Supplier and quality management agreement (SQMA)

Version 02/2019

PREAMBLE:
In order to guarantee future competitiveness, special attention must be paid to the quality of the products and services that are being created, as well as the associated quality costs that emerge. Quality depends not on the size of the company, but on the consistent use of quality assurance methods. The following rules were drawn up in order to guarantee compliance and ensure that quality-related procedures relating to suppliers remain calculable for both sides.

These guidelines form the basis of our business relationships. Consequently, in addition to being PART OF ALL ENQUIRIES/ORDERS/PROCESSING REQUESTS, they are also part of our standard business terms (SBT).

This quality guideline does not supersede agreements that already exist. It complements existing agreements. It also complements our standard business terms.

I. Scope of application
These and the following provisions apply in full to any and all business relationships with one and/or all of the companies listed in the following sections or, as the case may be, their legal successors:

a) GT GUMMI-TECHNIK Wager und Wagner GmbH, Salierstr. 24, 70736 Fellbach, HRB Stuttgart 261098, VAT ID: DE 147330713
b) GTP GUMMI-TECHNIK-PLASTIK GmbH, Robert-Bosch-Str. 5, 71409 Schwaikheim, HRB 260574, VAT ID: DE 147330326

II. Responsibility of the supplier:
The supplier is fully responsible for the qualitative workmanship of his products. In this regard, the supplier needs to set up and use an effective quality management system that is in line with his structure and company size.

III. Early defect detection/Quality pre-planning activities
Targeted preventive measures should be implemented before series production, so that sources of defects will be detected at the preliminary stage. The emergence of defects in the production process must also be detected in a timely manner, so that it will be possible to immediately implement measures designed to rule out the said defects. For this reason, we ask that activities preceding series production be expedited based on their priority.

IV. Producibility assessment
1. Before the order confirmation stage, we expect our technical documents to be examined with regard to a secured manufacturing operation, in a manner that takes the separate production facilities in question into consideration.
2. If necessary, written purchase-related agreements must be concluded in consultation with our construction department or the respective technical departments.

V. Statistical methods/Process control procedures
An inspection plan must be drawn up on the basis of the preliminary examination; this inspection plan must specify the inspection characteristics, the sample size, the testing frequency and the testing equipment. We also ask that process parameters that could negatively affect the creation of the characteristics be monitored and documented accordingly.

VI. Capability tests
1. A consistent level of quality can only be attained through a statistically-capable process that remains stable over the long term. Incapable processes lead to avoidable failure costs. Capability tests must therefore be run before series production is initiated for functionally-important characteristics.
2. All the characteristics of the produced parts must fulfil the requirements associated with the technical regulations in a statistically-secured manner. Characteristics that do not fulfil the requirements at the time of the tests must be dealt with by eliminating the respective systematic influences.

VII. Employee training
It is very important that the relevant employees of the suppliers be satisfactorily trained in quality management techniques and statistical methods. Only then does it become possible to use these methods effectively and implement the correct measures on the basis of functionally well-founded analyses. We therefore request that these employees be trained accordingly.

VIII. Evaluation of the QA system by a representative/Audit
1. If necessary, employees from the QA/purchasing and technology departments can analyse the supplier's quality management system.
2. Towards this end, the supplier shall always provide employees of the GTP group or its representatives with unrestricted access to all production facilities. Attention shall be paid to the appropriate protection of the supplier's business and corporate secrets.

IX. Initial sample submission
1. In the following cases, initial samples and the respective documentation (PPAP level III) must be submitted for approval or approval testing before the first serial delivery:
a) Before the first serial delivery of a new part

b) Before the series launch of new tools
c) Before the series launch of new materials or material changes
d) Before series launch after tool or process modifications
e) After rectification, in accordance with our inspection report
f) After relocation of production facilities (Such a relocation must be announced, and approved by the GTP group.)
2. All initial samples must be produced using the procedures or tools that are eventually going to be used in series production.
3. Serial deliveries may not be initiated before approval has been obtained from the GTP group.

X. Creation of the ISTR by the supplier

1. Before delivering the initial samples, the supplier must satisfy himself that all the stipulated characteristics are in line with our specifications. This must be verified using the appropriate initial sample test reports (ISTR).
2. Parts coming from multi-cavity moulds should be checked for each mould cavity and logged separately.
3. Characteristics that cannot be checked by the supplier must be verified using either a specific test report or acceptance test certificate; alternatively, such characteristics must be verified using test certificates issued by testing institutes.
4. The inspection reports must be enclosed with the initial samples.

XI. Compliance with the sample submission deadlines

1. The agreed-upon submission deadlines are not considered to have been met if the parts still contain unacceptable defects. The GTP group therefore expects the parts to be sampled at the agreed-upon point in time; they should be sampled in accordance with the drawings and the respective agreements. The required documentation associated with the initial sampling documents is part of the initial sampling procedure.
2. In exceptional cases, our purchasing department should be requested to postpone the submission deadline; alternatively, the drawing should be modified in the agreed-upon manner.

XII. Scope of the initial samples

1. 5 initial samples per mould cavity, a total of at least 10 initial samples per tool or production procedure or the agreed-upon material quantity must be submitted for the series production approval test.
2. If this number of units is not enough for an evaluation, our purchasing or QA department will arrange for an appropriate increase. This has no effect on the test samples required by our other technical authorities.

XIII. Required information regarding the initial samples

In order to ensure that initial sample testing can be done in a calculable manner, the sample bases (see IX) and the numbers of tools and mould cavities must be specified accurately in the initial sample test report.

XIV. Labelling of the parts

Parts coming from multi-cavity moulds need to be specially labelled for each mould cavity. This requirement applies to initial samples as well as serial deliveries.

XV. Evaluation and approval of the initial samples

1. We check the initial sample test reports and initial samples with regard to dimension, material and function. Approval for serial deliveries is usually granted if the results fulfil the requirements. Even in case of this particular requirement, an approval for series production can only be granted if the measures that have been specified in collaboration with our representative (QA) have been implemented or, as the case may be, if the said measures have been confirmed by the supplier.
2. If the initial samples are rejected, the supplier must promptly inform our purchasing department about a new completion deadline for corrected initial samples. If certain deviations from the requirements are not detected during the initial sample test, complaints can also be raised regarding the said deviations at a later stage.

XVI. Approval with conditions

1. If approval is granted in conjunction with certain conditions, the supplier must implement the necessary measures with respect to the required period of time/number of units.
2. A re-sampling operation must also be carried out. However, if the relevant changes had been made in a reliable manner before the first serial delivery, the re-sampling operation can be omitted after consulting with our quality management representative. The measure should nevertheless be documented by the supplier.

XVII. Shipping of initial samples

1. As a matter of principle, the initial samples must be sent to our QA department for approval testing; they must be sent using the method that has been agreed upon with our purchasing department.
2. Initial sample parts associated with the approval for series production should be packaged separately and sent in a manner that ensures that they remain separate from other deliveries.
3. The initial sample test report should be enclosed with the initial sample parts.
4. The shipping documents must specify the number of initial samples, the initial sample test report number and the part number.

XVIII. Serial delivery

The parts must be approved by our quality department before the first serial delivery is made. The tasks specified in the initial sample test report must also have been carried out. Furthermore, the measures that were designed to eliminate system weaknesses and which were specified in collaboration with our quality management representative must also have been implemented.

IXX. Process control and routine test
1. The supplier must use the statistical process control procedure to monitor series production.
2. Records must be kept in a manner that ensures that changes can be detected in a timely manner, and that the corresponding process corrections can be made in order to avoid defects.
3. The supplier must perform regular random sampling operations for product characteristics that are not subject to statistical process control mechanisms. A batch can only be accepted if no defective parts were found in the random sample (zero-defects principle).
4. The quality-related history and the quality control measures must be clearly and uniquely identifiable from the records. If parts are manufactured using an incapable process, a 100% test should subsequently be run; this test must be monitored using a suitable random sampling operation (towards 0).
5. This 100% test must be run until the manufacturing process has been optimised and the respective level of capability has been reached.
6. From an economic point of view, we expect an ongoing process improvement procedure whose goal is to keep reducing variance.
7. Our quality department representative must be able to view all the test documents at any time.

XX. Long-term tests
If the drawings and regulations contain statements about the long-term behaviour of a part, the test in question must also be run by the supplier. The supplier can only omit this test if such a course of action has been approved in writing.

XXI. Sample size and testing frequency
The specification of the inspection characteristics that must be checked during series production in conjunction with a reasonable testing frequency depends upon the controllability of the manufacturing process.

XXII. Supplier's measures in case of emergence of defects
1. If it becomes apparent during the monitoring of series production that defective parts are present in the random sample, the manufacturing process must immediately be halted and rectified.
2 The parts produced since the last O.K. test should be checked thoroughly (100%).
3. While the error quantity is being narrowed down, if it becomes apparent that defective parts have already been delivered or could have been delivered, the QA department of the GTP group should be notified immediately. Information regarding the fault clearance measures that have been implemented must also be provided.

XXIII. Defect rectification for batches
The supplier must ensure that the defect rectification operations that have been carried out do not have adverse function-related or safety-related effects on the parts.

XXIV. Drawing changes
Changes made to drawings or specifications are provided to the supplier in writing. Verbal messages are purely informative, and must always be confirmed in writing. The supplier shall acknowledge receipt of this message within a period of five working days; this acknowledgement should also specify the planned utilisation date.

XXV. Use of a new drawing index
1. If parts are produced in accordance with a new index, the parts in question may not be mixed with parts that were produced in accordance with an older index.
2. It must also be ensured that parts associated with the old index are delivered first.
3. If parts that have already been manufactured in accordance with the old index can no longer be delivered, the said parts should be scrapped after consulting GTP group.
4. The use of parts associated with the new index must be mentioned separately in the shipping documents.
5. The receptacles and containers must also be marked in accordance with the respective part designation, part number and index.

XXVI. Information in shipping documents
1. The delivery notes and accompanying documents for delivered goods must specify the part number and the order number. Goods that are delivered without these documents (or without the said information being contained in the documents) are returned with costs; the resultant costs (especially delays in deadlines) are charged to the supplier.

XXVII. Sub-suppliers
1. The supplier is fully responsible for delivered products that are manufactured by sub-suppliers. This means that the supplier must ensure that his sub-suppliers implement consistent quality assurance measures (e.g. process capability studies) and use statistical process control mechanisms. The supplier must also conduct the respective monitoring operations.
2. In case of complaints, the supplier shall be obligated to ensure that his sub-suppliers implement the respective measures; he shall also be obligated to monitor compliance.
3. In case of persistent quality defects, the supplier must enable the GTP group or its representative to visit and (if necessary) audit the sub-supplier's production facilities.

XXVIII. Changes in production processes
Before procedure are changed, the supplier must run tests to examine compliance with the drawing requirements and regulations; he must also carry out an initial sampling procedure.

Head Office
Salierstr. 24
D – 70736 Fellbach
Telephone (0711) 5 20 07 -0
Telefax (0711) 5 20 07 -10

Volksbank Stuttgart:
IBAN: DE36 6009 0100 0100 9000 03 SWIFT: VOBADESS
Kreissparkasse Waiblingen:
IBAN: DE30 6025 0010 0002 0128 52 SWIFT: SOLADESWBN
Commerzbank:
IBAN: DE89 6004 0071 0517 1806 00 SWIFT: COBADEFFXXX

Registered office: Fellbach
HRB Stuttgart 261098
VAT ID: DE 147330713
CEO/President: MBA Philipp Wagner

XXIX. Latent defects

1. If defects caused by the supplier are detected while the parts are being used, the GTP group shall promptly report this to the supplier after the discovery of the said defects; this notification shall be provided within the framework of the proper business routine. §377 of the HGB (commercial code) shall be waived.
2. As soon as the supplier becomes aware of these defects, he must halt his production operation, check the inventory and carry out effective corrective actions.
3. The parts that have already been delivered are returned to the supplier; alternatively, they are checked and sorted out at the supplier's expense after a corresponding agreement has been concluded with him.
4. The supplier must promptly provide either a usable replacement or personnel who will be able to sort out the said parts, so that the production operation will not have to be halted or disrupted.
5. The additional expenses that need to be borne in order to preserve the production operation or delivery obligation shall be charged to the supplier.

XXX. Testing of delivered parts

1. The delivered goods are checked with regard to quantity and identity within the framework of the incoming goods inspection (IGI). In case of discrepancies, an NOK report is created and sent to the supplier. The following points are also checked:
a) Defective packing/loading equipment
b) Unnecessary/Wasteful filling material
c) Missing shipping documents
d) Missing part and order numbers
e) Deviations from quantity tolerances (> ±10%)
f) Non-notification of the shipping agent in case of pick-up requests
2. Within the context of the NOK procedure, the lump-sum costs of an NOK report amounting to €150.00 per report can be charged to the supplier. Under such circumstances, we would also expect a response from the supplier in the form of an 8D report.
3. After the supplier receives the NOK report, he must acknowledge receipt of the same within 24 hours. The supplier must formulate a response in the form of 3-D within a period of two working days. A response in the form of an 8-D shall be expected within a period of five working days.

XXXI. Evaluation of suppliers

1. The supplier shall receive an NOK report for each complaint; the respective measures for fault clearance and the prevention of additional defective deliveries should immediately be implemented on the basis of this report.
2. Every complaint is evaluated and recorded accordingly. The corrective actions that have been taken should be specified in writing (8D report).
3. The overall assessment is carried out at the end of the year and sent to the suppliers for their response.

XXXII. Confirmation of insurance coverage

1. By accepting these supplier management and quality guidelines, the supplier acknowledges that he has taken out an adequate product liability insurance policy for any damage events that may potentially occur.
2. The supplier shall provide the GTP group with written evidence of the existence of this product liability insurance policy. This evidence must, at the very least, specify the insurance policy number, the insurer, the insured sum and any potential excess.

XXXIII. IMDS data

If GUMMI-TECHNIK GmbH raises such a request, the supplier shall provide IMDS data for the materials used.

XXXIV. Implementation of EU directive 2002/95/EC RoHS and REACH

By accepting these supplier management and quality guidelines, the supplier confirms the implementation of EU directive 2002/95/EC RoHS and REACH. All deliveries shall thus comply with these guidelines.

XXXV. Production and ownership of tools, moulds or other operating equipment

1. While operating on behalf of the GTP group, if the supplier manufactures tools, moulds or other pieces of operating equipment that are necessary in order to be able to manufacture the items to be delivered to the GTP group, he shall transfer the full and unrestricted ownership of the manufactured articles in question to the GTP group; this shall be done no later than the first delivery.
2. If the GTP group raises such a request, the tools, moulds or other pieces of operating equipment should be provided free of charge within a period of 4 weeks; the said items must be provided in a defect-free condition.
3. The items in question can only be scrapped if the GTP group has approved of such a course of action in writing.

XXXVI. Contract duration and cancellation

1. The contract enters into force when it is signed.
2. Termination with notice is ruled out and waived.

XXXVII. Place of jurisdiction, applicable law, decisive version

1. The place of jurisdiction is Stuttgart or Waiblingen.
2. The contract is exclusively subject to German law.
3. In case of doubt, the German version of this agreement shall be binding.

Head Office
Salierstr. 24
D – 70736 Fellbach
Telephone (0711) 5 20 07 -0
Telefax (0711) 5 20 07 -10

Volksbank Stuttgart:
IBAN: DE36 6009 0100 0100 9000 03 SWIFT: VOBADESS
Kreissparkasse Waiblingen:
IBAN: DE30 6025 0010 0002 0128 52 SWIFT: SOLADESWBN
Commerzbank:
IBAN: DE89 6004 0071 0517 1806 00 SWIFT: COBADEFFXXX

Registered office: Fellbach
HRB Stuttgart 261098
VAT ID: DE 147330713
CEO/President: MBA Philipp Wagner

XXXVIII. Changes and additions, severability clause

1. There are no side agreements.
2. If individual parts of this contract are or become legally invalid, it shall have no negative effect on the effectiveness of the remaining provisions.
3. The ineffective provision should then be replaced with the effective provision that most closely approximates the original economic objective of the contractual partners. The same thing applies to situations involving an undetected contractual gap or frustration of purpose.
4. Modifications require the written form. The same condition also applies to the written form clause. Verbal side agreements associated with this contract have no validity.

XXXIX: Acceptance

By signing this agreement, the signatory accepts the latest versions of the cited conditions in full. It shall be made available upon request. Furthermore, the signatory also affirms that he is fully aware of the rights and obligations associated with this agreement, and that he has, if necessary, obtained legal advice regarding the same. The agreement enters into force on the date of signing.

Place, date*	Company (block letters)/Seal*
Legally valid signature*	Signatory (block letters)*

GT GUMMI-TECHNIK GmbH

Place, date*	Company (block letters)/Seal*
Legally valid signature*	Signatory (block letters)*

GTP GUMMI-TECHNIK-PLASTIK GmbH

Place, date*	Company (block letters)/Seal*
Legally valid signature*	Signatory (block letters)*

Head Office
Salierstr. 24
D – 70736 Fellbach
Telephone (0711) 5 20 07 -0
Telefax (0711) 5 20 07 -10

Volksbank Stuttgart:
IBAN: DE36 6009 0100 0100 9000 03 SWIFT: VOBADESS
Kreissparkasse Waiblingen:
IBAN: DE30 6025 0010 0002 0128 52 SWIFT: SOLADESWBN
Commerzbank:
IBAN: DE89 6004 0071 0517 1806 00 SWIFT: COBADEFFXXX

Registered office: Fellbach
HRB Stuttgart 261098
VAT ID: DE 147330713
CEO/President: MBA Philipp Wagner