***Supplementary Agreement to the***

***Quality Agreement „QVForm\_x.DOCX“***

between the company

**E + E Elektronik Ges. m. b. H.**

**Langwiesen 7**

**A - 4209 Engerwitzdorf**

- hereinafter referred to as "**E+E Elektronik**" or **„Buyer“** -

and the company

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

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These customized quality assurance agreements with the Supplier are a supplement to the mandatory regulations. If this document contains more wide-reaching agreements or agreements considered to be mandatory, this document has priority.

# **1. The Supplier’s Quality Management System**

The Supplier maintains a certified quality management system per newest version of ISO 9001.

The Supplier agrees to maintain a certified quality management system per newest version of

IATF 16949.

The Supplier is invariably required to provide evidence of his quality management system with a copy of a valid certificate. If a copy of the valid certificate is not received, the Supplier will then be downgraded in the E+E supplier assessment.

*1.1. Quality Management System of Subcontractors*

# The Supplier also undertakes its Subcontractors to implement a quality management system -

# based on ISO 9000 ff - with the obligation to reach the goals of a zero fault policy and to improve

# their standards continuously. E+E Elektronik may ask for evidence that the supplier has audited the effectiveness of the subcontractor´s quality management system.

# If quality problems occur, E+E Elektronik has the right to perform an audit at the supplier´s subcontractor.

# Subcontractors have to be evaluated. In case of a negative evaluation result resp. deterioration,

# appropriate measures for improving have to be discussed together with the subcontractor.

# *Document Handling*

The Supplier regulates the control of documents and data and shall implement them effectively. Documents of external origin such as standards and customer drawings are included

to a reasonable extent. These documents must be retained for at least 7 years.

Documents with special archiving must be retained for at least 15 years.

Records of incoming inspections (concerning purchased parts and other raw materials from

subcontractors), reliability and endurance testing, end of line testing and defect analysis - if applicable - must be retained by the Supplier for at least 24 months. The Supplier shall grant E+E Elektronik the right to inspect records upon request. In individual cases, E+E Elektronik may require a longer retention period.

# **2 Delivery**

Products have to be delivered in accordance with the packaging specifications of E+E Elektronik,

if agreed.

# **3 Inspection of Incoming Goods**

Immediately upon delivery of the ordered goods, the buyer shall check whether the products correspond to the ordered amounts and types, and whether visible, external damage can be detected.

Any deviations detected at this stage will be reported immediately.

The Supplier agrees to adapt his quality management system and his quality assurance activities to this limited incoming goods inspection as detailed in the present individual agreement.

# **4 Audits and Costs**

E+E Elektronik acknowledges that the Supplier maintains an effective quality management system according to the newest standards and is therefore capable of performing problem analysis, necessary quality assurance activities and is able to perform independent audits.

Therefore the costs for audits and process analyses by E+E Elektronik at the supplier´s production sites can be limited to following cases:

- Occurrence of a severe problem - caused by the Supplier - that affects buyer´s production

- Supplier is unable to provide evidence that the cause of the defect has been found and effective corrective actions have been implemented within an agreed deadline.

- Together decided improvement activities have not been implemented

Audits are only performed after prior announcement.

The Supplier enables short-term audits on request and will bear the costs for process audits and problem analyses.

# **5 Implementation of Quality Assurance Activities**

## 5.1 Quality Meetings

Quality meetings focussed on topics such as preventive quality assurance, evaluation of exchanged quality data, discussion of errors, discussion of current topics, etc.

are organized when requested by either party.

## 5.2 Sampling and Release of Products (Initial Sample Inspection)

Sampling has to be performed according to VDA Volume 2 or PPAP.

Sampling results must be clearly documented in an initial sample inspection report according to VDA Volume 2 or QS-9000.

If the Supplier recognizes that the agreements can not be adhered to, the purchasing of E+E Elektronik has to be informed immediately.

In case of specification deviations, E+E Elektronik decides about further actions.

## 5.3 Requalification Testing

Requalification testing must be performed with all products according to the control plan (e.g. product quality assurance plan PQP) with complete dimensional and functional testing, taking the buyer´s requirements for materials and function into account.

The results must be made available for reviews by E+E Elektronik.

## 5.4 Quality Problems

If a quality problemoccurs, then the batch and production data must be accessible within one calendar day.

If the problem occurred due to the product quality, the contracting parties are required to work out an approach to solve the problem within one working day after the problem has occurred.

The supplier must ensure that rapid access to resources for defect examination and defect analysis is always possible.

The procedure for processing complaints was agreed to and defined as follows:

- No later than **1 calendar day** after receiving the complaint (or photographs, defective samples), confirmation of receipt must be sent to E+E Elektronik.

- No later than **2 calendar days** after receiving the returned parts (if necessary for the initial response), an initial response must be sent to E+E Elektronik.

Content of the initial response: 8D report, filled out up to and including the point

“Immediate measures”.

- No later than **14 calendar days** after the complaint is issued by E+E Elektronik, a completed 8D report must be received by them. If the Supplier is not able to supply a complete 8D report within this deadline, he must report this to E+E Elektronik by a detailed interim report. This interim report must specify a deadline for submission of the complete 8D report (or for the next interim report). The time between two interim reports may not exceed 14 calendar days.

 The deadline (of 14 calendar days for submission of the completed 8D report) can only be extended by submitting detailed and clear interim reports.

Final defect analysis reports must include specific, plausible and complete information.

The 8D report is the default method for reporting.

If the Supplier is not able to reach the agreed quality level within the agreed deadline,

E+E Elektronik can require the support of an external consultant at the expense of the supplier.

5.5. Process Capability

Before the production release the supplier shall prove the capability of all processes and

machines (Cpk (Ppk) ≥ 1.33 and Cmk ≥ 1.67 resp. individual part / component specific must be reached).

If these requirements can not be met for certain processes, appropriate measures to ensure

the quality of each part of the product have to be implemented (e.g. 100 % product testing).

*5.6. Measurement Capability*

Before the production release the supplier shall prove the capability of the measurement equipment (R&R analyses according MSA or VDA).

5.7. Product Identification and Traceability

The Supplier agrees to identify the products, parts and packaging in accordance with agreements reached with E+E Elektronik. He must ensure that identification of the packaged products will also remain legible during shipping and storage.

The Supplier agrees to ensure the traceability of all products supplied by him. Measures must

be instituted to ensure that if a defect is detected, the defective parts/products/batches etc.

are traceable and can be contained. If E+E Elektronik makes production and test equipment available to the Supplier, especially equipment and fixtures related to deliveries, they must be labelled as buyer´s property. The Supplier is responsible for protecting E+E Elektronik property from damage and ensuring proper function, maintenance and repair.

*5.8. Development, Planning, Release*

If the order placed with the Supplier includes development tasks, the requirements shall be

set forth in writing by the signing parties in the Agreement, e.g. in the form of specifications.

The Supplier agrees to conduct project management according to VDA or APQP starting with the planning phase of products, processes and other cross functional tasks in the form of quality management plans and to grant E+E Elektronik the right of inspection upon request.

During contract review, the Supplier shall examine all technical documentation, such as specifications, drawings, part lists, and CAD data for feasibility upon receipt; the Supplier shall notify E+E Elektronik promptly of any defects and risks as well as improvement possibilities.

During the development phase the Supplier shall apply suitable preventive methods of

quality planning, such as a manufacturing feasibility analysis, reliability studies, FMEA, etc. The

Supplier shall take into account experience (process flows, process data, capability studies,

etc.) gained from similar projects.

Characteristics with special archiving requirements shall be determined by E+E Elektronik and the Supplier.

The Supplier shall coordinate and document the manufacturing and test conditions with

E+E Elektronik for prototypes and pre-production parts. The goal is to build prototypes and pre-production parts under conditions similar to mass production.

For all characteristics the Supplier shall perform process planning (work plans, test plans, operating supplies, tooling, machinery, etc.). For function and process critical characteristics the

Supplier shall review the suitability of the manufacturing facilities according to statistical criteria

and shall document the results. Product quality is monitored with periodic audits.

Prior to starting mass production, the Supplier shall submit initial samples of the product built

under mass production conditions in agreed upon quantities and schedule (also refer to § 5.2

Individual Agreement). Mass production of a product shall not be started until it is released by E+E Elektronik.

# **6 Contract Duration, Cancellation**

This quality assurance agreement does not have an expiration date. It can be cancelled in writing effective at the end of month and requires an advance notice of three months. The applicability to contracts made with this quality assurance agreement remains unaffected by such cancellation, i.e. the rules of the quality assurance agreement continue to apply for these contracts until they expire.

This contract is in principle remains valid for all products delivered after commencement of this agreement.

# **7 Final terms**

Modifications and additions to this contract have to be made in writing.

If terms of this contract should be entirely or partially invalid, then the applicability of the remaining terms is not affected; in this case, the partners will agree on applicable terms that as closely as possible fulfil the commercial intent of the invalid terms. This also applies accordingly to possible commissions.

# This contract is subject to Austrian law and excludes rights of collision.

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| *E+E Elektronik:* |  |
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