



**Geiger GmbH**  
Espachweg 1  
91362 Pretzfeld

**- hereinafter referred to as the BUYER -**

and

**SUPPLIER**

**- hereinafter referred to as the SUPPLIER -**

#### Preamble

This Agreement is an integral part of the supply contract in the business relationship between the Supplier and the Buyer.

This Agreement applies to all products and services provided by the Supplier.

This Agreement defines the quality assurance measures to be undertaken by the Supplier and the Buyer such that the necessary quality may be achieved.  
For this purpose, the Supplier and the Buyer shall seek to cooperate in the spirit of a partnership. The objective is to ensure quality by means of clearly defined, controlled and managed processes that are agreed in advance.  
The introduction of other quality assurance measures is not excluded.

Moreover, this Agreement defines aspects of environmental and energy management, as well as occupational health and safety.

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## **1 Supplier's Management System**

The Supplier undertakes to maintain a certified management system according to ISO 9001 at least.

If the Supplier provides goods that are integrated within the Buyer's automotive products, the Supplier undertakes to maintain a certified management system according to IATF 16949. If the Supplier does not maintain a certified management system according to IATF 16949, it undertakes activities to develop its system to comply with these standards. If the Supplier is unable to maintain a certified management system according to IATF 16949, due to the nature of its business operations (e.g. fabless companies, trading companies), it undertakes to maintain a certified management system according to ISO 9001.

Compliance with requirements that are specific to the industry or material type, for instance heat treatment and surface treatment according to CQI, must be demonstrated, as well as compliance with relevant statutory requirements.

If the Supplier is also the manufacturer, it commits to introduce or further develop an environmental management system (EMS) according to ISO 14001 resp an equivalent environmental management system and an energy management system (EMS) to ISO 50001.

As proof of the relevant management systems, the Supplier shall automatically submit copies of all valid and available certificates to the Buyer.

Where there are delays in the issue of a certificate extension, the Supplier shall notify the Buyer before the expiry of the current valid certificate, stating the reasons for the delay and the further procedure. The Supplier shall automatically submit the new certificate upon receipt.

Insofar as the valid certificates or binding schedules for obtaining the relevant certificates are not submitted, the Buyer shall be entitled, following unsuccessful reminders to submit these documents, to serve immediate notice of termination to all current supply contracts. Where notice of termination is served in these cases, the Supplier shall have no right to compensation.



The Supplier shall notify the Buyer without undue delay if its certificates are withdrawn.

## **2 Subsuppliers' management system**

In the interests of preventive quality assurance and continuous improvement of the entire supply chain, the Supplier shall ensure that its subsuppliers introduce and maintain a quality management system according to ISO 9001 at least.

If the Supplier provides goods that are integrated within the Buyer's automotive products, the Supplier shall require its subsuppliers to maintain or develop a certified management system according to IATF 16949.

Compliance with requirements that are specific to the industry or material type, for instance heat treatment and surface treatment according to CQI, must be demonstrated, as well as compliance with relevant statutory requirements.

The Buyer is entitled to demand proof from the Supplier that it has assured itself of the efficiency of the management systems maintained by its subsuppliers. The Supplier shall be liable for the faults of its subsuppliers to the same extent it is for its own faults.

## **3 Audit of the Supplier or subsupplier**

The Buyer shall acknowledge when the Supplier has introduced and now maintains a management system and is hence in a position to conduct problem analyses, necessary quality assurance measures and audits independently.

The Supplier and subsupplier shall, e.g. in case of quality problems, allow the Buyer and, where necessary, its customers to access all business establishments, test facilities, warehouses and adjoining areas, as well as to inspect all documents that are relevant to quality. Necessary and reasonable restrictions imposed by the Supplier to protect its company secrets shall be accepted in this regard.

Audits shall be announced and coordinated in each case. Where necessary, the Supplier shall facilitate requests for audits on short notice.

The Buyer shall inform the Supplier of the audit findings. Where the Buyer believes that measures are necessary, the Supplier undertakes to prepare an action plan without undue delay, to implement this plan on time and on its own account and to notify the Buyer of its completion.

Insofar as the Supplier or its subsupplier have justified objections to the participation in an audit by the Buyer or its customers, the Buyer is willing to commission a neutral agency with the performance of the audit on the account of the Supplier. Said neutral agency shall represent the interests of the Buyer or its customers.



#### 4 Information and documentation

The Supplier shall notify the Buyer without undue delay if it becomes apparent that valid agreements, e.g. quality assurances, deadlines or delivery volumes, cannot be satisfied. The Supplier shall notify the Buyer without undue delay of any deviations identified after shipping has taken place. The Supplier shall disclose all necessary data and facts in the interests of finding a prompt solution.

The Supplier undertakes, **prior to**

- changes in the product or packaging
- changes in the manufacturing processes, procedures or materials (also when initiated by subsuppliers)
- changes in subsuppliers
- changes in test procedures/facilities
- relocation of production sites
- relocation of production facilities at the same site,

to obtain the approval of the Buyer and to provide proof of the quality that is agreed in this regard.

Insofar as the Supplier makes any of the aforementioned changes without the approval of the Buyer, the Buyer is entitled to serve immediate notice of termination to all current supply contracts. Where notice of termination is served in these cases, the Supplier shall have no right to compensation.

The first three deliveries after the start of the series and the aforementioned changes must be labelled as such in the delivery documents/on the transport labels.

The Supplier will document all changes to the product and the process chain in a product lifecycle, which it shall submit to Buyer upon instruction.

The Supplier shall introduce suitable work instructions to control all documents and data. Documents of external origin, such as standards and customer drawings, shall be included to an adequate extent.

The mandatory retention period for documents is at least 15 years, which shall begin with the final delivery from series production.

#### 5 Agreement on the product lifecycle

##### 5.1 Development, planning, release

If orders to the Supplier include development work, requirements are laid down in writing by the contract partners, e.g. in the form of a specification sheet. The Supplier undertakes to maintain a project management system also in the planning phase of products, procedures and other cross-functional tasks in the form of detailed quality management plans and to grant the Buyer access hereto on request.



The Supplier shall, within the framework of contract review, check all technical documents such as specifications, drawings, item lists, CAD data, packaging specifications upon their receipt to ensure their feasibility; the Supplier shall, without undue delay, notify the Buyer of any defects, risks or possible improvements identified in this regard. The Supplier shall warrant furthermore that the products comply with the relevant statutory and official requirements of the export and import country, as well as with those of any destination country specified by Buyer.

During the development phase, the Supplier shall apply suitable preventive methods of quality planning such as feasibility studies, reliability analyses, risk analyses and FMEA. It shall consider experience acquired in similar projects (procedures, process data, capability studies, etc.).

Characteristics requiring particular archiving shall be defined by the Buyer and the Supplier.

In regard to prototypes and pre-series parts, the Supplier shall coordinate the conditions of manufacturing and testing with the Buyer and ensure their documentation. The objective is to produce prototypes and pre-series parts under product-quality conditions.

The Supplier shall perform process planning (work plans, inspection plans, operating materials, tools, machines, etc.) for all characteristics. For all characteristics that are critical to functions or processes, the Supplier shall check the suitability of manufacturing facilities according to statistical criteria and shall document the findings. Moreover, product quality shall be monitored by means of regular audits.

The Supplier shall submit to the Buyer, in an agreed amount and on time, first samples that are manufactured under series conditions before commencing series production. Series production may only commence after approval by the Buyer.

## **5.2 Series production, labelling of products, traceability**

In the event of a process disruption or quality deviation, the Supplier shall analyse the causes, introduce corrective measures, document them and check their effectiveness.

If the Supplier is unable to supply products to specification, then prior to delivery the Supplier must obtain a special release from the Buyer.

The Buyer undertakes, in the interests of both parties, to process received requests for special release without delay and to send its written decision to the requesting party immediately.

Any special release is restricted to a definite quantity that shall be no more than the number of noncompliant products that have already been manufactured. Contractual products with structural deviations must be labelled clearly upon shipment and must be stated as such on the delivery slip.

The Supplier shall consider, where possible and on its own responsibility, information and suggestions communicated by the Buyer for the improvement of product quality by changes in manufacturing and quality assurance.

The Supplier shall label products, parts and packaging in accordance with the agreements with the Buyer. It must ensure that labeling of the packaged products is legible and remains so during transportation and storage.



The Supplier undertakes to ensure the traceability of the products it delivers. Where a defect is identified, the traceability and containment of defective parts/products/batches etc. must be guaranteed within one working day.

Any manufacturing, measuring or inspection equipment supplied by the Buyer to the Supplier, especially resources and equipment within the context of delivery acquisition, must be identified as being the property of the Buyer. The Supplier is responsible for the integrity and correct functionality and shall arrange for maintenance and repair.

### 5.3 Parts with a particular obligation to provide proof (D)

Particular care is needed during specification and implementation, as well as in the obligation to provide proof of particular characteristics, in order to satisfy the strict statutory and official requirements. Noncompliance with mandatory or agreed requirements can have serious consequences, e.g. recalls, service actions, replacements, marketing bans and reputational damage. These things must be prevented on all accounts.

An unbroken chain of proof and consequent documentation of all data, measuring values and delivery documents are necessary for all characteristics with safety or legal relevance.

This documentation must furnish clear proof of, among other things:

- definition of manufacturing specifications
- implementation of defined examinations
- documentation of all individual data and test values
- documentation regarding the monitoring of test equipment
- allocation to delivered batches, with individual traceability back to test documentation, manufacturing data and material batches based solely on the inspection test certificate according to DIN EN 10204-3.1
- Traceability must be agreed during advance quality planning.

The Supplier shall allow the Buyer to check compliance with faultless documentation and to inspect all relevant documents at any time.

The Supplier must clearly mark all shipments of materials and parts with safety-critical characteristics by attaching a label to each container or lot. The delivery slip must also be clearly marked based on specifications that are agreed precisely with the Buyer in advance, and the relevant batch number must be noted.

Any upstream suppliers must be qualified and must be required to comply with the same documentation procedures.

### 5.4 Delivery, incoming goods inspections

The Supplier shall supply the products via suitable means of transport and – if agreed upon – shall use exclusively those methods of transportation approved by the Buyer in order to prevent damage and quality impairment (e.g. soiling, corrosion, chemical reactions).

The Buyer will inspect incoming products only for externally apparent shipping damage and for confirmation of the quantity and part number of the products according to the shipping documents. Any defects identified at this stage shall be reported immediately. Any defects not identified during the incoming goods inspection shall be reported to the Supplier as soon as they



are detected in the legal definition of ordinary course of business. The Supplier hereby waives its right to object due to delayed notification of deficiency.

The Supplier shall adapt its quality management system and its quality assurance measures to this inspection procedure.

## 5.5 Complaints, measures

If the Buyer notifies the Supplier of a defect, the Supplier will carry out a fault analysis without undue delay, with support from the Buyer to the extent that is required and feasible. The Supplier shall respond to complaints without undue delay. It shall immediately confirm receipt of the complaint in writing, send to the Buyer an initial report on immediate measures within 24 hours and deliver a faultless replacement within no more than 24 hours. Troubleshooting and corrective measures must be presented promptly, but within no more than 5 calendar days. A final 8-D report with verified measures must be presented within 10 calendar days.

An agreed number of defective products will be returned to the Supplier for this purpose.

On the Buyer's instruction, the Supplier commits to analyse the cause of the defect based on the 5-Why or Ishikawa Method, to initiate corrective actions and to ascertain their effectiveness by means of a process analysis or process audit.

If the Buyer or its customers face the risk of production shutdowns due to the delivery of products that do not conform to the specification, then the Supplier, in coordination with the Buyer, must take suitable immediate measures to minimise a disruption in production (substitute supplies, sorting, rework, additional shifts, express transportation, etc.). In urgent cases and by prior agreement with the Supplier, the Buyer is entitled to complete reworking itself or commission third parties with reworking on the account of the Supplier. As a rule, the Buyer shall only perform reworking in order to avoid or minimise further damages or disadvantages to the detriment of the Buyer or its customers, as well as any obligations to indemnify the Supplier.

The use of subsuppliers appointed by the Buyer does not release the Supplier from its obligation to assure the quality of products obtained from subsuppliers. The Supplier shall lodge any complaints directly with the subsuppliers without undue delay. On request, the Supplier shall notify the Buyer of the current status of complaint processing.

## 5.6 Requalification measures

The Supplier undertakes to conduct requalification measures on a regular basis. The findings of these audits must be made available to Buyer on request.



## 6. CIP

The Supplier undertakes to develop its management systems, including environmental and energy management, as well as occupational health and safety, and to improve these systems continuously by means of corrective and preventive measures.

## 7 Quality objectives

The Buyer has committed to a zero-defect target in regard to its customers. In the same way, the Supplier commits to a zero-defect target in regard to the Buyer, and shall communicate this target internally and to its sub-suppliers.

Where faultless deliveries cannot be guaranteed, the Supplier shall agree interim targets with the Buyer (time-limited upper threshold for defect rates). The Supplier shall introduce continuous improvement measures, as well as measures to achieve the zero-defect target.

Interim targets, defined as upper thresholds, are documented, e.g. as ppm or BBK agreements.

Underrunning agreed upper thresholds releases the Supplier neither from its obligation to process all complaints nor from its liability for defective shipments. In case of overrunning the agreed upper thresholds, the Supplier shall, on its own account, introduce effective improvements on short notice and shall keep the Buyer continuously notified of progress.

The Supplier's liability for defective shipments remains unaffected by the agreement of upper limits.

Quality meetings on prioritised issues, e.g. preventive quality assurance, assessment of the shared quality data, defect discussions, discussion of current issues, etc., shall take place on the insistence of a contracting partner. In cases of escalation, the Supplier undertakes to participate in talks at management level.

## 8 Environmental and energy – resource management

An appropriate management system should ensure the economical use of energy. Adequate technical and organisational measures should be implemented to minimise the accumulation of residual materials, waste, harmful emissions and wastewater. The Buyer expects the Supplier to introduce or further develop an environmental management system (EMS) in accordance with ISO 14001 and an energy management system according to ISO 50001 in the currently valid form. The Buyer reserves the right to assess the degree of implementation by means of audits.

## 9 Corporate social responsibility

Moreover, we insist on the protection of international human rights, the rejection of forced or child labour, support for the elimination of any form of discrimination in professional and employment relationships, the prevention of use of raw materials from conflict regions (conflict minerals), adherence to the minimum wage and support for anti-corruption policies.

A Supplier Code of Conduct applies in addition to the contractual agreements between the Supplier and the Buyer.

**10 Contractual term, termination**

This Agreement has no specific time limit. It may be terminated in writing at the end of any calendar year upon six months' notice. This shall not affect any agreements made under this quality assurance agreement, i.e. the stipulations of the quality assurance agreement shall continue to apply for such agreements until they expire.

The right to terminate this Agreement for good cause remains unaffected.

If significant provisions of this Agreement are violated by the Supplier, the Buyer is entitled, after unsuccessful warning, to the exceptional termination with immediate effect of existing supply agreements. Where notice of termination is served in these cases, the Supplier shall have no right to compensation.

**11 Final provisions**

Changes and additions to this Agreement, including to this paragraph 11, must be made in writing.

If any of the provisions of this Agreement should be or become partially or wholly invalid, the other provisions shall remain in force and the Parties shall agree on a valid provision that most closely represents the intent of the invalid condition. The same shall apply to any omissions.

This Agreement is subject to the law of Germany, excluding its conflict of laws provisions and the United Nations Convention on Contracts for the International Sale of Goods (CISG). The sole place of jurisdiction for contractual disputes is Bamberg.

Pretzfeld,

Place,

.....  
**Geiger GmbH**  
Company stamp

.....  
**Supplier**  
Company stamp