



# SUPPLIER QUALITY MANUAL

**WI – SM – 001\_13 rev.3**

An updated version of this manual and related documents are available for  
download in the Supplier section of the Wikov website at:

<http://www.wikov.com/supplier/en/>

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Revision:

Revision	Date	Subject of revision
0	02/01/2013	Issue of a new document
1	31/08/2014	Revision of the document
2	17/10/2014	Sub suppliers and Suppliers assessment
3	19/04/2023	Revision of the document

On behalf of:

\_\_\_\_\_  
Name and Surname  
Statutory representative

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

\_\_\_\_\_  
Signature and stamp

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## 1. Introduction

This **Supplier Quality Manual** describes and defines the requirements for suppliers and is used as an agreement on quality between WIKOV and its suppliers. The term “quality” represents a set of used characteristics of a product/service and of all processes that lead to meeting all obligations arising from a contract of purchase. The document is binding for all suppliers providing supplies to the WIKOV Group.

From its suppliers, WIKOV expects an intensive co-operation focused on prevention and quality assurance in all phases of a process, in particular, in the phase of planning, realisation and delivery of a product/service.

As a matter of principle, it is the SUPPLIER, who is fully responsible for quality of purchased products/services in the extent of the whole order.

## 2. Explanation of the terms and acronyms used

### 2.1. Terms

First part/batch	The first part/batch of a newly manufactured item used for verification of the required characteristics of a product/service or for verification of a new supplier.
Flowchart	A diagram of operations (processes) and their order that clearly describes a course of production and meets the requirements of WIKOV.

### 2.2. Acronyms

QAP	Quality Assurance Plan – a table specifying the requirements for quality and types of issued certificates
SQA	Supplier Quality Assurance Division
MPP	Manufacturing Process Plan – a document representing a detailed anticipated process of production, sources, standards, tools, the list of sub-contractors, control plan etc.
WQA, WQB, WQC	Quality standards of the WIKOV Group
NCR	Non-conformity report
8D	A tool for documentation of eight steps of team problem solving
5 why	Method used to find out a root cause of a problem by successive questioning
TDC	Technical-delivery conditions
QMS	Quality system

## 3. Approval of the supplier

As the customer, WIKOV has the right to verify QMS, procedural and technological qualification of the supplier or conformity of products through audit. The audit at the supplier's site is carried out by authorised employees of WIKOV SQA Department, employee of the Purchasing Department, employee responsible for quality, or employee of the Technical Department. Audit results give information about qualification in the inspected audit area and allow for identification of the possibilities of improvement.

Wikov carries out 2 types of audits:

- Initial audit, which consist of:
  - Procedural audit – is focused on functionality of processes, monitors a flow of materials and information.

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- Technology audit – is focused on the level of technological equipment, its maintenance / possibility to meet the required quality standards.
- Annual audit – can be a mixture of procedural and technology audit and it shall mainly verify corrective actions during the cooperation.

For the purpose of an audit, the supplier receives a questionnaire in advance by mail. The SUPPLIER fills-in the questionnaire and sends it back to WIKOV before the audit is carried out.

In connection with procedural and technology audits carried out by the employees of WIKOV at the supplier's site, the SUPPLIER undertakes to:

- provide information relating to the organisation, management and quality assurance, safety, and environmental protection
- answer all questions relating to quality assurance
- allow access to the premises of the supplier to the employees of WIKOV, so that they could find out information related to an audit.

WIKOV will inform about the date and program of an audit sufficiently in advance.

The supplier will receive an audit report. Wikov expects to receive supplier's feedback to the findings.

#### **4. Supplier verification – sample collection, takeover**

Supplier verification is performed by WIKOV at the beginning of co-operation with a new supplier, or at the beginning of production of a new product/service of the existing supplier.

Verification is done with use of the first part/batch produced. Special requirements for the production of the first part/batch are specified in the order.

Suppliers are verified for deliveries of individual standards (for ex. the supplier who has been delivering according to Standard WQB - WN039 so far, must be verified for deliveries according to standard WQA – WN044 through a verification order).

##### **4.1. Additional tools for the supplier verification**

On request, the SUPPLIER is obliged to submit:

- a) MPP – Manufacturing Process Plan – while the submitted MPP will be “frozen”, i.e. the employee of WIKOV SQA Department adds their signature and stamp on the first page of MPP. As of that moment, the process is considered “frozen” and the supplier has to notify of any changes in the application for changes in MPP.
- b) Flowchart
- c) Simulation of solidification and dimensional protocol of a model (for castings)
- d) A complete dimensional protocol
- e) FMEA
- f) Calculation reports, and similar
- g) Feasibility study
- h) Others

While the submitted documents will be “frozen”, i.e. the employee of WIKOV SQA Department adds their signature and stamp on the first page of the document. As of that moment, the process is considered “frozen” and the supplier has to notify of any changes in the application for changes in the document in written form.

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## 4.2. Inspection

WIKOV reserves the right to execute inspection at the supplier's site. The supplier will be notified about this requirement in the order, or in QAP. The SUPPLIER has an obligation to invite the inspector of WIKOV to this action no later than 1 week before the scheduled takeover, if executed in Europe, and no later than 2 weeks before the inspection, if executed outside Europe. Unless otherwise defined in the order, inspection is a takeover of a part that has gone through all production operations and is ready to be dispatched and includes a takeover of all documents as well. The SUPPLIER is obliged to provide for all equipment required for takeover of a product/service for the scheduled inspection.

The first part/batch as well as respective documentation must be visibly labelled "First part/batch" before their dispatch from the supplier.

Upon delivery of the first part/batch to WIKOV, the part(s) will be thoroughly inspected and an overall assessment of the delivery of the first part/batch will be made.

When the inspection process at WIKOV is completed, the supplier will be informed about the results of the delivery inspection in a feedback form.

WIKOV reserve the right to check any of the production processes even before the delivery.

## 5. Categorization of delivered parts - WQA, WQB, WQC

WIKOV distinguishes three basic quality Standards for purchased parts:

STANDARD	For forgings	For castings	For welded parts	For metallurgical material
<b>WQA</b>	WN 044	WN 046	WN 022 WG PI247 & PI258	-
<b>WQB</b>	WN 039	WN 063	WN 022 WG PI247 & PI258	WN 060
<b>WQC</b>	WN 005	EN, ISO, etc.	WN 022 WG PI247 & PI258	

*Note: Supplier is obliged to verify, that he is using the latest version of the standards stated in the table*

Standard WN0 068 defines the dimensional tolerances of all kinds of cut bars.

## 6. Quality planning

The SUPPLIER undertakes to plan, organise and perform a manufacturing process and ensure quality assurance on their own responsibility, so that all requirements for quality assurance for the specific product/service are met. Pre-production and production phases must be properly planned, including checks. WIKOV reserves the right to ask for documents substantiating a proper planning using a feasibility analysis. This requirement will be specified in the order. It is a common practice that the customer does not perform an input check of all delivered parts, and all costs related to insufficient quality of delivered parts during the production phase as well as with end customer will be subsequently claimed from the supplier.

## 7. Approval of deviations – NCR

If there is a deviation with TDC WIKOV found out any time during the production phase at the supplier, this fact must be immediately reported by sending a filled-out NCR form by e-mail to the contact person of the ordering party.

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Every NCR must contain a detailed specification of the root cause (e.g. through 5xWhys) and corrective measures.

The supplier will receive an opinion from WIKOV in the same form. Any possible approval (conditional approval) of deviation does not divest the supplier of their responsibility for damages caused by the deviation.

Without opinion of WIKOV, the SUPPLIER must not dispatch the product that does not meet the requirements or to carry on with the subsequent production operations without approval.

All extra work necessary for elimination of deviation performed at WIKOV (or adjustment of a counterpart) will be charged to the supplier.

The SUPPLIER shall add the approved NCRs to the documentation + to the part. The SUPPLIER shall mark the non-conforming part visibly with the sign "ATTENTION – DEVIATION NCR no..."

If the problem is serious or occurs repeatedly, WIKOV reserves the right to ask the SUPPLIER to execute an 8D report.

## **8. Claims**

In the case of non-conformity of the goods delivered to WIKOV with the requirements, the following procedure applies:

- Information to the supplier about the non-conformity send by the REK/PNV protocol form
- Feedback from the SUPPLIER to WIKOV with respect to elimination of the deviation identified (repair/replacement) – required no later than in two working days.
- In case of expected high costs in regards to the deviation, the SUPPLIER must react by return.
- If feedback is not sent, WIKOV decides on the repair/replacement using own resources. Those costs will be charged to the SUPPLIER.
- In all cases of a claim, SUPPLIER must identify the root cause and suggest corrective actions. If the 8D tool is required, then:
  - 3D – immediate reaction (preventing the spread of the problem, suggestion of a repair)... within 48 hours
  - 5D – identifying the root cause and suggestion of corrective measures... within 10 business days
  - 8D – implementation and verification of corrective measures... as agreed

## **9. Sub-contractors**

All SUPPLIERS must transfer the requirements of the Supplier Quality Manual of WIKOV to their sub-contractors. WIKOV reserves the right to carry out an audit of the supplier's sub-contractors.

The SUPPLIER is obliged to inform WIKOV about any change of Sub supplier, technology, production or design. WIKOV reserves the right to decline such a change.

SUPPLIER is obliged to maintain a list of current and verified sub suppliers. This list has to be available upon request to the WIKOV's representatives.

In case SUPPLIER breach this rule, WIKOV reserve the right to cancel the contract.

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## **10. Identification**

The delivered parts must always be identified in accordance with the contract of purchase, delivery note and other related documentation.

## **11. Packaging and protection**

Unless the contract of purchase specifies otherwise, the SUPPLIER is obliged to wrap the products to be transported or to secure them in some other way necessary and common for storage and protection of a product.

## **12. Hazardous materials**

With a possible delivery of any chemical substance to WIKOV Gear, the SUPPLIER is obliged to send a safety data sheet prepared according to Regulation (EC) 1907/2006 (REACH) and to add a description in Czech (or in English) on the packaging. If the SUPPLIER does not do this, they lose their right to invoice until the time of delivery of a safety data sheet.

## **13. Machinery and tools**

A preventive maintenance plan for machinery and tools necessary for production and inspection of parts for WIKOV as well as any failures and repairs of machinery must be recorded and submitted on request.

If the SUPPLIER borrows tools from WIKOV (machine tools, technological appliances, and similar), they have to ask for documents that prove that the tools are in good condition (e.g. newly re-sharpened) and ready to be used. At the same time, it is necessary to ask for information concerning the conditions of use, period of service and maintenance of a tool.

## **14. Documentation to deliveries**

Complete requested technical documentation to the delivered parts must be available on the day of delivery of the parts to WIKOV in required language versions (as per the extent of a contract of purchase). Approved NCRs (if there was any non-conformity) must be included in the documentation. A complete documentation to the deliveries in PDF format must be sent to the e-mail address of the contact person issuing the order or by any other form mutually agreed. If the documentation is not prepared on the day of delivery of a part, it is necessary to ask the contact person for exception. If any part of the documentation is not delivered, the delivery is considered undelivered, and in such case, there is no entitlement to issue an invoice and the ordering party has the right to claim a contractual penalty for delayed delivery. Such invoices will not be accepted and will be returned to the supplier. The SUPPLIER is entitled to send a new invoice only as soon as the documentation is complete.

## **15. Dates**

The SUPPLIER performs continuous internal monitoring of orders. The SUPPLIER must be able to provide information about the progress of production any time. The SUPPLIER is obliged to ensure continuous transparent monitoring of orders with their sub-contractors.

Supplier has to be ready to prepare and periodically send an Order status report, to prove its readiness to fulfil the confirmed delivery dates. WIKOV determine the frequency of such a report.

Emergency plans and effective crisis management must be available and must be submitted on request.

If circumstances affecting the delivery date or delivered amount to WIKOV occur, the SUPPLIER must introduce necessary measures. If it is obvious that the agreed deadlines cannot be met or the agreed amount cannot be delivered despite the measures undertaken, the SUPPLIER is obliged to inform the contact person of WIKOV about such situation by e-mail immediately and without being asked to do so and to specify a new delivery date.



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In addition to that, on request, the SUPPLIER informs WIKOV about at least the following:

- A cause of the problem
- Production capacities for the delayed parts and continuous times of machine runs and operation times that are taken as a basis (number of hours per workday, number of workdays per week)
- Proven alternative possibilities of production (must meet quality requirements of WIKOV)
- Alternative parts for delivery (must meet quality requirements of WIKOV)
- Verification of division of batch/part delivery
- The possibility to shorten the time of delivery by using a special method of transportation
- Information/escalation within the organisation of the SUPPLIER

If it is not possible to find an agreeable solution, it is necessary to involve the contact person of the SUPPLIER at a higher level of management up to the SUPPLIER'S company management

#### **Acceptance of goods on workdays in production plants of WIKOV:**

<i>WIKOV MGI, Hronov:</i>	<i>Mo - Fri 6:00 a.m. – 2:00 p.m.</i>
<i>WIKOV Gear, Plzeň:</i>	<i>Mo - Fri 6:00 a.m. – 2:00 p.m.</i>
<i>WIKOV Sázavan, Zruč nad Sázavou:</i>	<i>Mo – Fri 6:00 a.m. – 2:00 p.m.</i>

## **16. Supplier assessment**

WIKOV uses supplier assessment system.

### **Empirical assessment:**

This tool assesses suppliers with respect to meeting delivery dates, insufficient quality detected before and during the production phase at WIKOV. At least once a year, selected suppliers are informed about their assessment for the past year. If necessary, the supplier is asked to give their opinion on the assessment and to describe measures that they will undertake to improve delivery dates, quality of the delivered parts and their co-operation in general.

Parameter	Description	Values	Max.points
Quality of deliveries	Share of financial volume of insufficient quality ( <b>HNV</b> ) in the total financial volume of deliveries in %	%	20
Quality of deliveries	Share of the number of cases of insufficient quality ( <b>RP+HNV</b> ) in the number of received lines of purchase orders	0 – 100%	20
Delivery dates	Share of the number of delayed delivered lines of purchase orders in the total number of purchase orders	0 – 100%	40
Framework contract (FC)	Assessment of existence of FC and deviations from General business terms (GBT)	1 – FC signed according to GBT, 2 – FC signed with deviations from GBT 3 – FC not signed	10
Payment term	Assessment of the given payment term	1 – 90 days and more 2 – 60-89 days 3 – 30-59 days 4 – 0-29 days 5 – advance payments, LC,...	10

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The SUPPLIER is categorized after summation of all points, in A, B or C category according to the following key:

- A....75 – 100pts
- B....40 – 74pts
- C....0 – 39pts

If they have not been classified A, it should be in their interest to improve their position in the next monitored period.

## **17. Communication and the Code of ethics**

A precognition of a successful co-operation between Wikov and the supplier is an open communication at all levels and during the whole period of business co-operation.

WIKOV shall try to solve any disputes by mutual agreement.

All employees of WIKOV are obliged to follow the Code of ethics. WIKOV requires that the following rules are followed in the mutual business relationship:

1. *We respect laws, ethical rules as well as cultural habits and common business practice*
2. *We do not tolerate offering, demanding or accepting bribes*
3. *We do not use lies or other fraudulent activity*
4. *We refuse any form of discrimination*
5. *We are considerate towards our surroundings and the environment, and we create good working conditions for our employees*
6. *We respect Key values of the company, we are building a positive working atmosphere*
7. *We are apolitical*

## **18. Supplier section at <http://www.wikov.com>**

Through the Supplier section the supplier has access to information about purchases made by WIKOV. In the Supplier section there are documents for downloading available, e.g. basic business documents, quality documents and actual forms.

## **19. Continuous improvement**

A part of the WIKOV Group strategy is a continuous improvement. WIKOV prefers suppliers with a proactive approach to improving their own processes and procedures, with a special attention to quality of products/services delivered to the WIKOV Group.

## **20. Conclusion**

This manual is binding for all suppliers and it is to be considered as a “Quality agreement” between WIKOV and its suppliers. Suppliers are obliged to study this manual and confirm the same by signature. Manual is binding since the date of signature. Non-fulfilment of the requirements stated in this manual can lead to the fact that the cooperation will be cancelled, as well as to the compensation of the damage and consequent costs will be claimed.

In the case of any discrepancy between the specifications the following priorities take place (1=high priority):

1. Purchase/service contract
2. Frame contract

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3. General business conditions
4. Suppliers quality manual