Quality Assurance Conditions for Suppliers

I. Aim

The timely delivery of consistently high-performance, top-quality products at competitive conditions is in the joint interest of HERMLE AG and its suppliers. HERMLE products are manufactured to outstanding quality standards. To provide our customers with high-quality products, HERMLE AG (hereinafter also referred to as “we”) and the supplier agree that, alongside other contractual arrangements, the following provisions shall govern their supply relationship to ensure standards of the highest order:

II. Quality assurance system

1. The contract negotiated between the parties, individual quality assurance agreements and these quality assurance conditions form the basis for the quality and requirements placed on the quality assurance system of the supplier.

2. To guarantee full compliance with the quality requirements, the supplier undertakes to maintain a suitable quality assurance system. To do so, the supplier must at least provide evidence of quality assurance measures pursuant to DIN EN ISO 9001:2015, VDA 6.1 or IATF 16949.

3. We reserve the right to conduct a quality assessment of the supplier before concluding any framework agreement or contract. During the period of an agreement or contract, this quality assessment may be supplemented or repeated at any time through the latest quality audits or a statistical analysis of test results. The evaluation criteria are the quality of the delivered products and the delivery reliability of the supplier.

4. Upon request by HERMLE AG, the supplier is required to submit the data and information needed for a quality assessment and to confirm their accuracy and validity. The supplier must provide us with information on the equipment and materials used, the production processes employed and the test results obtained.

5. The supplier shall take into account any suggestions from HERMLE AG regarding modifications or additions to their equipment, operations and processes with a view to implementing them and shall pro-actively inform HERMLE AG of the results of the review and any measures taken. If significant deficiencies arise in working, testing or monitoring procedures, HERMLE AG may, in addition to the recommendations outlined in this clause (clause 5), demand modifications or specific actions to be implemented for individual procedures.

6. It is the duty of the supplier to find out about the specific use of the parts it manufactures in the respective end product. We shall provide the supplier with all the necessary information. The supplier agrees to assess the feasibility of the relevant designs and specifications and, to the best of their knowledge, to propose improvements. We must be informed immediately if any issues arise during implementation.

7. If defects are found in delivered products or other irregularities occur, both parties shall combine their expertise to determine the cause. The supplier ensures the comprehensive exchange of and access to all required information, regardless of location, time and scope or their internal organisation. In consultation with the supplier, this also applies to access to certain areas and the use of facilities that may be relevant for the damage analysis.

III. Production process

1. The supplier must be able to intervene in the production process at any time using preventive quality assurance methods, such as statistical process control (SPC) or process FMEA, to prevent or correct quality deviations at an early stage. All the inspections carried out must be documented.

2. The supplier must ensure that the materials and products they procure meet all the specified requirements.

3. Special precautions must be taken regarding the production and inspection procedures for safety-critical components. They must be documented by the supplier in such a way that compliance with the special duty of care can be proven.

4. Any modifications to the production process, materials used or the design require our express approval, and we must be notified of such modifications in advance in writing or in text form.

IV. Technical documents

1. The specific quality and design of the products to be supplied are outlined in the technical documents. They serve as the basis for our enquiry, order and goods receipt inspection. Technical documents in this context are:
   - HERMLE factory standards
   - Other standards and regulations
   - Other agreements

2. The supplier ensures that production is carried out in strict compliance with the latest technical documents. Deviations from the technical documents are not permitted without our prior approval.

V. Initial samples

1. The initial samples must be produced exclusively using the equipment and processes intended for series production and in line with the relevant specifications.

2. Throughout the entire contract period, the supplier must provide an initial sample upon request and even without being asked in the cases listed below:
   - In case of new products
   - In case of modifications to products
   - In case of new/modified materials being used
   - In case of new/modified tools or equipment being used
   - In case of modifications to key process parameters

3. The initial samples we receive must be accompanied by the test results determined by the manufacturer or supplier and documented in the form of initial sample test reports, test sheets and material data sheets. The number of samples required is determined on a case-by-case basis. Series production may not commence without our express approval (in writing or in text form).

VI. Final inspection by the supplier

All deliveries shall be inspected by the supplier before being sent to us. This is determined by the product specifications and the agreements we have made. All the specified inspections must be documented.

VII. Incoming goods inspection, inspection decision

1. We conduct spot checks on incoming goods.

2. If defects are detected, we reserve the right to accept or reject the delivery, without waiving any of our rights.

3. The supplier will be notified of any rejections in order to agree on whether rework or scrapping is required.

4. If deemed essential due to time constraints, we reserve the right to perform the necessary sorting tasks and rework ourselves at the expense of the supplier.

VIII. Compliance with ethical and legal standards

The supplier shall ensure that they, and any other suppliers involved in performance of the contract, always adhere to the following standards: Zero tolerance of forced labour, child labour, unlawful discrimination and corruption; compliance with the laws and regulations applicable to performance of the contract, in particular those relating to working hours, remuneration, occupational health and safety, security, hygiene, environmental protection and freedom of assembly.

IX. Concluding provisions

1. If any provision of these conditions is found to be invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of these conditions which shall remain in full force and effect.

2. The documentation to be compiled in line with these quality assurance conditions must be retained by the supplier for a period of 10 years – from the date of order completion – and presented to HERMLE AG upon request.

3. Both we and the supplier must treat the trade and business secrets of the contractual partner obtained during the quality assurance process as strictly confidential and must not disclose any details to third parties.