

## Quality Assurance Agreement

### FB 740 BE A 05.2

The following Quality Assurance Agreement is concluded between

**E. Hawle Armaturenwerke GmbH**  
**Wagrainer Straße 13**  
**A-4840 Vöcklabruck**  
**Commercial Register Number 380289z | District Court of Wels**

*(hereinafter referred to as "Hawle")*

and

**Company name**  
**Address**  
**Post code, district**  
**Commercial Register Number/Commercial Court of Registration**

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

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## **1. Preamble, Objectives of the Quality Assurance Agreement**

Quality also requires a timely and effective quality management system from the Supplier. This Quality Assurance Agreement is the contractual stipulation of the technical and organizational framework conditions and processes between Hawle and the Supplier which are required for the achievement of the desired quality objective. It describes the minimum requirements of the quality management system of the contracting parties in terms of quality assurance. This agreement is to form the basis for a trusting and long-term collaboration between Hawle and the Supplier.

## **2. General Agreements, Responsibility of the Supplier, Scope**

The provisions of this Quality Assurance Agreement apply together with the Framework Supply Agreement and the General Conditions of Purchase of Hawle for all existing and future purchase agreements between Hawle and the Supplier. If further requirements are necessary for the special fulfillment of the purpose of the product and services, these must be taken into account by the Supplier. In case of doubt, the more stringent requirement shall always apply. This agreement does not replace the requirements of DIN EN ISO 9001, rather it constitutes the agreed minimum requirements.

The subject of the agreement is all the products and services supplied by the Supplier (hereinafter the "Products"). The Supplier is responsible for the faultless execution of its Products in accordance with the agreed technical documentation and product specifications.

If the Supplier assigns orders to subcontractors, the Supplier is also fully responsible for the quality of the external products and must apply the requirements of this Quality Assurance Agreement to its subcontractors.

In the course of the contract review, the Supplier shall immediately check all technical documentation for completeness, clarity, obvious errors and feasibility upon receipt. The Supplier shall notify Hawle immediately of any deficiencies, risks, or opportunities for improvement.

This Quality Assurance Agreement shall benefit all present and future companies affiliated with Hawle. The companies currently affiliated with Hawle are listed in Annex A. Hawle shall promptly inform the Supplier as soon as a newly-affiliated company has been incorporated into the Quality Assurance Agreement.

In anticipation of a target-oriented and cooperative collaboration, the parties shall work together to achieve a zero-defects objective for the services of the Supplier.

## **3. Quality Management System of the Supplier, Proof**

The Supplier commits to the permanent application of a quality management system or of a system that at the least meets all substantive requirements of a standard as per DIN EN ISO 9001.

Furthermore, the Supplier undertakes to further develop its system as per the requirements of DIN EN ISO 9001. If it is found that the quality management system does not meet the aforementioned requirements, resulting in the quality of the Products being impaired, the Supplier is obliged to improve the system accordingly. If the quality management system of the Supplier is already certified in

accordance with DIN EN ISO 9001, the Supplier must, without being asked to do so, provide Hawle with proof of such in the form of a valid certification audit certificate from an accredited certification body. In the course of the Hawle Supplier qualification process, you will receive our general terms and conditions of purchase, QAA (Quality Assurance Agreement), and our packaging regulations, as well as our product group-specific procurement specifications (optional) to sign. In addition, we expect confirmation from each Hawle supplier regarding REACH compliance, and from Austrian suppliers an ARA pre-licensing confirmation, as well as a standardized process for handling complaints (DIN EN ISO 9001) using an 8D report (VDA Standard).

#### **4. Subcontractor Quality Management System**

If the Supplier purchases software, services, materials, or other upstream deliveries from subcontractors for the manufacturing or quality assurance of products, production equipment, or testing equipment, the Supplier shall incorporate this into its quality management system or shall ensure the quality of the upstream deliveries itself through suitable measures. Hawle may demand proof from the Supplier that the Supplier has convinced himself that the quality management system of its subcontractor is effective. The Supplier shall ensure that its subcontractors comply with the obligations it has assumed under this agreement.

#### **5. Product and Process Agreements**

The quality characteristics to be adhered to are defined in the technical documentation, which includes drawings, specifications, product delivery guidelines, delivery conditions, packaging regulations, orders, process guidelines, requirement and target specifications, test plans, standards, factory standards and samples, and are part of the agreements between the Supplier and Hawle. The Supplier will always receive the latest technical documentation from Hawle as hard copies or electronically. The Supplier must check whether it has the latest technical documentation and must ensure that its manufacturing and testing processes are in line with this agreed upon documentation with it has been provided.

New technical documentation will apply from the following order. If the Supplier does not object to the new technical documentation till the confirmation of the next order, but at the latest within four weeks of receipt of the documentation, the new technical documentation shall be deemed accepted by the Supplier.

#### **6. Audit**

The Supplier authorizes Hawle to ascertain through audits whether the quality assurance measures of the Supplier meet Hawle's requirements. Upon prior notification, an audit may be conducted in the form of a system, process, or product audit. The Supplier will allow even short-term audit date requests.

Furthermore, the Supplier shall grant Hawle access to all production sites, testing centers, warehouses, and adjacent areas, as well as access to quality-relevant documents. In doing so, any necessary and appropriate restrictions of the Supplier to protect its trade secrets shall be accepted. Hawle will share the result of these audits with the Supplier. If Hawle believes that quality assurance corrective measures are required, the Supplier undertakes to draw up an action plan without delay, implement it in good time, ensure the effectiveness of the measures, and inform Hawle of this.

At the request of Hawle, the Supplier will give Hawle and/or its customers the opportunity to perform an audit at its subcontractors. In doing so, appropriate restrictions of the Supplier and/or its subcontractors in protecting their trade secrets shall be accepted. The Supplier is, however, essentially responsible for auditing at a subcontractor.

## **7. Documentation and Information, Retention Period**

If it becomes apparent that agreements reached on matters, such as quality characteristics, deadlines, and deliveries cannot be met, the Supplier shall inform Hawle of this immediately. The Supplier shall also inform Hawle immediately of any deviations detected following shipment. In the interests of a prompt solution, the Supplier shall disclose all the necessary facts and data.

The Supplier is obliged to obtain written consent from Hawle prior to:

- changes to manufacturing processes, flows, materials, and formulas (including for subcontractors)
- changes to product data sheets
- changes of subcontractor
- changes to testing processes, equipment
- relocation of production sites
- relocation of production equipment on site

and to provide the quality certificates agreed in this regard.

The Supplier shall keep records of the ongoing implementation of the quality assurance measures, in particular on measured values and test results, and shall keep these records and any product samples in an organized manner. The obligatory retention period for the documents and records is at least 15 years. Upon request, the supplier will grant Hawle access to the records and make them available free of charge.

The Supplier shall use procedure instructions to control all data and documents (including external documents such as standards and customer drawings) and shall implement them effectively.

## **8. Design and Process Development**

If the order to the Supplier includes development tasks, the requirements shall be laid down in writing by the contracting parties. In the development phase, the Supplier shall apply appropriate preventative methods of quality planning, e.g., manufacturing feasibility analysis, reliability studies and FMEA.

### **8.1 Definition of Part Status**

#### **8.1.1 Prototype**

In technology, a prototype is a test model of a planned product or series that is functional for the respective purpose but is also often simplified. It can correspond to the end product on a merely superficial level or technically as well.

### 8.1.2 Samples

Samples are products and materials that are not manufactured under full series-production conditions. Samples must not be used for initial sampling.

### 8.1.3 Initial Sample (First Article)

An initial sample (first article) is a product that was initially manufactured under series-production conditions. This initial sample (first article) then undergoes as a “100% check” to identify and rework defects from the start of series production onwards and also to check if agreements were sufficiently taken into account. Initial samples (first articles) are products and materials that are manufactured entirely with series-production equipment under series-production conditions.

## 8.2 Procedure for Prototypes and Samples

The following evidence must be sent via e-mail to [prototypes@hawle.at](mailto:prototypes@hawle.at) when prototypes and samples are delivered, stating the order number and product code in the subject line:

- 100% test report including dimensional check (based on VDA, volume 2)
- Stamped Hawle drawing (conforming to the order)
- Acceptance test certificate 3.1 as per EN 10204 and order text

The checking frequency is defined in the order (order quantity). The actual values are to be assigned to the respective numbered sample part in the corresponding forms of the test report. Deviations must always be indicated before delivery and approved by Hawle’s quality management. Approval from Hawle (in the case of deviations, possibly also provisional or under conditions) does not free the supplier from warranty and liability.

Prototypes and samples are generally requested with an order. The test report and measurement reports must be produced free of charge and sent to the abovementioned e-mail address marked “prototype” or “sample”. As an official release Hawle sends a test report to the supplier.

### 8.3 Procedure for Initial Sample (First Article)

The following evidence must be sent via e-mail to [initial.samples@hawle.at](mailto:initial.samples@hawle.at) for initial sampling, stating the order number and product code in the subject line:

- 100% test report including dimensional check (based on VDA, volume 2)
- Stamped Hawle drawing (conforming to the order)
- Acceptance test certificate 3.1 as per EN 10204 and order text
- Control plan as per VDA or AIAG
- If necessary, safety data sheet as per regulation (EC) No. 1907/2006 (REACH)

The number of initial samples (first articles) shall be determined by Hawle in the order for the pre-production series. If multiple identical devices, casting or press molds, forging dies, or die plates are used, at least one sample of each is clearly marked and fully measured. For parts from a multiple mold, at least one part per mold cavity must be clearly marked, fully measured and submitted along with a test

report. The actual values are to be assigned to the respective numbered sample part in the corresponding forms of the initial sampling report.

Initial samples (first articles) are generally requested with an order. The initial sampling report and measurement reports must be produced free of charge and sent to the abovementioned e-mail address marked as "initial sample (first article)". As an official release Hawle sends a test report to the supplier.

#### **8.4 Amendment Agreement**

The Supplier is obliged to obtain written consent from Hawle prior to:

- relocation of production sites and production equipment on site
- changes of subcontractor
- changes to the specifications or Products
- change of production processes or production equipment
- drop in the quality of the deliveries (in the event of more than two successive incorrect deliveries)
- interruption in the delivery of the Products for more than 12 months

and to produce a corresponding initial sampling report. The Supplier must consult with the responsible quality department at Hawle to determine whether further quality certificates are required.

#### **9. Series Production, Labeling, Tracing**

If, in exceptional cases, the Supplier is unable to supply the Products according to the specifications, it must obtain a special release from Hawle prior to delivery. If a written special release is issued by Hawle, the goods must be supplied with a copy of this special release.

The Supplier is obliged to label the products, parts and packaging in accordance with the agreements made with Hawle. In addition, it must ensure that the labels on the packaged products are legible during transport and storage.

Insofar as Hawle provides the Supplier with production and testing equipment, in particular resources and facilities relating to the procurement of supplies, these must be labeled as property of Hawle. Prior to each production phase, the Supplier shall be responsible for the integrity and proper functioning of all production and testing equipment and shall arrange for maintenance and repair of such. The Supplier is therefore also responsible for the quality and proper functioning of the manufactured, tested and supplied products.

The Supplier shall guarantee the traceability from Hawle through to the Supplier's subcontractors. If a defect is detected, it must be guaranteed that the non-conforming parts, products, batches etc. are contained. It must also be ensured that the drawing version used as the basis for production in each case can be identified. This data/data changes are passed on to Hawle immediately so that Hawle can establish the facts for itself at any time.

## **10. Testing, Test Equipment**

The specification of the test characteristics which must be tested during series production at a reasonable frequency depends on the controllability of the manufacturing process. The specification of the test frequency and sample size shall be determined according to the relevant statistical methods and standards.

The Supplier must therefore have the correct test equipment to ensure that all the quality characteristics as stipulated in the contract can be tested. The test equipment must be regularly monitored and kept in working order. The date of the next check must be traceable. The capability of the test equipment must be verifiable at all times. The test equipment must be state of the art. In the event of external control, the service provider must be certified accordingly. If necessary, the Supplier and Hawle shall coordinate the test equipment and testing methods. The costs for the maintenance, repair and servicing of the production and test equipment shall be borne by the Supplier.

On request, the Supplier shall give Hawle's agents the opportunity to inform the Supplier of the implemented quality planning measures and to ensure that the quality planning is complied with and is effective.

## **11. Delivery, Inspection of Incoming Goods**

The Supplier is responsible for the delivery of the contract products in accordance with the specifications. The latest version of the Hawle packaging handbook is applicable here. In principle, only those products that do not deviate from the quality characteristics may be supplied to Hawle.

The incoming goods will be checked for quantity and for any transport or packaging damage at Hawle's incoming goods department. The identity of the ordered contract goods will also be checked. Any complaints will be reported immediately. Otherwise, Hawle will check the supplied goods in the course of ordinary business operations during production and will report any defects to the Supplier in writing immediately after they are discovered. The Supplier waives the objection of late notification of defects. The Supplier must align its quality management system and quality assurance measures with this reduced inspection of incoming goods.

The acceptance test certificate 3.1 as per EN 10204 in the order text must be sent by the Supplier, via e-mail to [material.certificates@hawle.at](mailto:material.certificates@hawle.at), stating the order number and product code in the subject line. The Supplier must also observe any references in the order text.

## **12. Complaints, Measures, Control of Non-Conforming Products**

Should any products be non-conforming, the Supplier must immediately take measures to protect Hawle and its customers.

### **12.1 Non-Conforming Products at the Supplier**

Should the Supplier identify any potential non-conformities (even when performing its product monitoring obligation) with its products or processes, it must inform Hawle of this immediately. In such a case of self-disclosure, the Supplier must initiate immediate corrective actions and submit an informative root cause



analysis of the problem within 48 hours. A full 8D report must be sent to Hawle within 10 working days (from when the Supplier receives the part). If this deadline is not complied with, a flat-rate administration fee of EUR 150.00 will be charged.

Non-conforming products must not be sent to Hawle without consultation and confirmation.

## **12.2 Non-Conforming Products at Hawle**

If non-conforming products are only discovered after delivery to Hawle, the Supplier must immediately suspend production following notification of such non-conformities, check the stock in circulation (internally and en route to Hawle), or check, sort, or fix stocks at Hawle. In this case, too, the Supplier must initiate immediate corrective actions and submit an informative root cause analysis of the problem within 48 hours. Until evidence of the effectiveness of the measures taken has been provided, Hawle may demand special measures (e.g., increased test frequency at the Supplier's production sites), for which the Supplier is not entitled to demand remuneration. A full 8D report must be sent to Hawle within 10 working days (from when the Supplier receives the part). If this deadline is not complied with, a flat-rate administration fee of EUR 150.00 will be charged.

Rejects must be scrapped immediately by the Supplier. All products that have already been delivered shall be sent back at the Supplier's expense following agreement. The Supplier must immediately provide usable replacements (potentially after discarding the non-conforming products) free of charge to prevent both production at Hawle and the end customer experiencing any interruption or disruption. If additional expenses arise, e.g. due to replacement delivery, sorting, reworking, extra shifts, or express shipping, they shall be borne by the Supplier.

## **13. Liability, Insurance**

The Supplier undertakes to indemnify and hold harmless Hawle in the event of any claims asserted by third parties for breach of this agreement caused by the Supplier.

The agreement of quality objectives and measures, as well as action limits (faults, ppm objectives in the sense of a statistical value) does not exempt the Supplier from liability for warranty claims and claims for damages asserted against Hawle if the quality characteristics of individual supplied products deviates from the relevant technical documentation.

Tests performed by Hawle do not relieve the Supplier from such liability. If a claim is made against Hawle for product liability, producer liability, or violation of official safety regulations or similar under domestic or foreign law, the Supplier shall reimburse the damages insofar as the damages were caused by the Supplier's delivery or behavior. In the event of defects which can be traced back to the manufacturing of the deliverables, the Supplier shall bear the burden of proof for its non-responsibility. This provision shall also apply to the assumption of costs resulting from justified recall obligations within the context of producer liability.

The Supplier is obliged to take out adequate liability insurance or extended product liability insurance. Upon request, the Supplier will provide a copy of the current policies. Notwithstanding any insurance cover of the Supplier, the Supplier must indemnify Hawle against justified third-party claims based on the non-conforming delivery or service of the Supplier, including any legal fees.

#### **14. Confidentiality**

The contracting parties shall not directly or indirectly provide third parties with any confidential commercial or other business-related information of the other contracting party, in full or in part, which becomes known to them on the basis of this agreement and their business relationship, and shall only use such information for the purposes stipulated in the contract. This also applies to the period following the termination of this agreement.

#### **15. Environment, Occupational Health and Safety, REACH Regulation**

The Supplier is obliged to comply with all statutory environmental protection regulations and to minimize its impact on humankind and the environment by means of an appropriate environmental protection organization and appropriate company environmental protection.

The Supplier guarantees that it will only supply Hawle with substances, preparations and articles, which may be manufactured or placed on the market in accordance with European Community Regulation No. 1907/2006 of 18/12/2006 (REACH Regulation) as amended. The supplier shall comply with the provision of information obligations provided for under the REACH Regulation, in particular the obligation to hand over appropriate safety data sheets to Hawle, in due time and without being requested to do so by Hawle. Hawle is committed to acting responsibly and with integrity and to conveying a strong sense of social, ecological, and economic social responsibility that goes beyond statutory regulations. All our actions are carried out with sustainability in mind, in consideration of economic, environmental, and social factors. We expect the same approach from our Suppliers, as well as compliance with the respective national laws and regulations.

#### **16. Final Provisions, Term, Amendments**

The place of jurisdiction for all disputes arising directly or indirectly from this agreement is the Austrian court with jurisdiction for the registered office of Hawle. However, Hawle may also institute proceedings before the competent court of the Supplier. The parties may also agree on the jurisdiction of a court of arbitration.

This agreement is subject to Austrian law, excluding the conflict rules of private international law and the United Nations Convention on Contracts for the International Sale of Goods of 4/11/1980, Federal Law Gazette. 1988/96 (Vienna Convention – United Nations Convention on Contracts for the International Sale of Goods).

This Quality Assurance Agreement shall come into effect upon signature by both contracting parties and may be terminated in writing at the end of the month subject to a notice period of 6 months. It applies to all deliveries of contractual items that are ordered during the period of validity of this Quality Assurance Agreement.

If individual parts of this Quality Assurance Agreement are invalid, irrespective of the legal grounds, the validity of the remaining provisions shall not be affected.

Amendments and additions to this Quality Assurance Agreement must be made in writing.

Vöcklabruck, on \_\_\_\_\_

Place, on \_\_\_\_\_

\_\_\_\_\_  
Hawle

\_\_\_\_\_  
Supplier

## Annex A (informative)

### Current list of the companies affiliated with Hawle:

- Hawle Holding GmbH (Österreich/Austria)
- Hawle Beteiligungsgesellschaft m. b. H. (Österreich/Austria)
- Fabryka Armatury Hawle Spółka z o.o. (Polen/Poland)
- EGM-Industrieguss GmbH (Österreich/Austria)
- Hawle Armatury spol. s r.o. (Tschechische Republik/Czech Republic)
- HAWLE Mid East FZE (Vereinigte Arabische Emirate/United Arab Emirates)
- Hawle s.r.o. (Slowakei/Slovakia)
- Hawle Service GmbH (Österreich/Austria)
- R2M Limited (Großbritannien/Great Britain)
- HAWLE VALVES INDIA PRIVATE LIMITED (Indien/India)
- Hawle Water Technology Norge AS (Norwegen/Norway)
- ÖZ-KAN Makina Elemanları San. ve Tic. A.Ş. (Türkei/Turkey)
- ÖZ-KAN Su Armatürleri Ihracat San. ve Tic. A.Ş. (Türkei/Turkey)
- OOO Hawle Industriewerke (Russland/Russia)
- Nova Siria S.r.l. (Italien/Italy)
- OOO Hawle Sevkom (Russland/Russia)
- Strojírna Šanov spol. s r.o. (Tschechische Republik/Czech Republic)