

Quality Assurance Agreement with Suppliers

Part II Specific Agreement Production Equipment

Between

[Company, Address]

(Supplier)

and

KSM Castings Group GmbH
Cheruskerring 38
31137 Hildesheim

KSM Castings CZ s.r.o.
Oldřichovská 726
46334 Hrádek nad Nisou

(KSM)

	Name	Date
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1. Scope of application

This Agreement serves as a specific complement to the requirements and provisions described in Part I of the QAA (Quality Assurance Agreement). It is to be applied to the group of goods defined as operating equipment / tools (casting molds and cutting tools). The stipulations of the QAA Part I are to be applied to this Agreement unless any differing regulations are specified in this Agreement.

2. Quality Management System of the Supplier

(1) The Supplier is to further develop his existing Quality Management System (at least ISO 9001) applying the process-oriented approach with the objective of meeting the requirements of the automotive rules and regulations of the VDA (Association of the German Automotive Industry) Volume 6 Part 4 (VDA 6.4) or IATF 16949 and achieving a constant improvement of his products and processes.

(2) The Supplier undertakes to operate his production facilities in a resource-conserving manner. He is to maintain a system for environmental management that is demonstrably orientated around the ISO 14001 norm.

(3) The Supplier is to implement specific requirements of KSM in his management system.

3. Documentation and information obligations of the Supplier

(1) The Supplier is to nominate a Project Manager, who will be available as the contact in the communication with KSM and have the necessary powers to carry out the project. Notification is to be given immediately about any change in the identity of the Project Manager.

(2) The Supplier is to inform KSM prior to the introduction of significant changes in his production or inspection procedures as regards any of the following events:

- Intended relocation of any scope of supply to other sites and locations or its transfer to a different contractor; KSM approval required
- Changes in production procedures and the use of altered materials; KSM approval required
- Impending insolvency of the Supplier

In such cases KSM has the right to declare extraordinary termination of the contractual relationship. The changes may only be carried out when KSM has expressly agreed to them in writing.

(3) The Supplier is to inform KSM immediately if he is unable to supply his deliveries and services on time and/or in the agreed manner or quality of execution.

(4) The Supplier is to inform KSM immediately if any changes occur as regards his certification status (e.g. any suspension or loss of certification) or if any circumstances become known that could lead to a change in his certification status.

4. Quality requirements

(1) KSM is to describe the products and services he orders through a tool specification. The Supplier is to elaborate his own documents and plans from this specification to realize the performance requirements. To this end, the Supplier is to draw up at least the following documents:

- Project time schedule with deadlines
- Inspection requirements / test guidelines
- Internal instructions
- CA data
- Test certificates for the hot-work tool steels used

The specified documents are to be made available to KSM on request.

The Supplier is to receive binding deadlines for the performance of his services from KSM. The Supplier is to derive a project time schedule from these specifications, which is to be agreed upon with KSM.

(2) The Supplier is to identify the specific demands of KSM made on the tool from the tool specification and within the scope of his own risk evaluation procedure.

(3) The Supplier is to assess the feasibility of production and confirm the tool specification conveyed to him by KSM.

(4) The Supplier is to use appropriate and effective plants and facilities to meet the quality requirements.

(5) The Supplier is to use appropriate and effective testing equipment for his activities to check and assure the adherence to specifications.

5. Delivery release and acceptance procedure

(1) The Supplier is to sample the tool produced with regard to the observance of the dimensional and functional requirements if this has been agreed with KSM. KSM is to specify the scope and extent of the sampling and release procedure as well as the associated documentation.

(2) On prior agreement, an inspection for the purpose of approving delivery release is to take place by KSM at the site of the Supplier. This inspection comprises:

- Visual inspection of the tool execution
- Evaluation of the die spotting
- Check of the completeness of the scope of delivery and the documentation ("outgoing checklist", tool data, material certificates)

When the delivery release approval has been granted, the Supplier is entitled to carry out deliveries of the tool. The declaration of delivery release approval by KSM does not represent a final acceptance.

(3) KSM is to carry out an inspection on receipt of the tool, during which the "outgoing checklist" filled out by the Supplier is double-checked.

(4) The acceptance of the tool is to take place after the successful performance of the sampling and release procedures specified by KSM.

6. Labeling

The Supplier is to label the tools according to the specifications. The positioning of the individual label contents is to be agreed between the Supplier and KSM.

The following designations are to be applied to a label:

- Manufacturer's data for the tool
- Ownership mark of KSM. The details of this property label are to be provided by KSM.

7. Problem resolution process at the Supplier

(1) If KSM makes a complaint about defects, the Supplier is to initiate the appropriate immediate measures without delay and at his own cost in order to rectify the defect and remedy any damage arising from the defect. The Supplier is to implement suitable methods to solve the problem that are capable of reliably preventing a repetition of the defect. The corrective measures are to be agreed upon with KSM.

(2) If there is urgent need for action, KSM is entitled to initiate immediate measures on his own part if this is deemed necessary to prevent production downtimes or to safeguard the supply of deliveries. In such a case, KSM is to seek contact with the Supplier as soon as possible.

(3) If KSM makes a complaint, the Supplier is to provide a written comment on the matter within a period of 24 hours.

(4) The Supplier is to incorporate any defects and errors that have become known in his risk considerations and initiate sustainable measures to eliminate any further occurrence of the defect or error at a subsequent date.

8. Internal auditing

On the basis of an appropriate audit program, the Supplier is to monitor the application and effectiveness of his management processes through internal system and process audits. The auditing methods are to be based on the framework of regulations of the VDA (German Association of the Automotive Industry) Volume 6 Part 4 (VDA 6.4 QM System Audit - Production Equipment) and Volume 6 Part 7 (VDA 6.7 Process Audit – Single Production).

9. Emergency backup plan

The Supplier is to maintain an emergency plan that is appropriate to maintain his delivery capability to KSM even in the event of unforeseen circumstances. This emergency plan is to be presented to KSM on request.

Signatures

Place, date

Place, date

KSM Castings Group GmbH
Corporate Procurement
Name, first name

Supplier
[Position]
Name, first name