

MANUAL



Rába Automotive Component Manufacturing Ltd

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SUPPLIER'S QUALITY MANUAL

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1. Requirements towards the supplier's quality system

The Rába Automotive Components Manufacturing Ltd (hereafter RJA Ltd.) operate an integrated control system in accordance with ISO 9001:2000, ISO/TS 16949:2002 and ISO 14001: 2005 standards in order to be able to satisfy customer expectations.

The RJA Ltd expects its suppliers to operate a quality management system which ensure the quality of the product and its manufacturing process and comply with customer requirements. Minimum requirement is to obtain a certification that conforms to the ISO 9001: 2000 and to the ISO 14001: 2005 standard. Suppliers who delivers parts into ISO/TS 16949 circle are expected to have a quality system in place that is in accordance to MSZ ISO /TS 16949 specification.

If the supplier subcontracts to fulfil the contract must ensure that the requirements of the manual are also met by its subcontractor.

If the supplier does not hold an independent certification must determine the responsibility and authority of people who manage, perform and sign off on activities that influence quality. Beside this must determine the organizational that manages the quality system. *Minimum requirement is to obtain a certification that conforms to the ISO 9001: 2000.* The RJA Ltd checks the requirements with self-survey and/or during audit:

- appropriate equipments,
- the trained staff to perform verification,
- procedures and regulations in relation with the quality system,
- the control (inspection) requirements are defined,
- the production documentations are accessible in every phase of the production process
- there is a designated individual from management who has a clearly set scope of responsibility and authority to assure that the requirements of quality system and customer are fulfilled and its operation maintained,
- its management reviewed and its quality system at regular intervals in order to ascertain and ensure the effectiveness of the various element of the system.

2. General requirements towards the supplier

RJA has to send the 9-11 points of MR23003-1-2 document, or accessibility on RJA homepage (www.raba.hu) simultaneously the request for quotation.

2.1. Supplier choosing process

2.1.1. Specification meeting

There is a specification meeting before starting a new project, localization where the parties are able to clear the technical, quality and environmental requirements and the questions concerning to this manual.

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2.2. Supplier's evaluation and approval

2.2.1. Request for first sample and classification

2.2.1.1. Define the requirements of sampling, request for first sample documentation (PPAP)

Where the product is produced in relation with the quality requirements of automotive industry, must carry out a first sample acceptance process on the basis of PPAP reference handbook. Have to submit a PPAP document with sample on a level, which is defined by RJA Ltd. has the right to define the submission requirements uniquely.

If RJA Ltd does not define other requirements, the supplier must submit 5 pieces first samples (or 5 pairs). The submitted samples have to mark with serial number. It is a must to produce the first samples using the tools and conditions of mass production (machine, tool, equipment, technology). These samples must be validated for every size and for other requirements.

Only the samples can be submitted that heavy metal content meet the requirements of the 53/2000 directive (End-of-Life-Vehicles) of the European Union (lead, mercury, cadmium, chromium VI). Suppliers must take responsibility for the inbuilt materials and must meet its compositions. Supplier must make these data available to RJA Ltd. This is the condition of the first sample acceptance. Have to send the raw material composition to RJA Ltd via IMDS system. The IMDS address: Rába Mór Ltd, ID: 7672.

The supplier should contact with RJA Ltd, if do not meet the IMDS system.

REACH:

All Suppliers has to declare in written form about the observance of this EU regulation:

European Regulation (EC) 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

2.2.1.2. Supplier's approval, record it's data in the supplier list

The supplier approval process is carried out on the basis of evaluation of filled out "supplier self survey" and if it's necessary the results of the audit and on the basis of classification of the PPAP documents and first sample.

2.2.1.2.1. Approval of PPAP (first sample) document

In the case of first sample submission -after control measurements- the RJA Ltd returns the approval PSW document to the supplier. Supplier only can start the mass production upon RJA Ltd's written approval. In case of lacking documents the interim approval contains the restrictions.

2.2.1.2.2. Examination of supplier's production capability - Run @ Rate

The supplier has to be able to produce the necessary quantity in good quality with the available devices. The members of RJA Ltd have the right to examine it at the beginning of the production.

2.2.1.3. Retaining of first sample

On the basis of RJA Ltd's requirement supplier has to retain 1 piece master sample which is equivalent to the submitted and approved first samples (same production) until the life time of the product , or in the case of new sample submission until the acceptance of the new sample.

2.3. General requirements (documents)

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2.3.1. Quality documents (declaration of compliance)

If it specified the supplier must deliver with the product the prescribed quality documents. The quality certificate (MSZ EN -10204:2004) has to contain the name of the delivered material/part, the drawing number, the quantity, the date, the declaration of compliance and the signature of the responsible person. In case of same product RJA Ltd can ask test report from the supplier to prove the conformity.

If it is prescribed in the contact the supplier can prove the conformity on the product label and/or on dispatch note.

If PPAP documentation and first sample is definitely accepted by RJA, you should not send quality certificate with each delivery, only in case of need or claim and only regarding the claimed parameters. In case of delivery of these materials RJA will accept the approval of the controlled quality if it is signed on the label or on the delivery note.

2.3.2. Approval for use

If the product does not meet the defined requirements, supplier only can deliver the parts upon RJA Ltd's permission. The permission is valid for a concrete quantity and period. In case like this supplier must submit a request to RJA Ltd on "Request for use/deviation" form (Appendix 5-MR23003-5-1), which contains the information of deviation. On the basis of RJA Ltd's approval, the supplier must mark the product with yellow label, on which have to indicate the fact of deviation and approval, the number of permission, the drawing number and the quantity.

A quality penalty will be charged on the delivery according to the current contracts, if the supplier does not ask approval for use in case of any quality problem before delivery.

2.3.3. Deviation request

If the supplier knows before starting the production that he is not able to produce part according to the specification (for example other raw material, dimension deviation etc.), supplier has to ask deviation permission using the "Request for use/deviation" form (Appendix 5-MR23003-5-1). The deviation request has to contain the technical specification of the replaced product (material) and the parameters of new product that deviate from specification. The supplier must carry out inspection regarding to the new product/material and must attach the test report to the request.

According to RJA Ltd's written permission the product has to be provided with a yellow label, on which you have to note the fact of the deviation and the permission, the permission number, drawing number and the quantity.

2.3.4. Handling of drawing and technical documents

In case of new product or technical changing the RJA Ltd ensures the valid drawing and documentations to the supplier. The supplier must ensure that the deviation is carried over to the affected documents and the documents are available. Supplier must review the drawings and technical documents yearly in common with the member of RJA Ltd.

2.3.5. Quality faults – PPM

Beside the effort to the "0" fault, the expectation of the customer of RJA Ltd is the **50 PPM**. This concerning to the supplier too. *RJA make PPM contract, which contains the target values, to satisfy the requirements of Customers. Supplier must make effort to perform the set target. If it's not managed to do it, supplier must take actions to reduce the PPM value. The requested PPM targets:*

a, Fault rate in case of " 0H FAULT incoming inspection"

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from 2009

50 PPM

b, Fault rate in case of "0H FAULT production"

from 2009

5 PPM

c, Fault rate 0HFAULT at RABA Customer"

from 2009

0,5 PPM

These targets are fixed in the PPM contract, which is the attachment of general delivery conditions.

2.3.6. Process capability requirements

The RJA Ltd proposes to its suppliers to use statistical methods in case of processes where the method is explainable for the defined parameters. The expected minimum requirement is $C_p, C_{pk} \geq 1,67$. If there was defined some special character previously, the capability study would carry out for that character. In the case of nonconforming process capability, supplier must take actions to improve the process capability or increase the severity of the inspection until the supplier does not reach the prescribed value. RJA Ltd can define the quality capability index uniquely.

2.3.7. Special characteristic

The supplier must take into consideration the special characteristics prescribed on the documentation, must use the special symbols defined by RJA Ltd and must mark it on the production documentation.

3. Supplier's continuously evaluation

3.1. Record supplier's performance data, carry out the evaluation

Relation to RJA Ltd's procedure must evaluate the suppliers in every half year on the basis of their performance. We take into consideration the following respects during the evaluation:

1. Certificates
2. Delivery punctuality
3. Quality claims
- 4.1 Solving the quality claims
- 4.2 Solving of the cost of quality claims
5. Level of service
6. Price

On the basis of above weighted respects the evaluation can be:

90, 1-100 %	excellent
80, 1-90 %	good
60, 1-80 %	needs upgrading
0-60 %	unacceptable

3.2. Inform supplier about the result of the evaluation

We inform the suppliers about the results of evaluation one time/year, except the performance of the supplier became worse. In the case we inform the suppliers immediately.

In the case of *under 91% evaluation* the supplier must contact the members of RJA Ltd and must submit action plan to improve its performance. If the supplier does not hand in the action plan in time, at the forthcoming evaluation 10 points will be deducted regarding the 4. Answering quality claims aspect, and the quality manager might order a supplier audit.

Any deviation from above requirements is only possible with the permission of the quality manager of RJA Ltd.

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If the result of the evaluation of suppliers choose by customer is *under 91%*, RJA Ltd. send the evaluation to the customer too. If the supplier does not take the necessary actions or the efficiency of the actions is not good, the quality manager of RJA Ltd. ask the customer to review the supplier and define the further actions.

3.3. Supplier's audit

RJA Ltd has the right to carry out audit at supplier's plant on the basis of previously notice and agreement with supplier. In the case of heavy fault, repeatable or continuously nonconforming performance the quality manager of RJA Ltd has the right exceptional audit at supplier plant.

4. Handling of claim

In the case of claim RJA Ltd informs the supplier on a **QUALITY NOTICE** or on a **CLAIM REPORT** depending of how serious the problem is. In case like this supplier must inform the customer about immediate actions until the stated time. Supplier must inform the customer about the corrective and preventive actions on the **QUALITY NOTICE**.

Supplier must send fault analysis on the asked documentation.

The fault analysis has to contain:

- root cause of the problem
- corrective actions to avoid problem
- the reason why the faults was unobserved
- action to avoid the repeatability of unobservant.

Suppliers are informed about the costs of claim by RJA Ltd and must be replied within 3 days. If RJA Ltd has not received answer within the 3 days, scrap the rejected parts on supplier costs.

Costs will be invoiced after closing the claim.

The general expenses are fixed on the attachment *MR23003-3-2*.

Supplier has to confirm the acceptance of the charged costs within 72 hours (3 working days). If RJA Ltd does not receive this conformance, costs are considered as accepted. Costs will be invoiced to the supplier and compensated with an unpaid invoice, about that we send a compensation letter to you. RJA Ltd rolls out the claimed parts at the expense of the supplier, if the supplier does not make arrangements regarding the refuse within 72 hours (3 working days).

5. Terms used in the Manual

- **PPM** – Part Per Million, faulty unit which concerning to one million faulty units (piece, kg, litre etc). (For example if 1 piece is faulty from 10000 delivered parts, than the PPM are 100).
- **C_P, C_{PK}** – corrected quality capability index. In case of normal dispersed process it is checked during the capability studies that for what proportion of the parts will be right that some character is within the limit and how much will be the reject.
- **PSW** – Part Submission Warrant
- **PPAP** – Production Part Approval Process
- **PPAP documents** – Contain the technical requirements defined by customer which are necessary to approve the parts and the method of conformity.
- **Run @ Rate GP-9** – General procedure of supplier development of General Motors. Its aim to prove that the supplier is able to fulfil the quality and quantity requirements of the customer with the planned tooling capacity in a given period.

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6. Attachments

Attachment 1	<i>MR23003-1-2</i>	Content requirements of quotation
Attachment 2	MR23003-2-0	General conditions and terms
Attachment 3	<i>MR23003-3-2</i>	Delivery and quality requirements, penalty
Attachment 4	<i>MR23003-4-3</i>	Contact list of RJA Ltd
Attachment 5	MR23003-5-1	Request for use/deviation

7. Proposed requirements documents

Reference handbooks:

- PPAP Production Part Approval Process
- APQP Advanced Product Quality Planning
- FMEA Potential Failure Mode and Effects Analysis
- SPC Statistical Process Control
- QSA Quality System Appraisal
- MSA Measurement System Analysis

8. Deviation from the Manual is only possible, if there is a signed and accepted agreement, which was initiated by the supplier.