Between

# Alfred Kärcher SE & Co. KG,

Alfred Kärcher-Str. 28-40, 71364 Winnenden, Germany

acting in its own name and in the name and on behalf of the Kärcher Group companies listed at the following internet address:

<https://www.kaercher.com/int/inside-kaercher/company/supplier-area/download-area/qualification-documents.html>

* hereinafter referred to as **"Kärcher"** - and

|  |  |
| --- | --- |
| **Company name**  |   |
| **Street**  |   |
| **Country**  |   |
| **ZIP + Town**  |   |

including production sites

 *[Insert manufacturing facility supplier, link or reference to appendix]*

* hereinafter referred to as the **"Supplier"**

Kärcher and the Supplier are jointly referred to as the **"Parties"** and individually as the **"Party"**.

**Preliminary remarks:**

Either Kärcher and the Supplier already have a permanent supply relationship for devices, assemblies and/or components (hereinafter referred to as "Goods"), or Kärcher is in negotiations with the Supplier for such a supply relationship.

If a supply relationship already exists, the Supplier must ensure the quality of the Goods to be delivered to Kärcher by means of suitable quality management measures (hereinafter "QM measures").

If this is not yet the case, Kärcher will be able to assess the quality capability of the potential Supplier through this Quality Assurance Agreement (hereinafter "QAA"). The conclusion of this QAA will not entitle the Supplier to receive orders from Kärcher or create an obligation to order Goods for Kärcher.

Upon Kärcher’s request, the Supplier will also deliver Goods ordered by Kärcher directly to Kärcher customers named by Kärcher.

In consideration of the above, the Parties agree as follows:

# Quality Management System

## QM system of the Supplier

**1)** To ensure the quality of all Goods to be delivered by the Supplier to Kärcher, the Supplier undertakes to maintain a quality management system (hereinafter "QM system"). This QM system must at least comply with the requirements of DIN EN ISO 9001, as amended, or comparable requirements. The fulfilment of the requirements for such a QM system must be proven by the Supplier through certification by an accredited certification company. If proof of an implemented QM system cannot be provided in this form, the responsible purchaser of Kärcher must be informed immediately.

**2)** On expiry of the validity of the certification, the Supplier will submit a certificate of re-certification to Kärcher or the Supplier will inform the responsible purchaser of Kärcher of the expiration of validity. If no divergent agreement exists then the Supplier will transfer the certificates into the system which is provided from Kärcher side (e.g. SAP Ariba SLP ).

**3)** In any case, Kärcher reserves the right to perform an inspection of the QM system based on its effectiveness at the supplier's premises or to have it performed by an accredited partner after consultation between the parties.

## Compliance with quality requirements

**1)** The quality characteristics, associated target values and tolerances to be respected by the Supplier for Goods, are given in the order-specific and generally applicable Kärcher order documents (e.g. technical specifications, drawings, Kärcher standards, reference to Supplier catalogue article numbers, etc.). The supplier will comply with the requirements of generally applicable statutory provisions, regulations (e.g. bans on substances, emission limit values, labelling regulations) and standards applicable to the countries to which the Goods are delivered as well as the countries of the EU, UK, China, Vietnam, NAFTA, EFTA states and Mercosur country groups, even if they are not specifically mentioned in Kärcher's order documents.

The supplier shall take all necessary measures to ensure that the legal requirements applicable to the Goods are complied with, e.g. by engaging sub-suppliers, auditing sub-suppliers and/or carrying out regular spot checks.

**2)** The Goods to be delivered are generally intended for worldwide distribution. If the supplier is aware upon conclusion of the contract or subsequently becomes aware that the Goods to be delivered are not suitable for certain countries (for example due to substance bans, emission limit values or labelling regulations), the Supplier is obliged to inform Kärcher's central quality management immediately in writing.

**3)** If and insofar as the statutory requirements are stricter than the requirements of the Kärcher standard KN050.032, the statutory requirements of the countries to which the Goods are delivered as well as the countries of the EU, UK, China, Vietnam, NAFTA, EFTA states and Mercosur country groups shall apply. If the supplier is unclear as to which directives, standards and laws may apply, the supplier is obliged to contact Kärcher and seek clarification accordingly.

## Feasibility

**1)** With respect to the quality characteristics specified by Kärcher for Goods with the tolerances to be adhered to, it will be the responsibility of the Supplier to check whether they are consistent and plausible and whether they can be reliably adhered to with the Supplier's existing and available production options. Should it not be possible to establish the above beyond doubt, the Supplier is required to inform the responsible purchaser and quality contact of Kärcher immediately and make appropriate suggestions as to the conditions under which safe manufacturing of the Goods is possible.

**2)** The Supplier is required to check the production processes and production facilities used for the manufacture of the Goods to be supplied to Kärcher with respect to their quality capability and to ensure this in the long term. For serial products, the Supplier will provide proof of the process capability of quality-relevant production processes and production facilities used to manufacture the Goods to be supplied to Kärcher and present this to Kärcher on request.

**3)** If required, Kärcher will inform the Supplier about the requirements for demonstrating compliance with the required quality characteristics for Goods that are not standardized serial products (such as sample parts, special parts, small batches; etc.), with the order (e.g. as part of a sample order, etc.). The Supplier will comply with these requirements.

## Specification changes

**1)** In the event of changes to drawings or other specifications, Kärcher will make these available to the Supplier in good time. Notifications of change will be made in writing. Oral communications are for informational purposes only and must be confirmed in writing.

**2)** The Supplier will immediately confirm to the responsible purchaser of Kärcher the receipt of a change notification and indicate the planned change date. The Supplier will use a suitable system to ensure that all affected employees know and apply the current version of the change. The Supplier will keep records of the distribution of the documents and the implementation of the changes. Should new initial samples be required for changed products, this will be indicated by Kärcher in the change notification. The Supplier will inform Kärcher about the exact time of the modification to the Goods, in particular about the date and if applicable batch or serial numbers.

**3)** Should the Supplier deem the implementation of the changes a threat to manufacturability, it will inform the responsible purchaser of Kärcher immediately. In this case, the procedure described in section 1.3 will be followed.

## Subcontractors

**1)** The supplier is fully responsible for its subcontractors.

**2)** The Supplier is required to inform the responsible purchaser of Kärcher, if it is buying the Goods to be supplied to Kärcher from one or more fixed subcontractors or from frequently changing subcontractors. If fixed subcontractors are used for Goods to be delivered to Kärcher, the Supplier must inform the responsible purchaser and quality contact of Kärcher in the event of a permanent change of its subcontractors in due time and before implementation of the change.

**3)** In the event of a permanent change of subcontractors, Kärcher shall decide whether and to what extent measures are required to validate conformity (e.g. re-sampling, conformity tests, test certificates, etc.). The supplier is responsible for carrying out the validation of conformity.

**4)** If the supplier procures finished Goods to be delivered to Kärcher from sub-suppliers, they must provide evidence of a certified QM system that at least fulfils the requirements of DIN EN ISO 9001 in the currently valid version or comparable standards. After consultation with Kärcher, this proof can be provided by an audit by the supplier or an accredited partner. If proof cannot be provided, the supplier shall inform Kärcher's responsible purchaser of this in writing. Kärcher reserves the right of approval in this case.

**5)** Should the Supplier purchase Goods to be supplied to Kärcher from subcontractors, the Supplier will take appropriate measures to ensure the complete conformity of the delivered finished Goods with the quality requirements demanded by Kärcher. The same principles for proof of conformity will apply here as for manufactured Goods from in-house production of the Supplier.

**6)** If subcontractors are directed by Kärcher in writing when ordering Goods, the supplier and Kärcher shall agree on the responsibility for ensuring the quality capability of the appointed subcontractors (e.g. audits, supplier development). However, the Supplier remains fully responsible for the quality and the compliance with all specifications of the Goods delivered by the directed subcontractors.

**7)** The Supplier will organize and control the supply quality during operation with the directed subcontractor. If there are any unacceptable quality problems in the supply chain as a result, the responsible purchaser and quality contact of Kärcher must be informed immediately by the Supplier of the nature and form of the problems that have arisen.

**8)** The Supplier is obliged to communicate the relevant requirements of the Kärcher Standard 050.032 to the subcontractors in its supply chain and the Supplier will take all necessary measures to ensure that conformity to this standard is ensured at all times. For this purpose, the Supplier will provide appropriate evidence (e.g. material certificates), which it will also submit to Kärcher on request.

## Labelling and packaging

**1)** The Supplier will deliver the Goods in suitable means of transport and - if agreed - those approved by Kärcher in order to avoid damage and quality reductions (for example, contamination, corrosion, chemical reactions etc.).

**2)** The containers and packaged Goods must be labelled in accordance with the specifications set in the order from Kärcher so far as agreed.

**3)** As part of the requirements arising from product liability, the supplier is obliged to ensure and document appropriate consistent traceability for the Goods delivered to Kärcher. This means that the production process for the Goods supplied can be traced and any affected batches and production orders can be localised in the event of damage.

## Information requirements

**1)** The supplier is obliged towards Kärcher to inform the responsible purchaser and the responsible quality manager at Kärcher in writing of any quality-relevant changes prior to implementation. The VDA 2 Trigger Matrix in its currently valid version or comparable company-specific evaluation systems shall be decisive for determining when changes are relevant to quality (e.g. change of manufacturing location, deviations from the requirements of CN 050.032).

**2)** With regard to the implementation of quality-relevant changes, the supplier is obliged to ensure adequate assurance of the conformity of the Goods in relation to the applicable specifications. Within the scope of a change on the part of the supplier corresponding to the above, the following measures should be implemented to ensure conformity:

* Risk analysis (FMEA or comparable) including definition/implementation of measures
* Proof of quality in relation to critical and main characteristics
* Performance of sample part testing, pre-series or comparable
* An initial delivery agreed with Kärcher and clearly labelled as such

The supporting documents must be documented by the Supplier and presented to Kärcher on request.

**3)** Depending on the nature and scope of the change, Kärcher reserves the right to provide further measures for the Supplier to ensure conformity or to formulate further requirements for risk protection during the change. Similarly, Kärcher reserves the right to decide whether a re-sampling, in whole or in part, is required in order to approve the change.

**4)** In order to protect Kärcher’s customers, the Supplier will forward immediately all information about unsafe products and known risks (of personal or material damages) to the responsible purchaser of Kärcher. An unsafe product is a product that poses a danger during intended or predictable use. As danger is seen every potential reason for serious injury up to death or every actual loss to property during use or possession of the product.

# Quality Planning, Quality Testing, Quality Control and Initial sampling

## Quality and test planning

**1)** Within the scope of quality and test planning, the Supplier will establish the following:

* Suitable test characteristics for appropriate assessment and control of the quality situation
* Adequate measurement methods and determination of the suitability of the measurement methods for the intended measurement task in each case
* The place and time of the quality checks to be performed.
* The type and form of data collection and documentation. This includes the statistical procedure designated for quality control, such as SPC.
* Response plans and responsibilities in the case of identified deviations in the quality checks.

**2)** The Supplier will implement the overall concept of test planning to avoiding quality risks and to early fault detection. Test concepts designed exclusively for the detection of defective products at the end of the process do not meet Kärcher's quality requirements.

**3)** The Supplier will justify the meaningfulness and expediency of the test planning to Kärcher upon request. In justified cases of recognised quality risks for Kärcher, Kärcher reserves the right to demand additional tests and to coordinate these with the supplier.

## Quality testing and quality control

**1)** The test equipment, test measures and frequency of testing of the Supplier must be such that all relevant quality features are monitored to the extent required. The Supplier will check regularly the test equipment capability for error-free operation and will document its regular calibration.

**2)** Chemical analyses (for example, to determine the content of specific constituent substances) of the Supplier must comply with applicable national and international standards (in particular according to KN 050.032). International standards take precedence over European ones, and European standards over national ones.

**3)** The Supplier undertakes to conscientiously and completely perform the tests specified in the test planning when producing the Goods. This will apply to the in-production tests, as well as to tests for product approval at the end of the product approval value chain. The Supplier will document the performance of the tests, the resulting test results and test decisions appropriately. Upon request, the Supplier will submit the documentation to Kärcher.

**4)** Should inspections specified by Kärcher not be possible at the supplier's premises due to missing and/or defective test equipment, the supplier shall bear the costs for any external inspection that may be required in individual cases. The parties will agree on the selection of the external inspector.

**5)** In the case of an upstream quality test commissioned by Kärcher, the Supplier will provide the contracting organization with appropriate test certificates and/or parts intended for testing, as well as with the necessary test equipment.

 This will include the documentation of quality assurance measures taken in the event of deviations in the quality checks.

**6)** Kärcher reserves the right to provide the Supplier with an IT tool (such as iQ-AUTARK) by means of which Kärcher test orders are transmitted to the Supplier. The Supplier must then record the corresponding test results via this system and return them to Kärcher.

## Initial sampling

**1)** The initial sampling of Goods is carried out in accordance with KN053.012. The relevant standard is available at the following link: https://www.kaercher.com/int/inside-kaercher/company/supplier-area/download-area/company-standards/ahp\_initial\_sampling.html

**2)** Initial sample inspections are required in particular for Goods with Kärcher part numbers beginning with 1., 2., 3., 4., 5. or 8., and for those for which a corresponding note is included in the drawing or the external parts order form. Deviations from this will require agreement between the Supplier and the responsible purchaser of Kärcher.

**3)** In the case of series products, Kärcher reserves the right to request initial samples and to submit an initial sample test report to Kärcher prior to the start of the first series delivery of affected Goods. The number of sample parts shall be defined in the order documents. Unless otherwise agreed or specified in the order documents, a minimum of 30 sample parts shall apply for series products.

**4)** The sample parts must come from a process that represents future series production in terms of manufacturing processes and manufacturing conditions.

**5)** For the specific characteristics identified in the specifications, the Supplier will demonstrate the preliminary process capability with a sample size N ≥ 30. Unless otherwise specified, the target values for cp ≥ 1.33 and cpk ≥ 1.00 must be met (see also "Information sheet on initial sampling").

**6)** In the case of Goods which the Supplier purchases fully manufactured from subcontractors, the initial sample test report and samples may, in consultation between the Parties, also be submitted directly by the subcontractor. For repeat orders from Kärcher, a resubmission of production samples is generally not required. However, the Supplier must perform a new sampling if changes have occurred at the Supplier's premises as described in section 1.7 "Information requirements" of this QAA.

## APQP/ PPAP

Kärcher reserves the right to require advance quality planning in accordance with Advanced Product Quality Planning (APQP) and sampling in accordance with the Production Part Approval Process (PPAP) by the supplier for critical parts. The supplier shall be informed of the categorisation of a part as ‘critical’ and the scope of APQP/PPAP. Kärcher shall provide the supplier with corresponding templates. The use of the supplier's own templates is possible after consultation with Kärcher. The exact requirements and the scope of the APQP/PPAP documentation shall be determined on a case-by-case basis with the order-specific order documents and agreed with the supplier.

# Supplier management

## Quality Audit

**1)** At Kärcher’s request, the Supplier will provide Kärcher with the test and/or production documents necessary for checking compliance with the regulations contained in this QAA by the Supplier for inspection.

**2)** Kärcher is entitled, with prior notice and within a reasonable period of time, either itself or after consultation with the supplier by external service providers, to examine the effectiveness of the Supplier's QM system and compliance with the quality characteristics and to check the products by participating in the Supplier's inspections, by inspecting the test results and/or by performing a system or process test.

**3)** For this purpose, Kärcher, or after consultation with the supplier the external service provider appointed by Kärcher for this purpose, may, after prior agreement of an appointment, enter the testing and (if applicable) manufacturing facilities of the Supplier and inspect the relevant documents. If necessary, the Supplier will provide the test equipment and/or production equipment required for testing, as well as the Goods to be tested.

**4)** Restrictions on the submission of documents or the granting of access to manufacturing or testing sites, e.g. for the protection of trade secrets, for special manufacturing processes or other special reasons, must be justified by the Supplier to Kärcher.

# 3.2 Supplier evaluation and development

Kärcher conducts regular supplier evaluations and/or supplier development programmes at its own discretion. The supplier is obliged to actively implement the measures specified in the assessment and/or the supplier development programme (e.g. to provide prompt feedback, create action plans and follow these up). The aim is the continuous and targeted improvement and further development of supplier performance.

# Defective Goods

**1)** If the Supplier becomes aware of defects in Goods already produced or delivered (in particular deviations from agreed quality criteria, substance bans, emission limit values or labelling regulations), it must immediately inform the relevant plant QA department of Kärcher.

**2)** The affected Plant QA department will decide how and in what form to deal with this defect regarding the identified deviation. Delivery will only be permitted if there is written deviation approval from the Plant QA department.

**3)** The written deviation approval will regulate exactly how this delivery is to be handled and which special markings and quality certificates may be required. Any deviation approval given in writing by Kärcher will only be valid for the delivery it mentions and will in no way be transferable to further deliveries.

**4)** The Supplier must ensure that the reasons and causes leading to this deviation are adequately investigated with regard to their causes. Subsequently, the Supplier will take effective, root-cause corrective measures to avoid these deviations in the future.

**5)** The resulting findings on the cause of the deviation and the measures for the future avoidance of these deviations must be reported by the Supplier to Kärcher.

**6)** Should additional tests, possibly up to a 100% test, be required, the Supplier must inform Kärcher of the type, extent and duration of these additional tests. This will apply mutatis mutandis should Kärcher inform the Supplier of defects in the Goods.

**7)** In the event of safety- or function-critical errors, repeat errors or persistently poor supplier ratings, Kärcher may take the following escalation measures:

* 8D report and increased inspections;
* action talks;
* process audit and supplier development programme;
* strategic supplier decision up to and including blocking.

The supplier is obliged to actively comply with the measures ordered by Kärcher. Insufficient co-operation or failure to improve quality performance can lead to the supplier being excluded.

# Acceptance of Goods and Incoming Goods Inspection

**1)** On the basis of the QM system established and certified by the Supplier, Kärcher is entitled to assume the complete conformity of the delivered Goods by reference to the documents on which the order is based.

**2)** The conformity of the delivered Goods must be confirmed by the Supplier if agreed with a test certificate 3.1 according to EN 10204 or equivalent.

# Incoming Goods Inspection by Kärcher

**1)** On the basis of the QM system established and certified by the Supplier, Kärcher is entitled to limit the quality inspection of the incoming Goods in the following form:

* Visual test of the delivery condition
* Check of the delivery quantity
* Check of the product identity against the order
* Check of the content of the information in the test records

However, Kärcher reserves the right to subject random Goods to a measured conformity test in order to verify the certified information.

**2)** Kärcher will report any defects found within - 14 - working days. Kärcher shall notify the supplier of any defects not found within - 14 - working days as soon as they are found in the ordinary course of business.

**3)** The Supplier waives the objection of the delayed or incomplete notification of defects in this respect. The Supplier will align its QM system and QM measures to this form of limited incoming Goods test performed by Kärcher.

**4)** In the event of a complaint, the Supplier will analyse the causes of the identified defects and take suitable measures to prevent a recurrence of such effectively. Kärcher must be informed accordingly.

**5)** Unless Kärcher requires a different format, the Supplier will provide a 4-D report, or higher, as a statement.

Kärcher prevails the right to request an 8D report with:

Statement on D-3 within 2 working days or as agreed

Statement on D-7 within 4 weeks or as agreed.

# Retention obligations

The supplier shall retain the documentation relevant to the quality of the Goods (including quality-relevant documents and records for the development, design, production and inspections of the Goods, e.g. drawings, test reports, work instructions, etc.) for a period of 10 years from the date of manufacture of the Goods and submit them to Kärcher on request. The scope and level of detail of the archived documents shall be determined by the supplier following a risk assessment.

# Product Liability Insurance

The supplier is obliged to take out and maintain the following insurance policies for the duration of the business relationship to cover claims for damages (including consequential damages) due to defects:

1. product liability insurance with cover of at least

10 million euros (€) (ten million)

1. extended product liability insurance with cover of at least

10 million euros (€) (ten million)

Upon request, the supplier shall provide Kärcher with proof of the existing insurance cover.

# Duration of the QAA

This QAA is concluded for an indefinite period of time and may be terminated by either Party in writing subject to a notice period of three (3) months with effect from the end of any quarter of a calendar year.

# Applicable Law, Place of Jurisdiction

**10.1** This QAA, the individual sale contracts and other contracts concluded by the Parties in connection with this QAA, are governed by the laws of the Federal Republic of Germany. Where the registered address of the Supplier is not located in Germany, the validity of the United Nations Convention on Contracts for the International Sale of Goods (CISG) will apply to this QAA, the individual sale contracts and other contracts concluded by the Parties in connection with this QAA. In this case, the terms of the German legal system used in this QAA must be understood in accordance with the terminology used in the CISG.

**10.2** Disagreements arising out of or in connection with this QAA will, wherever possible, be settled amicably. Should this not be feasible, the territorial and international exclusive competence of the courts in Stuttgart ("Stuttgart-Central") is hereby agreed for all contractual and non-contractual disputes arising from this QAA, the individual sale contracts and other contracts concluded by the Parties in connection with this QAA. Kärcher is also entitled in individual cases to bring proceedings at the registered address of the Supplier or before other competent courts.

**10.3** Kärcher shall have the right to submit contractual and non-contractual disputes arising out of this QAA with suppliers having their place of business in the People's Republic of China to arbitration under the administration of the Singapore International Arbitration Centre (‘SIAC’). The arbitration shall be conducted in accordance with the Rules of Arbitration of the Singapore International Arbitration Centre (‘SIAC Rules’) in force from time to time, which Rules are deemed to be incorporated by reference into this clause. The seat of the arbitration shall be Singapore. The arbitral tribunal shall consist of three arbitrators. The language of the arbitration shall be English. The contract shall be governed by German law, including the UN Convention on Contracts for the International Sale of Goods.

# Final Provisions

**11.1** Amendments, additions and other supplements, including the termination of this Agreement will be made in writing to be valid (including simple electronic signature, Adobe Sign or DocuSign which is also adequate). This will also apply to any waiver of this written form requirement.

**11.2** Kärcher's Terms and Conditions of Purchase (available at:

[https://www.kaercher.com/int/inside-kaercher/company/supplier-area/purchasing-termsconditions.html](https://www.kaercher.com/int/inside-kaercher/company/supplier-area/purchasing-terms-conditions.html) ) shall be, in their respective current version, an integral part of and apply to the QAA. Kärcher's Terms and Conditions of Purchase shall apply exclusively. Kärcher does not accept the Supplier’s terms and conditions of sale or any other standard terms and conditions of the Supplier (even if reference is made thereto in the Supplier’s order confirmations) unless Kärcher has expressly approved their validity and applicability in writing. Kärcher's Terms and Conditions of Purchase apply even if Kärcher accepts deliveries from the Supplier without reserving its rights and even when knowing about the conflicting or deviating terms and conditions of sale or any other standard terms and conditions of the Supplier.

In the event of any discrepancy or inconsistency between Kärcher's Terms and Conditions of Purchase and the QAA, the QAA shall prevail.

**11.3** Should individual provisions of this QAA be or become invalid or void, in whole or in part, this will not affect the validity of the remaining provisions of this QAA. The Parties undertake to agree on a provision which comes closest to the intentions of the Parties and the economic purpose of the invalid or void provision in a legally permissible manner to replace the invalid or void provision. The same will apply should the QAA be incomplete. In order to fill the loophole, the Parties undertake to work on agreeing reasonable provision that most closely reflects what the Parties would have intended given the sense and purpose of this QAA had they previously considered this point.

Town Date

Signature Supplier

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| --- | --- | --- |
| Name  | Function in Company  | Email address  |
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