

Quality Assurance Guideline
for Suppliers
QRZ 01

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Preface

In order to live up to continuous market requirements, we are in an urgent need of capable suppliers, who endeavor jointly, even beyond basic requirements, to face up to future challenges.

With such partners being competent and willing to bring in product- and process-related know how for mutual benefit, we will be able to achieve ambitious quality objectives.

This quality assurance guideline shows the operations for a partnership cooperation between suppliers and our companies

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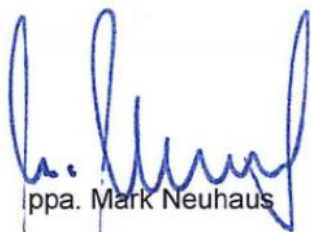
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(hereinafter called PARAT). The guideline is the basic principle for our common activities and defines the requirements to ensure the quality of supplied products.

This quality assurance guideline constitutes a binding document. It is part of the contractual agreement between PARAT and the supplier.



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2 Normative References

This document contains provisions which constitute provisions of this quality assurance guideline by references in the text. The structure of this guideline follows ISO 9001 and IATF 16949, in order to maintain relation to standard requirements. As we only describe very important basic principles for PARAT, we partly do not observe consecutive numbering.

3 Definitions / Abbreviations

Cmk	short-term capability: capability index of a solid (controlled) process. Index is determined via big spot tests within short period of time.
Cpk	long-term capability: capability index of a solid (controlled) process. Index is determined via small spot tests within a longer period of time.
PPF	production process and product release
PPM	Parts Per Million (faulty parts per 1 Million)
QM-System	Quality Management System
special characteristics	Product characteristics or production process parameter, which can affect safety or compliance with administrative provisions, fit, function, performance or further product processing. These characteristics may also be denominated differently in purchase specifications (e. g. as critical, important or significant characteristics).
critical characteristics	Product characteristics or production process parameter, which may affect safety or compliance with administrative provisions.

Comment: The abbreviations and interpretations are valid as stated in the ISO 9000 and ISO 9001.

4 Context of the organization

Based on the products delivered to PARAT, the supplier has to comply at least with the requirements of elements 7.5.2 (Creating and updating), 7.5.3 (Control of documented information), 8 (Operation), 9 (Performance evaluation) and 10 (Improvement) of ISO 9001. In addition, the requirements of this quality assurance guideline and contractual provisions are binding.

Suppliers delivering to our automotive division shall

- provide a QM-System according to DIN EN ISO 9001 (and apply it), which has been certified by an accredited certificate authority, resp. supplier shall strive for such certification.
- enhance the QM-System regarding compliance of requirements according to IATF 16949.

5 Leadership

5.3.1 Customer Representative

Supplier must assign personnel with their responsibilities and competencies, in order to ensure compliance with PARAT's requirements. These assignments must be documented (e.g. customer representative) and includes but is not limited to the selection of special characteristics, setting quality objectives and related training, corrective and preventive actions, product design and development, capacity analysis, logistics information, customer scorecards, and customer portals.

6 Planning

6.1.2.3 Emergency Plans

Supplier must identify and evaluate internal and external risks to all manufacturing processes and infrastructure equipment essential to maintain production output and to ensure that requirements from PARAT are met. In addition, contingency plans must be prepared to maintain part supply in the event of any of the following events: key equipment failures, interruption from externally provided products, processes, and services, recurring natural disaster, fire, utility interruptions, labour shortages or infrastructures disruptions. In addition to the contingency plans, a notification process must be established to PARAT for the extent and duration of each situation affecting PARAT operations.

The contingency plans shall include provisions to validate that the manufactured product continues to meet customer specifications after the re-start of production following an emergency in which production was stopped and if the regular shutdown processes were not followed.

7 Support

7.1.3.1 Safety/Environment

Supplier has to consider product safety and measures to minimize potential risks for workers and environment, especially in development process and at production process works.

Supplier has to fulfil REACH-regulation 1907/2006 EG. Based on this, the supplier has to provide requisite information first time during quotation phase. For substances of very high concern additionally to the material name we need sufficient information to allow safe use of the article. Safety data sheets have to be forwarded to PARAT for all materials and preparations.

Production facilities and machines supplied to PARAT must comply with applicable regulations.

7.1.3.2 Recycling

Materials recycling (e. g. varietal purity) has to be recognized during product development.
If stipulated, materials will be returned to supplier for recycling purpose.

7.1.5 Assessment of Measuring Systems

Only test equipment with adequate small measurement uncertainty shall be used for any measurement activities. Evidence for test equipment capability has to be supplied and presented to PARAT by request.

8 Operation

Generally, all products have to be delivered faultless and in time. If supplier fails to fulfil this requirement, PARAT may claim payment of all costs incurred, as stipulated separately.

8.1 Planning of Product Realization

Supplier must plan and develop the processes necessary for product realization. This includes quality planning. Basic principle for quality planning constitute VDA-volumes 4 part 1 to 3 resp. APQP (QS 9000).

Supplier has to define following items when planning product realization:

- quality objectives and product requirements,
- necessary product-specific verification-, validation-, monitoring- and testing activities, as well as product acceptance criteria,
- necessary records to verify that realization processes and resulting products fulfill requirements.

The planning result must be available in appropriate form and has to be presented, resp. the right of access has to be granted to PARAT by request.

Supplier has to determine acceptance criteria and, if requested, solicit approval by PARAT. Current acceptance criteria (e. g. special and critical characteristics) are binding.

8.1.2 Confidentiality

Confidentiality during development of products and projects by order of PARAT, as well as confidentiality of corresponding product information has to be assured.

8.2 Requirements for products and services

8.2.3.1.2 Special Characteristics stipulated by Customer

Supplier must demonstrate requirement fulfillment regarding special characteristics determined by him and customer. Corresponding records have to be kept.

The records will be provided to PARAT by request, resp. right of access will be granted.

8.2.3.1.3 Organization manufacturing feasibility

Supplier must check, if it is feasible that the supplier's manufacturing processes are capable of consistently producing product that meets all of the engineering and capacity requirements specified by PARAT. The feasibility study must also be carried out and documented for each changed manufacturing process or for every change to the product.

8.3 Design and development of products and services

The items of this section may be excluded regarding product development, or may only be used in a reduced way, if supplier bears no responsibility for product development. Nevertheless he is obliged to point PARAT out to possible problems during realization of specifications as well as product risks.

These exclusions are not subject to development of production process.

8.3.3 Design and development Inputs

Inputs regarding product requirements have to be defined, recorded and realized.

These inputs must contain:

- a) functional and performance requirements (e. g. procurement data by PARAT as per order text, drawing, specifications, contract document, standards, a.s.o.),
- b) information derived from previous similar design and development activities,
- c) applicable statutory* and regulatory requirements,
- d) standards or codes of practice that the supplier has committed to implement,
- e) potential consequences of failure due to the nature of the products and services.

* This implies material prohibitions and application-oriented restrictions. More information is available on our homepage which will be updated on changes.

8.3.3.1 Product design input

In case of new development and change a Design-FMEA must be generally prepared according to guidelines of VDA volume 4 part 2 (resp. according to QS 9000:FMEA, if requested).

8.3.3.2 Manufacturing process design input

In case of development and change of production processes a Process-FMEA must generally be prepared according to guidelines of VDA volume 4 part 2 (resp. according to QS 9000:FMEA, if requested).

8.3.3.3 Special Characteristics

Supplier must identify, define and document special characteristics and include any special characteristics in the product control plan.

If stipulated, PARAT will confirm compliance with special characteristics via plant test certificates. The necessary documentation has to be worked out free of charge.

If stipulated during planning/development, resp. requested by PARAT, the process capability will be calculated statistically via process capability studies and confirmed afterwards.

For evidence of process capability following limits are applicable (unless otherwise agreed):

short-term capability $Cmk \geq 1.67$ long-term capability $Cpk \geq 1.33$

8.3.4.3 Production Process Approval and Product Release (PPF)

Assessment of production processes and First Sampling are the basis for production process approval and product release. The necessary releases can be effected by PARAT and/or our customers at supplier's plant.

Supplier has to comply with PARAT's current procedure for production process approval and product release (e. g. according to VDA volume 2, QS 9000:PPAP). The necessary documentation has to be worked out. Target date according to purchase order.

The PPF-procedure comprises evidence of all characteristics defined by PARAT, including provisions, standards and specifications concerned.

The PPF-procedure has to be started independently by supplier in case of

- innovations
- technical modifications (parts changed, specifications changed)
- change at suppliers production facilities (e. g. internal relocation)
- changes in subcontractors chain
- changes in production process (e. g. parameter, procedure, operations, a.s.o.)
- long-time production downtimes.

Unless determined otherwise by PARAT, production process approval and product release are carried out according to VDA volume 2.

Unless otherwise agreed, sample parts with adequate documentation have to be sent to PARAT for PPF in any cases. The necessary sample parts quantity has to be coordinated with PARAT, resp. can be seen on purchase order. First samples must be produced using series tools and equipment, and the manufacturing process must comply with the later series production.

All physical products to be delivered to PARAT must fulfill requirements according to applicable EU Directives with regards to material composition. In compliance with supplier information mentioned in 8.3.3, all material data have to be transmitted in the course of PPF procedure and to be confirmed on cover sheet of PPF documentation. In case of declaration in IMDS, IMDS-ID has to be present on cover sheet of PPF documentation. Conformity to EU Directives resp. complete declaration of ingredients and complete information according to 7.1.3.1 are prerequisites for PPF procedures.

Before sample parts and documentation presentation, all characteristics, which diverge from target specifications, have to be coordinated in writing with PARAT and to be documented via special release. In case of deviating / incomplete PPF procedures, PARAT may demand an expense allowance according to separate arrangement.

Supplier has to apply the procedure for production process approval and product release also to his subcontractors.

8.3.5.1 Results of Product Development and Production Process Development

FMEA's have to be presented to PARAT by request and inspection has to be allowed.

8.3.6 Design and development changes

Records showing design and development changes, results of reviews of the changes, authorization of the changes and necessary actions taken to prevent adverse impacts have to be presented to PARAT by request and inspection has to be allowed. Development changes contain all modifications made during production time of a product.

8.4 Control of externally provided processes, products and services

8.4.1.3 Customer-directed sources

Utilization of supply sources approved by PARAT, including tooling and measuring device suppliers, does not release supplier from his responsibility to guarantee quality of such products obtained.

8.4.2.1 Incoming Goods Inspection at PARAT

Independent of final inspection done by supplier, PARAT carries out following incoming goods inspections:

- identification test
- visual inspection regarding immediately recognizable transport damage
- quantity inspection (according to shipping documents)
- problem-oriented inspection of product characteristics

PARAT will immediately notify the supplier in writing about obviously recognized defects (in special cases even in advance by phone).

Hidden defects, which have not been recognized during incoming goods inspection, as to say, which have not been seen, will be communicated to supplier after detection, as to say, with scrap collect approval.

8.4.2.1 Statutory and regulatory requirements

Supplier must ensure the compliance of all processes, products and services, including spare parts as well as parts of external suppliers and externally provided processes, with all requirements of PARAT as well as with the current applicable statutory and regulatory requirements in the country of receipt, the country of shipment, and the PARAT-identified country of destination, if provided.

8.4.2.4 Supplier monitoring

Suppliers have to control their performances with the aid of following indicators:

- quality of products delivered,
- disruptions at PARAT, as to say, at customer (incl. yard holds and stop ships),
- delivery schedule performance,
- number of occurrences of premium freight,
- status reports by PARAT regarding quality and shipping matters,
- warranty, field actions, and recalls.

8.5 Production and service provision

8.5.1 Control of production and service provision

Supplier must draw up documented working instructions or other specifications for all workers responsible for process operations, which may affect product quality. These instructions or specifications shall be available for usage at working place.

The instructions shall derive from sources, such as quality management plan, production control plan and product realization process.

8.5.2 Identification and traceability

Supplier has to label the products and/or packaging units clearly visible with at least part number, date and quantity. PARAT specifications have to be observed regarding labelling type. Unmarked, resp. incorrect labelled products shall be treated as faulty products.

In case of critical and, if necessary, even in case of other special characteristics, supplier has to guarantee appropriate traceability. That means,

- restriction to a certain lot size shall be possible in the event of damage.
- product condition has to be verified retroactively using appropriate records.

Traceability has to be guaranteed concerning characteristics, which

- are regulated by law,
- are defined by PARAT or her customers,
- have been determined by supplier himself in his own interest.

If characteristics are predetermined in PARAT's procurement documents, they have to be labelled accordingly, e. g.

- according to VDA volume 1
- marking of document with a "D",
- with indication in writing, that a critical or safety-related characteristic or a characteristic subject to documentation is concerned.

The characteristics must also be marked in supplier's documentation. Restriction type and traceability must be arranged with PARAT in case of critical characteristics or characteristics determined by PARAT. This can be done for example according to order number, product, packaging unit, job number, delivery date or according to separate stipulation. Unless agreed otherwise, traceability data shall be marked on products and/or packaging units. Production part approvals, tooling records (including maintenance and ownership), product and process design records, purchase orders (if applicable), or contracts and amendments shall be retained for the length of time that the product is active for production and service requirements, plus one calendar year, unless otherwise specified by PARAT or regulatory agency. Production part approval documented information may include approved product, applicable test equipment records, or approved test data.

8.5.3 Property belonging to customers

PARAT's own tooling, production and measurement equipment shall be labeled durable, so that ownership structure is clearly identifiable and detectable. Supplier shall exercise care with property belonging to PARAT while it is under the organization's control or being used by the supplier. When the property of PARAT is lost, damaged or otherwise found to be unsuitable for use, the supplier shall report this to PARAT and retain documented information on what has occurred.

8.5.4 Preservation

Supplier has to store material products in appropriate stockrooms and storage containers, so that product conformity up to manufacture at PARAT is guaranteed.

8.5.4.1 Storage and Inventory

Supplier must use an inventory system, such as "first-in/first-out", in order to optimize warehouse response time and to guarantee stock turnover. Obsolete products shall be controlled in a manner similarly to that of nonconforming products. Supplier shall comply with preservation, packaging, shipping, and labelling requirements as provided by PARAT.

8.5.6 Control of changes

Any change in product realization, which may affect customer requirement, has to be reported to and approved by PARAT, especially by changes:

- on manufacturing processes, materials or vendor parts,
- at the manufacturing site (relocation),
- other actions which may affect the quality of the products, e.g. Change of the source of supply of upstream products, if this can affect product characteristics.

PARAT must be informed in writing in time (but at least 8 weeks before the planned introduction of the change), so that PARAT can check whether the planned changes can adversely affect products or processes.

8.7 Faulty Products

Regulations regarding warranty and fault compensation, which exceed legal regulations, will be stipulated product-related with supplier and determined by e. g. shipping instructions, order text, contract specifications a.s.o. Supplier shall ensure that outputs do not conform to their requirements are identified and controlled to prevent their unintended use or delivery.

9 Performance evaluation

9.1 Monitoring, measurement, analysis and evaluation

9.1.1 General

If PPM-objectives are stipulated, supplier must calculate the appropriate product-related PPM-figures and provide them to PARAT by request. Any agreement on PPM-objectives does not relieve supplier from his responsibility to deliver faultless products. Even lot fraction defectives, which are within the objectives stipulated, are subject to mentioned procedures concerning cost and fault compensation. If agreed PPM-objectives are not met, improvement actions must be taken and communicated to PARAT.

9.1.1.2 Identification of statistical tools

If requested, appropriate statistical methods within the framework of APQP (Advanced Product Quality Planning) shall be determined and included in the design- and process risk analysis (such as DFMEA or PFMEA) and in the production control plans. Application results of statistical methods shall be sent to PARAT on demand.

10 Improvement

10.2.3 Problem solving

Supplier shall define a problem solution process, which is suitable for reproducible detecting and eliminating root causes. Suppliers delivering products to our automotive division shall apply the problem solution method (e.g. 8D-Report) determined by PARAT.

Written comments concerning root cause and time-phased corrective actions have to be sent to PARAT within

- 24 hours for prompt measures,
- 5 working days for middle-term and long-term measures,

unless otherwise agreed.

The supplier enables PARAT and its customers the possibility to verify the effectiveness of the QM system and the processes for product realization through appropriate audits at supplier's plant after coordination.

Comment

Deviations regarding this guideline are only allowed if approved in writing by PARAT.

Reference Material

VDA Volume 1	Verification Management
VDA Volume 2	Quality Assurance of Deliveries
VDA Volume 4	Quality Assurance before start of production
DIN EN ISO 9000	Quality Management Systems: basics and definitions
DIN EN ISO 9001	Quality Management Systems: Requirements
QS 9000: APQP	Advanced Product Quality Planning and Control Plan
QS 9000: PPAP	Production Part Approval Process
QS 9000: MSA	Measurement Systems Analysis
QS 9000: SPC	Statistical Process Control
IATF 16949	Quality management system requirements for automotive production and relevant service parts organizations
Website PARAT	information for suppliers on prohibited materials

The supplier is responsible for obtaining and applying the current issue of these supporting documents.

Overview of Modifications

Issue	Change	Date	Name
March 1993	First Edition	1993-03-15	F. Geiger
May 1997	Amendment to QRZ 01	1997-05-15	F. Geiger
January 2003	Complete Revision	2003-01-20	S. Duschl, F. Geiger
October 2009	Company Name Change	2009-10-01	F. Geiger
February 2010	Revision Prohibited Sustances	2010-02-10	S. Duschl
October 2011	Company Name Change	2011-10-11	J. Stadler
September 2016	Company Name Change	2016-09-01	S. Brunnbauer
March 2017	Street Name Change (Neureichenau)	2017-03-01	N. Zeitler
September 2017	Elimination PARAT Austria GmbH	2017-09-01	N. Zeitler
April 2018	Complete revision due to adaptation to IATF 16949	2018-04-02	M. Berger