

**S. C. RULMENTI S.A. BARLAD**  
**QUALITY ASSURANCE AGREEMENT FOR SUPPLIERS**

**1. SCOPE**

The scope of this agreement is to determine minimal requirements mentioned in specifications, purchase orders, contracts, drawings, etc. which shall be met by the suppliers of S.C. RULMENTI S.A. Barlad and to develop systems to lead to continual improvement, to prevent defects and to reduce loss on the entire supply chain.

The requirements of this agreement will be detailed in contracts in purchase orders or in the correspondence with suppliers. This agreement is entirely or partially applied to suppliers depending on types of purchased products.

S.C. RULMENTI S.A. Barlad wishes the suppliers to meet precise requirements to ensure and improve the quality of delivered products.

**2. REFERENCE DOCUMENTS / ABBREVIATIONS**

- ISO/TS 16949`
- ISO 9001
- APQP + CP - Advanced Product Quality Planning and Control Plan
- FMEA - Failure Mode and Effects Analysis
- MSA - Measurement System Analysis
- SPC - Statistical Process Control
- PPAP - Production Part Approval Process

The supplier has the responsibility to make sure the application of requirements in the following AIAG documents available on [www.aiag.org](http://www.aiag.org):

8D – Problem Solving Process / Report; AIAG – Automotive Industry Action Group; CSL 1 – Controlled Shipment Level 1;

CSL 2 - Controlled Shipment Level 2; IMDS - Automotive Industry Material Data System; ppm – parts per million.

**3. GENERAL REQUIREMENTS**

According to “Purchasing Policy” available on the website [www.urb.ro](http://www.urb.ro), suppliers shall be compulsory certified ISO 9001 by an authorised third party body and they have to develop their own Quality Management System according to ISO/TS 16949 for automotive sector and also to certify other management systems (ISO 14001, OHSAS 18001) as well.

Additional requirements shall be determined in orders or contracts or as a result of second party audits.

By request of S.C. RULMENTI S.A. Barlad, suppliers shall agree with offering information / data needed for potential analyses and for risk assessments.

Communication between S.C. RULMENTI S.A. Barlad and suppliers shall be in Romanian language or an international language, preferably English.

Suppliers shall make known to S.C. RULMENTI S.A. Barlad about any certification, re-certification of systems within 15 days from receiving the certificates.

Any suspension of these certificates shall be compulsory made known within latest three days.

The supplier’s management within S.C. RULMENTI S.A. Barlad is ensured through the following elements:

- initial assessment (potential analyse).
- monitoring the performance (quality and delivery)
- second party audits.

All the products supplied to S.C. RULMENTI S.A. Barlad shall be inspected by suppliers according to inspection methodologies / checking plans through which to make sure that the product meets the determined requirements. Suppliers are responsible for the quality of products supplied to S.C. RULMENTI S.A. Barlad according to imposed requirements and shall make sure that the requirements are sent to their sub-suppliers and they are applied.

Our suppliers are expected to reach a target of “zero defective products”, 100% delivery performance (quantity and time) and to promptly react to the occurred problems.

If the target of “zero defective products” is not reached in a short time, S.C. RULMENTI S.A. Barlad together with supplier will determine intermediate targets of ppm for a limited period of time. These targets will be sent to supplier at the beginning of each calendar year. The ppm targets shall be established for each category of product and supplier.

S.C. RULMENTI S.A. Barlad will periodically send (every three months) the results of monitoring the indicator – ppm. When exceeding the established value, supplier is obliged to draw up a corrective action plan in order to bring the value within the appointed targets. The supplier will be also monitoring its value of ppm. The ppm target will be yearly agreed together with the supplier in order to reach “zero defective products”.

Agreeing with ppm limits does not exempt the supplier from its obligations referring to:

- processes and continual improvement;
- treating product complaints and offered guaranties
- claims of S.C RULMENTI S.A. Barlad for damages caused by defective supply

$$\text{ppm} = \frac{\text{total complained quantity}}{\text{total quantity received from S.C.RULMENTI S.A. Barlad}} * 1.000.000$$

In case of no satisfaction about suppliers’ performances, S.C. RULMENTI S.A. Barlad will ask the suppliers for submitting a corrective actions / improvement measures plan. The suppliers will be audited as the case, together with their customers or with regulating authorities.

The supplier is informed about non-conformities detected at the S.C.RULMENTI S.A. Barlad premises through Supply & Logistics Department.

The supplier shall have implemented documented procedures containing detailed the way of treating and analysing non-conformable products (identification, documentation, assessment, separation / storage, repair and re-check), and the way of implementing as well. Corrective and preventive actions are monitored.

The supplier shall make sure that it is able to respond to all argued complaints coming from S.C. RULMENTI S.A. Barlad. If the complained non-conformities have negative impact, problems are recurrent and the supplier is rated as C class, the CS method (controlled shipment) can be used. The supplier shall insulate, repair and perform an additional check for sorting products so that the requirements of S.C. RULMENTI S.A. Barlad to be met.

- In the stage CSL1 (Controlled Shipment Level 1) – the supplier shall check 100% all the internal lots and send documents containing the results of checks along with delivered products in order to reduce the risk of non-conforming products to reach S.C. RULMENTI S.A. Barlad. The supplier shall assume all the CSL1 costs related to and generated by 100% checks or operations performed by S.C. RULMENTI S.A. Barlad for the products at issue.

- If in the stage CSL1 non-conformable products reach S.C. RULMENTI S.A. Barlad premises, the stage CSL2 will compulsorily start.

- In the stage CSL2 (Controlled Shipment Level 2) the supplier shall employ a “third party” on its costs to implement actions and checks in order to remove non-conformities of the products at issue. The “third party” is chosen by supplier and approved by S.C. RULMENTI S.A. Barlad.

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- The products delivered to S.C. RULMENTI S.A. Barlad in the stages CSL1 and CSL 2 shall be identified by labels: "100% checked". In order to keep the requirements of management standards, the supplier shall conduct regular internal system, process and product audits and shall accept second party audits.

#### 4. SPECIFIC QUALITY REQUIREMENTS – APPLYING Q TOOLS AND CORE TOOLS

##### **Problem-solving methods**

S.C. RULMENTI S.A. Barlad asks suppliers for using instruments like 8D, ISHIKAWA, 5 Why, 6M, Brainstorming etc. to analyse non-conformities. The suppliers shall comply with ISO/TS 16949 and AIAG manuals, by S.C. RULMENTI S.A. Barlad request, for the delivered products intended for automotive.

##### **APQP – Advanced product quality planning**

Before issuing a price quotation, the supplier shall make sure that the product can be made and the requirements written in the documentation sent by S.C. RULMENTI S.A. Barlad can be met.

Before starting any project, the supplier and S.C. RULMENTI S.A. Barlad can arrange feasibility meetings to analyse technical specifications of the project, to determine the time within the supplier shall deliver the samples, PPAP files, to establish the targets etc.

The supplier shall develop the APQP + Control Plan stages, according to the latest edition of the AIAG manual, in order to prepare the series production by S.C. RULMENTI S.A. Barlad request.

The supplier shall appoint a project responsible who will monitor the product while homologating and will keep in touch with S.C. RULMENTI S.A. Barlad regarding the project progress.

The control plan will be prepared for pre-series and series production. It will contain the requirements of products re-qualification and re-validation.

The suppliers shall re-qualify / re-validate the series production every year and send the results by S.C. RULMENTI S.A. Barlad request. Any changes regarding the validating criteria shall be sent to S.C. RULMENTI S.A. Barlad for approval.

APQP will enable the supplier to offer the needed documentation of production part approval process (PPAP).

##### **PPAP - production part approval process**

The supplier shall comply with the PPAP manual according to the last AIAG edition for approving new products and processes.

The PPAP level and other requirements regarding samples of products (identification, measurements and tests results, minimum number of samples etc.) and complete support information to be delivered by suppliers for approval, according to S.C. RULMENTI S.A. Barlad request, will be included in contracts or provided in purchase orders. A series delivery can only be started after issuing the approval, signing the PSW by S.C. RULMENTI S.A. Barlad.

The PSW approval does not exempt the supplier from responsibility in case of defective products.

The supplier is also bound to send PPAP and to get written confirmation from S.C. RULMENTI S.A. Barlad prior to:

- changing product or package;
- changing manufacturing methods, equipment, processes and materials;
- changing its suppliers (sub-contractor);
- changing testing, checking methods and equipment;
- relocating or establishing new production locations;
- other changes of the initial PPAP

The delayed or rejected PPAP will be treated as non-conformities. If the supplier does not prepare the PPAP files, he shall provide S.C. RULMENTI S.A. Barlad with all requested data in order to prepare the PPAP.

##### **FMEA - Failure mode and effects analysis**

The suppliers will assess all the defects which can occur in process and also the effects these defects might have, according to FMEA manual, latest AIAG edition. If necessary, actions to prevent defects occurrence will be taken. FMEA is a live document the supplier will continuously adapt.

The first version of FMEA shall be sent to S.C. RULMENTI S.A. Barlad along with the PPAP files.

The changes of FMEA shall be available at the supplier and S.C. RULMENTI S.A. Barlad may have access if this will be needed.

##### **Special characteristics**

Special characteristics shall be indicated in specifications, drawings or specified in a specific list to be sent to S.C. RULMENTI S.A. Barlad.

Supplier shall implement suitable control systems to monitor special characteristics and shall be included in its documents like FMEA, Control Plan, Process Flow, working instructions and other related documents. The supplier shall provide data for key characteristics by request of S.C. RULMENTI S.A. Barlad. The supplier shall make sure that all special characteristics will be explained, identified and monitored within its sub-suppliers processes.

##### **MSA - measurement systems analysis**

The suppliers shall accomplish applicable studies (like Gage R&R) for all checking devices, testing equipment, and measuring instruments used to measure characteristics provided in Control Plan, according to MSA manual, latest AIAG edition.

##### **SPC - Statistical process control**

The suppliers shall accomplish capability studies, monitor process performance by using suitable statistical techniques in compliance with the SPC manual, latest AIAG edition. The suppliers shall meet the following requirements for all special characteristics: Machine capability  $Cm/Cmk > 1.67$  and process capability  $Cp/Cpk > 1.33$ .

A result like  $Cp/Cpk < 1.33$  leads to 100% product inspection while restoring process capability and the supplier shall take suitable corrective actions immediately.

The supplier shall provide by request with results of capabilities according to a schedule established by S.C. RULMENTI S.A. Barlad.

#### 5. REQUEST FOR DEVIATION APPROVAL – SERIES PRODUCTION

If the supplier finds out deviations in the manufacturing process with respect to S.C. RULMENTI S.A. Barlad requirements and believes that the product can be accepted under deviation approval, he shall send a request for deviation approval to S.C. RULMENTI S.A. Barlad in order to be signed.

This request is followed by an 8D Report in which the cause of problem is analysed and corrective actions will be taken in order to prevent non-conformities recurrence.

If S.C. RULMENTI S.A. Barlad agrees with the request for deviation, the products sent by supplier will be clearly identified. The request will be accepted for a limited period of time or for a certain quantity.

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**6. CONTINGENCY PLAN**

The supplier shall implement a contingency plan for unforeseen situations like force majeure, labour shortage or malfunction of equipment. If the supplier knows about production interruptions in advance he shall notify S.C. RULMENTI S.A. Barlad by at least 24 hours, if possible, before discontinuing production.

**7. PACKING**

S.C. RULMENTI S.A. Barlad is oriented to adopt recycling packages as much as possible.

The supplier shall pack products according his own packing specifications / standards or according to S.C. RULMENTI S.A. Barlad requirement so that:

- to provide products and packages protection against damages during handling and transportation to destination.
- to use means of transport which can make sure integrity, preservation protection and quality of delivered products.
- to identify products and packages according to requirements in the purchase order / contract in relation to the delivery documents

All the details regarding requirements of shipment and packing will be determined during APQP activities or feasibility study. All the requirements will be finalised between suppliers and S.C. RULMENTI S.A. Barlad prior to submitting the PPAP.

**8. IDENTIFICATION AND TRACEABILITY**

The supplier will accomplish the identification according to applicable specifications and instructions according to purchase order. The supplier shall make sure that all the products are identified during production and shipment within supply chain between supplier and S.C. RULMENTI S.A. Barlad. In case of complaints, identification enables traceability of products and records as a result of checks. Records shall be documented and stored properly.

The supplier shall use the FIFO system (first in–first out) as well as a traceability system by request of S.C. RULMENTI S.A. Barlad.

Any unidentified lot of products found by S.C. RULMENTI S.A. Barlad leads to issuing an 8D-Report and depending on severity of the situation, the products can be returned to supplier.

**9. COMPLIANCE WITH VALID REGULATIONS**

The suppliers shall comply with applicable legal and regulating requirements and provide with security sheet of delivered chemicals.

Suppliers for automotive who are registered in the database [www.mdssystem.com](http://www.mdssystem.com) shall send the IMDS number for each product at issue to S.C. RULMENTI S.A. Barlad.

When applicable or needed, the suppliers shall know and meet obligations according to guidelines REACH and ROHS and they have to notify S.C. RULMENTI S.A. Barlad whether any of their products contain substances specified on lists of guidelines REACH and ROHS or whether there is the risk of being not able to deliver the products because the substances contained are not registered according to guidelines.

The suppliers shall promote usage of materials, products, processes and energy sources having as target the reduction of wastes production and emissions of materials and substances into environment.

**Materials coming from conflict areas**

S.C. RULMENTI S.A. Barlad asks their suppliers for sending data about materials known as “Conflict Minerals” by filling up “Conflict Minerals Reporting Template – CMRT”. Additional information are available on AIAG site ([www.aiag.org](http://www.aiag.org)).

S.C. RULMENTI S.A. Barlad may request suppliers for clearly indicating the origin of goods (namely manufacturing country).

**10. TOOLS AND EQUIPMENT - S.C. RULMENTI S.A. Barlad OWNERSHIP**

Supplier’s responsibilities related to these aspects are:

- to use them exclusively to make products intended for S.C. RULMENTI S.A. Barlad;
- to accomplish settings, current maintenance according to available documentation;
- to monitor and to identify with a label containing the text “S.C. RULMENTI S.A. Barlad ownership”
- to store them in a safe area, properly protected against fires and bad environmental factors

Once the products manufacture is finished, all the tools and equipment shall be immediately returned to S.C. RULMENTI S.A. Barlad, if not anything else provided. The supplier will be responsible for not meeting the obligation of returning. The equipment must be returned in the same condition in which it was received by the supplier, except for normal wear.

**11. KEEPING RECORDS**

The suppliers shall keep / archive and preserve quality records in electronic or paper format. These shall be readable and available for any guaranty or post-guaranty complaint.

If there are not any other additional requirements, the archiving time is at least 15 years from their creation for automotive sector and 5 years for non-automotive.

Documents to be kept: PPAP files, records of yearly process validation, results of checks and tests accomplished, records of traceability, records of corrective actions, quality performances, initial samples.

**12. DELIVERY CONDITIONS**

Delivery conditions specified in purchase order or delivery schedule are considered as being accepted by supplier if no objection is sent within 5 working days from receiving the document or notification.

The supplier shall promptly notify any difficulties regarding the meeting of specified requirements.

The supplier shall deliver what is explicitly requested in the purchase order or delivery schedule, by meeting quality, identification, packing, quantity requests and by meeting the delivery date.

**13. ADDITIONAL REQUESTS**

The supplier shall promote and implement continual improvement methods to make sure a sustained approach, to reach high performance in a competitive way.

These methods shall be used in the entire supplier’s organisation for continual improvement of deliveries, services and products costs, for its customer’s benefit and their associates.

The suppliers in automotive area shall meet the AIAG requests regarding processes assessment by yearly “CQI assessments” which are applicable also in the supply chain. Process assessments shall be performed according to CQI 9 for special processes like heat treatments.