

## Buschjost Special Terms- Quality Assurance

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### Preamble

Buschjost must satisfy its customers' high quality requirements for the products it delivers („end product“ herein). To this end and in order to satisfy these requirements and the challenge of continually improving the quality of the end products, Buschjost maintains a quality management system that meets, at a minimum, the ISO 9001 demonstration level. The supplier delivers products which Buschjost uses for manufacturing the end product („product“ herein). The sustained high quality and reliability of the products are therefore of vital importance for the quality assurance requirements for the end products.

### 1. Subject matter of the agreement

- 1.1. The Buschjost Special Terms – Quality Assurance („ST-QA“ herein) apply to all supply contracts between the parties. The ST-QA only establish minimum quality assurance requirements; they do not replace or interpret the requirements for certification of management systems (e. g. DIN EN ISO 9001, ISO/TS 16949, ISO 14001). Productspecific requirements are documented in the respective component specification(s) or Buschjost specifications and are not part of these ST-QA.
- 1.2. The ST-QA do not relieve the supplier from delivering the products with the stipulated and, if applicable, guaranteed qualities and/or prototypes/samples.
- 1.3. The supplier's general terms and conditions concerning the quality of the products (e. g. product or test specifications) are only applicable if and when Buschjost expressly concurs with them.

### 2. Quality objectives and product monitoring

- 2.1. The supplier is obligated to the zero-defect strategy. To this end, it must, in particular, undertake the following measures:
  - Defect prevention
  - Root cause analysis and correction
  - Positively thinking and quality-conscious employees

- 2.2. If the supplier is unable to carry out the zero-defect strategy immediately upon execution of the ST-QA, the parties shall agree on appropriate interim objectives.
- 2.3. Agreed and/or stated objectives shall not affect the supplier's liability and/or warranty.
- 2.4. Parts that are delivered defective shall be made available to the supplier for analysis unless otherwise agreed on a case-by-case basis. In special cases, Buschjost and the supplier shall undertake joint diagnostics.
- 2.5. For defectively delivered parts, the supplier shall bear the responsibility for immediately executing the necessary repair, maintenance, retrofitting and sorting actions. The timeframe and quantities for these actions shall be specified by Buschjost in coordination with the supplier. The supplier is responsible for providing a comprehensive and completely documented root cause analysis.
- 2.6. If the defect is discovered before manufacturing commences, Buschjost may in urgent cases, such as to avoid a production line halt, also undertake the remedy itself or have the remedy performed by a third party without coordination with the supplier; in such cases, the supplier shall as a rule be notified of the intended self-help. The supplier shall bear the reasonable costs thereby incurred.
- 2.7. The supplier shall defray all costs Buschjost incurs from and in association with a warranty claim that are attributable solely to the supplier's product, particularly the costs (including liquidated costs) billed by the customer as well as costs that are additionally incurred by Buschjost according to the following scale:

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PPM	Reimbursement of warranty and goodwill costs by the supplier
≤ 300	Replacement of parts
300 - 500	Replacement of parts plus 50% markup of the parts price for 0-km failures* or plus 100% markup of the parts price for field failures*
500 - 1.000	Replacement of parts plus 100% markup of the parts price for 0-km failures* or plus 200% markup of the parts price for field failures*, plus processing fee
1.000 - 3.000	Replacement of parts plus 200% markup of the parts price for 0-km failures* or plus 500% markup of the parts price for field failures*, plus processing fee
≥ 3.000	Replacement of parts and Assumption of the full cost incurred by the customer plus processing fee
* For „non-automotive products,“ according to the following: 0-km failure = failure before placement in service with the end customer Field failure = failure after placement in service with the end customer	

2.8. It is mandatory that changes in the product or its manufacturing process receive Buschjost's written approval, which may entail successful completion of the initial sampling process.

### 3. Quality management system

- 3.1. The supplier must use a quality management system in accordance with DIN EN ISO 9000 ff. Evidence of the effectiveness of this QM system shall be provided by submitting at least one certificate that has been issued by an accredited institution (e. g. DIN EN ISO 9001).
- 3.2. The supplier shall furthermore strive to continually improve its quality management system (e. g. in conformity with ISO/TS 16949).
- 3.3. The supplier shall follow all statutory and regulatory requirements and the general technical rules and standards that are incumbent on it as well as the state of science and technology.
- 3.4. The supplier shall integrate its own production and testing instruments as well as those provided by Buschjost in its quality management system and regularly maintain and, if necessary, repair them at its (the supplier's) cost.
- 3.5. The supplier shall name a quality management officer to Buschjost in writing immediately after conclusion of the supply contract. The responsibility of the quality management officer is to be available to Buschjost as a contact on quality assurance issues during standard business hours, to coordinate the implementation of the ST-QA and to make or arrange for decisions which are relevant to the ST- QA. Buschjost shall be notified in writing without prompting of a change in the quality management officer.

### 4. Documentation

- 4.1. The supplier shall document quality inspection and control measures in writing. The supplier shall archive such documentation for 30 years from the quality inspection. If requested by Buschjost, the supplier shall deliver the documentation to Buschjost for inspection.

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4.2. Product defects discovered by the supplier during the quality inspection must be promptly reported to Buschjost. A description of the impact of the defects on the end product as well as recommendations for correcting the quality deficiencies shall accompany the notice.

### 5. Quality audit

5.1. The supplier shall as a rule take independent responsibility for ensuring that the quality and safety demands placed on the products are satisfied. For this purpose, the supplier shall deliver the correctly prepared „Supplier Self-Assessment“ (Appendix to Special Terms – Quality Assurance) to Buschjost upon request.

5.2. The supplier shall grant Buschjost access to its production sites during standard business hours to facilitate review of the implementation of the agreed quality assurance measures and of the documentation prepared according to subparagraph 4. In the course of this quality audit, the supplier shall provide all required documents and information to Buschjost and issue requested information truthfully. The audit may be conducted as a system, process or product audit.

5.3. Within the scope of its services and/ or deliveries, the supplier shall also facilitate the audit of its sub suppliers by Buschjost or Buschjost's customer and/ or the responsible supervisory authority.

### 6. Identification, traceability, transport

6.1. Unless otherwise stipulated, the supplier shall ensure the traceability of the products through labeling or, if this is not possible because of the quality or (further) processing of the product, then through other appropriate measures; a measure is appropriate if it can, in the broadest possible extent, contribute to the limitation of defects in the end product.

6.2. The supplier guarantees that products will be delivered with appropriate transport means in order that the quality of the products and the provisioning for ongoing production are not compromised through the transport.

6.3. The requirements stipulated with Buschjost with respect to labeling of products, parts and packaging must be observed. It must be ensured that the labeling of the packaged products is also visible during transport and storage.

### 7. Incoming goods inspection

Because the required quality inspections are conducted exclusively at the supplier, Buschjost only checks the received goods upon delivery for visible damage in transit and obvious defects. The supplier to this extent waives its right to object to late notice of defects for a reasonable time.

Unless otherwise specified, the current version of the guidelines of VDA Vol. 2, template stage 2 apply to the acceptance/sampling inspection.

### 8. Warranty / liability

Compliance with the above-mentioned ST-QA obligation shall not relieve the supplier from the warranty and liability for which it is responsible.

### 9. Confidentiality

9.1. Models, samples, production facilities, tools, measuring and testing instruments, supplied materials, drawings, work standard sheets, delivery specifications and other information provided to the supplier by Buschjost may only be used to fulfil delivery and service for Buschjost and may not be made known or supplied to third parties without the prior written consent of Buschjost. This also applies for five years after termination of the ST-QA.

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9.2. If requested by Buschjost upon termination of this agreement, the resources and documents named in subparagraph (1) must either be returned to Buschjost or destroyed. The supplier shall confirm the return or destruction to Buschjost in writing.

### 10. Term, termination

- 10.1. The ST-QA are entered into for an indefinite period and take effect upon conclusion of the supply contract.
- 10.2. The parties may terminate the special terms as of the end of the year upon three months' notice. They shall, however, remain in force for all concluded and ongoing supply contracts until their termination. The right to terminate without notice for cause shall remain unaffected.

### 11. Final provision

- 11.1. The ST-QA are subject to German law. The judicial venue is the domicile of Buschjost.
- 11.2. Amendment and/or supplements to the ST-QA are required to be in written form.

**As per: December 2013**

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