Supplier Quality Manual

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R. Lioy – QA

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A. Caputo - CEO

Summary

Acceptance document of TRIOM'S Supplier Manual

This document is part of the contractual documents, together with the technical specifications, purchase orders and general purchase terms.
It contains the guidelines and requirements for supplies that satisfy the requirements of TRIOM SPA.

It is a controlled document and subject to potential amendments and revisions of its content; the updated revision is always published on the website www.triomcorp.com and available for viewing.

This document is considered accepted by the supplier as is without any amendments, should the supplier begin producing or delivering goods further to orders from TRIOM.

In case you should need further information or have any questions, please don't hesitate do contact our Purchasing Department.

1) SCOPE AND FIELD OF APPLICATION

This manual aims at defining the supply relationships between TRIOM SPA and its suppliers, in order to reach a durable success and mutual benefits through the customer satisfaction.

From this point of view, the relationship must be oriented to "0 defects philosophy" in quality of supplies (quality in products and quality in logistic).

These specifications apply full to::

- New suppliers
- Suppliers of products new, modified or re-sampling (because rejected at first time)

Suppliers who already have a supply relationship underway with TRIOM SPA are approved by default, until one of the above conditions will occur.

The supplier is responsbile for the choice it makes with regards to any Sub-contractors (imposed or suggested by TRIOM as well) and will have to ensure that all the products are compliant whit this document, in any event undertaking its responsibility for the quality of the end product supplied.

2) EXPECTATIONS

The products purchased must be compliant with the following documents:

- Purchase order;
- Techincal drawings (if any) ;
- Technical specifications (if any);
- General purchase terms and conditions and enclosures.
- National or international laws and/or regulations

The suppliers are obliged to:

- Demonstrate compliance with the drawings, performance and reliability requirements, requirements in terms of capability and process controls;
- Know and review all the requirements linked to the product;
- When requested, have the resources and the espertise available for taking part in the planning of the quality of the APQP product;
- Have a system which guarantees the traceability of products and/or their components;
- Have a system which guarantees the control of the modifications in a prompt and accurate manner;
- Keep all the product and process documentation and make it available upon request;

- Have the resources and the skills capable of carrying out an effective analysis of the causes of the problems and handling the corrective actions;
- Provide written notification of all the situations which may negatively influence the quality of the product supplied to TRIOM.
- Have a quality management system in existence, at least ISO 9001, certified by a third party body with the ultimate objective of becoming certified to the IATF 16949 QMS Standard.
- Current suppliers, that haven't the above mentioned certification, are requested to apply the following sequence to achieve this requirement:
    a) compliance to ISO 9001 through second-party audits;
    b) certification to ISO 9001 through third-party audits
    c) certification to ISO 9001 with compliance to other customer-defined QMS requirements (such as Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers [MAQMSR] or equivalent) through second-party audits;
    d) certification to ISO 9001 with compliance to IATF 16949 through second-party audits;
    e) certification to IATF 16949 through third-party audits

The suppliers that don't want to satisfy these requests cannot be investigated for new products assignation.

3) SELECTION, EVALUATION AND MONITORING OF SUPPLIERS.

When a new supply has to be allocated, TRIOM chooses the suppliers from Vendor List (i.e. list of approved suppliers); if it is impossible to meet the purchasing requirements selecting form the Vendor list, new supplier must be found.

Once a new organization has been identified as a possible supplier for a specific product or process the "supplier assessment" sheet is submitted (mod. TRIOM 63) in order to verify the suitable of the organization and to evaluate potential risks and/or opportunities linked to it.

The overall assessment of each supplier is completed by the evaluation of following aspects:

- Geographic proximity;
- Single source risk and supply criticality in general;
- Safety stock;
- Minimum lots;

- Environment and safety;
- Reaction times and participation;
- Flexibility;
- Transport methods
- Payment methods.

All returned information are evaluated from Purchasing dept, in team with Quality Assurance dept. and the technical depts. that are each time involved.

Based on the results of this evaluation, if necessary, TRIOM can perform an on-site or a remote audit (see below par. 4).

When the approval iter is finished, the supplier is included in vendor list and Purchasing Dept. can issue purchasing orders for the samples.

At the first purchasing order for the mass production, the supplier is involved in the free pass process of qualification.

The quality of the supplies and the service provided to TRIOM determines the assessment of the Supplier, formalised in a Vendor Rating indicator which takes into consideration:

- quality level: ppms & lots conforms

and

- service level; OTD, reactivity & price

4) AUDITS AND VISITS CARE OF THE SUPPLIER

TRIOM, reserves itself the right to carry out audits care of the supplier, during working time and providing notice, so as to check:

- new suppliers
- new product or new equipment
- process changing or moving
- serious and repeated non-conformities
- monitoring of improvement plans

TRIOM can ask to supplier an improvement plan and the supplier must manage it independently (or under TRIOM control) trought corrective actions and/or preventive actions in order to guaranteee the conformity of its products or its services.
In addition, TRIOM reserves itself the right to carry out audits to sub-contractors which realize important phases for the TRIOM products. This audit doesn't release the supplier in any way from the responsibility to manufacture and ship compliant products.

5) SAMPLES AND APPROVAL TO SUPPLY

TRIOM can request to its supplier :

a) pre-production samples (product-process validation)

b) other samples

a) PRE-PRODUCTION SAMPLES

The pre-production samples are made with final equipment and final process; with this samples must be provided the PPAP documentation Lev.3 (unless a different level is required) and must be identified with the following information:

TRIOM part number

Nb of P.O

Production date

Drawing- with revision level (if it has been issued)

Materials and equipments

The quantity of parts is specified in purchasing order.

The supplier guarantees that the samples are compliant with the drawing and, in general, with all technical specifications.

Once the supplier got the approval from TRIOM through the approval report (TRIOM sheet nr. 216 or PSW or Cover Sheet …), he can start supplying for the mass production.

Without the samples approval any payment can't be done and any further delivery for the mass production can't be done.

After the approval, starts the mass production and the free pass procedure, it means that the parts could be entered the TRIOM production without any incoming inspection.

Supplier shall have a documented process to guarantee the compliance to requirements specified in purchasing order.

In some cases TRIOM can gives a temporary approval (time and/or quantity).

The incoming inspection controls are, usually, reserved to components that are in approval phase or subject to a derogation or for the deliveries following a Non Confomity Report (to check the effectivness of corrective actions).

b) OTHER SAMPLES

TRIOM can asks for further samples in following situations:

- Re-submission of products that the previous time didn't get the approval or got a temporary approval;
- Modified products;
- Process change (including equipments, lay out or methods)
- Supplier change
- Following a major Non Conformity
- After a interruption of supply due to quality issues or in any case after an interruption of above of 12 months
- Put in service an equipment after an interruption above of 12 months.

In above situations TRIOM can ask samples depending on the specific circumstances.

SPECIAL FEATURES

Supplier shall have monitoring and measuring resources, suitable, in terms of quantity and quaity , to guarantee all the conformity check and test indicated in control plans.

The measuring equipment shall be identified and calibrated or verified, or both, at specified intervals

All the instruments used by the supplier for the gauging of the special features must be subject to R&R repeatability and reproductibility studies and, in general to MSA studies according to AIAG Manual.

If supplier uses an external laboratory for inspection, test or calibration services, the laboratory shall be accredited to ISO/IEC 17025 or national equivalent.

AESTHETIC FEATURES

TRIOM may request assessment of aesthetic features. The acceptabily criteria are defined by means of master pieces which will have to be delivered together with the initial samples for acceptance.

Following approval of the initial samples, the masters are kept by the supplier and by TRIOM as reference for the control during standard production.

If the samples are subject to ageing or perishable, they must to be periodically renewed based on specific agreement with TRIOM and the supplier.

STATUTORY AND REGULATORY REQUIREMENTS

Suppliers shall document their process to ensure that purchased products, processes and services supplied conform to the current applicable statutory and regulatory requirements in the country of receipt, the country of shipment, and the customer-identified country of destination, if provided.

If the customer defines special controls for certain products with statutory and regulatory requirements, suppliers shall ensure they are implemented and maintained as defined.

6) PACKAGING

The product supplied must be compliant with the packaging specifications defined at the start of the supply relationship (if any); in any case, the product must be packaged in such a way as to ensure the integrity during transportation, handling and warehousing.

Any changes to the agreed methods must be authorised by TRIOM in writing.

7) SUB-SUPPLIERS

If the supplier sources sub-suppliers, he has to guarantee that the requirements of current manual are cascaded down the supply chain from tier 2 to tier n.

The supplier shall monitor sub-suppliers and in case of lackness in their performances he has to assure that corrective actions are immediately put in place .

TRIOM reserves itself the right to carry out audits of sub-contractors which are involved in important phases for TRIOM product.

Any changement of subcontractor - since it is a process change – must be communicate and approved from TRIOM side.

The TRIOM approval of sub-contractor does not release the supplier in any way from the responsibility to manufacture and ship compliant products.

8) HANDLING OF THE MODIFICATION

The supplier cannot carry out any modification on the product or the production process without having informed TRIOM in advance and in writing and having recived written authorisation from the same .

If the modification is authorised, it must be handled respecting the pre-productio sample regulation as indicate in §5.

The all modifications must be traceable as regards the date of introduction in production cycle (lots, date and so on …)

9) NON COMPLIANCE MANAGEMENT

Once the supplier is admitted to free pass procedure TRIOM is not bound to make incoming inspections; the supplier is totally responsible for his deliveries and guarantees that the products are free of defects (whether visible or not visible).

a) Handling of Non_Compliant material care of the supplier

The Supplier must ensure that the final checks in the control plan are always carried out. The records of the controls are filed and made available to TRIOM, upon the request or at the time of audits carried out care of the supplier's premises.
In the event that non-compliant pieces are detected, the supplier must avail of a system which rigorously ensures the identification and state of compliance of the same.

The Supplier may request TRIOM in writing for authorisation to proceed with the supply of non-compliant products, indicating on the Exception/concession request form :

Code and description of the part
Characteristic and nature of the deviation
Number of pieces on which the deviation has been detected.

The material cannot in any event be delivered or invoiced by the Supplier TRIOM, before notification of the authorisation provided by the latter.
At the time of delivery of the material, the supply must be identified as "SUPPLY BY WAY OF EXCEPTION" placing an identification card/label on the packaging .
On the delivery documentation must be evident that is a SUPPLY BY WAY OF EXCEPTION.
No derogation can be requested for products with special or safety characteristics.

b) Handling of Non_Compliant material detected care of TRIOM

TRIOM reserves itself the right to inform the Supplier, by sending a Non-compliance Report (RNC Mod. TRIOM nr. 4), of any Noncompliances of the products supplied, detected after delivery.
On the basis of various criteria TRIOM may decide to:

- return the material to the supplier;
- scrap the material;
- request the supplier for the sorting and/or re-processing of the material

- carry out the sorting and/or re-processing of the material
- accept the material under concession/derogation with the quantity and/or the date of last delivery accepted.

The damages deriving from said Non-compliances (sorting, costs for urgent shipments to the customer of TRIOM, line downtime costs, recall campaigns, etc.), are charged to the Supplier.

10) HANDLING OF CORRECTIVE ACTION

When TRIOM finds a Nonconformity , sends a written notification to the supplier throughout a RNC (Nonconformity Report (mod. TRIOM nr. 4).

TRIOM requires that the supplier deals with the analysis of the non-compliances following the 8D method.

The containment action must be formally sent on 8D report to TRIOM within the requested time (usually 24 hours of the indication of the non-compliance).

The analysis of the root cause must be carried out within the timescale requested by TRIOM.

The 8D is considered concluded only when all the corrective and preventive actions have been completed and the efficacy has been checked by Supplier and by TRIOM too.

When serious and repeated non-conformities occur, the supplier can be left out of new supplies, temporarly or definitely.

If the supplier doesn't answer to the RNC within the timescale requested, TRIOM can apply the penalty as below specified (par. 12).

11) EQUIPMENT

Supplier is bound to use equipment suitable for the production request by TRIOM.
All the equipment is subject, at regular intervals, to maintenance and calibration of the control instruments present, so as to ensure the absence of any functioning defects. Records of the maintenance are kept and filed.

The Supplier acknowledges that the equipment which it will avail of for the execution of the supplies in favour of TRIOM is intended for the manufacture of the products which are the exclusive industrial property of TRIOM.
Consequently, the Supplier acknowledges TRIOM an option to purchase this equipment at a price which will be agreed as and when in relation to the depreciation and/or actual condition of said equipment.

If TRIOM makes equipment to be used for the manufacture of the products under supply available to the Supplier, he must :

- identify it in a such way that TRIOM property is always evident
- record it so that there is an updated situation
- keep and managed with cure and diligence
- carry out the maintenance and calibration

Routinary maintenance and any total or partial equipment remaking due to supplier fault are at supplier expense.

Any extraordinary maintenance must be agreed and authorized by TRIOM.

The TRIOM property of equipment doesn't release the supplier in any way from the responsibility to manufacture and ship compliant products.

12) PENALTY

TRIOM reserves the right to apply penalties to supplier in following cases:

- time of selection made by TRIOM following Non Conformities due to supplier responsibility
- reworking made by TRIOM following Non Conformities due to supplier responsibility
- stop of TRIOM production line due to supplier responsibility
- stop of customer production line charged to TRIOM but due to supplier responsibility
- transport costs to collect material returned to TRIOM because of Non Conformities due to supplier responsibility
- disturbance due to wrong or missing identification of delivered products
- missing quality documentation
- missing answer to RNC
- missing corrective actions necessary to solve products or processes problems.