.

In the case of the delivery of products with safety-relevant special features, the requirements of VDA Volume 1 must be implemented. This includes the following requirements: The minimum retention period for the relevant documents, records and retained samples of the initial samples is set at 25 years after the period of use.

5.7 Emergency plans

The Supplier must draw up a written emergency plan that specifies the delivery obligation to Möhling GmbH & Co. KG. Möhling GmbH & Co. KG must be informed within 12 hours of emergencies (e.g. personnel, machines, energy) which may lead to non-compliance with the delivery obligation

6. Process and product quality in series

6.1 Requalification test

The Supplier is required to carry out a regular requalification test as part of a complete initial sample. The requalification test takes place annually, beginning with the time of the initial sample approval or in coordination with Möhling GmbH & Co. KG and must be submitted within 24 hours upon request.

The requalification test is free of charge for Möhling GmbH & Co. KG.

6.2 Measuring and testing equipment

The Supplier must provide suitable measuring and testing equipment to ensure the required quality. The Supplier must prove suitability for the intended measuring task by means of a measurement system analysis (MSA). The measuring and testing equipment must be monitored and marked with a suitable system. The monitoring results must be documented.
If test equipment is provided by Möhling GmbH & Co. KG, it must be treated in the Supplier's system like its own test equipment.

6.3 Change management

The Supplier is required to notify Möhling GmbH & Co. KG in writing of all changes in its process chain (location, product, process) for approval at least 6 months before implementation.
The following changes may not be made without prior information and approval from Möhling GmbH & Co. KG:

- Relocation of production to another production site or sub-supplier
- Change in product specification
- Change in the tests agreed with Möhling GmbH & Co. KG (test procedures, test scope, documentation of tests).
- Change of the agreed packaging (Type of packaging, labeling, quantities).
- Change of agreed delivery dates and delivery quantities.

The necessity of a subsequent sampling, due to a change, must be agreed with Möhling GmbH & Co. KG. The additional expenses resulting from the renewed approval process are borne by the Supplier.

6.4 Dealing with defective and suspect products

If the Supplier detects a defect in the product during the manufacturing process, the Supplier must immediately interrupt and correct the process. In this case, all products that have been manufactured since the last random sample test carried out with positive results must be 100% checked.
Defective products must be secured immediately and kept in a quarantine store until they have been finally clarified.
Corrective measures introduced must be clearly documented in the records.
If, when narrowing down the amount of defects, it is found that defective products have already been delivered, Möhling GmbH & Co. KG must be informed immediately and the further course of action must be agreed upon.

6.5 Application for a deviation permit

For every delivery that deviates from the approved process or product and is to be delivered, the Supplier must apply to Möhling GmbH & Co. KG for a written deviation permit in advance. Each container must be clearly marked with a copy of the deviation permit approved by Möhling GmbH & Co. KG.
In the event that deviations in products that have already been delivered are only discovered afterwards, the Supplier is required to inform Möhling GmbH & Co. KG immediately in writing, and provide information on the error, affected delivery quantities and delivery batches.

6.6 Inspection of incoming products

At the incoming products department of Möhling GmbH & Co. KG, the incoming products are checked for quantity and identity as well as for transport and packaging damage. Any defects found will be reported to the Supplier immediately. If a defect in the product is only discovered during subsequent processing, it will also be reported immediately.

6.7 Complaint management

The Supplier must respond immediately to complaints by Möhling GmbH & Co. KG. When solving the problem, special emphasis must be placed on systematic processing using the 8D method.
To analyse the cause, at least the 5 Whys method should be implemented.
Technical solutions for avoiding or detecting errors are to be aimed for.

An initial statement specifying the immediate measures must be sent within 24 hours.
The cause of the error with notification of the corrective measures must be submitted unsolicited after 5 working days and the complete 8D report must be submitted after a maximum of 20 working days.

The complete documentation of the problem-solving process is to be made available to Möhling GmbH & Co. KG upon request with the 8D report.

Möhling GmbH & Co. KG reserves the right to pass on costs incurred as a result of justified complaints to the Supplier.

6.8 Preventive maintenance

In order to ensure sustained readiness for delivery, the Supplier must introduce and maintain a system for preventive maintenance of his production facilities.

6.9 ppm agreement

An error rate of 100 ppm is agreed between Möhling GmbH & Co. KG and the Supplier with the aim of a long-term zero-error strategy Any agreements to the contrary must be made in writing with Möhling GmbH & Co. KG.

7. Audit

In order to carry out a system, process or product audit, the Supplier grants Möhling GmbH & Co. KG access to his premises according to prior agreement.
The Supplier undertakes to provide Möhling GmbH & Co. KG with all information necessary for the audit.
The Supplier is required to implement the measures defined and agreed upon in the course of audits and to prove their effectiveness.

The Supplier must carry out the following CQI standard self-assessments at regular and planned intervals, if applicable, for the type of his production process, at least every 12 months:

- CQI 9 Heat Treat System Assessment.
- CQI 11 Plating System Assessment
- CQI 12 Coating System Assessment

The Supplier makes the results available to Möhling GmbH & Co. KG without being requested to do so.

8. Supplier evaluation

Möhling GmbH & Co. KG carries out a supplier evaluation at least once a year. The evaluation results in an A, B or C evaluation. The result of the Supplier evaluation is made in writing by Möhling GmbH & Co. KG's purchasing department.

9. Product liability

The Supplier must have product liability insurance that is tailored to the automotive industry and the quantities delivered, including insurance to cover product recalls.
There must be procedural instructions with an emergency plan for product recalls including the limitation of defective deliveries.

10. Compliance with social and ethical principles

The fulfilment of social and ethical principles forms the basis of cooperation with Möhling GmbH & Co. KG. The Supplier undertakes to implement and support social and ethical principles that are harmonized in accordance with the SA 8000 standard (Social Accountability).

11. Obligation of secrecy

The Supplier undertakes not to disclose to third parties, either directly or indirectly, any information, documents and details that are handed over to him or that become known in any other way without the prior written consent of Möhling GmbH & Co. KG, neither for his own purposes nor to be used for purposes of third parties.
This also applies to the time after the termination of this agreement.

12. Conflict material

The Supplier undertakes not to use any conflict material in accordance with the current status of the US Dodd Frank Act, Section 1502.

13. Prohibited substances

The Supplier undertakes to meet his obligations according to the European chemicals regulation REACH EG No. 1907/2006. This applies in particular to the information obligation under Article 33, after each supplier of a product notifies Möhling GmbH & Co. KG of a substance listed under Article 59.
The Supplier undertakes to inform himself about changes independently and to comply with his information obligation towards Möhling GmbH & Co. KG according to REACH EG No. 1907/2006.

14. Customer property

The Supplier must grant Möhling GmbH & Co. KG access rights to his property, including buildings, in order to be able to withdraw or verify customer property if necessary. The Supplier must keep a list of Möhling GmbH & Co. KG property and hand it over to Möhling GmbH & Co. KG once a year without being asked. The Supplier must clearly mark the Möhling GmbH & Co. KG property as such and may not withhold, dispose of or resell it.

15. Traceability

The Supplier undertakes to ensure the traceability of the products he delivers**.**
In the event of an identified error, the delimitation of the defective parts/products/batches/etc. must be guaranteed.

16. Data protection

In connection with this QAA, each party can have access to personal data (e.g. names, functions, business units, contract details and communication data) of employees, representatives, consultants, agents, contractors and other persons (“personnel”, “personal data”) of the other party.
The parties agree that they will each implement independent data protection measures with regard to such personal data, unless expressly agreed otherwise.
Personal data may only be processed within the framework of the applicable law, using appropriate security precautions (e.g. technical and organizational precautions, etc.), and only for the purpose of concluding and executing the contract, especially orders, payment processing duties, taxes, import/export management, customer relationship management, business accounting and general administrative purposes.
Each party undertakes to inform its own personnel of the processing of personal data by the other party in accordance with the applicable law.

Möhling GmbH & Co. KG :

_____	_____	_____	_____
Place, Date	Department	Name	Signature
_____	_____	_____	_____
Place, Date	Department	Name	Signature

Supplier:

_____	_____	_____	_____
Place, Date	Department	Name	Signature
_____	_____	_____	_____
Place, Date	Department	Name	Signature

17. Appendix A "Changes to This Document"

Document section	Change by the Supplier	Comments by Möhling GmbH & Co. KG
The changes listed here are declared valid by the date and signature of Möhling GmbH & Co. KG – Quality Management Officer		_____ Date _____ Signature