



## Quality Assurance Agreement (QAA)

between

W. GESSMANN GmbH  
Eppinger Str. 221,  
D-74211 Leingarten

- hereafter "**W. GESSMANN**" -

and

Company  
Road, house number  
Postal code and city

- hereafter called "**Supplier**" -

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## 1 Preamble

For over 70 years, W. GESSMANN has developed, produced and sold high-grade industrial switching devices for customers throughout the world. The company's large customer base can access an extensive product range, from joysticks and control columns to master controllers and complete control stations.

The fields of application of these products include crane systems, ship propulsion systems, rail vehicles and electro-hydraulics, for example including industrial transport devices and forklift trucks. Switching devices that are specially developed and produced according to customer wishes round off this product range and guarantee the highest possible customer satisfaction.

It is the aim of W. GESSMANN to offer its customers fault-free products that meet the highest standards of reliability. Extensive and problem-free cooperation between the contractual partners is in the interest of both sides.

The purpose of this Quality Assurance Agreement (QAA) is to define technical and organisational framework conditions between W. GESSMANN and the supplier in order to achieve the jointly desired "Zero-Fault-Goal".

## 2 General agreement

### 2.1 Scope of application

It applies to all products and services that the supplier delivers based on orders received and accepted from W. GESSMANN during the lifetime of this agreement.

When carrying out orders from W. GESSMANN subsidiaries abroad, legal provisions that go beyond the scope of this agreement remain unaffected. To the extent that more far-reaching agreements have been made or are in conflict with this one, they shall take precedence.

### 2.2 Responsibility of the supplier for the quality of its products

The supplier is responsible for the problem-free implementation of its products and services, in accordance with the technical documents agreed in writing.

In the course of the contract examination after the order arrives, the supplier will examine all technical documents (e.g. drawings, CAD data, material specifications, product supply lines and specification) for completeness, clarity, obvious errors and feasibility immediately after receipt. Faults and risks recognised in this process shall be immediately communicated by the supplier to W. GESSMANN and, if needed, its suppliers.

All products delivered must fulfil the laws and official regulations prevailing at the time. If the supplier gives orders to sub-contractors it is obligated to also implement the requirements of this QAA with its suppliers.

The supplier's quality strategy must aim to achieve constant improvements in its processes and services.

The focus shall be on the "Zero Fault" goal, 100% delivery reliability and joint improvement of competitiveness.

## 3 Management system

### 3.1 Quality

The supplier undertakes to set up, operate and further develop a certified quality management system, one which is compliant with the IRIS standard (current edition) or at least fulfils the basic requirements of the ISO 9001 (current edition). Alternatively, the supplier can further develop its existing quality management system, whose content matches ISO 9001.

The supplier shall ensure that its sub-contractors are also bound to these standards and adhere to them. The supplier aims to achieve fault-free production and continually optimises its own performance, as well as that of its subcontractors.

The supplier shall present, without being further requested to do so, a copy of its valid certificate to W. GESSMANN.

W. GESSMANN can request proof from the supplier that it has convinced itself of the effectiveness of the quality management system of its subcontractors.

### 3.2 Safety and environment

W. GESSMANN expects its suppliers to deal with the issues of work safety, product safety and the environment in a responsible and sustainable way. In particular, this obligates suppliers to comply with all appropriate and valid laws and regulations. The supplier shall ensure that these principles are promoted and demanded the best possible way even with its suppliers

### 3.3 Ethics and social responsibility

At this point W. GESSMANN makes clear its responsibility for compliance with social, environmental and ethical standards based on the principles of sustainability. Alongside this responsibility, the supplier should also be conscious of a balance between economic growth, environmental-friendliness and the responsible use of resources.

### 3.4 Audit

The supplier shall allow W. GESSMANN to perform audits to ensure that its quality management system meets W. GESSMANN's requirements.

After prior notification and a reasonable notice period, W. GESSMANN is entitled to perform process and product audits.

The supplier undertakes to grant W. GESSMANN access to its business premises, warehouses and adjacent areas and to retain all documents related to quality issues. Necessary and appropriate restrictions on the safeguarding of business secrets shall be accepted.



W. GESSMANN shall make the supplier aware of the results of such audits. If any follow-up measures are required in the view of W. GESSMANN, the supplier undertakes to immediately draw up an action plan, to immediately implement it, to monitor it with regard to its effectiveness and to inform W. GESSMANN of its results.

W. GESSMANN recognises that the supplier, as a competent partner, maintains an effective quality management system in accordance with the state-of-the-art in technology, and is thus able to independently carry out problem analyses, required quality assurance measures and also audits.

This allows audits and process analyses conducted by W. GESSMANN of or in workshops to be limited to the following cases:

- A serious error caused by the supplier occurs in series production.
- The supplier was not able to demonstrate, by an agreed deadline, that the cause of the fault was found and effective fault rectification measures had been introduced.
- Jointly decided improvement programs were not implemented.

## 4 Obligation to provide information and documentation

### 4.1 General

If it is detected that the agreements made, for example in relation to quality characteristics, deadlines, supply amounts, may not be complied with, the supplier shall immediately inform W. GESSMANN of this and define the further steps to be taken.

In particular, it should provide information about the planned fault rectification and avoidance measures.

This also applies to deviations detected after delivery. In the interest of a rapid solution, the supplier shall reveal the required data and facts.

### 4.2 Series delivery

The delivery of parts based on drawings must include the following documents:

Delivery certificate with identified drawing number and the corresponding drawing index, as well as testing or acceptance protocol (type and scope according to agreement). Otherwise the delivery is considered incomplete. When there are multiple deliveries of the same part, corresponding copies are to be enclosed for assignment.

## 5 Product-related qualification process

### 5.1 Planning and development

In the development phase the supplier shall use appropriate preventive quality planning methods (e.g. manufacturability analysis, feasibility tests, FMEA). Experiences from similar projects shall be taken into account in this.

The required quality advance planning elements could be jointly defined in an individual agreement. Characteristics with special archiving (special characteristics) shall be defined by W. GESSMANN and the supplier.

### 5.2 Process planning and capability proof

The supplier shall carry out process planning (work plans, test plans, operating resources, tools, machines, etc.). For characteristics that are agreed with W. GESSMANN to be critical to the function or process, a feasibility test is to be performed. In determining feasibility, the requirements of the measuring tool precision must be noted.

The supplier has a duty to provide information if required characteristics cannot be unambiguously produced or checked.

In terms of 100% cast parts the production process is to be secured by a test and this must be documented.

Insofar as W. GESSMANN makes production and testing resources available to the supplier, the supplier shall treat these like its own production and testing resources in respect of maintenance and care.

### 5.3 Initial samples

Initial samples are to be made according to W. GESSMANN's requirements, based on the VDA.

The initial samples must be completely manufactured under series production conditions. The supplier shall deliver the initial sample together with the required initial sample report.

The tested parts must be identified in such a way that the assignment of measurement values is unambiguous. After presentation of the initial sample, W. GESSMANN shall make a decision about approval. Approval of the initial sample by W. GESSMANN does not release the supplier from responsibility for the quality of its products.

The approval is of a purely technical nature and does not represent a delivery order; it also contains no approval of concealed faults.

Verification and information obligation:

The verification and information obligation remains in effect through any type of change (change of products and production processes, as well as subcontractors). Prior to initial deliveries of new or changed products and / or initial deliveries from new or changed tools or manufacturing processes, the supplier shall present the ordering party with a sample complete with test report for approval, unless otherwise agreed.

### 5.4 Series production, identification of products, traceability

The supplier is obligated to carry out adequate incoming goods, interim and outgoing goods checks to ensure that the products delivered to W. GESSMANN have all characteristics mentioned in the specifications.

The supplier undertakes to ensure the traceability (e.g. batch verification) of the products it delivers. Suitable marking for this purpose must be unambiguous.



## 5.5 Delivery and incoming control

The supplier shall deliver the products in suitable transport resources to guarantee their integrity (e.g. mechanical damage, dirt, corrosion, chemical reactions).

The contractual parties agree that W. GESSMANN does not need to perform any technical checks on incoming goods. W. GESSMANN shall undertake a simplified check of the products directly after receipt at its production site in order to ensure that the delivered goods match the amount and type ordered and that any transport damage or externally visible faults can be detected.

If, in the course of the check previously mentioned, W. GESSMANN discovers damage or a fault, the supplier shall be immediately informed. If, at a later time, W. GESSMANN discovers damage or a fault, the supplier shall also be immediately informed. To that extent the supplier waives the excuse of a delay in making a complaint.

## 5.6 Complaints, action plan

The supplier undertakes to come up with solutions immediately after a complaint has been notified. The supplier must ensure that at all times it has rapid access to the resources required for the examination and analysis of faults.

The complaints management procedure is standardised and defined as follows:

- The supplier will be informed in detail by W. GESSMANN in the relevant complaint report.
- Within 2 working days of the information/complaint report being received by the supplier, W. GESSMANN shall receive an initial reaction.
- Within 5 working days of the complaint being brought forward, the supplier must present a comprehensive 8D report to W. GESSMANN. If it is not possible for the supplier to deliver a complete 8D report within the deadline, it must communicate this together with a substantiated interim report. This interim report must also name a deadline by which the complete 8D report or the next interim report will be presented.
- These deadlines can be shortened by a reasonable period on instructions from W. GESSMANN or at the request of the W. GESSMANN customers concerned. The 5-day deadline (for presentation of a comprehensive 8D report) can be extended only on the basis of justified interim reports. However this lies within the discretion of W. GESSMANN or the particular W. GESSMANN customer.

The content of the final error analysis reports must be substantial, conclusive and comprehensive. The supplier must provide proof of the effectiveness of all required measures. The report must be made in the form of an 8D report.

## 6 Technical changes

### 6.1 Change and phase-out

The supplier is only entitled to make changes to the products when W. GESSMANN has previously consented to this in writing. The supplier shall inform W. GESSMANN at least 1 year in advance of plans to cease production of the products and shall grant the opportunity of a "last buy" on economically reasonable conditions.

### 6.2 Archiving

The supplier must document changes and retain all documents and records in accordance with the defined retention periods, however at least 5 years after expiry of the contract object.

### 6.3 Production

The supplier must inform W. GESSMANN in a timely fashion, at least 6 months in advance, of a planned production switch. Production switches are transfers to other production lines or production sites.

W. GESSMANN must give prior written consent before any transfer of production site or switch of subcontractor or award of services to third parties takes place.

### 6.4 Optimisation

During the lifetime of the contract, the supplier shall inform and advise W. GESSMANN about range strategies, manufacturing preferences, component strategies, standardisation of series and the implementation of technological novelties and submit suggestions for improvement to W. GESSMANN. Improvements relate to costs, quality, logistics or technology.

## 7 Warranty and Liability

### 7.1 General

The supplier gives the assurance that it shall use fault-free materials and shall process the order in accordance with the specification incorporating the respective state-of-the-art technology.

Unless otherwise set down, the product must be usable for another 6 months upon delivery to W. GESSMANN.

### 7.2 Warranty

The Warranty is defined in accordance with the agreements the delivery is based on and starts at the earliest with the delivery to or acceptance by W. GESSMANN.

To interrupt the expiration of warranty claims, it is enough for the fault to be reported in writing within the warranty period.



When any faults occur, W. GESSMANN is entitled to demand cost-free reworking or delivery of fault-free goods. If the supplier is late in rectifying the fault or with the replacement delivery, W. GESSMANN may rectify the fault itself or arrange for it to be rectified by a third party or make a replacement acquisition and demand reimbursement of the required expenses from the supplier. W. GESSMANN may demand a processing fee for processing of complaint notifications when the supplier is clearly responsible for the fault.

If W. GESSMANN or W. GESSMANN customers are threatened with a production outage because of faulty product deliveries, the supplier must, at its own costs and in agreement with W. GESSMANN, initiate rectification measures (replacement deliveries, sorting, reworking, additional shifts, rush deliveries, etc.).

Further, W. GESSMANN is entitled to return the goods without taking advantage of rectification or replacement delivery, without the supplier deriving any counter-claims from this.

### 7.3 Liability

The legal provisions apply.

The supplier is obligated to maintain product liability insurance with a coverage amount of at least €5 million per incident of personal injury and material damage.

In particular, the insurance protection must also be guaranteed in the mentioned amount for removal and installation costs, as well as testing and sorting costs.

Furthermore, the supplier must ensure that the costs of both vehicle as well as so-called non-vehicle recalls are covered via corresponding liability insurance with at least €5 million coverage each.

Missing insurance protection constitutes for W. GESSMANN a termination right for good cause.

Suitable proof of this is to be presented to W. GESSMANN on request.

The supplier indemnifies W. GESSMANN from the claims of third parties.

## 8 Confidentiality

The contractual partners are mutually obligated to maintain confidentiality about documents and knowledge, insofar as no special confidentiality declaration exists.

This obligation begins at the latest when this agreement enters into force and ends 5 years after the end of this agreement.

Technical documents, drawings, models, templates, models and similar objects made available by W. GESSMANN, may not be handed over without authorisation or otherwise made accessible.

Making copies of such objects is only permitted within the framework of operational requirements and copyright regulations.

Corresponding obligations should be imposed on authorised third parties, e.g. subcontractors.

## 9 Contract duration / -Termination / -Change

The lifetime of this agreement starts with the conclusion of this contract and is unlimited. The contract can be terminated with a notice period of 6 months, at the earliest, however, 12 months after the start of the contract.

A termination of the contract has no influence on the warranty or guarantee services to be performed or on the aforementioned confidentiality obligation.

The right of the partners to termination without notice for good cause remains unaffected.

The contractual parties commit to also impose the obligations of this contract on any legal successors there may be.

## 10 Concluding provisions

### 10.1 Requirement for written form, supplementary provisions.

Changes, supplements and the cancellation of this agreement by mutual consent must be made in written form; this also applies for cancellation of the written form requirement. No oral side agreements were made.

All appendices form part of this contract,

For both contractual parties, the place of fulfilment for all claims arising from this contract is 74211 Leingarten Germany.

The legal venue for both contractual parties is the registered office of W. GESSMANN.

### 10.2 Severability clause

Should a provision of this contract be or become ineffective, the validity of the remaining provisions shall not be affected thereby. In a case of this type the parties are obligated to replace the ineffective or void provision by a provision that accomplishes the business objective pursued by it; the same applies for loopholes.



Leingarten, on

, on

W. Gessmann GmbH

Name

Name

Position

Position

Signature

Signature