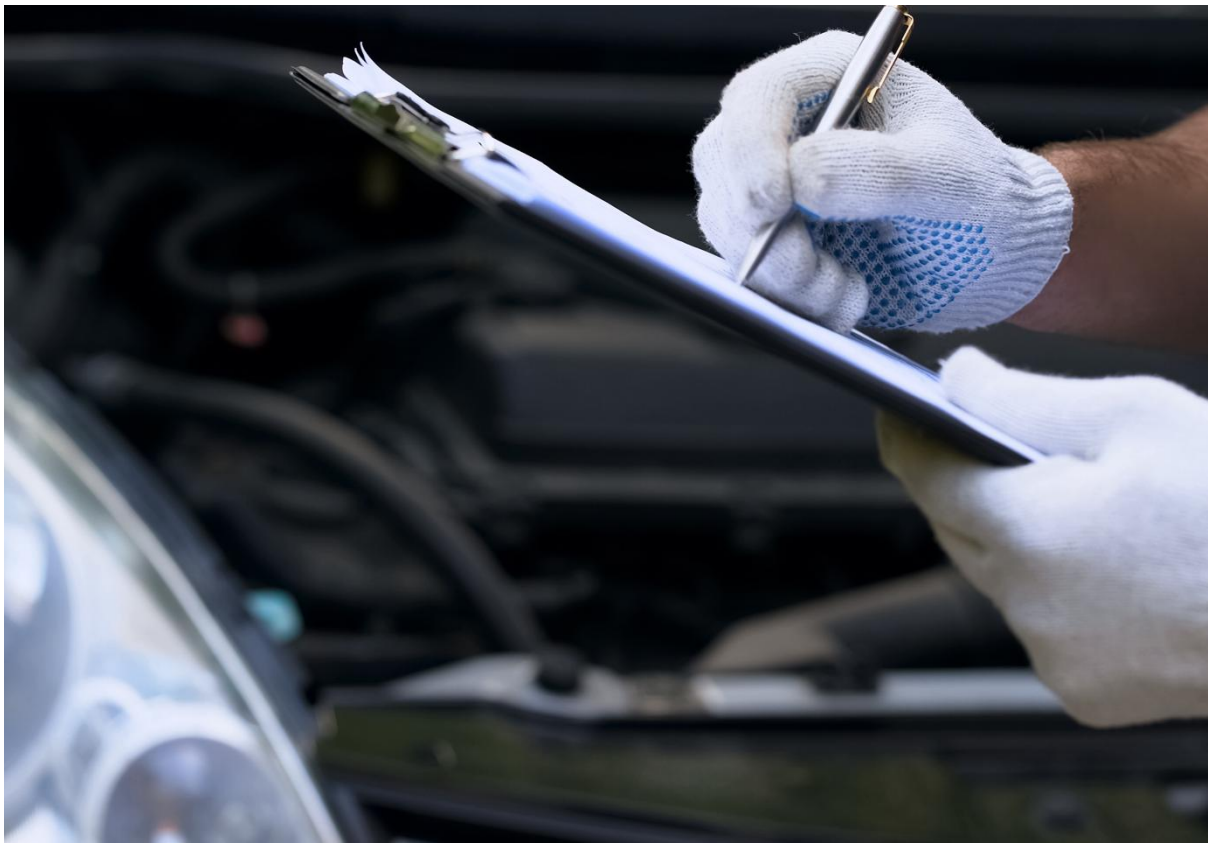
CLEPA
European Association of Automotive Suppliers

Quality assurance agreements



Written by the CLEPA Warranty expert group

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The QAA as an instrument to achieving agreeable relationships

This paper is a statement on what automotive suppliers consider as the most efficient way of managing Quality Assurance Agreements. CLEPA considers that Quality Assurance Agreements primarily should be used as an instrument to improve the relationships between the supplier and the customer. This paper has been drafted to provide a basis for fruitful discussions and agreeable relationships between the Original Equipment Manufacturers, Tier1s and suppliers throughout the automotive industry.

This paper is not binding and it does not make any recommendations regarding the use of specific Agreements, Terms or Conditions. These terms must be negotiated individually and independently between each CLEPA member and its customers and suppliers.

This paper offers an example of which elements may be included in a Quality Assurance Agreement. The exact clauses in each individual case may be matched to the specific needs of Customer and Supplier.

Objective of the agreement

A Quality Assurance Agreement (QAA) constitutes the contractual definition of technical and organisational structures and conditions which need to be agreed between Customer and Supplier in the interests of achieving the agreed and desired quality objectives and targets. The QAA should describe the essential requirements for the contracting parties' management system in respect of quality assurance.

The requirements for the production process and product approval procedures are defined herein. Both contracting parties should be committed to a zero-defect target.

1. General points of agreement

1.1. Area of application

In the event that individual clauses contained in this agreement conflict with other prior-ranking agreements, for example, development or purchase contracts, the said individual clauses in this document shall not be applicable.

This agreement and any alterations or amendments thereto must be made in writing.

2. Supplier's quality management system

The Supplier undertakes to permanently deploy a quality management system in accordance with IATF 16949, or as a minimum, a system which fulfils the requirements contained in the ISO 9001 standard. Other regulations, for example, those defined by the following organisations:

- VDA (German Association of the Automotive Industry)
- AIAG (Automotive Industry Action Group)
- EAQF (Evaluation d'Aptitude Qualité Fournisseur)
- AVSQ (Anfina Valuatione Sistemi Qualita)

Shall be integral to the contract only when agreed in writing.

2.1. Quality management systems of subcontractors

The Customer may request documented proofs from the Supplier as evidence that the Supplier has satisfied itself as to the effectiveness of the quality management systems deployed by its subcontractors and/or taken other suitable steps to safeguard the quality of outsourced components.

2.2. Audit (on supplier's premises)

The Customer shall be entitled to establish by way of an audit whether the quality assurance measures put in place by the Supplier to warrant that the Customer's requirements will be fulfilled. The audit may be conducted in the form of a system, process or product audit and must be agreed upon in good time before its planned implementation. Consideration should be given to system audits by approved certification companies. Reasonable restrictions on the part of the Supplier in the interests of safeguarding trade secrets shall be accepted.

Should quality problems occur which are occasioned by performances and/or supplies by subcontractors the Supplier shall be obliged to facilitate an audit on the premises of the subcontractor concerned

3. Documentation and information

The obligation to retain the requirements and evidentiary documentation subject to special archiving shall extend in line with general automotive standards. [1] The supplier must allow the customer to inspect these documents on request. Should it become evident that agreements which have been reached (for example regarding quality characteristics and features, deadlines, quantities to be delivered) cannot be complied with, the supplier shall be obliged to notify the customer. In the case of detecting a quality problem within the suppliers' production, the supplier should inform the customer. All changes to products and the production process must be documented in a product history and treated in accordance with industry-standards regarding the product.

4. Development and planning

The Customer must ensure that the technical specification is made available to the Supplier at an early date and in full, including all relevant documents such as for example drawings, parts lists and Computer Aided Design (CAD) data. The Supplier shall check the technical specification including all technical documents for completeness and consistency. Any defects detected must be notified to the customer and eliminated by mutual agreement. At the development stage, the contracting parties must deploy suitable preventive methods of quality planning. Regarding prototypes and pre-production parts, manufacturing and testing conditions must be coordinated between customer and supplier and documented. For the agreed product and process features the supplier must analyse and document the suitability of the production facilities employed. If the defined capability values are not achieved a 100% inspection must be initialised. Before the start-up of series production, a process and product approval procedure pursuant to VDA /AIAG or similar customer requirements must be conducted and released by customer.

5. Series production

In the event of process disturbances or quality deviations on the part of either the customer or the supplier, the causes must be analysed. Steps must be taken to bring improvements and the effectiveness of these measures investigated must be shown. If in exceptional cases it is necessary for products to be supplied which do not conform to specifications, special approval must be obtained in advance from the customer. Likewise, the customer must be notified forthwith of deviations detected.

The supplier undertakes pursuant to a risk assessment to safeguard the traceability of products supplied. If a deviation is detected, the level of traceability must be such as to

[1] See for example VDA Volume 1 (e-Book Volume 1 - Doc. Info and Retention) https://webshop.vda.de/QMC/de/e-volume-1-doc-info-and-retention

ensure that the quantities of parts/products affected can be limited. The customer will furnish the supplier with the necessary data required to facilitate traceability.

The supplier shall ensure that goods are supplied using suitable transport facilities approved by the customer in order to avoid damage or quality impairments. Parts must be free of any kind of contamination.

6. Tests and inspections

The supplier shall carry out tests and inspections as planned in order to fulfil the agreed targets and specifications.

To be in compliance with agreed features in series production, the supplier must employ suitable methods (for example statistical process control or manual control chart systems) to demonstrate process capability over the entire production period.

6.1. Material receiving inspection

Following receipt of goods, the customer will confirm the quantity and identity of products sourced from the supplier and check for externally visible damage.

In other respects, the customer is exempted from the immediate duty to inspect and report complaints.

The customer must report defects in delivered supplies to the supplier forthwith as soon as these are detected during the normal course of business. In this case, the supplier waives the right of delayed notification of defects.

Unless otherwise agreed, parts which are the subject of the complaint will be made available to the supplier for analysis. In case of dispute, an investigation must be undertaken jointly by customer and supplier.

In the event that supplies contain defects, the supplier must immediately take remedial action. (Replacement supplies, sorting or reworking).

7. Liability

The agreement of quality targets and measures shall not affect the liability of the supplier for warranty and compensation claims by the customer as a result of defects in supplies. This quality assurance agreement does not constitute grounds for defect liability claims or compensation claims on other legal grounds.

8. Term of the agreement

Example of the termination of the agreement:

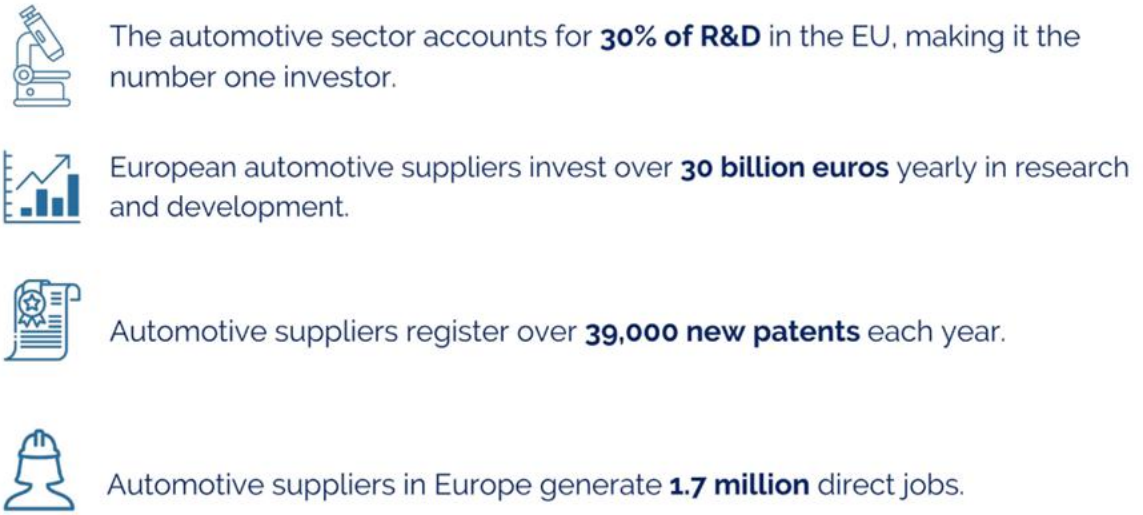
"This quality assurance agreement is not limited in time. It may, however, be terminated by either party in writing at three months' notice. Upon this agreement coming to an end, ongoing individual supply contracts shall nevertheless remain in force until such time as they have been executed in full. "

For more information, please contact: **m.hauke@clepa.be**

About CLEPA

CLEPA, the European Association of Automotive Suppliers, represents over 3,000 companies supplying state-of-the-art components and innovative technologies for safe, smart, and sustainable mobility.

CLEPA brings together over 120 global suppliers of car parts, systems, and modules and more than 20 national trade associations and European sector associations. CLEPA is the voice of the EU automotive supplier industry linking the sector to policy makers.



CLEPA

Cours Saint-Michel 30g,

1040 Brussels, Belgium

www.clepa.eu

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