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Bombardier Recreational Products

QUALITY ASSURANCE AGREEMENT

QAA

between

the Customer,

BRP-Rotax GmbH & Co KG
Rotaxstraße 1
4623 Gunskirchen, Austria,
("BRP-ROTAX")

and

the Supplier

SUPPLIER
Name/address

("SUPPLIER")

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Supplier initials	BRP initials

Preliminary remarks

This Agreement regulates general quality requirements for BRP-ROTAX's suppliers for existing and, possibly, future parts (products) and services.

Provisions for suppliers as to aircraft engine part supplies ("Aircraft Parts Suppliers") are explicitly included in this Quality Assurance Agreement ("QAA"), even if these provisions do not apply due to the scope of supplies of the relevant suppliers.

This QAA does not affect any other arrangements between the Parties (e.g. supply contracts, individual orders) and represents no restriction of rules and regulations of individual orders and/or supply contracts, specifications and other statutory provisions. In the case of differences between supply contracts, individual orders and this QAA, the latter prevails.

1. SUPPLIER's quality management system

The SUPPLIER undertakes to establish and maintain a quality management system which at least fulfils ISO 9001 as amended¹.

Suppliers may establish the below quality management systems as an alternative: IATF 16949 (as amended)/EN 9100 (as amended)/POA Approval Part 21 Section G (as amended).

1) Meaning the most recent version

2. Sub-suppliers

The SUPPLIER must ensure to select, employ and monitor adequate sub-suppliers.

The SUPPLIER obliges such sub-suppliers to establish effective quality management systems which correspond to the provisions under this QAA.

BRP-ROTAX may request adequate evidence from the SUPPLIER showing that they checked the existence and effectiveness of their sub-suppliers' quality assurance measures.

If BRP-ROTAX has quality issues caused by sub-suppliers, the SUPPLIER implements adequate short- and long-term corrective measures; evidence of implementation and corrective measures' effectiveness must be provided.

The SUPPLIER enables BRP-ROTAX and, if need be, the latter's customers, to perform audits at sub-supplier premises on prior notice.

With aircraft parts sub-suppliers, access must also be guaranteed for the aviation authority/-ies in charge. However, this does not mean that the SUPPLIER is exempt from overall responsibility towards BRP-ROTAX for their sub-suppliers.

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3. Audits

Following notification, audits may be performed with the SUPPLIER in the form of system, process or product audits.

The SUPPLIER grants BRP-ROTAX and, if need be, their customers or the aviation authorities in charge access to all premises, production/testing sites, warehouses and other related areas which are relevant for parts included in BRP-ROTAX products.

The Supplier agrees to the use of NetMeeting tools for the execution of “remote supplier visits” and “remote quality audits” where necessary, useful and to the extent as reasonably required upon BRP-ROTAX request.

This gives BRP-ROTAX the opportunity instead of personal visits at the supplier’s premises to validate situations, workflows, processes and any other relevant circumstances based on facts.

The SUPPLIER also consents to inspections of related documents and records, whereby these audits consider reasonable specifications of the SUPPLIER required for complying with safety measures and protecting operational secrets.

During the final discussion, BRP-ROTAX informs the SUPPLIER about the results. Should deviations from this QAA, the BRP-ROTAX standards or specifications be determined, the SUPPLIER undertakes to prepare action plans to remove such deviations and to timely implement them as defined during the audit. Adequate evidence of implementation and effectiveness must be provided to BRP-ROTAX.

4. Qualified and competent staff

The SUPPLIER ensures that both responsibilities and authorisations for relevant roles within their overall organisation are assigned, published, understood and complied with. This includes, without limitation,

- clear definition and documentation of tasks and responsibilities;
- existing documentation of rules concerning representation;
- continued employee training, including evidence;
- application of acquired knowledge, where appropriate;
- continued adjustment of knowledge to changing requirements and development trends.

5. Product and manufacturing process development

The SUPPLIER is responsible for developing and constantly optimising their product and manufacturing processes.

By applying adequate methods, the SUPPLIER develops the product and related manufacturing processes to ensure sustainable fulfilment of and compliance with product requirements.

Development processes include resource planning by which the SUPPLIER guarantees that all necessary project aspects are included. For timely realisation, the SUPPLIER must guarantee provision of the required number of qualified staff and premises.

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5.1 Feasibility analyses

Where required by BRP-ROTAX, the SUPPLIER undertakes to perform feasibility analyses.

These analyses consist of documented evaluations of technical query documents and represent an important element of the offer; all signing requirements and standards must be considered.

Production processes which might be shifted to sub-suppliers have to be considered too and explicitly marked.

The SUPPLIER must inform in writing about and accordingly comment on construction features/requirements making production/inspection of parts difficult, expensive or impossible.

With parts developed and specified by the SUPPLIER (supplier's design), feasibility analyses consist in evaluations by the SUPPLIER as to whether the parts can be used for the requested purposes and under the defined usage conditions. The SUPPLIER must accordingly comment on suitability for the requested purpose.

5.2 Product and manufacturing process development

There is evidence that the SUPPLIER fully implemented a product development process¹⁾, e.g. according to APQP or similar methods to ensure that new products/services comply with contractual specifications, e.g. drawings.

1) Not applicable to standard and catalogue parts which BRP-ROTAX selects for the relevant purpose.

5.3 Functional safety with electric and/or electronic components

Should the scope of supplies include components relevant for functional safety, development must comply with the "state of the art" in terms of IEC DIN EN 61508 and ISO 26262 as amended. Safety-related parts and related documents/records must be constantly and explicitly labelled for the entire development and series process. BRP-ROTAX indicates the requirements of the relevant safety level (e.g. SIL, ASIL etc.) in the relevant specifications. The safety concept including design and implementation instructions must be agreed upon with the competent departments of BRP-ROTAX.

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6. Sampling

BRP-ROTAX specifically defines the sampling scope for each sampling which the SUPPLIER must fulfil. Unless otherwise agreed in writing, sampling level 3 applies regardless of the sampling procedure (PPAP¹) or PPF²).

1) PPAP: Production Part Approval Process

2) PPF: Produktionsprozess- und Produktfreigabe / Production Process and Product Approval

Samples for series production releases (initial samples) include products and parts which the SUPPLIER and their supply chain completely manufactured under series production conditions by using series production means.

Other examples include products and parts which were not fully manufactured under series production conditions and, therefore, must not be used for sampling.

The SUPPLIER is responsible for releasing all parts, part systems and services of their supply chain to fulfil the BRP-ROTAX product and process requirements.

Only after release by BRP-ROTAX may series production start. In addition, BRP-ROTAX may refrain from counter-inspection in the context of sample releasing. In neither case will the SUPPLIER be exempt from their duties under the QAA, the supply contract and/or individual orders, e.g., including, without limitation, defect rectification duties which continue to apply.

Sampling times must be agreed upon with the SUPPLIER in consultation with BRP-ROTAX in a way that sampling and releasing for series production occur prior to initial series supplies.

Subsequent changes in terms of para. 7.1. result in additional initial sampling, also referred to as changes sampling.

7. Specifications, changes, documentation and archiving

The SUPPLIER must prepare, manage and archive specifications and records. Both the documentation format and the storage place must be selected to guarantee long-term readability because this may serve indemnification of both the SUPPLIER and BRP-ROTAX.

Requirements based on existing and future agreements, e.g. orders, drawings, specifications and BRP-ROTAX standards (RON) are binding.

The SUPPLIER also undertakes to implement the contents of such specifications as amended and uses them to prepare corresponding and relevant internal specifications to fulfil product and manufacturing process requirements in terms of sec. 5 of this QAA. This includes the transfer of relevant instructions by the SUPPLIER to their sub-suppliers.

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7.1 Changes

The SUPPLIER undertakes to timely inform BRP-ROTAX and to obtain their approval prior to making the below changes:

- changes to the production process, flow, methods and materials (also with regard to sub-suppliers);
- replacement of sub-suppliers;
- changes to test procedures/equipment;
- production site relocation;
- relocation of production plants at the site;
- changes to jointly defined instruction data.

Independent of specific changes, the SUPPLIER adequately shows that quality remains unchanged or improves despite these changes. The type and scope of such evidence (sampling) will be defined by BRP-ROTAX in writing.

Initial series supply of modified parts must be indicated in the supply documents and on the packaging. All changes referred to above by the SUPPLIER must be documented in a product maintenance history and be submitted to BRP-ROTAX upon request.

7.2 Document management and data storage

The SUPPLIER must store and effectively implement all documents and data which BRP-ROTAX provided to them as specifications and any requirements which the SUPPLIER deduces from this.

Specifications and records must be stored from the time of supply, whereby this is the beginning of the storage period. Both the documentation format and the storage place must be selected in a way that long-term readability is guaranteed.

In the case of QAA cancellation or termination – regardless of the reasons – or the end of series product manufacturing, the SUPPLIER and BRP-ROTAX must agree in writing upon how to proceed with any records (e.g. transfer to BRP-ROTAX).

7.3 Storage periods

7.3.1. Unless otherwise provided for herein, documents must be stored for twelve (12) years.

7.3.2. A retention obligation to documents not limited as to the time additionally applies to parts subject to documentation having class D quality labels (e.g. AD parts = aircraft parts subject to documentation).

7.3.3. Following a written notification from BRP-ROTAX concerning pending and/or future legal disputes as to the SUPPLIER's product, the latter must not destroy any product-related documents, regardless of the above storage periods ("litigation hold"), but they must store them until a final and/or legal decision was made.

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8. Series production

8.1 Quality assurance

The SUPPLIER independently implements quality inspection concepts to meet the contractual targets and specifications. Based on this, the SUPPLIER establishes the targets for their suppliers to fulfil his own targets, whereby the SUPPLIER follows the “zero error principle”.

When not fulfilling their targets, the SUPPLIER undertakes to take all measures required to fulfil them and to ensure compliance.

Based on adequate procedures, the SUPPLIER produces evidence of series process capability concerning critical features (KC features) during the entire manufacturing period.

Should they fail to meet process capability levels required, quality must be ensured through adequate inspection methods and process optimisation.

BRP-ROTAX’s incoming goods inspections of ordered goods are limited to a statement of visible transport and packaging damage. The SUPPLIER must be notified of any complaints in this regard within a reasonable period in writing.

This, however, does not affect the exclusion and the waiver of the defence of delayed defect notification.

The SUPPLIER undertakes to guarantee traceability of parts they supplied. Should errors be detected, it is necessary to ensure that defective parts/products/lots can be retraced and that localising the origin is possible.

If it becomes apparent that the SUPPLIER is unable to fulfil contract duties, e.g. quality features, deadlines and supply quantities, they must immediately inform BRP-ROTAX about this. The SUPPLIER notifies BRP-ROTAX also of any deviations determined after the shipping, whereby they disclose any data and facts necessary for quick settlement.

8.2 Deviation Permit

If the SUPPLIER is unable to supply all the parts according to the specifications, they must obtain special written approval from BRP-ROTAX prior to the shipping.

For this purpose, they must request the “Deviation Request” form from BRP-ROTAX.

In addition, any deviations determined at later times must be immediately disclosed to BRP-ROTAX.

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8.3 Complaints

With defective supplies, the SUPPLIER must immediately implement containment actions to limit the damage and exclude future defects (e.g. by sorting, replacement deliveries, reworking etc.)

In the event of imminent danger with BRP-ROTAX due to defective supplies, e.g. line stoppages, BRP-ROTAX may have performed all measures in terms of their duty to mitigate the damage, e.g. sorting/reworking, without previously consulting with the SUPPLIER to prevent and/or minimise potential damage.

With defective supplies due to process errors and quality deviations, the SUPPLIER performs a root cause analysis, implements adequate and sustainable corrective actions and checks them for efficiency.

If need be, BRP-ROTAX provides defective parts to the SUPPLIER for analyses.

With each defect of which they are notified, the SUPPLIER must submit written comments on the reasons for such defects and the corrective actions (8D reports).

The first comments, including immediate actions, are required within one (1) working day after notification of defective supplies by BRP-ROTAX.

Final, sustainable corrective actions must be transmitted and implemented within the period indicated in the 8D report.

Should the relevant type of defect require longer periods to rectify and comment on defects, the SUPPLIER must timely submit a written query for an extension to the BRP-ROTAX quality officer who will subsequently, on a case-by-case basis, reasonably extend the relevant period.

9. Further applicable documents

The supply of products/services is generally subject to the supply contract LTA between BRP-ROTAX and the SUPPLIER, including related annexes, purchase orders, documents, e.g. drawings, specifications, BRP-ROTAX standards (RON) and/or other agreements relating to the supply relationship ("Supply Contract").

This QAA and any supplementary specific quality assurance agreements determine the requirements for the SUPPLIER's quality management system for products/services supplied based on the Supply Contract and this QAA. This QAA, including its annexes, is an element of the Supply Contract between the SUPPLIER and BRP-ROTAX. Regarding quality matters, the QAA prevails in the case of differences between the QAA and the Supply Contract.

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10. Final provisions

This Agreement comes into force once it was signed by the last Party; cancellation or termination by either Party is possible subject to a 9-month notice period prior to the last day of the month.

Upon termination of this QAA and/or the business relationship between the Parties, the SUPPLIER's duties defined herein and typically continuing will continue to apply, particularly those under sec. 7 (Specifications, changes, documentation and archiving), sec. 8 (Series production) and sec. 10 (Final provisions).

This QAA is subject to Austrian law under exclusion of the Austrian Act on International Private Law [IPRG¹] and other laws of conflict. The United Nations Convention on Contracts for the International Sale of Goods (CISG) does not apply. The venue is the competent court in Wels (Upper Austria).

1) IPRG: Gesetz über das internationale Privatrecht (abbreviation of IPR-Gesetz; also laws of conflict)

Should single provisions under this QAA be or become invalid or non-enforceable for any reason, they will be replaced, with retrospective effect, by those valid and enforceable provisions coming closest to the economic and legal sense and purpose of the provisions; this does not affect the remaining QAA.

QAA amendments and supplements must be made in writing to be valid, whereby this applies also to a waiver of the written form requirement. This QAA is binding for the Parties' relevant individual or universal successors.

This Agreement is concluded by the Parties' representatives having an ordinary authorisation to do so.

BRP-Rotax GmbH & Co KG

Please indicate the Supplier's name (seal)

Date:

Date:

Dipl.-Ing. (FH) Markus Niederwimmer
Director Global Supply Chain

(Name)
(Position)

Dipl.-Ing. (FH) Markus Hamedinger, MBA
Manager Global Supplier Quality Powertrain

(Name)
(Position)

(Name)
Quality Engineer Components
SQ (Supplier Quality)