

# Liability for defects - Processing

## 1 Procedure for 0-km complaints

### 1.1 Definition

0-km complaints are defects that are either discovered in the incoming goods department or during assembly before the finished product is sent to the customer.

### 1.2 Immediate measures - Check inventory - Repair/replacement delivery - Redelivery

Bauer compiles a Non Conformance Report (NCR) with details of the expenses incurred and sends this to the supplier.

Within a period of **24 hours** after notification of the defect by Bauer, the supplier must initiate immediate measures to prevent further delivery of defective products.

Likewise, the inventories and any work in progress at the premises of both the supplier and Bauer must also be checked.

In addition, feedback is to be provided by the supplier regarding whether a repair is possible or if a replacement delivery is required.

Feedback is also to be provided by the supplier as to whether a redelivery of the component is necessary, bearing in mind the economic aspects concerned.

### 1.3 Delivery date

The supplier shall inform Bauer **immediately** when a product that is free of defects is once again available.

### 1.4 Written statement on the part of the supplier regarding the complaint

A statement is not required for **indications** and **minor defects**.

In the event of **significant defects**, a 4D Report must be sent by the supplier to Bauer within a period of **5 days** of being notified of the defect by Bauer (or, if applicable, after receipt of the defective product).

In the event of **serious safety defects**, a complete 8D Report must be sent by the supplier to Bauer within a period of **2 days** of being notified of the defect by Bauer (or, if applicable, after receipt of the defective product).

See the following overview:

Priority	Customer risk	Explanation	Example	Statement
Initial sample		All defects determined within the initial sample inspection.		after 5 days
Indication		Defects for which "no" outlay for fault rectification is required: <ul style="list-style-type: none"> <li>No rework required</li> <li>No logistical additional outlay required</li> </ul>	<ul style="list-style-type: none"> <li>Minor contamination on the component</li> <li>Label incorrectly attached</li> <li>...</li> </ul>	waived
Minor defect		Defects that can be remedied with "little" outlay (BMA or supplier): <ul style="list-style-type: none"> <li>Reworking that can be carried out directly during assembly or on the product</li> <li>No repeat error</li> </ul>	<ul style="list-style-type: none"> <li>Missing hole (steel construction)</li> <li>Minor surface defects</li> <li>Quantity not OK</li> <li>...</li> </ul>	waived
Significant defect		Defects that can only be remedied with "increased" outlay (BMA or supplier): <ul style="list-style-type: none"> <li>Assembly of the component is not possible</li> <li>Repeat error/systematic error</li> <li>Direct rework outlay &gt; 5 hrs (guideline!)</li> </ul>	<ul style="list-style-type: none"> <li>Component made according to incorrect drawing version</li> <li>Bolts cannot be marked out (steel construction)</li> <li>Insufficient painting - coating flakes off</li> <li>Component without function (electronics)</li> <li>...</li> </ul>	after 5 days 4D Report
Serious safety defect		Safety-related defects whose effects pose a risk of physical injury and property damage: <ul style="list-style-type: none"> <li>Safety-related, hidden defect</li> <li>There is no guarantee that the error will be detected in the production/final inspection phase.</li> </ul>	<ul style="list-style-type: none"> <li>Missing, safety-related function welding seam (steel construction)</li> <li>...</li> </ul>	after 2 days 8D Report

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## 1.5 Collection of defective components

To ensure the collection of defective components (0-km complaints) is processed smoothly, the supplier must observe the "Data sheet for suppliers for the collection of 0-km complaints" (see [www.bauer.de/segment/Equipment|Company|Purchasing](http://www.bauer.de/segment/Equipment|Company|Purchasing)).

## 2 Procedure for field failures

### 2.1 Definition

Field failures are defects in products that have already been commissioned by the end customer.

### 2.2 Immediate measures – Check inventory – Repair/replacement delivery – Redelivery – Delivery date

Within a period of **24 hours** after notification of the defect by Bauer, the supplier must initiate immediate measures to prevent further delivery of defective products.

Likewise, the inventories and any work in progress at the premises of both the supplier and Bauer must also be checked.

In addition, feedback is to be provided by the supplier regarding whether a repair is possible on-site or if a replacement delivery is required.

Feedback is also to be provided by the supplier as to whether a redelivery of the component is necessary, bearing in mind the economic aspects concerned. The supplier shall check local subsidiaries, if applicable.

Furthermore, the supplier shall inform Bauer of the delivery date when a product that is free of defects is once again available.

(Note: This allotted time applies in the event that defect-free components are **not in stock and available to Bauer.**)

### 2.3 Final 8D Report

The supplier must send a final 8D Report to Bauer within a period of **15 days** after receipt of the notification of the defect or after receipt of the defective component (if required by the supplier).

## 3 General

If the supplier does not submit the results of his/her investigation (8D Report) to Bauer within the aforementioned deadlines, it shall be deemed an acknowledgment of the defectiveness of the parts concerned.

If Bauer does not agree with the contents of the 8D Report, the supplier is obligated to rectify the situation. Further details and/or intermediate statuses regarding processing of the complaint are to be provided upon request.

The products forming the basis of the complaint are replaced with new parts.

In the event of a repair request on the part of Bauer, the supplier shall grant a 36-month warranty for

defects from the date the goods are received by Bauer.

If the supplier contests the fact that the damage is attributable to a defect in the product, the burden of proof for the statement shall lie with the supplier. Bauer shall assist the supplier with a fault analysis.

Notwithstanding the statutory rights and contractual provisions, the following shall apply: If the supplier fails to comply with its obligation to render supplementary performance – at Bauer's discretion either by rectifying the defect (rectification) or by delivering an item that is free of defects (replacement) – within a reasonable period stipulated by Bauer, Bauer shall be entitled to rectify the defect of its own accord and demand compensation and/or a corresponding payment in advance from the supplier for the associated expense. If the supplementary performance has been failed by the supplier or is unacceptable for Bauer (e.g. due to particular urgency, endangerment of operational safety or imminent occurrence of disproportionate damage), there shall be no need to set a deadline; Bauer shall notify the supplier of such circumstances immediately, in advance, if possible.

If, at the request of the supplier, it is necessary to inspect the affected product at the supplier's plant, the affected product shall be returned to Bauer's supplier at the supplier's expense.

In the event a subsequent rejection of the claim for defects is justified, these costs may be charged to Bauer.

If the supplier operates a subsidiary in the vicinity of the premises where the defect has occurred, the supplier must inform Bauer of this fact in order to optimize the costs associated with returning the affected product.