AGREEMENT ON QUALITY ASSURANCE

Automotive raw material

1. Foreword

This quality assurance agreement (QAA) defines the quality management requirements of REHAU suppliers. The REHAU QAA is therefore a set of rules to ensure the quality of products. Fundamental interfaces, specifications, resulting tasks as well as reflecting standards, laws and end customers' requirements are specified by way of applying the zero fault principle to the supply chain.
The supplier ensures that relevant REHAU requirements are implemented along the supply chain along the actual production location.
Case-specific changes or additions to the REHAU QAA are possible on agreement between the responsible commercial specialist according to the TDS and the supplier.

2. Quality management system

The supplier undertakes to maintain a quality management system in accordance with ISO 9001 and to consider the requirements of the relevant, current version of the IATF 16949. The ultimate objective of the continuous improvement of the supplier's quality management system (QMS) is the certification according to IATF 16949. In addition to this, relevant specifications of the German Association of the Automotive Industry (VDA) must be observed.

The supplier informs the responsible commercial specialist without delay of non-compliance or loss of a certificate.

In the case of mergers, acquisitions, affiliations and similar activities that may affect the structure of the company or its organisations, the supplier shall verify the QM system and immediately informs the responsible commercial specialist of the circumstances and the result of the verification.

3. Auditing / checking the QM system

REHAU has the right to carry out audits following a timely prior announcement. REHAU reserves the right to carry out audits even if evidence from third parties is already available. The supplier shall make the required documentation / data available and allow access to the areas, which are relevant for REHAU. Audits and evaluations carried out by REHAU are preferably based on VDA specifications (e.g. process audit VDA 6.3) in connection with ISO / TS 16949. If necessary, improvement measures with responsibilities and target dates are agreed with the supplier. The effectiveness of corrections may be monitored in a follow-up audit if required.

The supplier is obliged to carry out self-assessment audits. Self-assessment audits serve the purpose of verification management for the supplier regarding compliance with all requirements (e.g. customer-specific and product-specific requirements).
Self-assessment audits must be performed by suitably qualified auditors.
Corresponding results from self-assessment audits including improvement actions may be requested by REHAU in coordination with the supplier in specific cases (e.g. accumulation of complaints) and must be communicated to REHAU upon request.

REHAU will treat the information gained during the audit or information provided during supplier's self-assessment audits confidentially.

4. Supplier evaluation / target agreement

The supplier is obliged to provide an error-free service (zero fault target).

However, a specific agreement relating to target values does not represent a quality level that is accepted by REHAU. The agreement of quality targets and measures shall not limit the liability of the supplier for warranty

claims and claims for damages due to defective deliveries. Defective deliveries / services will not be accepted and will be charged to the supplier.

The ongoing delivery performance forms part of the supplier evaluation process. When placing and extending orders, suppliers that are assessed as efficient under the supplier evaluation process will be given preference.

If quality targets have been agreed (ppm targets for instance), then escalation shall ensue in case that targets are not met. In this case the supplier is obligated to agree on and implement an action plan setting out corrective measures for stabilizing the supply and for sustainable improvement of performance.

5. Sustainability, environment and safety

The supplier ensures compliance with the latest version of all relevant, pertinent official / legal stipulations of the production country as well as import and destination countries relating to industrial safety and environmental protection for the production and handling of the commissioned products. This applies to required products, machinery, equipment, workplaces and warehouse organisation as well as transport services.
It must also be ensured that natural resources are dealt with responsibility. Health-promoting measures at the workplaces must also be supported.

6. Outsourcing to third parties / sub-contractor management

If services are outsourced to third parties, the supplier is obliged to delegate the stipulations made here with respect to quality assurance in an appropriate form to the sub-contractor and to verifiably satisfy himself that the stipulations are complied with. This includes providing the responsible commercial specialist with a supplier list, transferring customer-specific requirements (incl. end customers), continuous traceability of data and documents as well as additional specifications required according to the supplier's opinion.

Where necessary, the supplier shall allow viewing test records provided by sub-contractors and carry out audits at sub-contractors following a timely, prior agreement with the supplier.

If the supplier intends to change sub-contractors, he must notify the responsible commercial specialist of this in an early stage (at least 9 months in advantage) in order to agree the required assessment and release processes.

7. Development

In the case of product and / or process developments, the supplier applies established methods on his own responsibility (amongst other things, defined project management, milestone plans, advance quality planning for prototypes / pre-series / series, corresponding monitoring mechanisms). The responsible technical specialist according to the TDS must be kept informed of the relevant development progress. REHAU reserves the right to check / accept the development service also on site at the supplier.

Serial delivery may only commence once written approval has been granted by REHAU (see sampling).

8. Extensive, advance quality planning

The supplier is obliged to carry out advanced quality planning under consideration of suitable methods (e.g. APQP, VDA securing the maturity level). The advanced product quality planning needs to start at the earliest date.

The supplier ensures that all product requirements are fulfilled and the quality targets are met by acting on his own responsibility and using relevant risk analyses (e.g. FMEA) during all project phases. A process for handling the findings gained, e.g. from recall campaigns, audits, field warranty claims, complaints etc. must be implemented in the sense of "lessons learned".

The supplier must plan and specify the test scopes (characteristics, number of random samples, capability limit values etc.) on his own responsibility by taking into account statistical methods for quality assurance. In isolated cases (e.g. for risk-classified products according to the TDS), REHAU may specify test scopes (e.g. in the TDS). The inspections specified by means of the advance quality planning at the supplier and carried out during series productions must be suitable to verify the conformity of products with the specifications at any time.

If no special characteristics requiring statistical process control and corresponding capability limit values (e.g.in the drawing, TDS), the supplier is responsible for specifying and evaluating special product characteristics and process parameters essential for the intended application.
The required and continuous identification of special characteristics in relevant documents (e.g. drawings, technical documentation, FMEA) is the responsibility of the supplier.
Proof of machine or process capability must be provided for special characteristics. If it is not possible to prove a special characteristic via process capability indicators, evidence must be provided via secondary characteristics or a 100% inspection must be conducted.
Production processes must include methods to avoid errors (e.g. functional check of equipment, error simulation).

Upon request, the supplier shall submit the verifying documentation / data for advance quality planning (e.g.production control plans for prototypes / pre-series / series, capability analyses).

9. IMDS

In the event of products intended for EU members, the supplier shall confirm the compliance with all relevant EU directives associated with the material composition (e.g. REACH).
All data relating to the composition of products supplied must be registered in the IMDS (www.mdsystem.com) under REHAU AG +Co, company ID 210 or must be made accessible to REHAU by means of publication in IMDS.
The objective is an IMDS entry accepted by REHAU at the latest 4 weeks prior to the coordinated sampling date.
Any national stipulations applying in addition to the EU directives must be observed by the supplier and specifications regarding the required exchange of data must be agreed with REHAU on a case-by-case basis.

10. Packaging / identification

Unless explicitly specified (e.g. drawing, TDS), the supplier is responsible for proposing and presenting containers / packaging and the corresponding identification on his own responsibility with a view to ensuring delivery, processing and traceability to the required quality standards. The product and container packaging as well as identification is coordinated and approved during the advance quality planning and sampling.

If, in the opinion of the supplier, additional information are required to trace / limit any potentially defective production and delivery batches, the supplier seeks clarification with REHAU.

Any changes the suppliers intends to carry out to the agreed specifications for packaging and identification require consultation with and approval by REHAU at an early stage (also see sampling).

11. Sampling / PPAP

The formal sampling process serves the purpose of technical verification of levels of readiness and as proof of suitability for bought-in products.
Prior to commencing serial deliveries, initial samples, based on the product and process specifications, must be submitted to the responsible technical specialist.

Sampling is based on the specifications of VDA 2 or PPAP procedures. Sampling has to be carried out in German and English.

Details / conditions for the initial sampling (e.g. submission level / number of samples / forms to be used / file formats) are specified in the TDS with the supplier.

The supplier must assess the effects of the changes prior to implementation (e.g. measures for validation, complying with customer requests).
If a change of the technical standards / specification results in a development change to the product/process, a statement regarding the implementation of the change in form of a feasibility study must be issued within 10 working days of receipt of the notification.

Any type of change to the components, manufacturing process or location that may affect the agreed specification or product quality must be communicated with a sampling process. The performance and scope of sampling must be agreed with the responsible technical specialist at an early stage.

If the supplier intends or foresees that products supplied will no longer be available, it must be communicated to the responsible commercial specialist at least 9 months in advance in order to agree required measures (e.g. sampling of alternative products).

If defective PPAPs by the supplier result in additional expenditure for REHAU arising from a direct connection with sampling (e.g. rejection of OEM / customer samples due to incorrect supplier sampling), these additional costs can be charged to the supplier after having informed the supplier of this and given him the opportunity to issue a statement.

12. Securing the quality performance during the series production
The supplier is obliged to record the quality inspections required for the implementation of and compliance with the agreed specification in relevant specifications and to verifiably ensure it by means of suitable documentation / data control (e.g. production control plan, inspection sheets).

Production must be monitored during the process. The supplier verifiably ensures the reliability of the production processes across the entire production period by means of suitable process control or monitoring in the event of processes, which are unstable. A 100% inspection of the special characteristics must be carried out if the requested capabilities are not reached.

The supplier shall provide verifying documents / data and documentation of the quality during the series production (e.g. production control plans, capability analyses) upon request on a case-by case-basis.

The product quality must be certified upon request. Requested characteristics, required level of proof and type of provision (e.g. enclosing the certificates / inspection documents with every batch / delivery) will be agreed in the TDS.

If the supplier discovers any quality non-conformities or suspects this in already supplied products, the responsible technical specialist must be informed immediately and the further course of action is to be coordinated in order to minimise potential consequential damage.

If, in the case of a product defect, a risk to life and limb cannot be ruled out due to the use of the material, the supplier must prevent defective deliveries by any means.

13. Requalification

The supplier undertakes to undergo a requalification inspection (full dimensional and functional check based on corresponding stipulations / specification) of the commissioned products in regular intervals i.e. annually, if not specified otherwise in the TDS.
The supplier will communicate the result of the requalification inspection upon request.
Batch-related test results can be used for the requalification.

14. Traceability, documentation and archiving

The supplier ensures an appropriate traceability and archiving of the relevant documentation (specified documents and records relevant for the quality) on his own responsibility. The general archiving period is a minimum of 15 years.

The archiving period for products with a risk classification (according to the TDS) is 15 years after the last order.

Upon request, the supplier grants inspection of the relevant documentation.

15. Goods inward inspections at REHAU

The supplier is responsible for supplying an error-free delivery performance. REHAU shall therefore endeavour to minimise the work involved for incoming goods. If not otherwise agreed, goods inward inspections at REHAU merely serve as identification and quantity checks as well as identifying transport or packaging damage visible from the outside. There are no further inspection obligations on the part of REHAU.

The results from the goods inward inspection and delivery service (e.g. analysis of statistical data) are incorporated into the supplier evaluation process (see above).

16. Complaints

In case of a complaint about products delivered / services provided, the supplier shall provide REHAU with an initial written response including immediate actions for handling the complaint without delay, at the latest within 1 working day following the notification by REHAU. The supplier shall provide REHAU with a written interim report including short-term actions for handling the complaint at the latest after three working days in the form of an 8D report.

Unless agreed otherwise in particular cases, the supplier provides a supplemental / final 8D report to REHAU latest two weeks following receipt of the complaint.

REHAU reserves the right to put urgent measures in place (e.g. sorting or returning goods subject to the complaint) in the event that the supplier does not meet the deadlines for issuing a written statement without the explicit agreement of the supplier in order to minimise potential consequential losses (e.g. line stoppage / loss of production at the OEM).

The supplier applies suitable methods (e.g.5-why method, Ishikawa diagram) as part of the cause analysis.
The supplier assesses the effectiveness of the corrections put in place in order to avoid repeat complaints and reports the formal completion of the 8D processing to REHAU. Measures put in place as a result of complaints must be transferred, if required preventatively, to additional production lines and / or products in use for REHAU. In isolated cases, REHAU reserves the right to verify the effectiveness of the communicated corrective measures on site at the supplier.

17. Supplier's quality performance

If the delivery performance, quality level or (justified) doubts regarding the supplier's quality assurance measures increase the work involved during the goods inward inspection, further processing and market service, this expenditure can be charged to the supplier after having informed the supplier of this and given him the opportunity to issue a statement.

If an end customer of the automotive industry (OEM) has withdrawn a quality certification or a formal supplier status from a supplier according to the regulations of the OEM, the supplier is obliged to immediately inform the responsible commercial specialist (e.g. Ford Q1 revoked / Daimler Q-Help 3).

18. RQC (REHAU Quality Cooperation)

The high-quality performance of the supplier is an essential basis for REHAU success and secures sustainable the cooperative and trusted teamwork.
In case of problems with the quality performance of the supplier REHAU Quality Cooperation RQC (Doc.5470) is an accepted cooperation model which is introduced at the supplier during development and / or series delivery. It supports the supplier to achieve the stipulated requirements for quality performance.
Information regarding to RQC are available at the responsible commercial specialist department.