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## **Quality and Environmental Assurance Agreement**

between

**Bader GmbH & Co. KG**

Metzgerstr. 32 – 34  
73033 Göppingen  
Germany

- hereinafter referred to as “**Bader**”

And

- hereinafter referred to as “**Supplier**”

This Quality and Environmental Assurance Agreement (QAA) concluded with Bader is also valid to the same extent for all companies and business premises belonging to the Bader Group, as well as companies and business premises related to suppliers of the Bader Group, insofar as no bilateral agreements have been affected.

### **1. Foreword**

This agreement constitutes the contractual definition of the technical, logistical and organisational frame conditions and processes between Bader and the Supplier with the objective target of receiving faultless subcontracted supplies.

### **2. Area of Application**

This agreement is part of Bader Terms and Conditions of Purchase.

In particular, when signing this agreement the Supplier shall undertake to present the proof of insurance (product liability insurance, liability insurance to cover recall costs) demanded in Bader’s terms and conditions of purchase (9.5) ([www.bader-leather.com](http://www.bader-leather.com)). These insurances shall be maintained to the full extent for the term of this agreement and evidence of them provided to Bader at any time on demand.

### **3. Quality and Environmental Management System**

As a minimum standard, the supplier shall commit to maintain an efficient Quality Management System in accordance with DIN EN ISO 9001 (most recent version), with the objective of higher qualification according to ISO/TS 16949 (most recent version), respectively IATF 16949 (after 14.09.2018).

Moreover, the suppliers will be expected to have an appropriate Environmental Management System, e.g. according to ISO 14001, as well as a healthy and safety system, e.g. according to ISO 450001, that complies with the respective environmental relevance and safety at work.

The Supplier shall submit a certificate as proof. Bader shall be provided with a new certificate after expiry of validity.

### **3.1 Quality Management/Environmental Management System of the Sub-Contractors**

In the event that the Supplier obtains products, means of production, inspection equipment or other items from other suppliers for production, he shall include this in his Quality Management System and Environmental Management System and obligate his sub-contractors according to this QAA to comply with all quality and environmental requirements.

## **4. Supplier Assessment**

### **4.1 Audits**

Bader shall be entitled to carry out quality audits at the supplier's premises or his sub-contractor's premises, also accompanied by his end customer. The date and extent shall be agreed amicably. Reasonable measures to safeguard the know-how of the Supplier shall be accepted in the process.

The Supplier shall be informed of the audit result in writing; in case necessary measures have been determined, the Supplier shall commit to undertake corrective action.

### **4.2 Supplier Assessment**

Bader shall regularly assess suppliers on the basis of quality, environmental and logistic aspects. The suppliers shall be provided with the assessment criteria.

Measures resulting from the supplier assessment shall be defined and implemented by the suppliers. If need be, possible necessary audits (see 4.1) shall be derived from this.

## **5. Initial Samplings and Resamplings**

In the case of

- new products
- changes to products
- changes to tools
- changes to processes
- changes in material
- changes in drawings
- outsourcing
- interruption in production for more than 1 year

the Supplier shall in due time and at no charge carry out initial sampling before delivery involving 5 parts for Bader. These initial samples must be produced under mass-produced conditions involving serial production facilities. Initial sampling shall be carried out according to the current VDA<sup>1</sup> volume 2 incl. IMDS entry. However, if appropriate OEM specifications exist, it is carried out according to the current Production Part Approval Process (PPAP). Alternative coordination can be carried out with the respective QM contact person.

Product requalification must be carried out according to Customer \OEM requirement and provided to Bader without request.

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<sup>1</sup> German Association of the Automotive Industry

## **6. Serial Production**

The Supplier shall be responsible for the use of effective systems for the monitoring of process and product quality.

All amendments to parts or to the production process shall be documented by the Supplier in the maintenance history.

The Supplier shall compile inspection plans and inspection instructions for all necessary inspections (receiving inspections, intermediate inspections, final inspections and special inspections) based on AQL accepted ISIR \ PPAP.

With regard to content the inspection plans must be arranged in such a way that all defects that come into consideration can be found using the current best available technology.

## **7. Verification Management/Documentation/Archiving**

The Supplier shall archive all order-related and quality-related records in accordance with the regulatory requirements or customer-specific demands of the supply chain.

It must be taken into consideration that according to VDA 1<sup>2</sup> documents relevant to quality containing special characteristics must be kept available for at least 15 years after phase-out of production.

Upon enquiry and according to DIN EN 10 204 31 the Supplier must provide Bader free of charge and within 24 hours with an acceptance test certificate of the parameters for each batch on the basis of the initial sampling.

## **8. Incoming Goods Inspection**

After receipt of the goods Bader shall check at random whether they comply with the ordered quantity and the ordered type and whether defects or damage are visible from the outside.

The purchaser shall notify the supplier in writing about any deficiencies of shipment as soon as such deficiencies have been discovered in the course of an orderly business practice. In case the purchaser complies with the aforestated condition the supplier hereby waives his right to reject delayed notification of deficiency.

## **9. Action in case of Complaints**

In the event that defects are discovered in the course of the incoming goods inspection, further processing or on the customer's premises respectively, an immediate complaint shall be made about this to the Supplier. The first 3 OK follow-up deliveries must be clearly marked.

In the event that Bader makes a complaint, the Supplier shall undertake to immediately initiate remedial action that guarantees permanent fault exclusion. On principle, the Supplier shall submit a written statement in an 8D report within twenty four (24) hours on the cause of failure and

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<sup>2</sup> Volume 1 of the German Association of the Automotive Industry

immediate remedial action. The 8D shall be updated regularly and made available to Bader without being asked. The same applies to the concluded 8D report.

## **10. Product Safety / Product Liability**

The end manufacturer shall bear overall responsibility for the finished end-product. However, in the overall process chain the respective manufacturer shall bear the responsibility for parts and components used in the end product. The manufacturer shall assume warranty for the products he supplied for the length of time that Bader has to give to its customers for the end product.

The manufacturer / supplier must therefore do everything that is organisationally and technically possible to increase the product safety of his parts and that of his sub-contractors and to minimise product liability risks.

If the supplier produces materials used in VW-Group projects, PSB & PSB deputy must be nominated by the supplier and announced to Bader. Additionally the latest results of D\TLD audit must be provided to Bader yearly.

## **11. Environment, Emissions, Hazardous Substances**

- The Supplier shall warrant compliance with Bader's "Black List", the statutory environment, emission and hazardous substances requirements and the customer-specific requirements of the supply chain.
- The Supplier shall be obligated to enter the substances used in his product in the IMDS and in the Reach systems if applicable.
- The Supplier shall comply with the respective relevant version of the specifications of EU Directive 2000/53/EG on End-Of-Life Vehicles, 2002/525/EG as well as the End-Of-Life Vehicles Act.
- Bader is an internationally active company. Hence, in consultation with Bader, known requirements must also be taken into account by other countries and compliance documented on demand (example: USA – Dodd-Frank Act).

**12. Term**

This Agreement shall come into effect when signed and shall be valid for an indefinite period of time. Each party can give proper notice of cancellation observing a 3 month notice period. Notice of cancellation must be given in writing.

Place of jurisdiction: Göppingen

**Bader:**

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**Place / Date**

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<b>Name</b>	<b>Function</b>	<b>Signature/Stamp</b>
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**Supplier:**

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**Place / Date**

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<b>Name</b>	<b>Function</b>	<b>Signature/Stamp</b>
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