



DTR VMS Ltd.
Supplier Quality Assurance Requirements

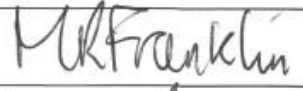


SQAR

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[NB This issue supersedes all previous issues with immediate effect.]

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1. General Requirements

The goal for all DTR VMS suppliers of materials and services affecting production material is to develop, implement, and improve a Quality Management System (QMS) with the final aim of becoming 3rd party certified to IATF16949 latest revision. A QMS, 3rd party certified to ISO 9001 latest version, is the initial minimum acceptable level of development for all Suppliers to DTR.

Suppliers are required to either have certification for, or comply with the requirements defined in the ISO 14001 Environmental Management standard and OHSAS18001 / ISO 45001 Occupational Health and Safety management system.

In addition these suppliers are required to adhere to the specific DTR VMS requirements/ instructions detailed in subsequent sections of this manual and any applicable Supply Agreements.

It is the supplier's responsibility to ensure all relevant OEM customer specific requirements are taken into account.

2. Production Parts

2.1. Production Tooling

Upon receipt of an initial production tooling order, the Supplier is required to submit an order confirmation. A Supply Agreement will also be supplied by DTR VMS Purchasing department and must be signed and returned by the Supplier.

The Supplier must ensure all tooling is identified as property of DTR VMS and/or its customer as appropriate. The exact requirement will be specified by DTR VMS for each tool.

2.2. Initial Sample Shipment, Production Part Approval Process

Initial samples of serial production intent parts prior to significant production run may be submitted for design validation, initial process trials and evaluation by DTR VMS. Initial samples shall be sent together with electronic documents of dimensional report, material certificate, initial process capability indications (if applicable) to DTR VMS QA representative.

In case of deviations from the defined specifications the supplier shall correct the deviations or submit 5.03 F12 Supplier Concession Request form to DTR VMS QA representative prior to shipment of initial samples, also keeping Technical Development and Project Management representatives informed. Parts with deviation from specifications shall only be sent to DTR VMS with prior agreement.

Following significant production run Production Part Approval Process shall be completed as per the latest PPAP manual requirements. Default PPAP submission level to DTR VMS is level 3. Different submission level has to be agreed by DTR QA representative in advance. Documents are to be submitted in an electronic format, hard copies may be sent together with the parts.

All samples shall be labelled with correct identification and addressed to the relevant person.

Materials Data is to be created in IMDS (International Material Data System) and submitted to DTR VMS (Organisation ID code #794).

DTR VMS reserves the right to verify capacity, quality and process (run at rate) on site as part of the production part approval process.

Following validation of the submitted documents and parts (including verification of supplier documents, assembly and installation tests, engineering testing) DTR VMS will declare the sample as being either: 'Approved', 'Approved on Concession / Conditional approval' or 'Rejected'. Suppliers will be notified of the status of submitted samples. Where samples are approved on concession, further samples must be submitted within the time scale specified by DTR VMS.

3. Production schedule and shipping requirements

3.1. Material Schedule

The Material Schedule process is a demand driven scheduling procedure. Material schedules will be issued weekly by DTR VMS and emailed every Friday (or the last working day of each week), each schedule is a complete revision and therefore supersedes all previous schedules and is the Supplier's authority to procure materials and manufacture parts in accordance with the Supply Chain & Logistics requirement.

These schedules state DTR's requirements and liability. They are based on the following criteria:

- 4 Weeks firm schedule and liability for finished components.
- 4 Weeks material liability +/-10% variation, with the exception of raw materials whose standard lead time is greater than 8 wks. For these the Supplier will provide a list of materials & order quantities to DTR VMS Supply Chain & Logistics Department on an annual basis. DTR VMS Supply Chain & Logistics Department to validate and advise Supplier of any exceptions if material should not be ordered.
- The remainder of the Schedule is for planning purpose and gives the supplier a further 8 weeks visibility of demand.

The schedule will clearly show the last delivery note considered including quantity received and therefore any other deliveries made since that time, or parts in transit are to be taken into account when making further shipments.

If the Supplier is unable to comply with the requirements specified in these material schedules it must notify a member of DTR VMS Supply Chain & Logistics Department in writing within 2 working days of receipt.

3.2. Packaging & Labelling

Packaging specifications will be supplied at pre-production stage. This packaging must be used unless otherwise agreed by DTR VMS.

DTR VMS will liaise with the supplier to agree on packaging, storage and shipment requirements. Instructions will be given regarding:

- Container type
- Quantity per container
- Labelling - all containers and pallets must be labelled in accordance with Packaging specification

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- Accompanying documentation

Single box weights should not exceed 15 kg where on receipt to DTR VMS storemen or other employees will have to manually decant (lift) or otherwise manually move these boxes. In case of exceeding the given weight the supplier shall contact DTR VMS.

3.3. Early / Late Delivery

- All early / late deliveries must be communicated as soon as possible to the relevant DTR VMS logistics contact.
- The schedule of requirements as issued by DTR VMS is the supplier's authority to procure materials and manufacture parts within the agreed purchasing liabilities. Failure to meet these scheduled requirements must be communicated to DTR VMS Logistics within 48 hours of receipt.
- Components that are not ready for the DTR VMS vehicle must be shipped at the suppliers expense.
- Suppliers must ship to schedule at all times. Components that have not been shipped to the schedule must be shipped at the supplier's expense and DTR VMS Logistics dept. must be informed immediately of the recovery plan. Any additional expense relating to the late/early delivery of components will be at the supplier's expense (including additional storage and administration costs).

3.4. Communication

Good communication is vital to ensure quality of service. Suppliers are required to communicate any issue that may affect the performance of DTR VMS in satisfying its internal and external customer needs i.e.

- Delivery notes (email in advance)
- Inability to meet schedule, date or quantity needs to be communicated within 48 hours of receiving the schedule.
- Returnable box requirements must be communicated if necessary within 48 hours prior to loading on the DTR VMS vehicle.
- All early / late deliveries.

3.5. ISPM-15 Requirement requirements for wood packaging

All suppliers importing components from outside the EU must ensure that all wood packaging materials used in conjunction with any delivery to DTR VMS comply with the International Standard for Phytosanitary Measures standard 15 (ISPM-15).

4. Traceability

Suppliers are required to operate a method of product traceability which allows the whereabouts of all parts produced under the same processing conditions (e.g. material batch, operator, machine location / settings) to be traced.

5. Non-Conforming Vendor Supplied Product

Upon receiving a DTR VMS concern for a quality, product launch or delivery issue or non-conformance, suppliers shall implement a containment action within 24 hours. Within 10

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working days, unless otherwise specified, the suppliers shall submit a corrective action plan. Suppliers shall use systematic problem solving method (8D). Concern issuance, response and tracking are all documented via the online Concerns database (accessible via uk.dtrvms.com) with supporting email communication.

After a concern, new consequent deliveries require verification of defect free parts with identification on the boxes/pallet.

If non-conforming products are to be returned to supplier or scrapped at DTR VMS a reject return notification form (SCAR) will be issued to the supplier.

The supplier may request acceptance of deviation from specifications prior to shipment of parts by submitting 5.03 F12 Supplier Concession Request form to DTR VMS QA representative. No parts with deviation should be sent without prior acceptance from DTR VMS. The acceptance of request is solely at DTR VMS' discretion.

6. Change Control

Temporary or permanent changes to the approved production materials and processes require authorisation from DTR VMS prior to implementing the change. To confirm what changes require authorisation refer to AIAG PPAP manual.

Supplier Change Request form 5.03 F1 to be used to notify DTR VMS Purchasing department of the planned change. Decision on the change request will be communicated to the supplier.

Changes initiated by DTR VMS do not require Supplier Change Request form submission, however appropriate validation and PPAP submission is required.

7. Continuous Supplier Development

Suppliers are required to adopt a philosophy of company-wide continuous improvement which delivers mutually beneficial improvements in supplier business performance. DTR VMS shall work in partnership with suppliers to implement improvement initiatives, giving practical assistance as appropriate.

As part of the development process, DTR VMS shall review the performance and position of suppliers at the intervals detailed in Section 7.1.

7.1. Quarterly Performance Review

DTR VMS Purchasing will allocate 100 'merit points' to each supplier on a quarterly basis in the following categories:

Delivery Performance – Delivery compliance	35 merit points
Quality performance - Product conformity	40 merit points
Certifications	6 merit points
Purchasing measures	19 merit points

During the quarter, points will be deducted from this total, using the criteria described in sections 7.1.1 to 7.1.4. The points remaining at the end of the quarter will determine the supplier's overall performance for that quarter.

DTR VMS Purchasing shall review trends in supplier performance quarterly. Indications of persistent poor performance or a downward trend in performance will prompt DTR VMS

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Purchasing to contact the supplier to discuss solutions to current problems or to request written corrective action plans.

7.1.1. Delivery Performance

DTR VMS Purchasing will endeavour to ensure that delivery schedules are realistically achievable. 100% on-time delivery is therefore expected. Suppliers will be assessed on the number of late deliveries, premium freight shipments and incorrect labelling. Deductions will be made for poor performance in each area and an average score calculated to award a maximum of 35 points.

This score is calculated using this criteria:

On time to schedule or min/max level performance	15 points
Communication	5 points
Delivery Service –labelling paperwork, ASN's	5 points
Acknowledgement of schedules	5 points
Forecast- Capacity study/ risks Identified	5 points
Special Freight – number of occurrences	(no score value)

7.1.2. Quality Performance

Suppliers will be assessed by DTR VMS QA, and points deducted from a maximum of 40 points as follows:

For one or more new 8D's being raised	10 points deduction
For one or more 8D's outstanding from previous months	5 points deduction
Failure to supply SPC data on time	15 points deduction
For containment or SCAR's raised	5 points deduction
Lack of timely response to QA / PAPP/documentation	5 points deduction

7.1.3. Certifications

Suppliers may score up to six points in total with points for their quality accreditation as detailed below. Copies of certificates must be sent to DTR VMS Purchasing department.

IATF 16949 - 3
ISO 9001 - 1
ISO 14001 - 1
OHSAS 18001 or ISO 45001 - 1

7.1.4. Purchasing measures

Suppliers will score up to 5 points for satisfactory responses to any RFQ's sent by DTR Purchasing to the supplier. Points will be given based on the amount of RFQ's completed correctly by the requested deadline.

Suppliers will score up to 4 points for competitiveness. This will be assessed by DTR Purchasing each month based on the supplier's position within their market, relative to competitors pricing. Benchmarking activities carried out by Purchasing will help determine the score.

Suppliers, in addition to the above will also accumulate the indicated points for:

Communication	4 points
Commitment to cost downs	4 points
Carbon footprint data provided	2 points

Poor supplier performance may result in introduction to supplier escalation process.

7.2. Supplier Self-Assessment

Supplier self-assessment according to VDA 6.3 is required to be conducted at least annually as proof of compliance with the requirements. The self-assessment is part of the continuous improvement process and has the purpose to achieve the “Green” rating.

DTR VMS QA reserves the right to conduct an audit at the supplier as and when required (e.g. as a validation of a self-assessment, at the start of a new project or due to poor quality performance of the supplier).

The total evaluation is included in the audit report. The report should include a list of noted deviations that are basis for the supplier’s corrective actions including timing and responsibility.

In case of a “Green” rating, the supplier should use this Improvement Programme for further enhancement, within their own responsibility. In case of “Yellow” or “Red” rating the completed Improvement Programme must be presented to the DTR VMS auditor, who will accept or request additional improvements. After realisation of the Improvement Programme (normally within 12 weeks) the supplier is requested to conduct another process audit.

A self-assessment form is available from DTR VMS upon request.

Self-assessments shall be retained by supplier at least for one year and issued to DTR VMS upon request.

8. Ongoing Product / Process Measurement

Suppliers are required to submit ‘Cp’ and ‘Cpk’ values for all significant product characteristics (as identified on issued drawings), monthly (email address to submit to: spc.data@dtrvms.com).

Where ‘special’ production processes (e.g. surface treatment, welding, etc.) are used to create significant product features, ‘Cp’ and ‘Cpk’ values may not be appropriate measures. In such cases, measurement data will be requested for an agreed, representative, sample size. This information must be submitted to DTR VMS Quality Assurance on a monthly basis.

Where submitted data reveals an incapable or unstable process, suppliers are required to submit corrective action plans, aimed at recovering the process. In addition, may be required to conduct 100% inspection of the affected characteristic.

Where very high levels of capability are demonstrated or where there is automated or error-proof gauging built into the process, the requirement for monthly capability studies may be relaxed following request and justification from the supplier and agreement from DTR VMS.

9. Prototype Consignment Control

With each delivered consignment of prototype parts, an Initial Sample Inspection Report may be requested which covers all specified dimensions. Additional engineering test reports and / or material test reports (supplier’s own format) must be submitted for specified engineering characteristics / material properties.

Delivered boxes must not exceed 15 kg weight unless agreed with DTR VMS Purchasing department. Each delivered container must be labelled with information including Supplier name, DTR VMS order number, part number, description, drawing number and issue level, quantity.

Individual articles should have identification marks as specified on issued drawings.

10. DTR VMS Owned Tooling and Gauges

Where production tooling, fixtures or gauges have been provided by and are owned by DTR VMS, the supplier is responsible for:

- Ensuring that the items are stored when not in use, in a way that prevents damage or degradation.
- Ensuring that operators are trained to use the items in a way that prevents damage.
- Insuring the items against damage, whatever the cause.
- Including the items in preventative maintenance schedules and maintaining the items in a condition which does not compromise product conformity.
- Calibrating and identifying items to DTR VMS requirements.
- Keeping a tool register which records details of any repairs.
- Complying with the conditions of all relevant Supply Agreements

11. Environmental and Safety Requirements

DTR VMS discourages the use of hazardous, toxic or restricted chemicals in the manufacture of supplied product.

No such substances may be present in category one or two product supplied to DTR VMS without the consent of DTR VMS Purchasing department.


All chemicals supplied to DTR VMS must be accompanied with a Chemical Data Sheet. Suppliers must ensure that no Ozone Depleting Chemicals (ODC's) are contained in product supplied to DTR VMS, nor used in the manufacture of product supplied to DTR VMS.

ODC's include:

- Chlorofluorocarbons (CFC's)
- Halons containing Bromine (Halons 1211, 1301 and 2402)

Chlorinated solvents (1,1,1 Trichloroethane and Carbon Tetrachloride)


Appendix 1 – Supplier Change Request form 5.03 F1

		Form 5.03 F1 Issue 1
<h2>SUPPLIER CHANGE REQUEST</h2>		
Use this form for changes to the approved processes or materials, once the form is filled in please send it to DTR VMS Purchasing		
Date of request:		
Supplier:		
Supplier contact email address:		
DTR part number(s):		
Drawing number, issue level:		
Reason and description of the change:		
Illustration of change: (if available)		
Nature of change: (Design, process or both?)		
Temporary/Permanent?		
Cost impact to DTR VMS:		
Implementation timing plan (including validation and PPAP): Please provide information here or attach timing plan		
Validation plan and results: Please attach validation plan and available results		
Stock management plan:		
Is supply to current DTR schedules with current approved processes/materials at risk?		
For DTR VMS internal use:		
DTR internal CCFJ Nr.:		
Change accepted/rejected (delete as appropriate)	By:	Date:

Please notify supplier of the decision

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Appendix 2 – Supplier Concession Request 5.03 F12

		Supplier Concession Request		5.03 F12 iss3								
Part Number:		Supplier:										
Part Description:												
Drawing number, issue level:												
Purchase Order Number		Quantity affected:										
Purchase Order Qty?												
Batch number / production date												
Completed by:												
Supplier representative name:		Supplier email address:	Date:									
Supplier representative title:												
Details of non-conformance or deviation and reason for concession request												
Duration of requested concession:												
Deviation discussed with:												
DTR representative name:		Date:										
DTR representative title:												
DTR VMS decision and comments												
SCR Number												
Supplier deviation request	Accepted		Rejected									
Comments												
Duration of concession validity:												
Decision issued by		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%;">Signature</td><td></td></tr> <tr><td>Name</td><td></td></tr> <tr><td>Position</td><td></td></tr> <tr><td>Date</td><td></td></tr> </table>			Signature		Name		Position		Date	
Signature												
Name												
Position												
Date												
Information to: Product development _____, Prototype _____, Logistics _____, QA _____, Purchasing _____, Production _____, Programme Management _____, Process Engineering _____, Inspection _____.												
Instructions to Supplier												
Submit the completed form via email to the relevant Quality Engineer. Do not ship goods until approval has been received (unless agreed in advance). Enclose a copy of the signed off NCR with the goods and reference it on your C of C / paperwork.												