



Supplier Guidelines

voestalpine Rotec Ltd.

Purpose

To obtain a partnership agreement between voestalpine Rotec Ltd. and the supplier to facilitate the supply of parts under controlled conditions, and to allow tube to be shipped to meet the business requirements of voestalpine Rotec Ltd. and its customers.

Scope

The objectives are:-

- 1 To achieve 100% delivery on time
- 2 To achieve zero defects
- 3 To reduce costs on an annual basis
- 4 To continually improve all aspects of our business relationship

Applicability

These conditions form an integral part of any purchase contract made by voestalpine Rotec Ltd. with the supplier and supersede all previous agreements. They are additional to the general terms and conditions of purchase and do not replace any of the clauses written therein.

Definitions

ISO 9001	Quality Systems Standard
ISO 14001	Environmental Standard
IATF 16949	International Automotive Quality Systems Standard
PPAP	Production Part Approval Process
SPC	Statistical Process Control
SNS	Supplier Notification Sheet
8D	8 Disciplines Problem Solving Methodology
IMDS	International Material Data System
APQP	Advanced Product Quality Planning
ISIR	Initial Sample Inspection Report

General Conditions

The supplier commits to controlling the product and process for the life of the programme in such a way as to provide parts / tubes for use without inspection by voestalpine Rotec Ltd. and to delivering on time to scheduled requirements.

Quality

Supplier Quality System Qualifications:-

The supplier will operate to the requirements of the current version of ISO 9001 as a minimum, although an automotive certification, IATF 16949, is preferred. voestalpine Rotec Ltd. must approve any supplier not holding third party approved certification to the current version of ISO 9001. All suppliers must meet the current statutory and regulatory requirements for the products supplied to voestalpine Rotec Ltd., and when specified, the final destination of goods.

If not already compliant the supplier should show intent and timing to be third party compliant with IATF 16949 and ISO 14001.

Subcontractor

The supplier will control the quality of their subcontractors and upon request from voestalpine Rotec Ltd. will supply evidence of conformance.

The supplier will ensure traceability of materials and components from source through the manufacturing process to despatch and delivery into voestalpine Rotec Ltd. The supplier will encourage their subcontractors to obtain IATF 16949 and ISO 14001 certification.

Process Control and Inspection Results

Depending on the critical / significant characteristics of the part / tube being manufactured, the manufacturing process will be approved by voestalpine Rotec Ltd. review of either:-

- a) Supplier self audit
- b) On site review of general facility
- c) Specific process audit

The supplier will implement an approved control plan for prototype and production parts / tubes.

The supplier will keep evidence of inspection results available at voestalpine Rotec Ltd.'s disposal.

SPC will be used on critical / significant characteristics, as defined by the control plan. SPC data will be made available to voestalpine Rotec Ltd. upon request.

PPAP Submittal

PPAP documentation to level 4 will be submitted in all cases unless the supplier has been specifically authorised to do otherwise by the voestalpine Rotec Ltd.'s designated Project Manager or Commercial Director.

PPAP is applicable to:-

- a) All new parts / tubes, prototype or production
- b) All modifications of dimension, specification or manufacturing process
- c) Transfer of production to another location

PPAP initial samples will be supplied free of charge in a quantity agreed between the supplier and voestalpine Rotec Ltd.

An annual 100% layout of the part / tube supplied should be conducted. The results are required to be on file at the supplier's facility at all times. This should cover all dimensions and specifications.

At the same time that the PPAP submission is made, the supplier will report on the material composition and recyclability of each component. This will be in the automotive industry standard format IMDS unless otherwise agreed by voestalpine Rotec Ltd.

A valid test certificate must be delivered with every raw material delivery.

Ship to Stock

All parts / tubes received into voestalpine Rotec Ltd. will be shipped to stock without in-house inspection. It is the responsibility of the supplier to ensure that quality levels of products support this procedure.

Incoming inspection may have to be performed or organised by voestalpine Rotec Ltd. when there is a concern arising from the detection of faulty parts / tubes or incomplete PPAP. In this case the supplier will be re-charged with the cost of inspection (see 'Charges for Non-conformity').

Non-conformity

If a supplier detects a non-conformity of parts / tubes in his own plant, he must:-

- a) Isolate the parts / tubes.
- b) Raise a short-term containment plan.
- c) Raise a long-term corrective action plan.
- d) If there is any risk to supply, inform voestalpine Rotec Ltd.

If a concession is required, this can only be authorised by the Commercial Director of voestalpine Rotec Ltd. Refusal of a concession by voestalpine Rotec Ltd. does not absolve the supplier of his responsibilities to maintain supply of parts / tubes.

All goods shipped under concession must be labelled with the concession number on the normal packaging and all delivery paperwork must include a copy of the concession authorisation.

Change Request

Change requests must be submitted in writing to voestalpine Rotec Ltd. for approval. Engineering and process changes must be approved in writing by voestalpine Rotec Ltd. prior to implementation. This includes but is not limited to:-

- a) Change in process layout.
- b) Change in process sequence.
- c) Change in production tooling – including additional or replacement tooling.
- d) Change in manufacturing location.
- e) Change in sub contractor.
- f) Change in material or construction.

Following initial sample approval, the first delivery of parts / tubes off the changed process must be identified with the change details.

Non-conformity in a Rotec Plant

If a non-conforming part / tube is detected by voestalpine Rotec Ltd. or its customer an SNS will be raised and sent to the supplier. The supplier must, within 24 hours:- *

Confirm if reject goods are to be collected

- a) If sorting is necessary, confirm provision of labour or acceptance of voestalpine Rotec Ltd. labour.
- b) If rework is necessary, confirm provision of labour or acceptance of voestalpine Rotec Ltd. labour.
- c) If replacement parts / tubes are necessary, confirm emergency despatch details.
- d) Produce, in writing, an 8D report to stage 3.
- e) Initiate 100% inspection to prevent further shipping of rejects and advise on "safe" manifest.
- f) Ensure that the next three deliveries are 100% inspected and identified as such.

The supplier must, within five working days:-

- a) Collect any reject parts / tubes.

The supplier must, within ten working days:-

- a) Submit the completed 8-D report
- b) Allow voestalpine Rotec Ltd. site access to investigate the defective process, if required.

The supplier must, until the corrective action has been approved in writing:-

- a) Continue with 100% inspection

* In certain cases, if stock is low, a quicker response may be required. This will be indicated 100% inspected on the SNS and backed by a telephone call.

Charges for Non-conformity

- a) £250 administration will be charged to the supplier for each SNS raised.
- b) Sorting and rework will be charged at £25 per hour.
- c) Where management supervision of sorting or rework is required, £50 per hour will be charged.
- d) On request, voestalpine Rotec Ltd. will provide estimates of sorting in advance.

If there is no response to an SNS within 24 hours, voestalpine Rotec Ltd. will take the necessary steps to secure supply into its customer and will recharge any consequential costs to the supplier.

Any direct costs arising in voestalpine Rotec Ltd. or passed to voestalpine Rotec Ltd. by a customer, as a result of the delivery of or failure to replace defective parts / tubes will be recharged to the supplier.

Any rejected parts / tubes not collected within five working days will be scrapped at the supplier's cost.

Warranty

The supplier will establish the warranty conditions required by voestalpine Rotec Ltd.'s customer on any given order and shall adhere to them either by rectifying or replacing parts / tubes to either voestalpine Rotec Ltd. or the end customer as required by those conditions. The supplier will be liable for the whole cost of any vehicle recall arising from faulty or non conforming parts / tubes supplied to voestalpine Rotec Ltd.

Continuous Improvement

voestalpine Rotec Ltd. will measure and report the supplier performance in quality, logistics, purchase and development. Suppliers not meeting voestalpine Rotec Ltd. requirements in these areas will submit an improvement plan. The improvement plan will be approved and monitored by voestalpine Rotec Ltd. voestalpine Rotec Ltd. will have access to any part of the supplier's process in order to do this. Continuous improvement includes cost; the supplier will work to generate year on year cost reductions, whether or not this is a contractual requirement.

Traceability

All parts / tubes must be traceable by batch back to raw material. All raw materials used by the supplier must be traceable to delivery batches. Batch number must be stated on each bundle delivered, on delivery paperwork and on quality documentation.

Packaging

All quotations from suppliers should include packaging. Unless absolutely impractical, or specifically requested otherwise, all packaging for parts / tubes should be returnable. Packaging must be maintained and repaired whilst on the supplier's premises or on supplier's transport. voestalpine Rotec Ltd. will not accept damaged packaging into its site. voestalpine Rotec Ltd. suppliers should not accept damaged empty packaging in return.

The supplier will be notified of any special packaging requirements at the time of raising the purchase order.

Labelling

As a minimum each label should show:-

- a) Part / tube number, quantity, batch number, date of manufacture and weight.

After any change of engineering revision level the first five deliveries should carry a 'new part / tube' warning on an orange coloured label.

Communication

The supplier will notify the voestalpine Rotec Ltd. Logistics Department of their normal working hours and provide telephone numbers for contact outside of these hours. Please include transport companies telephone numbers and contact names.

Schedule Issue

Schedules for delivery volumes will be issued on a regular basis. Information will be sent by EDI, fax or e-mail. The supplier will support the receipt of schedules by providing whatever hardware/software is necessary.

By agreement a "Kan Ban" system may be used to define daily call-in of parts / tubes. If this is the case the supplier shall receive 48 hours notice of the quantities of each part / tube required on the next delivery.



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Supplier's Commitment to Schedule

The supplier must commit to making deliveries of the scheduled quantities on the appointed day. The supplier will be liable for the direct cost of any additional hours working undertaken by voestalpine Rotec Ltd. as a result of a failure to deliver a part / tube, the cost of any exceptional transport necessary to recover a missed part / tube delivery, and any costs imposed by Rotec's customer in the event of a line stop. In the event of liabilities being incurred by a supplier the amount (estimated if necessary) will be notified in advance and the supplier will be given every opportunity to minimise the expense.

All schedules must be acknowledged within 48 hours. Failure to acknowledge the schedule will assume that suppliers are in full agreement and can meet the requirements.

Rotec's Commitment to Schedule

The first rolling four weeks of schedule given as weekly quantities are considered as firm orders. In the event of cancellation voestalpine Rotec Ltd. is committed to pay for these parts / tubes. A further four weeks of schedule is to cover supply chain activity. In the event of cancellation voestalpine Rotec Ltd. is committed to pay for any raw materials and purchased components left as surplus to requirements. Scheduled quantities beyond these eight weeks are for planning purposes only. voestalpine Rotec Ltd. does not have any liability for any parts / materials cancelled from this part of the schedule.

Transport & Deliveries

If the supplier is supplying delivered parts / tubes a minimum delivery batch size will be agreed. The voestalpine Rotec Ltd. schedule will specify a due date for each delivery. The supplier will deliver the full quantity required on the day requested. Delivery days can be agreed with voestalpine Rotec Ltd. Logistics. For bulk deliveries voestalpine Rotec Ltd. may request that the supplier adhere to a specific time slot.

Confidentiality

The supplier agrees not to disclose any technical, commercial, drawing or specification information divulged by voestalpine Rotec Ltd. in the course of business or enquiry, unless express written consent is given by voestalpine Rotec Ltd.

Liaison Meeting

The supplier will enter into liaison meetings on a regular basis for the purpose of reviewing quality, on time delivery and commercial matters. These meetings will be at the suppliers' premises and at voestalpine Rotec Ltd. premises.

voestalpine Rotec Ltd. may wish to verify product at the supplier's premises to ensure that the requirements of the Purchase Order are satisfied, at any time.

Order Acknowledgement

The supplier will acknowledge all purchase orders and amendments to purchase orders in writing to voestalpine Rotec Ltd.

If a supplier fails to acknowledge any order voestalpine Rotec Ltd. will assume the supplier can fully comply with all requirements.