|  |
| --- |
| Quality Assurance Agreement – Module Raw Material and Semi-Finished Products |
|  |

between

Schaeffler Supplier no.:

UPIK/DUNS-no.:

(hereinafter referred to as the Supplier)

and

(hereinafter referred to as the Customer)

Table of Content

[1 Scope of application 3](#_Toc102115294)

[1.1 Supplier’s responsibility 3](#_Toc102115295)

[2 Quality Management System 3](#_Toc102115296)

[2.1 Quality Management System requirements for Suppliers 3](#_Toc102115297)

[2.2 Inspection of the Quality Management System 4](#_Toc102115298)

[2.3 Supplier development 4](#_Toc102115299)

[2.4 Monitoring of special processes 4](#_Toc102115300)

[3 Customer requirements 5](#_Toc102115301)

[3.1 Dealing with Customer Requirements 5](#_Toc102115302)

[3.1.1 Confirmation of feasibility 5](#_Toc102115303)

[3.2 Quality documentation 5](#_Toc102115304)

[3.2.1 Advanced product quality planning 5](#_Toc102115305)

[3.2.2 Production process and product release procedure 5](#_Toc102115306)

[3.2.3 Product Safety and Conformity Representative 6](#_Toc102115307)

[3.2.4 Traceability 6](#_Toc102115308)

[3.2.5 Requalification check 6](#_Toc102115309)

[3.2.6 Test and measurement equipment 6](#_Toc102115310)

[3.2.7 Inspection and monitoring of serial processes 6](#_Toc102115311)

[3.3 Storage and inspection of documents 7](#_Toc102115312)

[3.4 Nonconformities 7](#_Toc102115313)

[3.4.1 Indication of deviations 7](#_Toc102115314)

[3.4.1.1 Request for Special Release 7](#_Toc102115314)

[3.4.1.2 Request for Modification Approval 7](#_Toc102115314)

[3.4.2 Detection and rectification of defects 8](#_Toc102115315)

[3.4.2.1 Detection and rectification of defects on Supplier’s side 8](#_Toc102115315)

[3.4.2.2 Detection of defects on Customer’s Side/complaints 8](#_Toc102115315)

[3.4.2.3 Reference market procedure field failure analysis 8](#_Toc102115315)

[3.5 Escalations 8](#_Toc102115316)

[3.6 Supplier evaluation 9](#_Toc102115317)

[3.7 Communication 9](#_Toc102115318)

[3.7.1 Supply On 9](#_Toc102115319)

[3.7.2 Information security 9](#_Toc102115320)

[3.8 Sources of supply / products stipulated by the customer 9](#_Toc102115321)

[3.9 Prohibited and declarable substances 9](#_Toc102115322)

[3.10 Contingency plans 10](#_Toc102115323)

[3.11 Labeling and packaging 10](#_Toc102115324)

[4 Terms of validity and termination 10](#_Toc102115325)

[5 General 11](#_Toc102115326)

[6 Appendices 11](#_Toc102115327)

[7 Agreements 11](#_Toc102115328)

# Scope of application

The "Raw material and semi-finished products" module applies in addition to S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group” as a binding agreement on specific quality requirements of Schaeffler for all suppliers of "Raw materials and semi-finished products", as approved Suppliers of the Schaeffler Group. This module defines concrete guidelines and instructions to be followed in the implementation of quality assurance measures and can be supplemented or specified by further project-specific requirements which shall be agreed upon.

Where supplementary requirements are defined in the module chapters, the chapter numbers in the modules refer to those in the S296900 „ Quality Assurance Agreement with Suppliers of the Schaeffler Group”, unless otherwise stipulated.  
Supplier shall ensure compliance with this agreement and any desired deviations from this agreement shall require the written consent of Schaeffler.

All applicable forms and attachments can be found at www.schaeffler.de (via the search function) or will be sent to the supplier upon request.

## Supplier’s responsibility

The supplier's quality strategy must be directed towards the continuous improvement of its processes and services. This also includes the qualification of all employees in order to ensure the necessary competencies to meet customer requirements for products, processes and services.  
Furthermore, the supplier is committed to the goals of "zero defects", "100 % delivery reliability", adherence to promised deadlines and cost reduction.

The supplier is responsible for the faultless execution of its raw material/semi-finished product deliveries in accordance with the technical and non-technical/qualitative documents agreed upon in writing. The supplier shall check the completeness and correctness of the documents and, if necessary, request further information from Schaeffler.

If the Supplier places orders with sub-suppliers, it shall be obliged to enforce the specifications set by technical delivery conditions, norms, standards and, if applicable, drawings also in the direction of its sub-suppliers.

The fulfillment of the order or the aforementioned obligations shall be ensured by appropriate contingency plans, taking into account potential risks or weaknesses.

# Quality Management System

## Quality Management System requirements for Suppliers

In addition to the standard described in the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group”, the following supplementary requirements apply.

The Supplier commits to the permanent implementation of a quality management system according to IATF 16949. If this cannot be fulfilled, the Supplier must, as a minimum requirement, provide evidence of certification in accordance with the DIN EN ISO 9001 standard and demonstrate willing-ness to further develop its quality management system in the direction of IATF 16949. The certificates must include proof that they have been issued by an IAF/IATF-recognized certification body (e. g. accreditation symbol or registration number).

Compliance with business or material field-specific requirements (e. g. AIAG, VDA, DIN) must be ensured and proven, if agreed.

As proof of corresponding management systems, the Supplier is obliged to upload copies of the respective valid certificates to the Customer portal SupplyOn unsolicitedly. In justified exceptional cases, the certificates may also be sent to the responsible purchasing department. If the issuance of a follow-up certificate is delayed, the Supplier shall inform Schaeffler Purchasing before the expiry of the valid certificate, stating the date of re-certification. As proof, the Supplier shall submit the certification company's confirmation of successful re-certification unsolicitedly.   
If the Supplier's certificates are revoked and withdrawn, Schaeffler shall be informed immediately.

## Inspection of the Quality Management System

In addition to the standard described in the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group”, the following supplementary requirements apply.

In the case of critical complaints, e. g. customer complaints or complaints that lead to significant malfunctions, repeated complaints, system weaknesses or other quality problems, Schaeffler has the right to carry out a so-called assessment at the Supplier and/or sub-supplier. This is used to check compliance with the agreed quality requirements.

The Supplier grants Schaeffler and, if necessary, its customers, after appropriate advance notice and within the normal operating hours of the Supplier, access to all operating sites, test centers, warehouses and adjacent areas as well as inspection of quality-relevant documents and records. Necessary and reasonable restrictions on the part of the Supplier to safeguard its trade secrets shall be observed.

Schaeffler notifies the Supplier of the assessment results. If actions are required to remedy the discovered quality deficiencies, the Supplier undertakes to process them within the set deadline by means of an action plan and shall inform Schaeffler about the progress regularly and unsolicitedly.

## Supplier development

Suppliers who do not have IATF certification or whose IATF certification has been withdrawn are sent a self-assessment questionnaire as part of the Schaeffler supplier monitoring and development process. The content of this questionnaire is based on the Supplier Initial Assessment as an established assessment process. This questionnaire must be processed in full within two weeks and sent back to the central Supplier Development department. In joint coordination between the business partners, potential for further development in the direction of the IATF is identified, which the Supplier realizes with the help of action plans.

## Monitoring of special processes

The Supplier shall comply with the CQI standards defined by the AIAG (Automotive Industry Action Group), as well as implement and continuously apply a process management system for special processes along the entire supply chain. The evaluation of the special processes – in the form of a so-called self-assessment – is carried out at least once a year by auditors qualified in accordance with the AIAG requirements.

The evaluation sheets, action plans and other records must be stored and, if necessary presented to Schaeffler for inspection at any time.

# Customer requirements

## Dealing with Customer Requirements

In addition to the standard described in the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group”, the following supplementary requirements apply.

If agreed, additional project-specific requirements for the technical and/or non-technical/qualitative execution of the products or processes, e. g. for electrical/electronic components (E/E components) are transmitted to the Supplier via the portal stipulated by Schaeffler.

### Confirmation of feasibility

The Supplier is obliged to check all technical and non-technical/qualitative requirements in relation to a secure provision of services, taking into account its own production facilities and measuring equipment ("Feasibility").

In doing so, the Supplier shall ensure via change management, among other things, that all parties involved on the Supplier's side always have the latest valid documents delivered by Schaeffler at their disposal. Invalid/obsolete versions must be marked as such and withdrawn from circulation.  
However, as long as the new version of the technical delivery conditions has not yet been effectively agreed upon   
(e.g. feasibility assessment still in progress), deliveries may be carried out in accordance with the previous version in addition to the lead time, if applicable, based on the order lead time (from the Supplier's raw material order until delivery to Schaeffler).

The Supplier shall be obliged to assess the risk of implementing all technical and qualitative requirements for the product, process or service as well as other legal or system-related requirements and to confirm the feasibility to Schaeffler in writing no later than at the time of proposal submission.

If the Supplier recognizes that the specifications for the product or the prescribed test procedures specified in the documents contain incorrect, unclear or incomplete descriptions or that deviating properties are described, these must be reported to the Schaeffler contact person in the project in writing and clarified unsolicitedly.

## Quality documentation

The provisions of the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group” apply.

### Advanced product quality planning

Advanced product quality planning customary in the industry shall be ensured. If necessary, the parties shall define further quality assurance measures.

### Production process and product release procedure

With the production process and product release procedure (see the *brochure Production Process and Product Release Procedure for Supplier*), the Supplier must prove that all product requirements agreed with Schaeffler are met. The Supplier must comply with the corresponding requirements.

This procedure applies to the processes of product manufacturing (raw materials, semi-finished products, components, complex systems and chemical operating materials) and to services such as coating or heat treatment. The release includes the assessment of the manufacturing process, specifically the performance on the basis of relevant documents, records and initial serial samples to ensure that the prerequisites for serial production of products conforming to specifications are met. The release does not absolve the Supplier from its responsibility to comply with its contractual obligations, in particular for the defect-free manufacturing of products.

### Product Safety and Conformity Representative

This quality requirement is not relevant for the scope of supply and services of raw material/semi-finished product suppliers.

### Traceability

The Supplier shall ensure the traceability of the raw materials and/or semi-finished products supplied by it at all times. The raw materials and/or semi-finished products must be clearly identifiable and traceable at all times (product and stage identification, part or batch numbering, etc.). In the event of a detected or suspected defect, traceability within the entire supply chain of the Supplier as well as Schaeffler must be ensured in such a way that the quantity of defective parts or products can be contained with the greatest degree of accuracy.

### Requalification check

All raw materials and/or semi-finished products shall be annually subjected by the Supplier to a complete measurement and functional check in accordance with the production control plan (Control Plan/Test Plan), taking into account the applicable customer specifications for material and function. The planning of the annual requalification check must be evident in the Supplier's product-related documents. The results shall be disclosed to Schaeffler upon request.   
Provided that batch check is performed to an extent comparable to requalification check, the requalification check itself is not required.

### Test and measurement equipment

The Supplier is obliged to equip itself with test and measuring equipment in such a way that all agreed product characteristics can be checked. The test and measuring equipment must be suitable for the respective characteristic and be subjected to regulated, appropriate and verifiable monitoring.

If an external company is used for inspections, it must be verifiably accredited (e.g. according to DIN EN ISO/IEC 17025).

### Inspection and monitoring of serial processes

Consistent quality performance can only be achieved through a stable, statistically capable process. Therefore, the Supplier shall use suitable control methods such as series-accompanying records. Process parameters are also to be documented, since these can influence product characteristics e. g. in heat and surface treatment, surface coating, welding and soldering processes as well as plastic injection. Process interruptions, such as tool breakage or change, as well as quality control measures must be clearly traceable in the records.  
The Supplier is obliged to provide evidence of machine and process capability. Along with this, the validation of the testing process, i. e. the suitability or ability of the testing or measurement system for the intended testing or measurement task, must be proven (see 3.2.6). If all requirements are met, the Supplier monitors its processes and product characteristics by taking regular random samples and documenting the results. For the approval of a batch, no defective product may be found in the sample (“zero defect” principle).

To monitor the processes and thus the product characteristics in serial production, the Supplier must use suitable quality control methods such as SPC statistical process control, quality control cards, error collection and evaluation lists, process optimization plans, CIP, etc. These conform to the guidelines/standards (according to the state of the art) e. g. B. DIN/ISO, VDA, DGQ or AIAG. The corresponding capability characteristic values of the agreed features shall be provided to Schaeffler within one working day upon request.

From an economic point of view and with the aim of minimizing errors, Schaeffler expects the Supplier to continuously improve the manufacturing processes and parts handling. Suitable measures must be implemented to avoid impact points and contamination – especially in the case of bulk materials.

In the event of an incapable process, the Supplier is obliged to immediately initiate suitable corrective actions. Until process capability has been restored, the Supplier shall ensure by means of suitable tests that no semi-finished  
/raw material suspected of being defective is delivered.

For the analysis of attributive characteristics, clear guidelines, limits or OK/not OK criteria shall be defined by means of failure catalogues and documented in quality control or inspection charts.

## Storage and inspection of documents

In addition to the standard described in the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group”, the following supplementary requirements apply.

The Supplier shall be obliged to comply with the applicable statutory and possibly existing regulatory requirements with regard to the documentation and archiving of production-accompanying quality records and shall ensure the implementation of the operational requirements for tamper-proof and theft-proof archiving over the entire retention period.

Contract-relevant documents as well as documentation for production planning and the ongoing process including all records for their quality assurance and reference samples as well as testing parts are subject to the statutory minimum retention periods. In addition, retention periods for special characteristics or further product characteristics which go beyond the periods specified in laws, applicable standards and guidelines such as VDA1 – Documented Information and Retention – Guideline for the Control and Retention of Documentation within the Product Life Cycle, can be agreed between Schaeffler and the Supplier on a customer-specific or project-specific basis.

## Nonconformities

### Indication of deviations

The provisions of the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group” apply.

#### Request for Special Release

In the event of deviations from the product or performance specification (drawing, technical delivery conditions, material, material characteristics, etc.) or from the approved process, the Supplier must apply for a special release from Schaeffler before the product delivery.  
For this purpose, a written approval must be obtained from Schaeffler prior to implementation via the contact person indicated on the purchase order using the customer-specific application form (see the *brochure Modification Approval/Special Release*).

#### Request for Modification Approval

In the event of changes in the product, process, material, tool, production plant/line or the production location (relocation) planned by the Suppliers as well as sub-suppliers – the Supplier must apply for modification approval from Schaeffler at an early stage.

Schaeffler's written approval shall be obtained via the contact person indicated on the purchase order using the customer-specific application form (see the *brochure Modification Approval / Special Release*). No modification is permitted without Schaeffler's prior written consent.

### Detection and rectification of defects

The provisions of the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group” apply.

#### Detection and rectification of defects on Supplier’s side

If, during the manufacturing process, the Supplier detects defects in the raw material/semi-finished product, in the processes and equipment necessary for the manufacture or transport of the product, in the packaging necessary for internal or external transport, or in the service to be provided, the supplier shall rectify the process and, if necessary, interrupt it.   
All raw materials or semi-finished products that have been manufactured since the last sample test carried out with a positive result must be checked in such a way that material suspected of being defective can be reliably limited and separated. Defective products discovered in the process must be immediately secured and stored in a safe place ("quarantine storage") with appropriate, clear identification until the cause of the defect has been clarified. If these defective products can be reworked or repaired, all specified series tests must be carried out and it must be ensured that the Schaeffler specification is adhered to. Initiated corrective measures must be documented in the records in a traceable manner.

It must be immediately checked if the defect found in the product and/or process can occur in other Schaeffler products. In the event of a positive check, the affected products or processes must also be interrupted and rectified.

If it is determined during the limitation of the defective volume that defective products may already have been delivered to Schaeffler, the responsible quality assurance departments in all affected Schaeffler plants must be notified immediately in order to clarify the further actions.

#### Detection of defects on Customer’s side/complaints

If Schaeffler discovers defects in the product, packaging, documentation/shipping documents or in the service to be provided, Schaeffler informs the Supplier, e. g. in the form of a notification of defects, and requests to formally analyze the complaint and to implement effective corrective actions (see the *brochure Complaint processing for Supplier*).   
The supplier is obligated to immediately initiate suitable immediate measures to isolate defects in all raw materials/semi-finished products in circulation that are suspected of being defective.

Complaints are included in the supplier evaluation (see the *brochure Supplier Evaluation*), which is an important decision criterion for Schaeffler when placing new orders.

#### Reference market procedure field failure analysis

This quality requirement is not relevant for the scope of supply and services of raw material/semi-finished product suppliers.

## Escalations

In addition to the standard described in the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group”, the following supplementary requirements apply.

In the event of increasing quality or delivery problems, specifically repeated or serious complaints, the supplier is assigned the selected escalation level as part of a process predefined by Schaeffler (see the *brochure Escalation Process for Supplier*). Within the scope of the escalation levels, increased requirements must be placed on the inspection of the delivered products (e. g. CSL levels), suitable remedial measures must be initiated and their effective implementation tracked.

Further regulations regarding higher inspection intervals or increased inspection scope can be defined in a quality target agreement.

## Supplier evaluation

In addition to the standard described in the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group”, the following supplementary requirements apply.

In the interests of continuous improvement, but also in order to identify potential risks with suppliers at an early stage and to counteract them with suitable corrective actions, the quality and delivery performance of the suppliers is regularly assessed. This is done using standardized evaluation criteria (see the *brochure Supplier Evaluation*). The evaluation results are communicated to the suppliers at regular intervals and at the same time serve Schaeffler Purchasing as a decision criterion before placing new orders.

## Communication

The provisions of the S296900 „ Quality Assurance Agreement with Suppliers of the Schaeffler Group” apply.

### Supply On

This quality requirement is not relevant for the scope of supply and services of raw material/semi-finished product suppliers.

### Information security

Suppliers and service providers who are closely involved in the Schaeffler product development process, receive and process sensitive and valuable information. This information must be protected by implementing adequate technical and/or organizational security measures.

## Sources of supply / products stipulated by the customer

The provisions of the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group” apply.

## Prohibited and declarable substances

In addition to the standard described in the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group”, the following supplementary requirements apply.

Application-specific substance prohibitions and declaration obligations must be taken into account already during the product development stage. For the products supplied to Schaeffler, the specifications in accordance with   
Schaeffler Standard S132030-1 Prohibited and declarable substances must be complied with, confirmed and verified by means of a Conformity Certificate.   
The Conformity Certificate must be updated by the Supplier in the event of changes with regard to conformity with legal requirements and/or the material data and shall be therefore resubmitted. Compliance with these requirements does not absolve the Supplier of the responsibility to observe all the further applicable laws and regulations.

## Contingency plans

The Supplier must ensure that all potential risks within the supply and process chain that could negatively affect its ability to deliver are independently identified and assessed. Possible events that can lead to an emergency, such as machine breakdown, personnel shortfall or material bottlenecks, cyber/online attacks on IT systems, subcontractor or power failure, must be mapped, including emergency measures, in a contingency plan. The contingency plan must be linked to a description of the Supplier's internal escalation rules, in which the information cascade is clearly described.

The contingency plan shall be checked annually for effectiveness and adjusted if necessary. It shall be delivered to Schaeffler upon request.

## Labeling and packaging

With regard to the labeling and packaging of the products, the requirements agreed with Schaeffler (packaging data sheets, packaging manual for suppliers, logistics guidelines, etc.) must be observed. It must be ensured that the labeling of the packaged products is also recognizable during transport and storage. Deviations from existing labeling obligations require a written agreement between the Supplier and Schaeffler in accordance with the requirements of the QAA (Chapter 3.4.1.1 Application for special release or 3.4.1.2 Application for modification approval). Products that do not meet the required series specifications (prototype parts, initial sample parts, parts with special release, rework/repair parts, etc.) must be generally clearly labeled.

The raw materials/semi-finished products must be stored and delivered in suitable packaging materials and transportation means approved by Schaeffler in order to avoid damage and deterioration in quality such as contamination, damage or corrosion.

In coordination with Schaeffler, the Supplier must define a corrosion protection concept for its product that complies with the requirements of S132299. Products at risk of corrosion must be protected against corrosion by the Supplier by means of suitable measures and taking into account the environmental influences during transportation and storage. This protection must be guaranteed for at least the defined minimum possible storage time (generally 6 months) after receipt of the goods at the Schaeffler plant, provided that the packaging is not opened beforehand.

# Terms of validity and termination

In addition to the standard described in the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group”, the following supplementary requirements apply.

The module "Raw materials and semi-finished products" is considered as a supplement to the contractually agreed upon S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group” and becomes effective upon signature by both parties. The module "Raw materials and semi-finished products" is concluded for an indefinite period. If the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group” is terminated, this shall also be deemed as termination of the "Raw materials and semi-finished products" module which shall end at the same time as the S296900 „ Quality Assurance Agreement with Sup-pliers of the Schaeffler Group”.   
Independent of a termination of the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group”, the "Raw materials and semi-finished products" module can be terminated in writing by either contracting party with a notice period of 12 months if submitted by the end of the month. The termination of this module shall have no effect on the continuation of the S296900 „Quality Assurance Agreement with Suppliers of the Schaeffler Group” and the contracts concluded between the Parties under the validity of the "Raw materials and semi-finished products" module. The conditions of this module shall continue to apply to these.

# 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 contract in the respective current version of both S 296900 "Quality Assurance Agreement with Suppliers of the Schaeffler Group" and of this module "Raw Material and semi-finished products".

(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

# Agreements

|  |
| --- |
|  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **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 |