

# Supplier Quality Manual

between:

**SaarGummi technologies International GmbH**

Eisenbahnstrasse 24

D-66687 Wadern

and the subsidiaries of

CQLT SaarGummi Technologies

(hereinafter referred to as the SG Group)

and the

**Supplier**

Street

**Post code /city**

(hereinafter referred to as the Supplier)

If you have any questions please contact: [walter.kirsch@saargummi.com](mailto:walter.kirsch@saargummi.com)

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|-----------------------------------|-------------------------------|---|---|
| Name                              | Strategic Material Management | Walter Kirsch                                       | Guido Schütz  |
| Date                              | 24.01.2011                    | 18.04.2018  | 08.05.2018  |
| Department                        | SMM                           | Head of Supplier Management<br>CQLT SaarGummi Group | Global Director, Strategic<br>Material Management<br>CQLT SaarGummi Group |



## 1. Purpose and Scope

This document describes and defines the requirements of the SG Group for the Supplier's quality management system and quality assurance.

The Supplier is under obligation to deliver all products and services in this quality without exception.

The SG Group expects close cooperation on the part of the Supplier with regard to the prevention of non-conformities and quality planning in all phases of the process, and that the prescribed procedures and agreed guidelines are observed on a permanent basis.

Qualified SG Group staff are prepared to cooperate with suppliers on the basis of reciprocal agreements in accordance with the quality assurance requirements for the purchased product, and they are on hand to clarify all requirements and to provide the necessary templates and documentation.

The articles of this document apply to suppliers of the SG Group that are registered in the list of approved suppliers.

If the SG Group has special requirements (i.e. requirements included in the handbook), requirements for suppliers will be disclosed in the form of "Specific Quality Requirements" (annex to the Quality Agreement) and these will also be published on the website of the SG Group ([www.saargummi.com](http://www.saargummi.com)). The Supplier will be informed of all changes to the quality assurance requirements.

## 2. Terms and Abbreviations

EMS - Environmental Management System

QMS - Quality Management System

MBOZP - Management System for Occupational Safety and Health Protection

SG Group - SaarGummi XXX.com

## 3. Quality and Environmental Management System Requirements

The suppliers which are registered in the SG Group's "List of Approved Suppliers" must fulfil the following requirements.

- Suppliers of materials or components must dispose at the very least of a certified quality management system (QMS) under ISO 9001:2015, with the aim of working according IATF 16949 2016 requirements. The Supplier should also aim to implement a certified environmental management system in line with ISO 140001:2015. The current version must be documented by means of a valid certificate. This requirement is also a customer aim and it is listed in the "Specific Quality Requirements" form (annex to the Quality Agreement).
- Certification under ISO 9001:2015 in its current version is accepted for suppliers of consumables, logistic, and services.
- The Supplier is under obligation to disclose any change in status within 3 months of the expiry of a valid certificate.

#### **4. Points of Contact**

Points of contact will be nominated by the Supplier and the SG Group. They are responsible for entire projects in terms of quality, production, logistics, distribution and purchasing for both parties. The Supplier must also provide a product safety guarantee. The initials of the person should be disclosed to the SG Group.

#### **5. Delivered Product Documentation**

Regular sampling (re-qualification) according to the procedures VDA 2 Version 2012 or PPAP Version 4 must be carried out once a year, as per the OEM's request. The documentation requirements must be defined between the supplier and the SG Group.

The product must correspond to the technical requirements set out in any drawings, technical data sheets of the SG Group or any other (reciprocally) approved specification.

The standard documentation and special requirements are specified in the attached documents: See "Specific Quality Requirements".

The Supplier must provide the required documentation, as specified there, within the time-frame.

#### **6. Process Changes on the Supplier Side**

The Supplier is under obligation to inform the relevant SG Group representative of any significant changes in the production process or in relation to new or used raw materials. Before launching the process and series supply, the new process must be approved, e.g., by means of:

- renewed sampling incl. approved initial sample test report under the PPAP or VDA or in line with released data sheets.
- reviewing the respective documentation
- more intensive final checks before dispatch at the Supplier's plant for a limited period of time to be defined
- other agreed procedures (production release at the Supplier's end)

Following a change in service, all deliveries must be identified accordingly in consultation with the SG Group points of contact.

#### **7. Zero-Error Strategy / Supplier Quality Assurance**

The Supplier is under obligation to put in place a monitoring system as part of the production process as well as preventative measures extending from the inspection of the raw materials used (goods receipt) right through to the dispatch of the products. The aim of these preventative measures and checks is a zero-error strategy, i.e. delivery without any non-conformities. A full product audit (product families) is also included in the inspection and this should be carried out at least once a year. Additional measures (if necessary) are specified in an annex to this agreement. In this case separate agreements between the two partners are necessary.

In the event of partial deliveries with specific characteristics or safety components, it is necessary to take into account the current end customer requirements for tests, inspections and their self-evaluation. These requirements should be agreed on separately.

## **8. Supplier Evaluation**

The Supplier is continually evaluated by the companies of the SG Group. The results of the evaluation including the implications of this evaluation are disclosed to the Supplier twice a year. The following criteria are assessed in the process:

- reliability of the Supplier (adhering to delivery times/quantities)
- business cooperation (price level, flexibility, response time...)
- quality management system (certification level)
- quality of deliveries (ppm)

## **9. Review of Suppliers**

The SG Group reviews the Supplier's QMS by means of on-site supplier audits. The frequency of the reviews depends on the delivery volume, the Supplier evaluation and the status of the quality index. The suppliers are reviewed on the basis of an audit plan which is set out by supplier management. The Supplier is informed of any planned audit at least 21 working days in advance (as to the procedure and by mutual consent). The Supplier's compliance with requirements should be established in the course of the audit. Suppliers of production materials and / or components must be certified in line with our requirements in order to be classed as an "A" supplier.

The SG Group reserves the right to perform a product audit in line with our requirements or with separately agreed end customer requirements.

## **10. Complaints Handling**

All deviations from technical or other specifications of the product and the approved reference samples will be regarded as non-conformities. The Supplier will be informed of this immediately. A claim or complaint means any non-conformity resulting in compensation having to be afforded on the part of the Supplier. Compensation can be afforded in the following ways:

- product replacement
- rejection
- reworking
- financial compensation (subject to negotiation by both parties as listed in Section 12 of this agreement).
- replacement delivery

The Supplier is under obligation to send information on immediate measures to the SG Group in the form of 8D reports (up to item 3 minimum) or to document such information by means of separate actions - as arranged in the complaint report - within 48 hours of receiving the complaint. Further solution methods depend on the respective situation; the corrective measures must be defined and the Supplier's non-performance remedied as quickly and as effectively as possible.

## **11. Review of the Product Purchased**

The review framework for the purchased product may, depending on the specific nature and the extent of the incoming goods inspection, take the form of:

- a) reviews at random or not at all (using certification report and certificates of Supplier only.)
- b) reviews of a set number with or without the use of statistical methods along with the certification report and certificates of the Supplier.

- c) reviews of a set number upon incoming goods check with certification report and certificates of the Supplier and ensuing 100% check during the production process (e.g. during the assembly etc.)

The basic scope of the review corresponds to item a). Any potentially necessary increased scope of review is set out in attachment to the agreement.

## **12. Supplier's Responsibility**

The Supplier is under obligation to assume responsibility for quality in accordance with the SG Group's quality requirements and to provide these to its sub-suppliers too. It must ensure that the sub-suppliers are familiar with and abide by the relevant requirements.

The Supplier shall be informed of the documented costs which arise in connection with the delivery of non-compliant materials or components. The responsibility for these costs and their reimbursement is negotiated and agreed on by both parties.

## **Additional Quality Agreements for Parts Delivered**

(please add here)

Date: \_\_\_\_\_

\_\_\_\_\_  
Walter Kirsch  
Stamp  
Head of Supplier Relationship Management  
CQLT SaarGummi Group

\_\_\_\_\_  
Supplier Signature and Company

## List of Annexes

These end customer requirements are intended only for your information.

| Number | ID          | Description   |
|--------|-------------|---|
| 1      | PP1_02 D1-0 | Specification of Quality Requirements - VW            |
| 2      | PP1_02 D2-0 | Specification of Quality Requirements - Ford, GM, JLR |
| 3      | PP1_02 D3-0 | Specification of Quality Requirements - Mercedes, BMW |

All specifications attached are additional requirements which must be agreed separately in line with end customer requirements.

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## Specification of quality requirements

(Annex to Supplier Quality Agreement)

|  |  |  |
|--|--|--|
| Customer:  | Supplier group   |  |
| <b>SaarGummi Group</b>   | Supplier of materials or components for VW Group   |  |
| <b>General requirements</b>  |  |  |
| Specified parameter  | Requirement of SG Group  | Method of recording  |
| QMS  | Minimum ISO 9001<br>Target IAT 16949   | Valid certificate  |
| EMS  | (Target) ISO 14001   | Valid certificate  |
| <b>ppm<sub>6</sub></b><br>(number of non-conform parts per 1 million delivered during last 6 months) | <b>Semi-annual evaluation</b>  | Evaluation of suppliers SG Group   |
| <b>cp, cpk</b>   | <b>&gt;1.33</b>  | Records of supplier  |
| <b>cm, cmk</b>   | <b>&gt;1.67</b>  | Records of supplier  |
| <b>Sampling</b>  | VDA 2<br>Submission level is to agree<br>Till SOP NOTE 1   | Documentation by methodics (EMPB)<br>Reference samples (OK pieces) properly approved on behalf of SG Group (quality dept.) |
| <b>Special requirements for documentation</b>  | D/TLD self-audit according to Formel Q qualification – once per 12 month   | Records of supplier  |
|  | Product audit and re-qualification D/TLD parts once per 12 month   | Records of supplier  |
|  | Product audit and re-qualification of other parts once during 5 years for parts delivered for final customer Audi once per 3 year. | Records of supplier  |
|  | Internal process audit according to Formel Q qualification – once per 12 months  | Records of supplier  |
| <b>Changes in processes at the supplier's site</b><br>see § 6 of the Quality Manual                  | Verification according to Formel Q – New parts - integral  | Protocol from audit  |
| <b>Complaint procedure</b><br>see § 10 of the Quality Manual   | immediate 100% (if possible)<br>stock sorting + marking of OK parts  | 8D Report or other equivalent document   |
| <b>Verification of purchased product</b>   | <i>letter</i>  | <i>scope</i>   |
|  |  | Internal records of SG Group   |



|   |  |   |
|---|--|---|
| <b>or purchased product</b><br>see § 11 of Quality Manual | b  | see ISO 2859-1,<br>general Control level II,<br>AQL 0.015 |
| <b>Other requirements</b>                                 | All other applicable quality documents as requested by the end customer. |   |
| <b>Technical specification</b>                            |  |   |
| Drawing or technical sheet                                | Drawing or technical sheet   | Records of supplier<br>Protocol on quality                |

## Specification of Quality Requirements

(Annex to Supplier Quality Agreement)

|                        |   |
|------------------------|---|
| Customer:              | Group of suppliers                                    |
| <b>SaarGummi Group</b> | Supplier of materials or components for Ford, GM, JLR |

| <b>General requirements</b>  |   |   |
|--|---|---|
| Specified parameter  | Requirement of SG Group   | Method of recording   |
| QMS  | IATF 16949  | Valid certificate   |
| EMS  | ISO 14001   | Valid certificate   |
| <b>ppm<sub>6</sub></b><br>(number of non-conform parts per 1 million delivered during last 6 months) | <b>Semi-annual evaluation</b>                                   | Evaluation of supplier SG Group   |
| <b>cp, cpk</b>   | <b>&gt;1.33</b>   | Records of supplier   |
| <b>cm, cmk</b>   | <b>&gt;1.67</b>   | Records of supplier   |
| <b>Sampling</b>  | APQP / PPAP<br>Submission level: 4<br>Signed PSW, full release  | Documentation by methodics (PSW)<br>Reference samples (OK pieces) properly approved on behalf of SG Group (quality dept.) |
| <b>Special requirements to documentation</b>   | CC re-qualification – once per 12 months                        | Records of supplier   |
|  | Other parts re-qualification - once per 12 months               | Records of supplier   |
|  | Process audit - once per 12 months                              | Records of supplier   |
|  | Product audit - once per 12 months                              | Records of supplier   |
| <b>Changes in processes at supplier's site</b>   | PPAP – submission level agreed with quality department SG Group | Protocol from audit   |

|  |  |  |  |
|--|--|--|--|
| see § 6 of the Quality Manual  | Run & Rate   |  |  |
| <b>Complaint procedure</b><br>see § 10 of the Quality Manual               | immediate 100% (if possible)<br>stock sorting + marking<br>of OK parts         |  | 8D Report or other<br>equivalent document  |
| <b>Verification<br/>of purchased product</b><br>see § 11 of Quality Manual | <i>letter</i>  | <i>scope</i>   | Internal records of SG Group               |
|  | b  | See ISO<br>2859-1, general<br>Control level II,<br>AQL 0.015 |  |
| <b>Other requirements</b>  | All other applicable quality<br>documents as requested by the end<br>customer. |  |  |
| <b>Technical specification</b>   |  |  |  |
| Drawing or technical sheet   | Drawing or technical sheet   |  | Records of supplier<br>Protocol on quality |

## Specification of Quality Requirements

(Annex to Supplier Quality Agreement)

|                         |  |
|-------------------------|--|
| Customer:               | Group of suppliers                                       |
| <b>Saar Gummi Group</b> | Supplier of materials or components for<br>Mercedes, BMW |

| <b>General requirements</b>  |  |  |
|--|--|--|
| Specified parameter  | Requirement of SG Group                                  | Method of recording  |
| QMS  | IATF 16949   | Valid certificate  |
| EMS  | ISO 14001  | Valid certificate  |
| <b>ppm<sub>6</sub></b><br>(number of non-conform parts<br>per 1 million delivered during<br>last 6 months) | <b>Semi-annual evaluation</b>                            | Evaluation of supplier<br>SG Group   |
| <b>cp, cpk</b>   | <b>&gt;1.33</b>  | Records of supplier  |
| <b>cm, cmk</b>   | <b>&gt;1.67</b>  | Records of supplier  |
| <b>Sampling</b>  | VDA 2<br>Submission level is to agree<br>Till SOP NOTE 1 | Documentation by<br>methodics (EMPB)<br>Reference samples (OK<br>pieces) properly approved<br>on behalf of SG Group (quality<br>dept.) |
| <b>Special requirements<br/>to documentation</b>   | "Safety parts" re-qualification – once per<br>12 months  | Records of supplier  |
|  | Other parts re-qualification - once per 12<br>months     | Records of supplier  |

|   |  |  |
|---|--|--|
|   | Process audit - once per 12 months                                       | Records of supplier  |
|   | Product audit - once per 12 months                                       | Records of supplier  |
| <b>Changes in processes at supplier's site</b><br>see § 6 of the Quality Manual | EMPB – submission level agreed with quality department SG Group          | Documentation by Methodology                                 |
|   | Two days production  | Protocol from audit  |
| <b>Complaint procedure</b><br>see § 10 of the Quality Manual                    | immediate 100% (if possible)<br>stock sorting + marking<br>of OK parts   | 8D Report or other<br>equivalent document                    |
| <b>Verification of purchased product</b><br>see § 11 of Quality Manual          | <i>letter</i>  | <i>scope</i>   |
|   | b  | see ISO 2859-1,<br>general<br>Control level II,<br>AQL 0.015 |
| <b>Other requirements</b>   | All other applicable quality documents as requested by the end customer. |  |
| <b>Technical specification</b>  |  |  |
| Drawing or technical sheet  | Drawing or technical sheet   | Records of supplier<br>Protocol on quality                   |