



Vald. Birn A/S General trade terms

September 2016

Terms between subcontractor and Vald. Birn A/S hereinafter referred to as Birn customer specific requirements to subcontractor.

1) Birn main goal is to work with our customers and our subcontractors. Subcontractors which handles processes and services Birn do not perform. Together, subcontractor and Birn are to ensure that the products delivered comply with customer specific requirements. The following agreement reflects this. It reflects that many of Birns customers are TS16949 certified as Birn even is.

2) General requirements

All subcontractors that provides products, services as well as distributors and agents, must be third-party certified to min. ISO9001, or equivalent and higher certified approvals. Further we expect subcontractor to work continuous with adapting the requirements in TS16949

3) Human Rights

Subcontractor must commit to the "OECD Guidelines for Multinational Enterprises". (OECD = Organisation for Economic Cooperation and Development).

See www.oecd.org

4) REACH legislation

Chemical substances including legislation - REACH and Birn's customer requirements. All Birn suppliers must comply with local law, EU law Registration, Evaluation, Authorization and regulation of Chemicals (REACH) (EC) No 1907/2006, which entered into force on 1 June 2007.

5) Birn shall not be regarded and will not act as an importer of chemical substances and / or preparations under REACH.

6) Subcontractors of chemical substances must comply in writing to Birn's gray and black list, which consists of all substances Birn's customers regard as not wanted and banned substances.

7) The subcontractor is responsible for reporting all substances and components to the IMDS register when required. (International Material Data System, <http://www.mdssystem.com>)

8) Environmental protection

All subcontractor must be certified according to ISO 14001. Registration for EMAS 2 (Regulation 761/2001) is an acceptable alternative.

9) Approval Process

Birn Product approval process is PPAP. Birn communicates the required PPAP level to the subcontractor. If the subcontractor wants to change any processes or material

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ISO 14001
OHSAS 18001
EN 16001



specifications, the subcontractor shall inform Birn prior to implementation and Birn will communicate needed documentation before implementation in serial production.

10) Records retention

The Subcontractor shall have a process to assure the timely review, distribution and implementation of all customer engineering standards/specifications and changes based on customer required schedule. Timely review should be as soon as possible and shall not exceed two working weeks.

11) Production part approvals, tooling records, selection of Special Characteristics and purchase orders (including changes) shall be kept as long as the part is active for production and/or spare parts requirements plus 15 calendar years.

12) Quality performance records (for example control charts, inspection and test results) shall be kept for the current year plus 15 calendar years.

13) Records of internal quality system audits, product audits, layout inspection, and functional testing and management review shall be kept for three years.
The above time periods shall be regarded as minimum and may need to be longer, for example by governmental requirements.

14) Spare parts:

The Subcontractor must be able to perform and deliver processes and/or parts 15 years after serial production has stopped.

15) Contingency plans

In addition to preparing contingency plans the Subcontractor shall analyse the risks involved in the supply chain and take appropriate precautions to minimize the risks (see also Technical Specification, Preventive and predictive maintenance).

16) As part of the contingency plan the Subcontractor is recommended to locate other locations with identical or substitute production equipment and possibly establish emergency agreements with those producers.

17) The language for communication with Birn is Danish, English, German, and Swedish.

18) For communication with Birn the following contact matrix must be applied initially:

Dep.	Purchase/ Contract	RFQ	Quality	Logistic	Production
Name	Jørgen S. Johansen	Christian Kjeldsmark Lind Kim Frandsen Tommy Mikkelsen	Dan Thomsen Per Høding Ole Grening	Jesper Lund Madsen	Henrik Telling
E-mail	jj@birn.dk	cli@birn.dk kfr@birn.dk tom@birn.dk	drt@birn.dk ph@birn.dk og@birn.dk	jlm@birn.dk	ht@birn.dk

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19) Verification of purchased product

When a subcontractor (tier 2) has been assigned by Birn's customer, Birn's customer assumes the responsibility until the initial Production Part Approval Process has been finalized by approval of the PSW (Part Submission Warrant). The responsibility is from that point taken over by Birn. Any deviation from this procedure must be agreed with Birn and be documented.

20) Control of production and service provision

Customer Packaging Standards: All packaging shall be according to Birn or Birn's customer request.

21) Customer property

An inventory of Birn owned tooling and equipment shall be done once a year.

A stock-taking of end-customers-owned returnable packaging shall be done as requested by end -customer.

22) Customer-owned production tooling

Birn owned tools and equipment shall be permanently marked with the Birn plate showing the Birn tool number so that the ownership and identity of each item is visually apparent. In case the tool number includes a set of tools, each tool unit shall be marked with its own Birn plate with a unique suffix number. It is the Subcontractor responsibility to maintenance tool and store it securely.

23) Customer satisfaction - Supplemental

Additional performance indicators that the Subcontractor shall monitor are:

- Number of quality complaints
- How Birn requirements for response time is followed
- Delivery schedule performance

24) Monitoring and measurement of processes

The Subcontractor shall monitor delivery performance for each delivery address at Birn and Birn's end customer.

25) Calculation shall be in relation to the delivery schedules as agreement between Subcontractor and Birn.

26) The date of the Dispatch Advice (Advance Shipment Notification) or invoice is regarded as the delivery day when transport condition is FCA (Free Carrier) or EXW (Ex-works).

27) Control of non-conforming product

Nonconforming product shall not be shipped, unless an individual agreement with Birn's Q-department has been made.

28) Control of rework product

Rework shall not be initiated without prior acceptance from Birn's Q-department.

Reworked products shall be delivered in separately clearly marked packaging.

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29) Birn or end-Customer call of

Any Birn or end-Customer waiver shall always be in writing. Every pallet/box containing material shipped on a customer waiver shall be properly marked with label.

30) Storage management

All items must be managed in accordance with Birn order and after principles first in first out - FIFO. Documents must follow the goods and be in accordance with item (number - date).

31) Package material handling

Customer-specific packaging: For V-EMB, The transfer of packaging material from Birns inventory to the subcontractors inventory will be registered by Birn on the V-EMB packaging pool portal.

32) Customer-specific packaging: Scania does not have the registration of their packaging, therefore Birn will use this and only registering by delivery notes if there should be a need for traceability of packaging quantities used for the various subcontractor.

33) Not customer-specific packaging will be billed at agreed prices.

34) Shipping

Shipment must be made with the Forwarder appointed by Birn. The freight forwarder shall be advised with the quantity and time of pickup at least 24 hours before collection.

35) Birn reserves the right to claim any expenses related to problems related to the lack of deliveries, partial delivery, late delivery, and delivery of not conforming products (the part of the process, the subcontractor is responsible for).

36) Problem solving

When Birn identifies a non-conformance the Subcontractor is informed by e-mail including a non-conformance report (8D or equivalent).

The Subcontractor shall respond within the given time limits for: a) Immediate action and b) Root cause and corrective action.

37) Currency: DKK, Euro, British £

38) Payment Terms: Current month +30 days

39) Invoices must be provided digitally to faktura@birn.dk

40) Invoice send as file format: OIUBL (Alternative PDF format)

41) Terms of delivery: to be agreed

42) Birn reserves the right, if necessary, to come up with a new contractual basis, in relation to the customer requirements that we are met with from our customers. As affecting that agreement Birn have with Birn's subcontractors - this agreement – Purchase agreement.

43) All mentioned requirements of this Agreement are valid unless in writing is omitted in an attached written agreement and with reference to specific requirements. Likewise, it will be considered as acceptance of the Agreement if the delivery is initiated and the agreement is not signed.

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