

## Quality Assurance Agreement (QAA)

Between

Allied Motion Portugal Lda  
Rua da Longa 300  
4485-595 Modivas  
Vila do Conde

-hereinafter referred to as "ALLIED"

and the supplying company

**Name and Address of Supplier**

-hereinafter referred to as "SUPPLIER"

governing the organisation and implementation of joint quality management with the aim of assuring the quality of components supplied by the SUPPLIER to ALLIED

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## 1. Scope of this agreement

SUPPLIER acts on behalf of itself and its Associated Group Companies. For the avoidance of doubt, by signing this Agreement SUPPLIER also represents its Associated Group Companies, therefore such Associated Group Companies become parties to this Agreement. If referenced in this Agreement, the term “SUPPLIER” comprises the SUPPLIER itself and its Associated Group Companies.

Associated Group Companies shall mean all corporations, companies or entities which control, or are controlled by one party or by another Associated Group Company of such party where control means ownership or control, direct or indirect, of more than fifty (50) percent of such corporation's, company's or other entity's voting capital.

Automotive suppliers considered within the scope of this Agreement are those supplying components/materials used in production of goods produced by [ALLIED](#).

It is the SUPPLIER'S obligation to ensure that all quality rules set out in this Agreement are transmitted, implemented and committed to by the members of SUPPLIER'S sub-supplier panel.

## 2. Area of application

SUPPLIER has obtained and agreed to all referenced information and documents. By signing this QAA the SUPPLIER hereby acknowledges that this QAA applies to all components supplied by it to [ALLIED](#).

This Agreement, all related documents and formats will be provided in English and all SUPPLIER correspondence shall also be in English.

Contact person at [ALLIED](#) regarding this Agreement is the Quality Director.

## 3. Precedence

In case of conflicting rules between the rules of this Agreement and any other agreement / document, the order of precedence of the documents is as follows:

1. Components specification / drawing
2. Sourcing Agreement
3. [Allied Motion Portugal](#) Specific Requirements for Component Suppliers (ITI 14.11)
4. Quality Assurance Agreement (QAA)

Any new version and or amendment of the QAA or the relevant ITI 14.11 shall become applicable upon written agreement between the Parties and shall render the respective old version null and void.

## 4. Technical Requirements

The technical requirements for the components are defined in the [Allied Motion Portugal](#) Specific Requirements for Component Suppliers (ITI 14.11)

The ITI 14.11 shall be incorporated in this Agreement by this reference. Should the SUPPLIER not be in possession of the ITI 14.11, SUPPLIER will receive it upon

request from [ALLIED](#).

## 5. Quality Management System

The SUPPLIER shall maintain a certified QM-System according to

ISO 9001 last edition as a minimum requirement; the SUPPLIER shall develop its Quality Management towards to ISO/TS 16949 last edition.

ISO/TS or [IATF](#) 16949 last edition

The SUPPLIER must choose a Registrar certified by the IAOB (International Automotive Oversight Board) for third party audit and certification to ISO/TS 16949 or [IATF 16949](#) last edition.

Certification according to ISO 14001 last edition is highly recommended.

Certified SUPPLIER shall notify [ALLIED](#) within 10 working days in case their Certificate of Registration has been suspended or has expired.

The SUPPLIER shall forward a copy of its new certificate(s) to [ALLIED](#)

In case the SUPPLIER violates the respective afore-stated norms, [ALLIED](#) is entitled to inform the respective certification body of such violation.

## 6. Audits

6.1 The SUPPLIER will allow [ALLIED](#) access to its premises at any reasonable time by prior notice in order to enable [ALLIED](#) to examine, evaluate and otherwise audit the QM System operated by the SUPPLIER. The SUPPLIER will co-operate fully with [ALLIED](#) in the course of such audit and will implement such changes which are agreed with [ALLIED](#).

6.2 The SUPPLIER will ensure that [ALLIED](#) has the same rights of access with prior notice to any subcontractors of the SUPPLIER who are involved in the Supply of the Products for the purpose of carrying out an audit (limited to [ALLIED](#) products/components).

## 7. Supplier performance indicators

7.1 [ALLIED](#) performs a SUPPLIER evaluation [as defined in ITI 14.11](#).

7.2 The performance is calculated monthly but is only communicated each three months to the SUPPLIER which has not reach the agreed target on that period of time

7.3 If the quality results remain without improvement or lower than an agreed to quality level for more than 3 months, a "Quality Improvement Plan" (hereinafter referred to as QIP) between [ALLIED](#) and the SUPPLIER will be set up based on the following guidelines:

The QIP defines the required improvements for the SUPPLIER / PROCURED PRODUCT/ component. The plan will include an indicator for the quality level (e.g. incident level, ppm level) and a target to be reached within 3 months.

After achieving 6 consecutive months the agreed quality level, the Quality Improvement Plan will end.

If the SUPPLIER does not show improvements within 6 months or does not achieve the agreed quality level within 12 months, ALLIED is entitled to terminate the product related individual Agreements and shift any significant shares of the volume to a second source

## **8. Zero Defect Strategy**

8.1 The SUPPLIER undertakes that his QM System commits to the zero defect strategy. If ALLIED deems it appropriate it shall agree with the SUPPLIER time period and interim targets in order to achieve the zero defect target. The SUPPLIER must implement actions without delay as soon as detrimental deviations from the agreed targets corridor become apparent.

8.2 Agreement between the parties of a target for defects, shall in no way absolve the SUPPLIER from any liability for claims by ALLIED, for compensation of damages incurred due to delivery of products not in compliance with this agreement. The SUPPLIER shall be liable for any defects when they occur within the targets levels which have been set.

## **9. Initial Samples, Modifications, withdrawal of release**

9.1 Prior to production start-up the SUPPLIER will, in accordance with the agreed schedule, provide ALLIED with serial production representative samples of the Product for test purposes and for initial sample release (see AIAG PPAP manual last edition)

9.2 The following control and initial sample release procedures will be complied with in accordance with ITI 14.11

9.3 A release of initial samples by ALLIED does not relieve the SUPPLIER of responsibility for the quality of the products in respect of series production.

9.4 A release of the initial samples by ALLIED is a purely technical procedure and does not constitute an order to supply.

9.5 The SUPPLIER will not make any alterations to production processes, manufacturing locations, materials, suppliers of subcontracted components/ products, method and/or equipment for testing of components/products without obtaining the prior agreement in writing of ALLIED, which may require a new sample release (see list of process changes defined on AIAG PPAP manual last edition).

9.6 ALLIED reserves the right to change specifications/drawings. Changes shall be agreed upon with the SUPPLIER. SUPPLIER shall be granted an appropriate time frame to implement any changes requested. In case of changes, the last mutually agreed upon status shall be valid until the release of a new status by ALLIED.

Changes affecting the manufacturing or the component shall be qualified by the SUPPLIER (see point 9.1) and released by ALLIED

9.6 ALLIED shall have the right to withdraw a product release if it is recognised that applicable specifications or standards are violated in a way that quality , reliability , processing or usability of the components could be affected

### 10. Qualification and release of sub-suppliers

The requirements set out in this Agreement shall also apply to the QM-System that the SUPPLIER shall set up with its sub-suppliers.

Upon ALLIED request, the SUPPLIER shall submit sub SUPPLIER product approvals.

The SUPPLIER shall notify ALLIED of any changes to their approved vendor list and request ALLIED 's approval. The SUPPLIER shall not ship any components impacted by the change to ALLIED until written approval is granted.

### 11. Incoming Inspection

ALLIED requests “Zero defect“ deliveries.

Upon delivery only the type and quantity of components shall be inspected by ALLIED as to its accordance with the delivery documents; furthermore the shipment shall be inspected for externally visible damages caused by transportation. ALLIED shall not be obliged to carry out a more detailed incoming inspection. Whenever ALLIED notices a defect, the SUPPLIER shall be informed accordingly in writing.

**Signed for and on behalf of**

Allied Motion Portugal, Lda.

Date:

By: \_\_\_\_\_

By: \_\_\_\_\_



Signed for and on behalf of

**Name of Supplier**

Date:

By: \_\_\_\_\_

By: \_\_\_\_\_