

# Supplier Quality Agreement

SQA

Version 03/2015

between

Supplier:

(hereafter referred to as "supplier")

and

**RWM Schweiz AG**

Birchstrasse 155  
8050 Zurich, Switzerland  
Tel.: +41 44 316-4414



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## 1 Introduction

RWM Schweiz AG (formerly Oerlikon Contraves Pyrotec AG) specialises in the development and manufacture of medium calibre ammunition for land, air and naval applications, including antiaircraft rounds.

This General Supplier Quality Agreement (SQA) is the basis for technical and organisational conditions and processes which are applied by the supplier and RWM Schweiz AG in order to meet the quality objectives.

The minimum requirements for the management system of both contract partners are specified. Rights and duties with regard to the quality of the product and/or services supplied are regulated.

The SQA particularly defines requirements for the approval procedures of products and production processes.

The supplier shall create the technical and organisational conditions in order to produce and supply products and/or services to the quality specified.

## 2 Scope

This SQA applies together with all agreements made between the supplier and RWM Schweiz AG, along with the general terms and conditions of ordering of RWM Schweiz AG, provided that no other regulations are affected.

In order to take into account specific requirements, specific changes can be agreed and included with this SQA as attachments.

## 3 Supplier's responsibility

The supplier is responsible for providing products and services that are free from defects in accordance with the technical documents which have been agreed in writing. The supplier must check the completeness and correctness of the documents and if necessary request further information from RWM Schweiz AG. The supplier must know the requirements for the product and notify RWM Schweiz AG if there are any ambiguities.

If the supplier places orders with subcontractors, he is also obligated to implement the requirements contained in this SQA with regard to the subcontractors too. The

supplier's quality strategy should be geared towards constant improvement of their processes and services. The objectives are "zero defects", 100% delivery reliability and the reduction of costs.

The supplier shall assume full responsibility for the product they deliver or the service they provide.

The supplier also undertakes to comply with promised deadlines, e.g. for delivery of samples, the initiation of corrective actions, final inspections etc.

## 4 Quality management system

The supplier agrees to introduce and maintain a quality management system based on ISO 9001, in the currently valid version. Production, inspection and/or packaging equipment shall be part of the quality management system.

RWM Schweiz AG is interested in the protection of the environment. Therefore, it is beneficial if the supplier has introduced an environmental management system based on ISO 14001.

The supplier must take responsibility for presenting their certificates to the relevant purchasing department at RWM Schweiz AG and must report updates immediately after expiry of the validity period or on withdrawal of a certificate.

## 5 Information obligations

If it becomes evident that agreements reached such as quality characteristics, schedules or delivered quantities cannot be met, the supplier shall inform RWM Schweiz AG immediately. The supplier shall also notify RWM Schweiz AG immediately of any deviations detected after delivery. To support a rapid solution, the supplier shall disclose all necessary data and facts.

The supplier agrees to inform RWM Schweiz AG prior to:

- changing the production methods, processes and materials (also applies to subcontractors)
- changing subcontractors
- changing test methods / equipment

- relocating production sites
- relocating production equipment at the site
- outsourcing working processes

In order to be able to check the impact of changes above, the supplier shall inform RWM Schweiz AG in good time.

## 6 Audits

The supplier must perform internal process and product audits at regular intervals.

In the case of quality defects or weaknesses in the supplier's system, RWM Schweiz AG is entitled to check the compliance of the supplier with the customer requirements. Depending on circumstances, this check can be performed as a technical discussion, quality discussion or as a system or process audit and will be agreed with the supplier in good time before the scheduled execution. In the event of escalation, the supplier shall support even short-term audit date requests. Reasonable restrictions imposed by the supplier to safeguard business will be accepted and confidentiality will be ensured.

Moreover, RWM Schweiz AG is entitled to check the quality assurance measures of the supplier with a representative of the end client after prior coordination of dates, as required. This also applies to subcontractors.

## 7 Development contract

If the order placed with the supplier includes development tasks, the requirements shall be set out in writing by the contract partners, e.g. in the form of a specification. The supplier agrees to conduct project management starting with the planning phase of products, processes and other cross-functional tasks, and to grant RWM Schweiz AG the right of inspection upon request.

In the course of the contract review, the supplier shall examine all technical documentation, such as specifications, drawings, parts lists and CAD data, for

feasibility upon receipt; the supplier shall notify RWM Schweiz AG promptly of any defects and risks.

During the development phase the supplier shall apply suitable preventive methods of quality planning, such as a manufacturing feasibility analysis, reliability studies, FMEA etc. The supplier shall take into account process data, capability studies etc. from similar projects.

Upon request, the supplier will provide RWM Schweiz AG with copies of such documents, drawings, sketches, etc.

## 8 Documentation framework

RWM Schweiz AG is obliged to provide current and checked versions of the following documents:

- drawing
- part list
- inspection instructions and
- RWM Schweiz AG factory standards

Quote and order documentation shall refer to all relevant documents. In the event of changes, RWM Schweiz AG will provide the current version.

The supplier is obliged to maintain the following documents:

- work plans
- test plans
- inspection results
- process settings
- material used and material certificates

In general, the supplier must maintain all documents and certificates and if required RWM Schweiz AG must allow inspection..

## 9 Product and performance agreements

The products and/or services must comply with agreed and ensured conditions (e.g. specifications, data sheets, drawings and samples). The supplier shall promptly examine all descriptions provided by RWM

Schweiz AG (e.g. specifications, data sheets, drawings). If a description is obviously incorrect, unclear, incomplete or clearly different to a sample, the supplier shall inform RWM Schweiz AG in writing prior to start of production or performance of services. In the event of deviations, the supply must obtain written approval prior to the start of production.

## **10 Approval procedures for products and services**

Prior to starting series production, the supplier shall, if not agreed otherwise, submit a PPAP. Verification of applicability and capability shall be provided.

For the initial sample, the following documents shall be submitted to RMW Schweiz AG for assessment:

- test specification
- test schedule
- test instruction (test plan)

Testing of the initial sample shall be carried out as follows:

- a test at the supplier's site by RWM Schweiz AG or delivery of the tested initial sample by the supplier together with the test record (defined in the order).
- if the first sample does not meet the specification, a new test will be carried out either by the supplier or RWM Schweiz AG. Any additional costs incurred from this will be borne by the supplier.

Series production may not be started until it is approved by RWM Schweiz AG.

Unless agreed otherwise, a final inspection will be carried out by the supplier during the series phase and before any re-start of series production. The supplier shall inform RWM Schweiz AG when the product is ready for final inspection, at least 2 weeks in advance. RWM Schweiz AG is entitled to attend the inspection. The final inspection shall be carried out on the basis of the test documentation and must be documented.

For the final inspection, the supplier shall provide:

- a representative who will organize and lead the final inspection.
- support staff required for the final inspection.
- the necessary devices, testing and measuring equipment.

## **11 Series production, documentation and product identification**

The supplier shall ensure that production is performed under reproducible and verifiable conditions. In particular, the supplier shall:

- create operational plans and production schedules
- maintain written processes
- monitor processes as well as equipment and machinery

Special procedures must be qualified, with regard to equipment and process, as well as qualification of personnel.

The supplier shall record and document quality assurance measures, especially readings and inspection results, and retain these records and sample parts properly as well. Documents and records shall be retained for at least 15 years and made available to RWM Schweiz AG upon request.

The supplier shall use process descriptions to regulate the control of all data and documents (including external documents such as standards and customer drawings) and implement them effectively.

## **12 Change service**

Changes to the products, as well as changes to the manufacturing and test methods are subject to approval and require proof.

If the supplier intends to make changes, they must submit a written request to RWM

Schweiz AG in good time, and provide the following information:

- scope of the change and reason
- functional and safety record
- planned date of change to be introduced

RWM Schweiz AG can authorise the change subject to certain conditions or qualify them themselves. However, this does not release the supplier from the product responsibility. If RWM Schweiz AG incurs costs by such a change, then these costs shall be borne by the supplier.

The supplier shall document the change process and adhere to the date of the introduced change.

### **13 Packaging, identification and traceability**

The supplier shall deliver products in suitable shipping containers – approved by RWM Schweiz AG if this was agreed – in order to prevent damage and quality impairments (e.g. contamination, corrosion or chemical reactions).

The supplier agrees to identify the products and parts in accordance with agreements reached with RWM Schweiz AG. Every transport packaging unit shall be marked as follows:

- order no.
- delivery item
- lot/batch no.
- number of units/quantity
- expiry date, if applicable

The supplier must ensure that packed products will also remain legible during shipping and storage.

The supplier is obliged to ensure the traceability of the products they supply. Measures must be instituted to ensure that if a defect is detected, the defective parts/products/batches etc., are traceable and contained.

### **14 Measuring and test equipment**

If RWM Schweiz AG makes measuring and test equipment available to the supplier, then they must be labelled as RWM Schweiz AG property. The supplier is responsible for protecting this property from damage and ensuring proper calibration, maintenance and repair.

The supplier must use suitable measuring and test equipment, including gauges and testing devices. The measuring equipment must be properly calibrated and the calibration traceable to a national or international standard.

When utilising an external company for testing purposes or for the calibration of measuring equipment this must be accredited and verifiable.

If required, suitable test equipment and testing methods shall be coordinated and agreed upon between the supplier and RWM Schweiz AG.

### **15 Materials supplied**

The supplier must examine the materials supplied by RWM Schweiz AG for defects.

The supplier agrees to store the material in a professional manner, separately and with appropriate labelling. The supplier agrees to use the material solely for the purpose stipulated by RWM Schweiz AG.

The supplier shall be liable for any damages and misuse.

### **16 Complaints**

If defects are identified by RWM Schweiz AG (e.g. during the finishing stage, further to assembly problems, laboratory tests, customer complaints or other inspections or tests), the supplier shall receive a written notice of defects. However, the supplier shall take the required corrective actions immediately upon notification of the defects by telephone to ensure rapid identification of the root cause and instant correction.

If the supply of components not conforming to specifications should threaten to cause a production interruption at RWM Schweiz AG or delay in delivery to its customers, the

supplier, in consultation with RWM Schweiz AG, must seek a remedy through suitable immediate actions for which the supplier is responsible (substitute delivery, sorting, rework, special shifts, rush shipment etc.).

The supplier's liability for defects or compensation claims due to defective deliveries is not affected by this agreement.

RWM Schweiz AG expects an immediate response from the supplier to every complaint within 24 hours. Furthermore, it is expected that a meaningful 8D report will be submitted by the supplier within the period specified in the test report. Interim reports must be provided upon request.

The supplier must carefully examine the products that are the subject of the complaint (defect-cause analysis) and summarise the planned and implemented corrective actions in the 8D report. The effectiveness of measures taken must be verified by RWM Schweiz AG.

### **17 Safety and environmental regulations (RoHS, REACH)**

The supplier is committed to complying with all legal regulations regarding the environment, health and, occupational, and to striving to avoid all negative effects on humans and environment via adequate organisation and realisation of environmental protection in the company. The implementation and further development of an Environmental and Occupational Safety Management System is beneficial in this sense.

The supplier is obligated to fulfil the requirements of the RoHS EC guidelines and the REACH regulations (in the currently valid version). The supplier will provide evidence of this in its legal framework and submit to RWM Schweiz AG upon request.

### **18 Confidentiality**

Both parties commit themselves to treating all information linked to this agreement as confidential and will not enable a third party to access information in any way.

If it is common knowledge or it is demonstrable that the information was already known by the parties, obligation of confidentiality will not be applied.

### **19 Validity and duration**

This General Supplier Quality Agreement (SQA) becomes valid after both parties have signed it and it thereby automatically becomes part of every order.

The SQA is valid for all products or services which are supplied by the supplier.

The SQA can be terminated in writing by either party on condition of a notice period of twelve months to the end of the month.

### **20 Severability clause**

If individual provisions of this General Supplier Quality Agreement (SQA) become ineffective, the validity of the remaining provisions shall be unaffected.

**Supplier:**

**RWM Schweiz AG:**

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**Place / date**

**Place /date**

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**Name**

**Signature**

**Name**

**Signature  
(Purchasing)**

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**Name**

**Signature**

**Name**

**Signature (Quality)**

**Addendum**

Additional agreements if required.