



DQS USA, INC.
A Business Assessment Company

Contract
General Business Terms and Conditions

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CONTRACT

General Business Terms and Conditions

This contract was made Date, between **DQS** (hereinafter referred to as **DQS**) and **Client Company Name**, (hereinafter referred to as "the Customer" for the purpose of this contract) and is based on general terms and conditions as defined in this document and on the Proposal # **Proposal Number**.

Scope and Payments

This document describes the particular terms and conditions for the assessment of Management Systems by DQS with its contracting partners, hereinafter termed "customers". These terms and conditions define the contract agreed between DQS and its customers, unless it is otherwise agreed in writing or so prescribed by statutory instruments. Payments are agreed upon by DQS and the customer as per the cost sheet.

1.0 General Information

DQS is an accredited Registrar for Management Systems. Founded in 1985, DQS worldwide has issued over 26,000 certificates. The organizational structure of DQS ensures impartiality by separating operational assessment management from the independent certification committee, which is responsible for the verification of assessment results and certification decisions. DQS was incorporated in the State of Illinois in 1996 and is fully owned by DQS GmbH in Germany. With subsidiaries and offices in the North and South America, Europe, Africa, Middle East and Asia along with partners in over 40 countries, DQS services are available worldwide. DQS coordinates all DQS registration activities in the United States and Canada. DQS assesses the Management System, or parts thereof, of its customers with the goal of determining its conformity with agreed requirements, including the effectiveness of the system. The customer receives an assessment report and then a DQS certificate, upon approval. DQS is independent, neutral, and objective in its assessments. DQS strives to minimize any disturbances of the business process while conducting the assessment on the customer's premises.

The Governing Board of DQS has established several committees to maintain the world-class level of certification services:

- § Steering Committee -Development of future policy and operating procedures.
- § Board of Arbitration -Assessing and resolving certification issues.
- § Independent Registration Committee-Independent from operational management, avoiding any internal conflicts of interest thus ensuring the value of DQS certificates.

DQS offers registration services pertaining to numerous international standards. DQS is accredited by DAR/TGA and by ANAB and offers services to the following standards:

- § ISO 9001:2000 - (Quality Management Systems)
- § ISO/TS16949:2002; QS-9000:1998; VDA6.1 - (Automotive Industry)
- § ISO 14001:1996 - (Environmental)
- § RC 14001 Responsible Care Management System
- § TL 9000 - (Telecommunications)
- § ISO 13485(88); EN46001(2); 93/42/EEC - (Medical Devices)
- § CE Marking
- § OHSAS 18001 - (Occupational Health & Safety)
- § AS9100 - (Aerospace)

Step-by-Step Partnership: The customer decides if a preliminary assessment is required and how extensive it should be. Each step is planned and scheduled in cooperation with the customer. Depending on the standard and the maturity of their management system, the customer may choose between annual and semi-annual advancement assessments. Striving for long-term partnerships with added value assessments, DQS offers valuable support in continuously improving the certified management system.

2.0 Your Route to Certification

As a first step, the customer's management team must commit to obtaining certification of their management system. After the management system has been established, the assigned DQS Lead Assessor will analyze the readiness of the management system and its documentation, usually consisting of the quality manual and procedures, to assess how the requirements of the applicable standard(s) are addressed and the processes are defined. Once the readiness of the system is established, the DQS assessment team will then perform an on-site assessment, verifying the compliance and effectiveness of the management system to the applicable standard(s).

The specific steps to certification are:

- **Initial Information:** An exchange of information about objectives and benefits of certification, about the fundamentals and the processes, and about the scope of your management system will occur. At this time, we will compile the data necessary for a quotation. This information will be collected in the Request for Quote form.
- **Quotation and Contract:** The quotation contains information about the extent, the time schedule, and the cost of the assessment. Once you have accepted and approved our Cost Sheet (quote), the next step is to submit the Application for Assessment. Upon receipt of your application you will then be contacted by our Customer Service Manager to begin the scheduling process and to answer any questions or concerns you may have.
- **Pre-Assessment (OPTIONAL)** This is an assessment of your entire management system to determine if the organization has the required elements in place to sustain a successful registration. This pre-assessment is designed to ensure that there will not be any major findings at the registration assessment.
- **System Analysis (Stage 1)** This is a review and evaluation of the system documentation and a first overview of the goals and results of management reviews or internal audits. During this process, it will be determined whether the management system is already completely developed and implemented so as to completely evaluate its effectiveness.

At this time the assessor will also:

- plan and allocate resources for the Stage 2 portion of the assessment,
 - determine the organization's state of preparedness for the Stage 2 assessment and gain an understanding of the Management System,
 - recommend continuing to Stage 2 or hold for further implementation completion,
 - confirm the date and details of the Stage 2 initial assessment,
 - provide an opportunity for immediate feedback of information to the client organization,
 - collect the necessary information regarding the organization's Management System and facility location(s)
- **System Assessment (Stage 2):** This is the formal assessment of your documented and implemented management system to be performed at your facility. DQS will determine how many assessors will be at your facility. The assessment dates will be set with you. The assessment itself will consist of interviewing your personnel concerning their participation in and knowledge of your management system and the policies and procedures implemented to support your applicable management system. DQS will assess all applicable Management system elements. DQS activities will also consist of a more detailed review of documentation such as records, forms, and documents of external origin. At the completion of the assessment, DQS will supply you with a completed draft report, summary and a copy of all findings.

- **Issuance of your Registration Certificate:** Upon recommendation from the Lead Assessor and positive review by the DQS Registration Committee, the registration certificates will be issued. This is the preparation and issuance of the actual registration document. DQS will send 1 electronic copy of the certificate to your organization via email, at no charge.
 - **QMS / EMS/ RC14001** - Any minor non-conformances found during the assessment, we ask that you FAX us your proposed corrective action or proof that you corrected any noncompliance, and we can then assess for closure at the next scheduled advancement assessment.
 - **QS-9000:1998** - Any major or minor non-conformances, corrective actions must be completed and assessed for effectiveness within 90 days. In the event it is not possible to verify that the corrective actions are closed and have been assessed for effectiveness, additional assessment time will be necessary prior to issuance of certificate. At the request of AIAG or ANAB, companies must allow access for witness assessments at their facilities.
 - **ISO/TS 16949:2002** – All assessments will meet the requirements of the latest edition to the “Automotive Certification Scheme for ISO/TS 16949:2002.” For any major or minor non-conformances, corrective actions must be completed and assessed for effectiveness within 90 days of the closing meeting with inclusion of a root cause analysis. The implementation and effectiveness of all minor non-conformities shall be verified by the Lead Assessors. Additional assessment time may be necessary prior to issuance of certificate for verifying the effectiveness and implementation of all Major non-conformances. Major nonconformities may provide a basis for the termination of the assessment.
 - **AS 9100** – Any major or minor non-conformances must be closed with root cause analysis and corrective action completed. In the event that it is not possible to verify the corrective action is closed, additional assessment time will be necessary prior to issuance of the certificate.

At the request of AAQG and OEM's, companies must allow access for witness assessments at their facilities.

DQS will be responsible for publishing the information about the certification in nationally registered company directories.

Maintenance of the Certificate

- **Action Plans (Non-conformance's):** Whenever evidence to demonstrate compliance to the standard cannot be presented during the course of the assessment, an action plan will be issued. The action plan will state the identified compliance gap and include a proposal for corrective action. Upon completion of the action plan the Lead Assessor will review the corrective action and root cause and submit a supplementary report.
- **Advancement Assessments:** Advancement assessments will take place as agreed to by your company and DQS. This can be either semi-annual or annual, with the final choice being that of DQS based on analysis and effectiveness of the organization's management system and other factors relating to the propensity of the organization to maintain the approved management system. This is a partial assessment and clauses / processes will be decided upon ahead of time.

There will be no unplanned assessments, as you will be informed at least thirty days in advance when the next assessment is scheduled (preferably at the closing meeting the next assessment date and number of days will be discussed). These assessments are required to sustain your management system's effectiveness in meeting the requirements of the standard and your own stated policies and objectives. While DQS tries to ensure that your assessor is an assessor from the original assessment team, we cannot guarantee this. For ISO/TS 16949 assessments, every effort will be made to include a member of the original assessment team in subsequent assessments.

In the event of a minor non-conformance, we ask that you provide the assessors proof that you corrected any non-conformance, and we can then assess for closure at the next scheduled advancement. This assists in preventing unneeded corrective action assessments.

- **Automotive:** For any major or minor non-conformances, corrective actions must be completed

and assessed for effectiveness within 60 days. All non-conformances shall be recorded and shall not be closed during the assessment. DQS requires the organization to submit root cause analysis and evidence of systemic corrective action for each non-conformity issued. In the event it is not possible to verify the corrective actions have been closed and have been assessed for effectiveness, DQS is required to put the company on probation and notify the AIAG/IATF. Refer to appropriate interpretations for complete information regarding "probation and delisting." The latest edition of the sanctioned interpretations will be used to coordinate such activities.

- **Re-Assessment:** This assessment is done before the expiration of the certificate. It is a new comprehensive inspection and assessment of the system with regards to fulfillment of the standard and definition of improvement potential from the past three years. If you have had excessive minor findings or a major finding over the past three years, DQS may need to add additional on-site time to the last reassessment. Upon successful review, the new certificate will be issued.
- **Follow-Up Assessment: (refer to Non-Issuance section also):** Depending on the nature of an identified nonconformity, it may not be possible to provide evidence of corrective action by documentation alone. In this case, the Lead Assessor will conduct a follow-up assessment and review the effectiveness implementation of these corrective actions. Should the assessor need to do an on-site follow-up you would be charged a full daily rate. A written report is required to document the finds of the follow-up assessment.
- **Assessment Charges and Travel Expense:** The duration of an assessment depends on the size and complexity of an organization, the processes performed therein and the standard(s) selected. Individual ISO Guides provide guidance on the assessment time requirements for the various standards. Special rules apply to registrations for other standards and multiple site customers. In addition to daily assessment fees, per diem and traveling expenses are charged at cost.
- **Travel Allowance and Expenses:** Travel costs apply for all assessments. Mileage will be charged at the current IRS Rate. Traveling expenses and hotel accommodations will be charged at cost. A Per Diem for meals is charged at a rate of \$35.00 when an overnight stay is required.

In some cases, customers may be billed for extended travel time:

- > North America - \$200.00 per assessor / per day
- > Overseas - \$400.00 per assessor / per day

This charge is primarily to cover assessor's travel time to or from your facility the day before or after the scheduled assessment

- **Modification to the Certification / Registration:** During the term of the certification, a customer may change its organizational structure and consequently may need to modify the management system due to acquisitions or sale of business units or product lines. New standards may be applied to the organization's management system. As such changes usually have a major impact on the management system, the customer **must notify** DQS of such changes. In some cases, an assessment may be required. The assessment may take place either during a scheduled assessment or by a special assessment. The DQS Assessor will assess the changes to the management system and verify compliance to the selected standard(s). As needed, the certificate will be re-issued including the modified scope of certification /registration.
- **Multiple Site Certifications:** A Corporate Assessment Scheme for customers with multiple sites is available. This special approach to certification takes synergy between different sites with one common management system and/or similar processes into account and reduces assessment time. An on-site project-planning meeting may be required for multiple site registrations by DQS. A definition of the scope of certification, fundamental system requirements, as well as an appropriate sample planning per the applicable ISO Guide and assessment schedule for the certification, including advancement, will be developed at this meeting.
 - **Qualified Assessors:** Assessor applicants must prove extensive assessment experience

and above average qualification to be nominated as a DQS assessor. Requirements are:

- § Recognized assessor certification (IRCA, ANAB, EOQ or similar).
- § Relevant experience and education
- § Continued education.
- § Proof of social skills and competence to ISO19011.
- § DQS nomination.

DQS assessors support DQS on a full-time/contracted basis. The majority of DQS assessors work with DQS on a contracted basis. DQS assessors are continuously trained in order to maintain their technical, managerial and social skills at a high level.

Customer evaluations as well as internal competence reviews validate the effectiveness of this training. DQS is committed to maintaining a consistent assessment team during the certification process, continuing through the following three years of certification.

- **Selection/Submittal of Assessor's Resume:** The number and choice of assessors is incumbent upon DQS, who will nominate the assessor(s) and, upon request, provide their CV's (résumés) or abbreviated biographies to the customer. This is so you may assess the qualifications of the assessors to your company's needs. Upon your request, we will also arrange for the proposed assessor to talk with you to answer your questions or concerns.

DQS is committed to using only assessors who are suitable for the task on the basis of their technical qualifications, their experience and their personal abilities. No team member can have consulted the specific customer within the last two years. The assigned assessors will be authorized for the required standard(s) or specifications and have appropriate experience in the customer's area of operation as well as in management and assessments. If you feel that the assessor is not a good fit for your company, we will arrange for an alternate for you. The entitlement to reject assessors may be exercised only once. Should an assessor become unavailable immediately before or during the assessment, DQS and the customer shall mutually agree on how to proceed.

3.0 General

Rights and Obligations of DQS

- **Confidentiality and Data Protection:** DQS commits itself to confidentiality concerning all information made available to it in the context of its activities on the customer's premises, whether this information relates to internal matters of the customer or to its business relations. This also applies to verbal and written results of the assessment. No third party may access such records, except by assessment personnel of the accreditation body. These personnel must sign pertinent confidentiality agreements. DQS retains records associated with assessments for a minimum of one certification cycle, usually three years. These commitments also apply after termination of the contract.
- **Accreditation and Authorization:** DQS is authorized by various accreditation bodies and authorities to issue assessment reports and certificates according to various standards and specifications. This includes the obligation to allow employees or auxiliary persons of these bodies to participate in assessments. In so far as this is essential for accreditation procedures, DQS allows these individuals access to both its own documents and customer-related data. These employees are sworn to secrecy. Whenever individual standards or specifications explicitly require, customer-related data and assessment results are passed on to these bodies. In this case, the customer's acceptance is presupposed.
- **Liability:** DQS may be held liable only in the case of intent and gross negligence. This also applies to its vicarious agents and auxiliary persons. DQS is currently self-insured. DQS's liability is restricted to the extent as prescribed by U. S. Federal law in cases of damages caused by willful action or by negligence. Any further claims, especially claims resulting from product failures or damages caused by using the customer's product, are excluded.

- **Publicity:** DQS maintains and publishes a register of all customers holding a current DQS certification. This publication contains the name, addresses and scope of certified customers. It also references the standard or specification. The customer consent to this publication is presupposed.
- **Effectiveness of Certified Management System:** DQS verifies the effectiveness of the customer's management system by performing regular assessments. Should DQS receive information that might dispute the conformity or effectiveness of a management system it has certified, it is entitled to perform additional, exceptional assessments after consultation with the customer concerned. In legally regulated areas, DQS is entitled to perform additional assessments whenever justified.
- **Scheduling / Rescheduling / Cancellations:** All scheduling of registration activities are contracted in writing between DQS and the customer. DQS and the customer usually schedule appointments as far in advance as possible. In case a contracted appointment cannot be maintained by reason of the customer, DQS will charge a fee equal to the amount of the scheduled audit as well as any travel expenditures actually incurred in preparing for this appointment.

Rights and Obligations of the Customer

- **Management System:** The customer must implement and maintain a documented management system that fulfills the requirements of the standard or specification upon which it is based. All actions necessary to ensure the stability and effectiveness of the Management System must be carried out and documented.
- **Disclosure:** The customer ensures that DQS has access to all necessary information and the requisite facilities to fulfill its task. The customer also commits the nominated representatives and employees to provide the assessor with accurate and complete information in a timely manner concerning all processes, which may be significant to the assessment. Within the scope of the management systems, all records relating to complaints and their corrective actions must be presented to DQS upon request. Accurate employee counts must be provided to ensure that all certification assessment time and requirements are met and maintained.
- **Accreditation and Authorization:** DQS is authorized by various accreditation bodies and authorities to issue assessment reports and certificates according to various standards and specifications. This includes the obligation to allow employees or auxiliary persons of these bodies to participate in assessments. In so far that this is essential for accreditation procedures, DQS allows these individuals access to both its own documents and customer-related data. These employees are sworn to secrecy. Whenever individual standards or specifications explicitly require, customer-related data and assessment results are passed on to these bodies. In this case, the customer's assent is presupposed.
- **Notification of Changes:** The customer is obliged to notify DQS without delay of any changes that may influence the management system. This applies in particular to the purchase/sale of parts of the company, any change in ownership, changes in the area of operations, fundamental alterations in processes or the filing for bankruptcy or composition proceedings, or change in management representative. In any of these cases, DQS will consult with the customer and examine how the certificate may be maintained.
- **Confidentiality and Secrecy:** The customer is permitted to forward the assessment report in its entirety. The forwarding of extracts is not permitted. The documents provided to the customer by DQS, including the DQS certification symbol, are protected by copyright. The customer explicitly acknowledges that all documents which are provided to him or which are made available to him by DQS for examination remain the property of DQS and will be used only for the needs of the company and are not made available to third parties or used for purposes other than agreed upon. The customer is obliged to maintain strict confidentiality about any information revealed within the terms of this agreement as well as all knowledge of matters relating to DQS, its employees and assessors. This obligation also applies after termination of the contract. The customer similarly

accepts the obligation on behalf of his vicarious agents and auxiliary persons.

- **Independence of the Assessment:** The customer is obliged to avoid actions which might compromise the independence of the employees and assessors of DQS. This applies in particular to offers of consultation, of employment both salaried and free-lance, to separate agreements about fees or other monetary rewards. DQS assessors will not offer any consulting services to help establish the management system. The constraint has to be considered when planning multiple preliminary assessments beyond the evaluation of a system's conformance and its effectiveness. DQS assessors will not provide solutions on how to establish specific procedures, as this would be considered consulting.
- **Services and Terms of Payment:** The customer acknowledges the Business Terms and Conditions of DQS unless stipulated otherwise in a written contract. Based on the contract for each certification step, invoices will be sent to the customer after each step is completed. Invoices are due for payment within 30 days unless otherwise agreed upon in writing. Failure to pay invoices per agreed upon terms will result in a revocation of certification.

Certificates and Certification Symbols

- **Issuance and Use:** DQS is obliged to grant a certificate and deliver it to the customer upon fulfillment of all certification requirements and contractual obligations. The certification decision is the sole responsibility of DQS, based on the Assessor's recommendation for issue as recorded in the assessment report. Usually DQS and IQNet certificates are valid for a period of three years commencing from the day conformity is verified by the Registration Committee. Except for a few unique management standards, certificates in two languages are free of charge. Certificates in more than one language and imbedded with the customer's logo are charged at a nominal fee. Certificates and certificate symbols may be used for promotion. Such use is restricted to the scope and the period of validity of the certification.
- **Certificate symbols** (DQS, ANAB, DAR/TGA, IQNet, and IAOB) may not be attached directly to a product or used in such a way as to give rise to the impression of being related to the conformity of a product with the standard or specification on which they are based. As far as is feasible, DQS is obliged to ensure correct use of certificate symbols. Certificates and certificate symbols may not be transferred to successors in title or other customers. After a certificate has been suspended, withdrawn or annulled, the customer must desist from any promotional use of the certificate. The customer commits to return the certificate following withdrawal or annulment. The right of retention is precluded. More information will be given at the time of registration.

Only individuals so authorized by DQS may reproduce or alter certificates and certificate symbols.

- **Non-Issuance of Certificates:** DQS may only issue certificates if all requirements have been fulfilled following the assessment. In cases of non-fulfillment, the assessor documents the shortcomings in a report or announces the restraints that must be complied with in order for a certificate to be issued. All non-conformities or restraints must be eliminated or complied with within 90 days for a new certification. If necessary, DQS will repeat the assessment in full or in part subject to the terms of an additional step-by-step contract. If the non-conformities have not been eliminated within a period of 90 days, or if the prerequisites for the granting of a certificate have not been achieved after two follow-up assessments, the certification procedure is concluded by the issuance of a report without a certificate.

Suspension, Withdrawal, and Annulment of a Certificate:

A. Suspension:

DQS is entitled to suspend a certificate for a limited period of time if the customer violates his contractual or financial obligations towards DQS, particularly if:

- a. corrective actions to the Management System have not been demonstrated and effectively implemented within the agreed upon time frame;
- b. the appointments suggested by DQS for assessment(s) necessary for the maintenance of

- the certification have not been complied with;
- c. the usual time limit of twelve months since the previous assessment has been exceeded;
- d. DQS has not been informed in a timely manner about planned changes to the Management System, or other changes which could affect the management system, or other changes which affect the system's conformity with the standard or specification which forms the basis for the assessment;
- e. DQS certificate, an IQ Net certificate or a certification symbol has been used in a misleading manner.

DQS first announces a possible suspension in writing. If the reason(s) for the suspension are not eliminated within two weeks, DQS informs the customer in writing about the suspension of the certification stating the reason(s) as well as the corrective actions necessary for the certification to be reinstated. Certifications are suspended for a restricted period (usually a maximum of 90 days). If the required measures have been implemented and demonstrated effectively by the established deadline, the suspension of the certification is cancelled.

B. Withdrawal:

DQS is entitled to withdraw certificates after giving written notice of intent, or to declare them invalid if:

- a. the suspension period of the certificate has been exceeded;
- b. the conformity of the management system with the standard or specification on which it is based is not ensured;
- c. the customer continues to use the certification for promotion following the suspension of the certificate;
- d. the customer uses the certification in such a way as to undermine the reputation of the certification body;
- e. the preconditions which led to issuing the certificate no longer apply or the customer is not prepared to eliminate non-conformities;
- f. the customer effectively terminates the contractual relationship with DQS.

C. Annulment:

DQS is entitled to annul certificates or retroactively declare them invalid, if:

- a. it subsequently turns out that the preconditions required for issuance of the certificate had not in fact been fulfilled;
- b. the customer has compromised the certificate procedure so that the objectivity, neutrality or independence of the assessment results are in question.

Appeals and Complaints

Every customer has the right to have services performed within the agreed scope in such a way that expectations and requirements are fulfilled. In case of non-fulfillment, DQS requests information necessary for improvements. In case of a difference of opinion with assessors or DQS itself, each customer has the right to submit an appeal or a complaint against a decision. Complaints should be expressed in writing to DQS. If a solution cannot be worked out with the individuals concerned, the quality representative of DQS, the managing directors, or the DQS Board of Arbitration may be appealed to in writing.

Changes to Contract

The contract may be amended at any time by agreement of DQS and the customer.

This Contract is subject to change if one of the following exists:

- § For ISO 9000:2000 based management systems, quoted on-site time reflect claimed exclusion(s) as indicated by the organization. If it is found information is inaccurate or an "exclusion" is not allowed once on site, more on-site assessment time must be added and the customer will be charged accordingly.
- § Number of employees increase or decrease,
- § Additional standards are applied,
- § Change in company location,
- § Additional company locations are added, or
- § Significant changes in the scope or product line of the operation.

Additional Conditions

In addition to the provisions stipulated above, specific certification requirements of individual standards or specifications and their interpretations will be considered when reviewing compliance to the above provisions.

Place of Jurisdiction: The place of jurisdiction for all issues is Chicago, Illinois.

I have read and agree with the DQS Terms and Conditions and the Cost Sheet.

On this day Date

For and on Behalf of DQS:

DQS USA, Inc.
3601 Algonquin Rd. Suite 305
Rolling Meadows, IL 60008

Printed Name & Title:

Lee Ann Strepina

Finance and Administrative Manager

Signature:



Authorized DQS Representative

For and on Behalf of:

Client Company Name
Address
City, State, Zip

Printed Name & Title:

Authorized Company Representative