



Quality Manual For Suppliers to Salzgitter Mannesmann Précision Etirage



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1. SCOPE AND PURPOSE

The satisfaction of our customers and our internal continuous improvement approach mean that the products or services purchased must meet the Quality and Lead Time criteria specified in our purchase orders or contracts.

The purpose of this Manual is to provide the suppliers of SMPE (Salzgitter Mannesmann Précision Etirage) with all the principles ensuring product and service Quality which forms the basis of our work together.

The aim is for our suppliers to understand and implement the methods of work presented in this Manual.

This Manual is applicable to all suppliers and subcontractors having a direct impact on the products sold to our end customer, and all suppliers whose products or services are considered strategic for the manufacture of the end product.

The families of Purchases concerned are as follows:

- Raw Materials
- Components
- Subcontracted manufacturing operations
- Chemicals, oils and greases for manufacturing, protective oils
- Industrial gases
- Packaging and conditioning products
- Haulage

Sites of SMPE, subsidiary of SMP (Salzgitter Mannesmann Precision):

- Issy les Moulineaux (Hauts de Seine)
- La Charité sur Loire (Nièvre)
- Rachecourt (Haute Marne)
- Saint Florentin (Yonne)
- Tonnerre (Yonne)
- Vitry le François (Marne)

2. PURCHASING QUALITY POLICY

The Purchasing Quality Policy of SMPE is based on the principle of implementing a robust process with its suppliers that enables zero defects to be achieved.

The results of SMPE largely depend on the quality and competitiveness of the products we purchase.

SMPE Purchasing has a mission to seek the most competitive suppliers in terms of product quality, lead times and costs.

In addition to the compliance of the products purchased, they must also seek long-lasting suppliers capable of keeping a technological watch on products according to the changing requirements of our customers and of statutory requirements.

SMPE Purchasing have put in place an organization for constructing a panel of suppliers and commit them to a Quality assurance and continuous improvement approach.

The suppliers selected are those who are committed to the working methods described in this Manual.

L. Castets: SMPE Purchasing Manager

P. Beloeil: SMPE Quality Director

3. ORGANIZATION OF PURCHASING

SMPE Purchasing is organized into several levels of responsibility and areas of action:

Central Purchasing:

- Purchasing Manager
- Product family buyers, Mainstream Purchasing Managers
- Supplier Quality Manager.

Local Purchasing:

- The local buyers present at the production sites are in charge of the purchases delegated to them by the product family buyers, and of punctual purchases.
- The store managers are in charge of the purchases delegated to them as part of pre-defined purchasing contracts.

Procurements:

- The procurement officers of the production sites (general supply chain) set up procurement programs as part of pre-defined contracts.

Quality Departments:

- For Raw Materials and subcontracted manufacturing operations, the Quality Manager of the site concerned handles any problems observed and corrective actions requested directly with the Supplier's Quality Manager, and notifies the Purchasing Department accordingly. S/he shall demand a response using the 8D method.

4. RULES FOR DEFINING THE PRODUCTS PURCHASED

- Purchasing will be systematically informed of all communications between the suppliers and the site.
- Supplier relations will be controlled by the buyer.
- As the supplier has greater competence in his trade than we do, it must direct the buyer and engineer towards state-of-the-art solutions, in consideration of technical and environmental changes.
- All Purchases shall be formalized by a purchase order and/or contract.
- All supplies or services provided without prior issue of a purchase order present a risk of not being paid.
- The products shall be defined according to the case, in:
 - the contract or purchase order
 - specification
 - drawing
 - supplier's catalogue and technical specification
- The supplies shall be defined in the specifications and contracts. In the event of any discrepancy between the contract specifications or specification and this Manual, the order of precedence of the documents is as follows:
 - purchase order
 - contract
 - product specification
 - specification for a family of products
 - SMPE Supplier Quality Manual
- The Supplier shall be responsible for procuring and updating the standards and statutory documents described in our documents. The latest version of standards shall prevail.
- The general terms and conditions of Purchase are attached herewith (appendix 3).
- In certain particular cases, the purchaser may ask the supplier to sign a non-disclosure agreement as attached herewith (appendix 4).

5. APPROVAL OF A NEW SUPPLIER

A supplier will enter the panel of SMPE approved suppliers if it meets the following conditions:

- The supplier is ISO 9001 certified by an accredited third party certifying organization. The supplier whose product enters directly into the composition of a car must be in compliance with specification ISO/TS 16949.
- For its initial proposals, the supplier shall address the preliminary evaluation questionnaire attached in appendix 1, duly completed, to the product family buyer.
- Once a year, it communicates all financial changes and changes with regard to production and human resources to the Supplier Quality Manager using the follow-up questionnaire attached in appendix 2.
- MPE and its customer shall reserve the right to conduct process audits for the manufacturing intended to meet the order requirements.

6. APPROVAL OF A NEW PRODUCT

The first time an order for a new product is placed:

The supplier addresses our Quality department:

- Initial Samples, manufactured on the series production equipment, for acceptance, with full report, taken from 5 tubes or identified parts, or on a batch of heavy products.
- The capability measurements on 30 tubes or parts, regarding special dimensional and geometrical characteristics, or process capability for heavy products.
- The Quality file for acceptance, containing at least:
 - The synthesis of the process FMECA
 - The control plan
 - The process audit performed by the supplier
 - The product audit document.

Maintaining qualification:

- For each product manufactured, the supplier performs a product audit once a year and at the request of the Quality department, transmits the results of the product audits performed by it. It must perform this audit at the appropriate production and delivery stages to check compliance with all specified requirements, such as dimensions, functionality, product packaging and labelling.
- For subcontractors of manufacturing operations who deliver the products directly to the customer, the supplier shall perform the inspections, archive their results and be able to supply them to the SMPE site Quality Manager at 24 hour's notice.

Product/process changes:

- The supplier shall control its manufacturing process such that the characteristics required by the specification are guaranteed.
- Any major change to the process by the supplier or by its own suppliers, including a change in production site, must be the subject of an initial sample acceptance procedure identical to that implemented for all new products.
- All exceptional reworking routes shall be the subject of the prior agreement of the Quality Manager of the SMPE factory concerned.
- Any product changes shall require re-presentation of new initial samples.

7. ENVIRONMENTAL REQUIREMENTS

Safety Data Sheet:

For all chemicals, oils or greases, the supplier shall communicate the product SDS (Safety Data Sheet) to SMPE. The same shall apply each time the SDS under consideration is updated.

Legislation regarding heavy metals:

The products delivered, including conservation products, production process residues and their packaging, shall be compliant with article 4.2.a of European directive 2000/53/CE. The supplier shall document this compliance with a certificate of compliance for each new product delivered.

Product life cycle analysis:

For each new product delivered, the supplier shall communicate to SMPE the environmental impact analysis including at least the references, composition of the materials supplied and risks connected with their use at SMPE, at the end customer's and for final recycling.

Return of waste:

Waste such as packaging generated by the products delivered shall, as much as possible, be taken back by the supplier for re-use, recycling or disposal in an approved facility. The products delivered, including conservation products, production process residue and packaging, shall be in compliance with current legislation regarding the protection of the environment.

Compliance with regulations:

The supplier shall observe statutory requirements with regard to the environment.

SME (Environmental Management System) commitment:

The supplier shall undertake actions to limit its impact on the environment. These actions may be controlled and monitored by means of an environmental management system based on standard ISO 14001. We require that suppliers consider certification to this standard to be one of their objectives.

8. HANDLING OF NON-CONFORMITIES

The purpose of this approach is to formally identify problems to incite the supplier to put in place action plans to solve these problems and avoid recurrence of incidents.

Definition of a supplier claim:

A non-conformity shall be treated as a claim in all the following cases:

- Administrative error discovered on the arrival of the products
- Failure to meet a lead time with an impact on production
- Defect discovered on delivery, on utilization or at the end customer's
- Any deviation from the order or contract

The claim shall be sent as soon as possible to the supplier's sales representative or individual designated beforehand by the supplier.

According to the case, it will be sent by the buyer, the Quality Manager or Supplier Quality Manager, after having stipulated on the document the actions required of the supplier.

Supplier's obligations:

- Respond within 48 hours, stating the immediate actions taken.
- Notify the person in charge of monitoring the claim of subsequent compliant deliveries and identify them in a special manner to show that the claim has been taken into account.
- Analyse the causes of the non-compliance.
- Distribute the plan of corrective actions at the date requested (generally within two weeks)

This plan should correspond to the causes determined and should state the lead times and persons responsible for the actions (8D method)

- Return the completed document to the person in charge of following the claim, after implementing the actions and verifying their efficiency.

Financial impact

- All claims issued shall be the subject of a standard fee, the amount of which is stated on our purchase orders. This fee is for the administrative costs connected with a claim.
- The financial impact is then calculated by the issuer of the claim: reworking costs, emergency replacement order, sorting and return costs, exceptional transport costs, production downtime, etc.

These costs shall be defined as quickly as possible and in all events after the products have been reworked.

9. SUPPLIER EVALUATION

Based on the specification inputs, this involves assessing the supplier's ability to meet the needs of SMPE.

This assessment is conducted in 2 phases:

Phase 1: New suppliers shall be judged on their ability and fitness to meet the requirements of the company and of the product purchased.

This assessment is based on:

- The documentary analysis of the completed questionnaire (appendix 1).
- Inspections at the supplier's site.
- The supplier's attitude at RFP meetings.

Phase 2: The supplier selected shall be assessed to check that it has maintained the ability and fitness to supply the product ordered.

This assessment is based on:

- The documentary analysis of the completed follow-up questionnaire (appendix 2).
- Evaluation of the products and services supplied during the year.

This assessment is based on 3 criteria:

- Lead time:

Each month, observance of lead times will be measured.

- Quality:

Each month the number of claims issued will be measured.

- Proactivity:

Each month the time to respond to claims will be checked against the requested response time.

All of these criteria will give a mark out of 100 which will enable us to judge the absolute performance of the supplier, compare it to other suppliers, and check the effectiveness of the continuous improvement approach requested.

At the beginning of each year, the Supplier Quality Manager will send an evaluation report to the supplier, stating the target set for the following year.