|  |
| --- |
| Quality Assurance Agreement  with Suppliers of the Schaeffler Group |
|  |

between

Schaeffler Supplier no.:

UPIK/DUNS-no.:

(hereinafter referred to as the Supplier)

and Schaeffler Technologies AG & Co. KG

Industriestraße 1 - 3

91074 Herzogenaurach

(hereinafter referred to as Customer)

Preamble

The competitiveness and position of the Schaeffler Group in the world market is decisively influenced by the quality of its products. The faultless quality and reliability of purchased products (components, raw materials) or the services associated therewith have a direct influence on the quality of the Schaeffler Group’s products.

The conclusion of this Quality Assurance Agreement represents an indispensable step for a future business relationship with the Schaeffler Group.

Table of Content

[1 Scope of application 3](#_Toc102111796)

[2 Quality Management System 3](#_Toc102111797)

[2.1 Quality Management System requirements for Suppliers 3](#_Toc102111798)

[2.2 Inspection of the Quality Management System 3](#_Toc102111799)

[3 Customer requirements 4](#_Toc102111800)

[3.1 Dealing with Customer Requirements 4](#_Toc102111802)

[3.2 Quality documentation 4](#_Toc102111803)

[3.3 Storage and inspection of documents 4](#_Toc102111804)

[3.4 Nonconformities 4](#_Toc102111805)

[3.4.1 Indications of deviations 4](#_Toc102111810)

[3.4.2 Detection and rectification of defects 5](#_Toc102111811)

[3.5 Escalations 5](#_Toc102111812)

[3.6 Supplier evaluation 5](#_Toc102111813)

[3.7 Communication 5](#_Toc102111814)

[3.8 Source of supply / products stipulated by the Customer 6](#_Toc102111815)

[3.9 Prohibited and declarable substances 6](#_Toc102111816)

[4 Term of validity and termination 6](#_Toc102111817)

[5 General 6](#_Toc102111818)

[6 Appendices 7](#_Toc102111819)

# Scope of application

The diverse fields of application of Schaeffler products require compliance with various business and customer-specific quality requirements.

The present “Quality Assurance Agreement with Suppliers of the Schaeffler Group” (shortly QAA) is the binding specification of the technical and organizational framework conditions for all deliveries and services to the Schaeffler Group (i. e. all companies in which Schaeffler AG holds a direct or indirect majority interest), which are necessary to achieve the jointly strived for quality target of "zero defects".   
It describes the minimum requirements for the supplier's quality management system. The acceptance of this   
“Quality Assurance Agreement with Suppliers of the Schaeffler Group” by the supplier is a prerequisite for the assignment by Schaeffler.

In addition to the QAA, if necessary and depending on the scope of delivery and service of the supplier, order specific or business specific quality assurance agreements (e. g. Automotive Technologies, Industrial, Aerospace, Rail, etc.) can be agreed on and shall be a part of the Quality Assurance requirements after a corresponding negotiation with the supplier.

The currently valid description available on the homepage www.schaeffler.de is always applied and the supplier is responsible for implementing the currently valid version including the business-specific regulations.

# Quality Management System

## Quality Management System requirements for Suppliers

The Supplier commits to implementing and maintaining a certified quality management system in accordance with the currently valid version of DIN EN ISO 9001.

Furthermore, depending on the product or service application, additional business-specific requirements may apply to the supplier's certification (e. g. IATF 16949 for automotive technologies, ISO/TS 22163 for railroads, etc.).   
Additional business-specific regulations are subject to a separate agreement between the business partners.

The Supplier shall present the evidence of the quality management system without delay via the portals agreed with Schaeffler.

## Inspection of the Quality Management System

The Supplier must plan and carry out internal system, process and product audits in accordance with the requirements of ISO 9001 and at regular intervals. In the event of quality defects or system weaknesses on the part of the supplier, Schaeffler has the right to check if the supplier is complying with the Schaeffler requirements. The necessary verification methods are defined in advance according to the rules customary in the business.

Schaeffler shall be entitled to conduct an on-site inspection of the contractual obligations’ compliance by the supplier, within the normal operating hours of the supplier and after giving reasonable advance notice, considering any justified confidentiality interests of the supplier.

# Customer requirements



## Dealing with Customer Requirements

The quality features to be complied with are designated in the technical documents (e. g. drawings, material specifications, product delivery guidelines, delivery conditions, instructions that are also applicable to the purchase order, procedural guidelines, specifications, etc.). If relevant documents are incomplete during submission, Schaeffler must be informed immediately, and any missing information must be requested subsequently. Should there be any ambiguity in the content and interpretation of the technical requirements or in case the documents are not provided, the Supplier must clarify these issues immediately via the Schaeffler contact person.

The Supplier is obliged to inform Schaeffler of any necessary amendments or changes in the technical documents. Such changes must be implemented by the supplier after they have been checked and approved by Schaeffler.

Norms and standards are to be used in the currently valid version. Exceptions to the application of withdrawn – thus historical – standards apply if this has been agreed between the business partners and is not prohibited by law. These norms and standards are to be referred to in the context of a dated reference.

If subcontractors are involved, the Supplier ensures that the subcontractor has all the documents required for the provision of the service in the valid version and that they are complied with.

## Quality documentation

The Supplier ensures that the requirements specified in the technical and non-technical / qualitative documents are implemented and must provide Schaeffler with suitable evidence. Inspection reports, certificates, proof of qualifications, measurement results or results of the production-accompanying inspection can serve as evidence. Upon request, the supplier must allow Schaeffler to inspect these documents. Details regarding the obligation to provide evidence must be agreed with Schaeffler as part of the request for quotation and purchase order processes.

As proof of the material properties, the Supplier shall prepare and retain acceptance test certificates in accordance with the agreed standards and norms and deliver them upon request.

The Supplier must implement appropriate measures for advanced quality planning, production process and product approval procedures as well as tools for production and quality monitoring. Details must be agreed with Schaeffler.

## Storage and inspection of documents

The retention of the specification and evidence documents with archiving obligation must meet the legal requirements. In addition, the supplier undertakes to comply with the business-specific minimum retention periods in accordance with the QAA modules, if agreed.

Upon request, the Supplier shall allow Schaeffler to inspect these documents.

## Nonconformities



### Indications of deviations

Deviations from applicable drawings, specifications, or the agreed quality assurance measures, repairs or rework of the product, production processes, shaping tools, materials or supplied parts for the product, as well as repairs or reworks of the processes or equipment for testing are all subject to approval by Schaeffler and shall be reported to and approved by Schaeffler prior to the implementation.

The relocation of products from approved production sites and the associated changes in site conditions may only be carried out after a thorough examination and approval by Schaeffler and after all requirements have been met. Even if the aforementioned changes are approved by Schaeffler, the Supplier remains obliged to fulfill its delivery and service obligations in accordance with the contract.

Irrespective of this, Schaeffler must be notified of any possible deadline shifts, impending delivery bottlenecks or modified delivery schedules resulting from the changes.

In the event of the above-mentioned deviation, the rules/standards specified by Schaeffler must be used.

### Detection and rectification of defects

Incoming goods inspections are carried out by Schaeffler only with regard to externally recognizable damages and externally recognizable deviations in terms of identity and quantity. Schaeffler will give notice of such defects in a timely manner. Furthermore, Schaeffler will give notice of defects as soon as they are detected in the ordinary course of business. In this respect, the supplier shall waive the objection of delayed notice of defects.

In case of complaints, the supplier shall be obliged to investigate them systematically and in writing in the form of an 8D report to be submitted within 24 hours (D1 - D3).

If the Supplier detects process disruptions or quality deviations in the product or in the service to be provided, the process must be interrupted immediately, their causes shall be analyzed, corrective actions initiated, and their effectiveness checked. Parts/products suspected of being defective must be blocked immediately, inspected and,   
in coordination with Schaeffler, marked and released separately.

The Supplier must ensure the traceability of defective parts. The traceability must at least ensure that the quantity of defective parts or products is limited, and that process and production-related quality documents can be traced,   
e. g. for root cause analysis.

## Escalations

In the event of increasing quality, delivery problems or repeated complaints, Schaeffler is entitled, as part of an escalation process, to set increased requirements for the inspection of the products delivered by the Supplier and to demand suitable remedial measures. The Supplier is obliged to implement these requirements and measures, provided they are reasonable.

In addition, Schaeffler can define further measures, such as audits or participation in status meetings, in coordination with the Supplier.

## Supplier evaluation

Schaeffler has an internal supplier evaluation system in which the Supplier's quality and delivery performance are regularly monitored. If Schaeffler identifies deficiencies in the Supplier's quality and/or delivery performance, Schaeffler reserves the right to notify the Supplier.   
The Supplier is obliged to implement suitable improvement measures in the event of existing quality and/or delivery deficiencies and to communicate these to Schaeffler

## Communication

With regard to the secure transmission of information and quality documents and to ensure the transparent communication between business partners – across different locations – the supplier acts on its own responsibility. The Supplier shall be obliged to provide the required information/quality documents and upload them to the portal specified by Schaeffler.

## Source of supply / products stipulated by the Customer

If contractually agreed with Schaeffler, the Supplier is under obligation to procure products (components, semi-finished products and materials) and services from sources of supply which have been approved by Schaeffler.   
The utilization of these sources of supply does not absolve the Supplier of its responsibility to ensure the quality of the procured products and services. The responsibilities must be clearly defined by both business partners during the execution process.

Products provided by Schaeffler must be included in the supplier’s QM system. The ownership structure must be ensured at all times by means of appropriate marking. Provided products may also include tools, inspection equipment, containers, materials or semi-finished products.

## Prohibited and declarable substances

The Supplier is obliged to comply with the legal and contractually agreed requirements with regard to S132030-1 "Prohibited and declarable substances" as well as information obligations in this respect and to provide Schaeffler with evidence of compliance by means of a comprehensive conformity confirmation.

Upon request, the Supplier shall provide Schaeffler with all relevant documents and shall adequately support Schaeffler in complying with the legal obligations towards authorities and its customers with respect to prohibited and declarable substances.

# Term of validity and termination

This “Quality Assurance Agreement with Suppliers of the Schaeffler Group” is effective once it has been signed by both parties (simple electronic signature is sufficient) and is valid for an indefinite period to the business relationship between the Supplier and all entities of the Schaeffler Group.

It may be terminated by either party in writing (simple electronic signature is sufficient) with twelve months notice if notice is submitted by the end of the month. The termination of this QAA has no effect on the continuation or execution of the agreements concluded between the Parties for the supply of products or services. The terms and conditions of the QAA will continue to apply to such agreements.

# General

1. The contractual relationship is governed by German law, excluding its conflicts of law rules. The competent court of jurisdiction is Nuremberg, Germany. The Customer is, however, also entitled to file an action against the Supplier at another competent court.
2. If a contractual provision is or becomes ineffective, the validity of other provisions will remain unaffected.

The parties commit themselves, in good faith and within the scope of what is reasonable, to replace ineffective provisions with effective regulations which have an economic result equivalent to the original provisions.

# Appendices

The following appendices are part of the “Quality Assurance Agreement for Suppliers of the Schaeffler Group” in the respective current version.

(see www.schaeffler.de / Company / Purchasing & Supplier Management / Quality):

Brochure 1 Advanced Quality Planning for Suppliers

Brochure 2 Production Process and Product Approval for Suppliers

Brochure 3 Modification Approval / Special Release for Suppliers

Brochure 4 Complaint Processing for Suppliers

Brochure 5 Supplier Evaluation

Brochure 6 Escalation Process for Suppliers

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Supplier** | | |  | **Customer** | | |
|  | | |  | Schaeffler Technologies AG & Co. KG | | |
| Supplier name | | |  |  | | |
|  | | |  |  | | |
| Schaeffler Supplier no. | | |  |  | | |
|  |  |  |  |  |  |  |
| Place |  | Date |  | Place |  | Date |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Name |  | Signature |  | Name |  | Signature Purchasing |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Name |  | Signature |  | Name |  | Signature Quality |