CZ AUTO SUPPLIER MANUAL

1st ISSUE

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I. INTRODUCTION – FIRST PART

This Supplier Manual of Česká zbrojovka a. s., CZ AUTO section, hereinafter referred to as CZ AUTO, describes and defines requirements concerning automotive and aerospace suppliers and serves as a Quality Agreement between CZ AUTO and its suppliers, which forms an integral part of any contractual relationship. The Supplier Manual is divided into two parts. The first part describes and defines requirements concerning automotive suppliers, the second part describes and defines requirements concerning aerospace suppliers.

It is a common goal of the supplier and CZ AUTO to make sure that the products and services provided are in conformity with customer requirements through improving product quality and reliability.

CZ AUTO expects its suppliers to provide intense co-operation focused on prevention and quality assurance at all stages of the supplier process, particularly in the product development planning and implementation phase and in subsequent processes.

Scope of use of the CZ AUTO Supplier Manual – Part I

1. This part of the Supplier Manual of CZ AUTO serves for defining requirements concerning automotive suppliers of CZ AUTO while laying out procedures desirable for assuring timeliness of deliveries and quality of purchased parts.

Suppliers are responsible for quality of purchased parts. This rule applies to the full scope of delivery. At the same time, the supplier is responsible for the existence of adequate quality management system.

Suppliers of CZ AUTO are expected to implement continuously and consistently the specified methods and procedures. This may be checked by CZ AUTO by means of supplier audits.

All suppliers should pass the requirements of the CZ AUTO Supplier Manual to their sub-tier suppliers.

The main objective of purchasing is to ensure steady quality of products and supplies within the required delivery dates and for the required prices in order that it is possible, as a result, to reduce the range of receiving inspection.

II. SUPPLIER QUALITY PLANNING

The supplier commits to plan, organise and carry out the production process and quality assurance upon its own responsibility in order to make sure that all quality assurance requirements imposed on the product are met.

CUSTOMER'S REPRESENTATIVE

The supplier shall appoint persons responsible for communication with the customer in the field of sale, logistics and product safety.
Shall the customer's representative or another important person change, the Supplier shall inform about it CZ AUTO in 10 working days.
CZ AUTO requires that contact persons of the supplier are appointed during the inquiry stage.

NOTIFICATION OBLIGATION

The Supplier is obliged to notify CZ AUTO of any important changes in the organisation (e.g. change of the owner, change of the production site, change of responsible persons).
The Supplier shall inform immediately CZ AUTO in case of shipment of a non-compliant product to CZ AUTO.
The Supplier shall inform CZ AUTO about changes of the product in cases defined in PPAP or VDA 2 manuals.
The Supplier shall notify CZ AUTO as soon as they find that the delivery term cannot be observed.

CONFIDENTIALITY

Technical Information shall not be reproduced or handed over to a third party without a written consent of CZ AUTO.

MANAGEMENT REVIEW

The Supplier shall hold regular meetings to evaluate qualitative performance. The inputs shall include results of supplier evaluation.

RESPONSIBILITY FOR PRODUCT SAFETY

The Supplier shall undertake and commit their sub-suppliers to:

- existence of a clear quality awareness in the entire society,
- ensure the required product safety during development of components,
- take into account product safety during quality planning,
- ensure and prove quality capability of production processes,
- minimise, through relevant quality management measures in series production, the probability of occurrence of defective products,
- ensure as soon as possible, through relevant measures, timely detection of defective products in the manufacturing process (minimising costs/waste while creating the added value),
- document in detail quality data and demonstration controls required by law,
- make it possible to demonstrate that products manufacturing takes place in compliance with laws and safety standards,
- make it possible to use the material back tracking system already at the production start in order to be able to confine effects of occurred defects,

• inform in detail and train responsible workers in the field of “product safety and liability”,
• appoint a product safety representative (PSB) for each supply chain level (member of management).

KNOWLEDGE OF THE PRODUCT SAFETY REPRESENTATIVE
• concerning the manufactured product: description of product function, detailed production in the production site and purpose of use according to its designation at the customer,
• Directive 2001/95/EC on general product safety and Directive 85/374/EEC on liability for products,
• risk assessment methods.

COMPETENCES OF THE PRODUCT SAFETY REPRESENTATIVE
• PBS gives information directly to the management, plant manager or quality manager,
• initiation of blocking of parts in a series in progress, e.g. in case of defects affecting safety and image (even though the safety issue threatens the start of the series), including resources concerning tests on testing equipment, validation, etc.,
• PSB for individual production places are appointed on all levels of the supply chain.

DUTIES OF THE PRODUCT SAFETY REPRESENTATIVE
• cooperation in preparation and setting of priorities for elimination or avoiding of defects affecting product safety in the phase of product creation (defects prevention),
• cooperation in and initiation and examination of process FMEA for safety important components in the field of manufacturing, assembling and inspection processes,
• evaluation of likelihood and frequency of occurrence of defects for a concrete product in case of a defect,
• in case of a claim, it is necessary to verify planned corrective measures, their rapid implementation and continuous efficiency. Efficiency of corrective measures must be confirmed in writing by PSB.

III. Q DOCUMENTS

The supplier is required to prepare the following documents:
CONTROL PLAN
CZ AUTO requires preparation of an inspection plan that defines and describes all inspection steps in the entire process (input, inter-operational, final inspection, special processes) up to shipment of finished products and product audit with certification.
At least the following information shall be stated for each inspected characteristic:
- Inspected (measured) value including the tolerance;
- Applied gauge and measurement method;
- Inspection frequency;
- Response plan in case that a nonconformity is found.
- Inspection record.
The reference manual AIAG - Advanced Product Quality Planning (APQP) - and the Control Plan shall serve as a guideline for preparation and structure of control plans.

PREVENTIVE MAINTENANCE

The supplier is expected to establish a documented plan of preventive inspections and records of the performed regular and irregular inspections and repairs of production equipment.

EMERGENCY PLAN

The supplier shall prepare an emergency plan in order to satisfy requirements of the customer in cases of emergency situations, such as interruptions in energy supply, lack of workforce, failures of key equipment and return of products from the utilisation phase.

WORK INSTRUCTIONS

The supplier shall prepare documented work instructions for all employees who are responsible for operation of processes influencing the conformity with product requirements. These instructions shall be available at the workplace.

These instructions shall be based on such sources as the quality plan, control plan and the product realisation process.

Concerned employees shall have at disposal instructions for repairing, including requirements for repeated control and they must they must observe them.

IV. QUALITY ACTIVITIES BEFORE SERIES PRODUCTION

PROGRESSIVE PRODUCT QUALITY PLANNING (APQP)

The supplier shall prepare the Product Quality Plan, incl. schedule,
and ensure that this plan complies with the customer's requirements and expectations.
The supplier shall submit the Plan on request.

TRANSVERSAL APPROACH

The process FMEA shall be prepared according to the AIAG procedure Potential Failure Mode and Effects Analysis or according to VDA 4.2. If required by CZ AUTO, the supplier shall provide the FMEA copy for review. If the document is considered confidential, the supplier shall provide a qualified technical support and bring the FMEA for review by the requester without keeping the copy.

The Control and Management Plan shall comply with requirements according to the AIAG APQP and the Control Plan or VDA 2. Control and management plans shall be reviewed and updated whenever there are any modifications to the product, manufacturing process, logistics, resources or FMEA.

FEASIBILITY STUDY

As soon as the supplier receives the technical specification, the supplier shall perform a study of feasibility of the required material/component. By submitting an offer, the supplier confirms that he is able to manufacture the material/component according to its specification.

SPECIAL FEATURES

In the event that CZ AUTO specifies special features, the supplier shall:

- Transfer these features into his documentation (FMEA, control and management plan, operating instructions, ...).
- Prove to CZ AUTO the method and frequency of control of these features (e.g. Through control and management plan).

CAPACITY VERIFICATION

The supplier shall perform the capacity verification before SOP.

If required by CZ AUTO, the capacity verification shall comply with the VW "2-day production" procedure; or

Ford "Capacity Analysis Report (CAR)" or another similar procedure.

All equipment for the series production must be available during the verification. Full capacity and permanent personnel shall be used.

CHANGE MANAGEMENT

The supplier shall not make any modifications on the product without a prior formal approval by CZ AUTO.

The supplier who wants to propose a change to the product due to internal reasons shall submit a change approval request together with test results (analogical to the tests performed at the initial product approval - see PPAP or VDA 2).

Any change may be implemented only after the receipt of the CZ AUTO approval.

The supplier shall keep records on the date of the change implementation for all product and/or process changes (material, process, processing, etc.).

The first delivery after the implementation of a change shall be marked according to the CZ AUTO instructions.

PRODUCT APPROVAL PROCESS

The product approval process shall comply with the AIAG manual "Production Part Approval Process" (PPAP) of with the VDA 2 "Quality Assurance of Supplies" (ISIR) according to requirements of the CZ AUTO customers.

Samples for the approval process shall be taken from production being made under the series conditions.

V. QUALITY ACTIVITIES DURING SERIES PRODUCTION

KEEPING QUALITY DATA

Production part approval processes, production tools records, purchase orders and their modifications shall be kept throughout the period of usability of the part or part assembly for the production requirements and for the following ten calendar years. This provision includes all tools owned by the customer.

Production control records and test records (e.g. regulation charts, control results and test results) shall be kept for the period of 5 calendar years. Control records shall be made for each performed control or test. If the quality data concern liability for damage caused by a product defect, the records shall be kept for 15 calendar years (taking into account damage liability legislation in the concerned country).

Records kept for the purpose of internal quality audits and the management system review shall be kept for the entire following year and for the following three years.

The above rules do not replace legislative requirements.

PROCESS CONTROL

The supplier shall observe the management and control plan submitted during the product approval process.

If any important characteristics have been set, the supplier shall ensure a continuous process capability.

The supplier shall continuously improve the production process, e.g. Through production analysis (waste factors in production, productivity, machines efficiency and efficiency of production and shifts planning, process and product audits, in order to ensure a permanent compliance with the CZ AUTO requirements.

The supplier shall have at disposal sufficient control equipment (laboratory and measurement equipment).

MARKING OF PARTS – TRACEABILITY

Materials, parts, semi-finished products and final products shall be clearly marked and stored in order to eliminate any confusion or mixing of parts and in order to guarantee identification allowing traceability of individual production batches. FIFO (first in, first out) system shall be applied.

SET UP VERIFICATION

Making any setting up, e.g. when starting production, changing material or order, shall be verified.

The employees making set up shall have at disposal operating instructions. Comparison with the last part is recommended.

The supplier shall identify responsible persons having authorisation to plan and perform such activities.

PREVENTIVE MAINTENANCE

The supplier shall identify equipment for key processes, provide resources for machine/equipment maintenance and build an efficient system of total preventive maintenance. This system shall include at least:

- Planned maintenance activities,
- Availability of spare parts for key production equipment,
- Documentation, evaluation and improvement of maintenance goals.

Note: It is recommended to consider predictive maintenance methods in implementation of the total preventive maintenance system.

PURCHASED PRODUCT COMPLIANCE WITH REQUIREMENTS

The supplier shall have a process for demonstration of the purchased product quality where one or several of the following methods shall be used:

- receipt and evaluation of statistical data of organisations,
- input inspection and/or tests, such as selection based on achieved level,
- assessment or audits of supplier's production sites made by another or a third party, but only in connection with records on accepted compliance with requirements for the delivered product,
- evaluation of a part by a specified laboratory,
- other method approved by the customer.

SUPPLIERS MONITORING

Performance of suppliers shall be monitored using the following indicators:

- Compliance with the delivered product requirements
- Observation of the deliveries schedule (including extra costs for transport), and
- Defects at the customer, including products returned from the usage phase.

REVIEW OF REQUIREMENTS REGARDING THE PRODUCT

The supplier is required to check the order/agreement (e.g. material availability according to the specification, capacity, measuring gauge, tool, term of delivery, quantity, change indices in the technical documentation etc.) – with a provable record. The confirmation of a CZ AUTO order and the solution of changes during implementation.

DOCUMENT AND RECORD CONTROL

The supplier shall have implemented rules for management of documents and records, e.g. CZ AUTO documentation (drawing documentation, framework purchase agreement, non-disclosure agreement, supplier manual, etc.), state and industry standards, laws, in order to prevent a unintentional use of obsolete/invalid documents.

CALIBRATION OF MONITORING AND MEASURING EQUIPMENT

The supplier is required to use only calibrated and verified measuring and test equipment. Any and all multi-purpose measuring equipment, including stationary inspection and measuring jigs and reference samples shall be registered and regularly calibrated according to a developed calibration plan.

Calibration intervals depend on the type of measuring equipment and purpose of use. Calibration shall be related to international or national calibrating devices and shall be documented. The gauges shall be identified to enable the calibration status (the gauge shall clearly show the next calibration date). Any measuring equipment that is not calibrated shall not be used. Measuring equipment shall be protected from damage during handling, maintenance and storing.

MEASUREMENT SYSTEM ANALYSIS

Analytical methods and take-over criteria shall comply with the methods/criteria stated in the MSA manual ("Measurement System Analysis") or VDA 5 "Measuring Process Capability".

EXTERNAL LABORATORY

External laboratories used by the supplier for inspections, tests and calibration services shall be accredited according to ISO IEC 17025.

EXPERT CAPABILITY, RELEVANCE AWARENESS AND TRAINING

The supplier shall include product safety and product non-conformity information (causes, consequences, relevant corrective and preventive measures) to training of persons responsible for quality. The training shall be aimed not only at actual non-conformities but also on the potential ones.

PRODUCT MONITORING AND MEASUREMENT

Product audit

The product audit shall be performed in specified intervals for each product in the series production.
The product audit shall be defined in the control and management plan. The measurement inspection shall be performed at least at 5 pieces.

Total part re-qualification

The total re-qualification, i.e. repeated performance of all inspections / tests made within the initial part approval, is required at least every three years. The re-qualification shall be defined in the control and management plan.

QUALIFICATION OF SUB-TIER SUPPLIERS

The same procedure as is the procedure applied by CZ AUTO in co-operation with its suppliers shall be also applied by the supplier in co-operation with its sub-tier suppliers. The supplier is expected to flow down the requirements stated in the "Supplier Manual" of CZ AUTO to its sub-tier suppliers. The supplier shall make sure that its sub-tier suppliers guarantee the required quality, however the supplier bears full responsibility for the complete delivered part, material or goods.

VI. SUPPLIER ACTIVITIES IN THE CASE OF A COMPLAINT

If a quality nonconformity is identified in delivered parts, CZ AUTO shall advise the supplier of this fact without any delay. The supplier shall implement actions that will ensure the continuity of production CZ AUTO and the continuity of dispatching goods from CZ AUTO to its customer.
The supplier shall adopt actions to prevent re-occurrence of an identical defect. Such actions shall be developed via completing "G8D Report" (see Appendix).

NON-CONFORMING PRODUCT MANAGEMENT

In the event that a non-conforming product is identified in CZ AUTO, the following procedure hast to be followed:

- The supplier shall confirm receipt of a claim in 24 hours and immediate actions shall be agreed with CZ AUTO. Implementation of the immediate actions shall not exceed 2 working days.
- The supplier shall ensure re-sorting of products in the CZ AUTO warehouse and replace non-conforming parts. Besides, the supplier shall ensure a 100 % inspection in its warehouse. If re-checked parts are delivered to CZ AUTO, all deliveries shall have a special marking. The way of marking shall be consulted with CZ AUTO.
- In 5 days, the supplier shall prepare an analysis of the non-conformity cause and propose corrective measures and send this information to CZ AUTO in form of the G8D report. The deadline for implementation of the corrective measures shall not exceed 3 weeks (15 working days).
- Immediate measures agreed with the supplier (e.g. sorting) shall be applied to all subsequent deliveries until the non-conformity cause is identified and corrective measures implemented.
- Each claim shall be considered in the process FMEA revision.

In the event that a non-conforming product is identified at the customer (Tier 1):

- The supplier shall observe the term required by the customer (Tier 1) for submission of the G8D Report.

If the Supplier is not able to keep the required term, the supplier shall inform CZ AUTO before the end of the term.

- If analysis of the non-conforming part identifies the case at the supplier, the supplier shall bear all the costs quantified by the customer (Tier 1).

Cost of poor quality

If a non-conformity is found that is provably caused by the supplier, the supplier will be charges any costs in compliance with the concluded agreement/purchase conditions.

VII. SUPPLIER RESPONSIBILITY

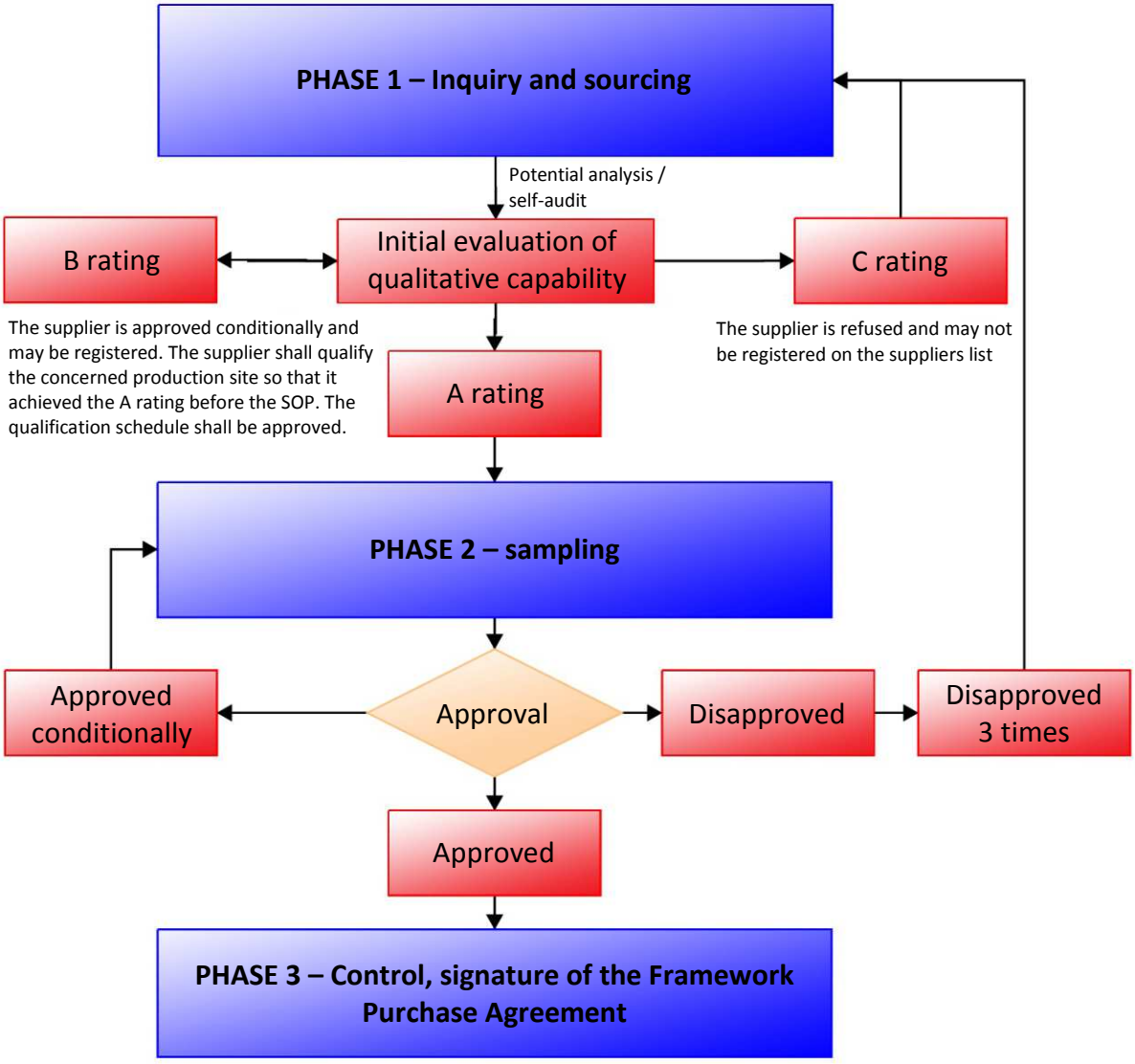
The supplier provides CZ AUTO warranty for the quality of goods for 36 months from the goods handover (hereinafter referred to as “Warranty Period”).

CZ AUTO expects its suppliers and their sub-tier suppliers to create such organisational and technical conditions that will ensure at least maintaining the quality, or improving the quality of supplied products, while minimising risks and consequent complaints.

Any products supplied by the supplier to CZ AUTO shall meet the currently valid legal regulations, including in relation to the protection of the environment.

THE SUPPLIER IS FULLY RESPONSIBLE FOR QUALITY AND SAFETY OF SUPPLIED PRODUCTS, MATERIALS AND SERVICES.

VIII. FLOWCHART OF SUPPLIER QUALITY ASSURANCE



IX. PHASES OF SUPPLIER QUALITY ASSURANCE

PHASE 1 – INQUIRY AND SOURCING

Potential suppliers are addressed in this phase. This phase results in selection of a supplier and putting (not putting) the supplier on the List of Approved Suppliers of CZ AUTO. Only the suppliers included in the "List of Approved Suppliers" can be addressed directly, particularly those who meet the requirements of the Supplier Manual of CZ AUTO. During this phase, the suppliers receive information concerning drawing documentation and its integral parts, related standards, regulations and product specifications.

The supplier is selected based on optimum concord in the areas Quality – Price.

SUPPLIER QUALITY SYSTEM REQUIREMENTS

The supplier shall have implemented a quality management system certified according to IATF 16949 last edition by a company registered at IATF.

The supplier without a certified system according to IATF 16949 in the time of the tender can be selected only if he owns the ISO 9001 certificate and agrees with CZ AUTO a plan for obtaining the IATF 16949 certification or, as a minimum, a plan of implementation of requirements of this Manual.

If the supplier has several production sites, the certification shall be demonstrated for all the production sites.

SUPPLIER AUDIT

1) The initial evaluation of qualitative capability

Before a new supplier may be registered, it is necessary to examine his qualitative capability. The qualitative capability may be proven either by a result of a potential analysis (evaluation performed by CZ AUTO) or a self-audit result (evaluation performed by the supplier).

Capability evaluation result		Impact on the supplier's registration
Potential analysis	Self-audit	
Green	A	The supplier is approved and may be registered
Yellow	B	The supplier is approved conditionally and may be registered. The supplier shall qualify the concerned production site so that it achieved the A rating before the SOP. The qualification schedule shall be agreed with CZ AUTO
Red	C	The supplier is refused and may not be registered on the suppliers list

Self-audit results of the supplier may be accepted only if conditions mentioned in the Process Audits chapter are met.

Positive evaluation of the qualitative capability do not necessarily mean awarding of a contract, however, negative evaluation of the qualitative capability excludes awarding of a contract.

The initial evaluation of qualitative capability is also required in the event that an existing supplier should deliver a new product group.

2) Quality capability evaluation during a project

Regular process and product audits according to the VDA 6.3/6.5 methodology are used for continuous evaluation of qualitative capability evaluation of existing suppliers. These audits are aimed at the CZ AUTO requirements concerning delivered products and related manufacturing process.

See details below in Process Audits

2. PHASE – Product Approval Process

The product approval process shall comply with the AIAG manual "Production Part Approval Process" (PPAP) of with the VDA 2 "Quality Assurance of Supplies" (ISIR) according to requirements of the CZ AUTO customers.

Samples for the approval process shall be provided for free. These samples shall be taken from production being made under the series conditions.

If not agreed otherwise, the documents, material and samples will be sent or presented to CZ AUTO according to the PPA level 3 submission or VDA 2 level 2.

CZ AUTO evaluates samples and documents that are either sent or presented. The approval status is added to the report cover sheet.

The total approval status may be:

1. **Approved**, this means that the supply of products according to orders is approved.
2. **Conditionally approved**, means supply of products do not fulfil the entire sampling scope is only permitted for a limited period of time or limited quantity. A follow-up sampling is necessary.
3. **Refused**, this means that the supply of products is not permitted. A follow-up sampling is required.

Process capability study

- The supplier shall perform the process capability study:
  - always when CZ AUTO defines important product characteristics in the drawing
- take-over criteria:

Index value (Ppk/Cpk) ≥ 1.67	The process currently complies with the customers requirements
1.33 ≤ Index value (Ppk/Cpk) < 1.67	The process is currently acceptable, but improvement is possible. The supplier contacts CZ AUTO and agrees a plan of improvement measures.
Index value (Ppk/Cpk) < 1.33	The process currently does not fulfil the take-over criteria. The supplier contact CZ AUTO and agrees a plan of improvement measures and implements a 100 % inter-operational inspection (the inspection will be added to the control and management plan).

- Source data for the process capability study shall be included in the part approval documentation.

The supplier shall issue a declaration of conformity with the EU directive 2000/53/EC End-of Life Vehicles and shall add the required data into the IMDS database.

The supplier shall inform CZ AUTO about any changes in the process chain (see Notification Obligation) before their implementation and shall obtain the CZ AUTO approval.

Number of samples
The supplier shall provide at least 5 samples of each item, unless CZ AUTO requests other quantity of parts.

Marking of samples
The supplier shall visibly mark the individual samples. The marking shall be performed in a manner preventing its loss or damage. If a product consists of several components, the supplier shall mark the individual components of the product if such marking is not shown on the component.

Marking of samples shall include:
- Supplier name;
- Product name or number;
- Change index

Packing in packing materials according to the packing rule agreed with CZ AUTO.

PHASE 3 — SIGNATURE OF FRAMEWORK PURCHASE AGREEMENT AND CONTROL
The goal of this phase is to verify the quality of deliveries. Deliveries are subject to controls according to the CZ AUTO control plan.

X. CONTINUOUS IMPROVEMENT

FRAMEWORK QUALITY AGREEMENT

EVALUATION CRITERION "quality of deliveries"

The supplier shall apply the strategy of zero defects.
A special improvement programme is agreed between the supplier and CZ AUTO through this Manual (see Supplier Evaluation).
The supplier's goal is 0 % of defective units (0 ppm).
Unless specified otherwise, the evaluation criterion is set at the maximum of 0 % of defective units (0 ppm). The average value achieved for 6 months shall be reflected into the regular half-yearly supplier evaluation.

SUPPLIER EVALUATION
Supplier evaluation serves for creation of strategy of purchasing and for purchasing development . In accordance with the QMS requirements, suppliers are evaluated in the following areas:

- Purchasing/Logistics;
- Quality;

Supplier evaluation shall be carried out 2 x a year, always for the past half year.
Each supplier shall be placed into a group (A, B, C, or D) depending on the total score. The achieved score (max. 100 in each of the two evaluated groups, i.e. the total of 200) is converted to percentage. Every part has the same weight for the total rating, i.e. the sum = 1/2 Purchasing/Logistics + 1/2

Quality. Rating results are sent to suppliers in the electronic form, and if corrective measures are stated and their implementation is monitored.

Supplier evaluation scale

A - $x > 90\%$

B - $65 < x \leq 90$

C - $55 \leq x \leq 65$

D - $x < 55\%$

If the supplier fails to achieve at least 50 points in each of the rated categories (purchasing/logistics and quality), it is ranked to category C.

Corrective measures for further rated period will be determined for suppliers with 90 % and less (rating B and worse), always for the area in which they failed to meet the required target.

The suppliers placed into the group C shall implement corrective measures in the subsequent period (i.e. half year). If a supplier is placed into the group C in two consecutive periods, it shall be considered as disapproved for the subsequent delivery period, and shall therefore be blocked. The suppliers placed into the group D shall not be approved and shall be automatically blocked for the subsequent period. The consent of the management of CZ AUTO is required for potential re-release of such supplier.

PROCESS AUDITS

CZ AUTO uses the following process audits to evaluate the supplier capability and to identify possible improvements of their processes:

Potential analysis

Process audit according to VDA 6.3 (chapter P1). It is used for evaluation of new, unknown suppliers and production sites.

Regular process audit

Regularly repeated process audit according to VDA 6.3 performed at existing suppliers – it concerns suppliers of raw-materials, semi-finished products, parts.

Special process audit

Process audit according to VDA 6.3 performed at existing suppliers in case of a new/modified product, manufacturing process changes, new production site, change of owner or in case of unsatisfactory performance of the supplier or for confirmation of efficiency of agreed corrective measures. It applies to suppliers of raw-materials, semi-finished products, parts.

Supplier self-audits

Process audit according to VDA 6.3

The self-audit shall be performed at least once a year (the validity of the audit is max. 12 months).

The audit is performed according to the VDA 6.3 methodology (process items P2 - P7).

The self-audit shall be performed by qualified VDA 6.3 auditors (see VDA 6.3: Internal Auditors Requirements).

If required, the supplier shall provide to CZ AUTO a record from the self-audit, including the improvement programme.

During quality audits carried out by CZ AUTO in the supplier facilities, the supplier commits to:

- Furnish information concerning organisational arrangement, management and assurance of quality, safety and environmental protection;
- Answer any and all questions concerning quality assurance asked during the audit;
- Allow the representatives of CZ AUTO access for the purpose of determining the degree of product quality assurance;
- enable the CZ AUTO customer to make audit in the presence of the CZ AUTO representative. The audit will be coordinated by the CZ AUTO representative.

The audit date shall be announced by CZ AUTO well in advance.

The supplier shall realise improvement programmes and corrective measures in 12 weeks from the receipt of the improvement programme.

- In case of a “B” or “C” rating, the supplier shall realise a self-audit according to VDA 6.3 in 10 weeks from implementation of the improvement programme. In case of a “B” rating, the supplier notifies a practicable deadline for achieving the “A level”. In accordance with the set deadline, we expect a report from the subsequent internal audit without request.

LESSONS LEARNED

Experience gained in previous or undergoing projects, e.g. customer claims, production defects, project processing, etc., must be used for learning (“lessons learned”) in new projects, for new development, and for showing measurable decrease of defects rate in new production starts based on previous indicators.

XI. ENVIRONMENTAL REQUIREMENTS

According to Act No. 348/2004 Coll., the suppliers of CZ AUTO are obliged to furnish accompanying documentation for raw materials, materials and products regarding product safety, including the method of disposal.

Upon entry into to the premises of CZ AUTO, suppliers and importers of raw materials, materials and products shall observe the applicable environmental legislation, particularly Act on Waters (No. 254/2001 Coll.), Act on Wastes (No. 185/2001 Coll.), Act on Chemical Substances and Preparations (No. 350/2011 Coll.) and Air Protection Act (No. 201/2012 Coll.), as amended. They are liable for any environmental damages originated on the premises of the company.

XII. APPENDICES

APPENDIX NO. 1

G8D Report

Complaint name: Supplier complaint	For the Complainr No.:	Date of issue:
Supplier: Delivery note: Delivery date:	Name: Drawing No.: Quality standard: Inventory item:	

Discipline 1 — **Team**

Name	Department / Team role	E-mail	Phone

Discipline 2 — **Define the Problem**

What is the problem :	
Why is it a problem :	
How many parts detected :	

Photos

Containment actions

Discipline 3 — **Define and Implement Containment Actions**

	What ?	*Who ?*	*When?*
1 -			
2 -			
3 -			

Root cause analysis and corrective action(s)

Discipline 4 — **Root Cause Analysis**

4.1 Why did the problem occur ?

1 -
2 -
3

4.2 Why were you not able to detect the problem?

1 -
2 -
3 -

Discipline 5 — **Identify and Implement Permanent Corrective Action(s)**

5.1 What are your Corrective Actions to address Non-conformance?

	What ?	*Who ?*	*When ?*	*Done ?*
1 -				
2 -				
3 -				

5.2 What are your Corrective Action to improve detection?

	What ?	*Who ?*	*When ?*	*Done ?*
1 -				
2 -				
3 -				

Discipline 6 — **Verify Corrective Action(s) Implementation and Effectiveness**

6.1 Provide evidences of implementation of Corrective Actions above

	What ?	*Who ?*	*When ?*	*Done ?*
1 -				
2 -				
3 -				

Preventive action(s) definition and implementation

Discipline 7 — **Identify and Implement Permanent Preventive Action(s)**

	What ?	*Who ?*	*When ?*	*Done ?*
1 -				
2 -				

Claim closure

Discipline 8

Claim closure approval (supplier commitment)		CZUB comments :	
Approved by :		Approved by :	
Date :		Date:	

I. INTRODUCTION – SECOND PART

This Supplier Manual of Česká zbrojovka a. s., CZ AUTO section, hereinafter referred to as CZ AUTO, describes and defines requirements concerning automotive and aerospace suppliers and serves as a Quality Agreement between CZ AUTO and its suppliers, which forms an integral part of any contractual relationship. The Supplier Manual is divided into two parts. The first part describes and defines requirements concerning automotive suppliers, the second part describes and defines requirements concerning aerospace suppliers.

It is a common goal of the supplier and CZ AUTO to make sure that the products and services provided are in conformity with customer requirements through improving product quality and reliability.

CZ AUTO expects its suppliers to provide intense co-operation focused on prevention and quality assurance at all stages of the supplier process, particularly in the product development planning and implementation phase and in subsequent processes.

Scope of use of the CZ AUTO Supplier Manual – Part II

Second part of the Supplier Manual of CZ AUTO serves for defining requirements concerning airspace suppliers of CZ AUTO while laying out procedures desirable for assuring timeliness of deliveries and quality of purchased parts.

Suppliers are responsible for quality of purchased parts. This rule applies to the full scope of delivery. At the same time, the supplier is responsible for the existence of adequate quality management system.

Suppliers of CZ AUTO are expected to implement continuously and consistently the specified methods and procedures. This may be checked by CZ AUTO by means of supplier audits.

All suppliers should pass the requirements of the CZ AUTO Supplier Manual to their sub-tier suppliers.

The main objective of purchasing is to ensure steady quality of products and supplies within the required delivery dates and for the required prices in order that it is possible, as a result, to reduce the range of receiving inspection.

II. SUPPLIER QUALITY PLANNING

The supplier commits to plan, organise and carry out the production process and quality assurance upon its own responsibility in order to make sure that all quality assurance requirements imposed on the product are met.

CONTACTS

It is a prerequisite for successful mutual co-operation based on trust between the customer and supplier to appoint contact persons of both parties in the following areas:
- QUALITY – to deal with quality assurance issues
- PURCHASING – to deal with delivery reliability issues (timeliness, completeness of deliveries).

CZ AUTO requires that contact persons of the supplier are appointed during the inquiry stage.

EVALUATION CRITERION - "Percentage of defective units"

Unless otherwise specified, the evaluation criterion is set at the maximum of 1.5% of defective units. The average value achieved for 6 months shall be reflected into the regular half-yearly supplier evaluation.

III. Q DOCUMENTS

The supplier is required to prepare the following documents:

CONTROL PLAN

In addition to the delivery of first samples, CZ AUTO requires the supplier to develop an inspection plan or similar document defining and describing all inspection steps throughout the process (input, inter-operational, output inspection, special processes) up to the shipment of final products.
At least the following information shall be stated for each inspected characteristic:
- Inspected (measured) value including the tolerance;
- Applied gauge and measurement method;
- Inspection frequency;
- Response plan in case that a non-conformity is found.
- Inspection record.

PREVENTIVE MAINTENANCE

Suppliers shall provide a system of preventive maintenance of production equipment.
It is necessary to demonstrate systematic and consistent performance of preventive maintenance of production equipment.
The supplier is expected to establish a documented plan of preventive inspections and records of the performed regular and irregular inspections and repairs of production equipment.
The verification of preventive maintenance setting can be checked by a supplier audit.

IV. QUALITY ACTIVITIES DURING SERIES PRODUCTION

KEEPING QUALITY DATA

The supplier is responsible for organisation, observance and archiving of quality system documentation. All quality system documents shall be filed for a period of five years (these are documents demonstrating compliance with all dimensional, chemical, mechanical, physical and other requirements). Upon request of CZ AUTO, the supplier shall enable review of these documents. The supplier shall further allow representatives of CZ AUTO access to its facilities. CZ AUTO shall announce the date of its visit and the composition of the team well in advance.

MARKING OF PARTS — TRACEABILITY

Materials, parts, semi-finished products and final products shall be clearly marked and stored in order to eliminate any confusion or mixing of parts and in order to guarantee identification allowing traceability of individual production batches. The FIFO system (first in, first out) and the expiry date monitoring shall be applied, where the expiry date shall prevail over FIFO.

REVIEW OF REQUIREMENTS REGARDING THE PRODUCT

The supplier is required to check the order/agreement (e.g. material availability according to the specification, capacity, measuring gauges, tools, terms of delivery, quantity, change indices in the technical documentation etc.) – with a provable record. The confirmation of a CZ AUTO order and the solution of changes during implementation.

DOCUMENT AND RECORD CONTROL

The supplier shall have written rules created for the document and record control, including responsibilities, such as CZ AUTO documentation (drawing documentation, technical take-over conditions, framework purchase agreement, a confidentiality agreement, the Supplier Manual etc.), national and industrial standards, and laws to prevent an unintentional use of obsolete/invalid documents and a procedure for the transfer of customer's requirements to its internal processes or regulations to rub-tier suppliers. Any workers involved shall be familiarised with all requirements of CZ AUTO.

APPROVAL OF DEVIATIONS

If during its inspection activities the supplier finds out any nonconformity of the product compared to the applicable technical documentation (a drawing, technical take-over conditions, etc.), it shall immediately advise CZ AUTO of this fact by sending a filled-in Request for Deviation (see Appendix) – contact person - Purchasing. An approval of any deviation for a delivery of components that are not in compliance with specifications shall only be granted based on the approval in writing following a Request for Deviation. In principle, the approval of deviations shall be limited to a certain number of parts or to a certain period of deliveries. A deviating delivery can be supplied to CZ AUTO only after the approval of the Request for Deviation. Such delivery shall be clearly marked with a yellow label with the text: "DEVIATION + deviation number", and a note that this is a deviating delivery shall also be marked in the delivery note.

CALIBRATION OF MONITORING AND MEASURING EQUIPMENT

The supplier is required to use only calibrated and verified measuring and test equipment. Any and all multi-purpose measuring equipment, including stationary inspection and measuring jigs and reference samples shall be registered and regularly calibrated according to a developed calibration plan.
Calibration intervals depend on the type of measuring equipment and purpose of use. Calibration shall be related to international or national calibrating devices and shall be documented. The gauges shall be identified to enable the calibration status (the gauge shall clearly show the next calibration date).
Any measuring equipment that is not calibrated shall not be used. Measuring equipment shall be protected from damage during handling, maintenance and storing.

NON-CONFORMING PRODUCT MANAGEMENT

The supplier shall implement non-conforming product management in the following scope:

- Identification and isolation of non-conforming products;
- Assessment of non-conformities, including the investigation and definition of cause, definition/implementation of corrective and preventive measures;
- Records of the nature of non-conformities, causes and corrective and preventive measures taken;
- Evaluation of efficiency of applied corrective measures;
- Analyses of costs of internal reject rate, their evaluation, solution, and improvement.

QUALIFICATION OF SUB-TIER SUPPLIERS

The same procedure as is the procedure applied by CZ AUTO in co-operation with its suppliers shall be also applied by the supplier in co-operation with its sub-tier suppliers.
The supplier is expected to flow down the requirements stated in the “Supplier Manual” of CZ AUTO to its sub-tier suppliers.
The supplier shall make sure that its sub-tier suppliers guarantee the required quality, however the supplier bears full responsibility for the complete product.

V. SUPPLIER ACTIVITIES IN CASE OF A COMPLAINT

If a non-conformity is identified in delivered products, CZ AUTO shall advise the supplier of this fact without any delay by rending a claim form and a G8D report. The supplier shall implement actions that will ensure the continuity of production CZ AUTO and the continuity of dispatching goods from CZ AUTO to its customer.
The supplier shall adopt actions to prevent re-occurrence of an identical defect. Such actions shall be developed via completing “G8D REPORT” (see Appendix). A detailed guidance on how to fill in a “G8D REPORT” is described in the “G8D Tool for Suppliers” (see Appendix). CZ AUTO will review these measures.

THE SUPPLIER SHALL ALWAYS COMPLETE THE FOLLOWING:

D1. "Team" – the supplier shall establish a G8D report team of solvers.
D3. "Temporary immediate actions" – the supplier shall define and implement actions to isolate consequences of problems (100% sorting of defective products, repair of defective products, replacement for defective pieces), Term of delivery of D3 – 48 hours.
D4. "Root cause determination" – determination why a non-conformity occurred and why it was not detected. Term of delivery – 2 weeks.
D5. "Corrective measure introduction" – select permanent corrective measures to eliminate root causes of the non-conformity. Term of delivery of D5 – 2 weeks – evidence of fulfilment shall be submitted.
D6. "Verification of corrective measures" – verification of corrective measure efficiency. Term of delivery of D6 – 2 weeks – evidence of fulfilment shall be submitted.
D7. "Preventive measure" – prevention of recurrence of a problem Term of delivery of D7 – 2 months – evidence of fulfilment shall be submitted
D8. "Complaint conclusion" – approval of the complaint.

Cost of poor quality

If a non-conformity is found that is provably caused by the supplier, the supplier will be charges any costs in compliance with the concluded agreement/purchase conditions.

VI. SUPPLIER RESPONSIBILITY

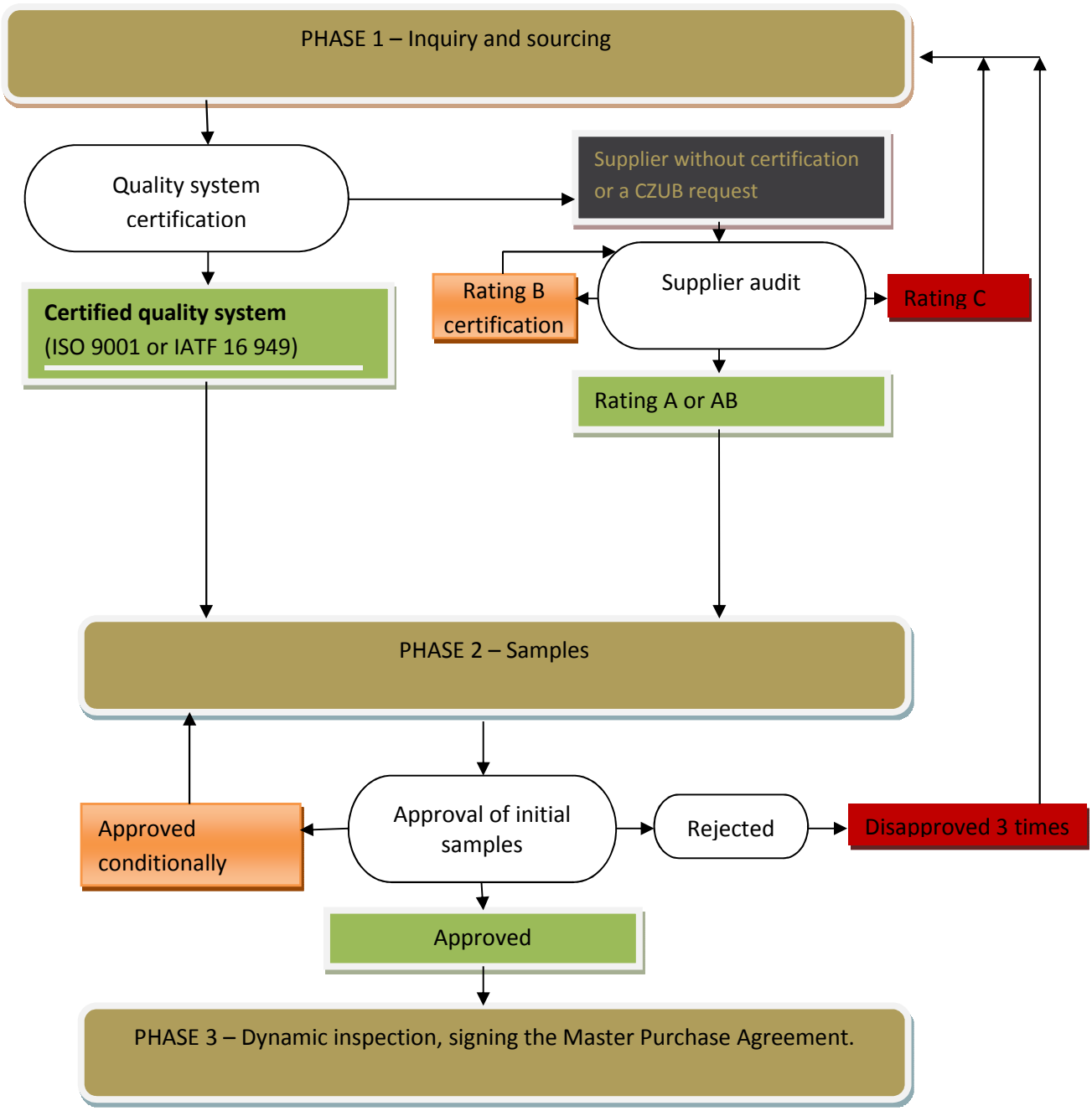
The supplier provides CZ AUTO warranty for the quality of goods for 36 months from the goods handover (hereinafter referred to as "Warranty Period").

CZ AUTO expects its suppliers and their sub-tier suppliers to create such organisational and technical conditions that will ensure at least maintaining the quality, or improving the quality of supplied products, while minimising risks and consequent complaints.

Any products supplied by the supplier to CZ AUTO shall meet the currently valid legal regulations, including in relation to the protection of the environment.

THE SUPPLIER IS FULLY RESPONSIBLE FOR QUALITY AND SAFETY OF SUPPLIED PRODUCTS.

VII. FLOWCHART OF SUPPLIER QUALITY ASSURANCE



VIII. PHASES OF SUPPLIER QUALITY ASSURANCE

PHASE 1 — INQUIRY AND SOURCING

Potential suppliers are addressed in this phase. This phase results in selection of a supplier and putting (not putting) the supplier on the List of Approved Suppliers of CZ AUTO and they are given a time period of 3 months to incorporate requirements of CZ AUTO in their quality system – after every revision of the CZ AUTO Supplier Manual at existing suppliers, after the confirmation of an agreement/order at new suppliers.
Only the suppliers included in the "List of Approved Suppliers" can be addressed directly, particularly those who meet the requirements of the "Supplier Manual" of CZ AUTO.
During this phase, the suppliers receive information concerning drawing documentation and its integral parts, related standards, regulations and product specifications.
The supplier is selected based on optimum concord in the areas Quality – Price.

Purchasing requirements:

- In case of a CZ AUTO request for establishment of consignment stock, the supplier shall consider its establishment either in CZ AUTO or at the supplier's premises.
- Packaging of products in packaging materials according to agreement with CZ AUTO (e.g. technical take-over conditions) or according to a packing regulation approved by CZ AUTO.

Supplier quality system requirements

CZ AUTO requires its suppliers to implement a Quality Management System.
The compliance with these requirements shall be demonstrated at least by ISO 9001 certificate. In certain cases, the requirement of certification to ISO 9001 or ISO/TS 16949 may be replaced with an audit by CZ AUTO. CZ AUTO reserves the right to perform audit even in case the supplier is a holder of ISO 9001 and ISO/TS 16949 certifications.
A certified quality system (or an audit by CZ AUTO with AB rating at minimum, as the case may be) is a prerequisite for putting a supplier on the "List of Approved Suppliers".

Supplier audit

Appointed quality assurance auditors shall carry out audits in the supplier's facilities to verify the supplier process qualification. Processes and procedures taking place in the supplier facilities shall be assessed according to the queries of CZ AUTO, which are in compliance with the CZ AUTO Supplier Manual.
The process assessment takes place as standard in the mass production conditions, and production of products from the CZ AUTO portfolio is required during the time when the audit is carried out.
Audit results provide information about qualitative qualifications of processes and advise of any improvement opportunities. The supplier is expected to develop a corrective action plan for the

findings found during the audit. During quality audits carried out by CZ AUTO in the supplier facilities, the supplier commits to:

- Furnish information concerning organisational arrangement, management and assurance of quality, safety and environmental protection;
- Answer any and all questions concerning quality assurance asked during the audit;
- Allow the representatives of CZ AUTO access for the purpose of determining the degree of product quality assurance.
- Allow CZ AUTO perform an audit at the presence of the CAA representative if required so by CAA. The audit will be coordinated by the CZ AUTO representative.

The audit date and the team composition shall be announced by CZ AUTO well in advance.

Audit evaluation

Degree of fulfilment of requirements (%)	QMS evaluation	Classification
90 - 100%	Fulfilled	A
80 - 89%	Conditionally fulfilled	AB
60 - 79%	Necessity to revaluate QMS	B
0 - 59%	Failed	C

The supplier rated as B shall implement improvement programmes and corrective measures in three months in order to obtain the A or AB status.

PHASE 2 — SAMPLES

An approval of initial samples from the supplier is carried out according to the requirement of Česká zbrojovka a.s. and it is implemented according to the valid, mutually approved, documentation. Česká zbrojovka a. s. may require to be present at the production of samples. They shall be manufactured using the method corresponding to the planned series technology while suing the series tools. The supplier shall analyse its production capacities according to announced purchases and confirm sufficient capacities to its purchaser.
Samples shall be submitted for approval in the following cases:

- New, purchased parts;
- Change of a supplier
- Changes in the drawing documentation according to the following:

  Taking of samples in case of change of manufacturing documentation or technical take-over conditions

  - A change of a nominal dimension value;
  - Addition of further dimensions;
  - Stricter tolerance (the same nominal value);
  - A change in material quality;
  - A change in material heat treatment;
  - A change in material surface treatment;
  - making access to part visual characteristics (roughness);

- Addition of special requirements for the part (X-ray scan, NDT etc.)
- Addition of distinguishing marks (a date stamp, an index stamp, supplier sign, cavity marking)

Sampling is not necessary in case of a change of production documentation or technical take-over conditions

- Extension of tolerance (the same nominal value);
- A change of a dimension of the prescribed semi-finished product;
- Extension of the List of acceptance dimensions;
- A change in semi-finished product dimension standards;
- Release of part visual characteristics (roughness);
- Re-drawing of an obsolete production documentation to a new form
- Addition of an alternative material;

- Significant modifications or repair to the tooling;
- Long-term interruption of production exceeding a period of 2 years;
- Significant technology changes of the supplier production or a change in its sub-tier sub-contractor.

The Purchasing Department of Česká zbrojovka a. s. is responsible for negotiations related to the provision of samples and for receipt of mutually approved drawing documentation, explanation of any requirements for the supplier's mass production (jigs, measuring equipment, packing).

Sampling of metallurgical materials is performed from the first delivery when the supplier shall submit:

- Verification of the material (composition, properties) - material certificate.

Number of samples

The requirement concerning measurement of samples shall be included in the purchase order. The supplier shall deliver samples according to the order together with measurement reports (at least 5 measured pieces, 5 pieces of each cavity for moulds). The parts shall be numerically marked in order that identification of parts is ensured.

Marking of samples

The supplier shall visibly mark the individual samples. Marking shall be made in such a way that no loss or damage of this marking could be possible. If products consist of several components, the supplier shall mark the individual components of the product if such marking is not shown on the component.

Marking of samples shall include:

- Supplier name;
- Product name or number;
- Revision index;
- "Samples" label;
- Material used;

- Quantity of pieces (number of cavities in case of a multiple cavity mould);
- Other data (colour, version, etc.).

Details for approval of samples:

a) Form "Application for Sample Approval" (see Appendix);
   - Along with the samples, the supplier shall send the completed form showing details of the samples submitted.

b) Supplier documentation
   - Measurement report – 100 % dimensions are always checked in sampling;
   - Verification of the material (composition, properties) - material certificate;
   - Visual appearance criteria to the extent specified in the technical documentation of the respective part (drawing, technical acceptance conditions, standards, etc.);
   - Functional testing to the extent specified in the technical documentation of the respective part (drawing, Technical and Acceptance Conditions, standards, etc.);

The supplier shall send any and all documentation necessary for approval of the delivered samples.

Statement on samples

AT THE END OF THE APPROVAL PROCEDURE, AN ELECTRONIC MESSAGE WILL BE SENT TO THE SUPPLIER WITH THE CZ AUTO STATEMENT OF APPROVAL, CONDITIONAL APPROVAL OR REJECTION OF SAMPLES.
The decision of release may include comments concerning e.g. conditioned time-limited release, description of deviations detected during sampling, or tasks the fulfilment of which is required for release of the samples. The release of the samples shall not relieve the supplier from responsibility for quality of supplied products. Failure to fully complete the reports and to furnish complete details/documents shall result in rejection of samples.
An agreement on packing shall be approved prior to commencing serial production deliveries to CZ AUTO, including in particular: the method of packing, package type, type of preservation, permitted stackability, usable life, etc.

PHASE 3 — DYNAMIC INSPECTION

The goal of this phase is to verify the quality of deliveries. The deliveries are subject to dynamic inspection. If the supplier proves to be reliable in the long term in respect of deliveries to CZ AUTO, the quantity of checked parts will decrease. Each quality incident shall result in immediate increase in the quantity of checked parts in subsequent deliveries.

IX. SUPPLIER EVALUATION

Supplier evaluation serves for creation of strategy of purchasing and for purchasing development . In accordance with the QMS requirements, suppliers are evaluated in the following areas:

- Purchasing/Logistics;
- Quality.

Supplier evaluation shall be carried out 2x a year, always for the past half year.
Each supplier shall be placed into a group (A, B, C, or D) depending on the total score. The achieved score (max. 100 in each of the two evaluated groups, i.e. the total of 200) is converted to percentage. Every part has the same weight for the total rating, i.e. the sum = 1/2 Purchasing/Logistics + 1/2

Quality. Rating results are sent to suppliers in the electronic form, and if corrective measures are stated and their implementation is monitored.

Supplier:

A - $x > 80\%$

B - $60 < x \leq 80$

C - $50 \leq x \leq 60$

D - $x < 50\%$

The suppliers placed into the group C shall implement corrective measures in the subsequent period (i.e. half year). If a supplier is placed into the group C in two consecutive periods, it shall be considered as disapproved for the subsequent delivery period, and shall therefore be blocked. The suppliers placed into the group D shall not be approved and shall be automatically blocked for the subsequent purchasing period. The consent of the management of Česká zbrojovka a. s. is required for potential re-release of such supplier.

X. ENVIRONMENTAL REQUIREMENTS

According to Act No. 348/2004 Coll., the suppliers of Česká zbrojovka are obliged to furnish accompanying documentation for raw materials, materials and products regarding product safety, including the method of disposal.

Upon entry into to the premises of Česká zbrojovka, suppliers and importers of raw materials, materials and products shall observe the applicable environmental legislation, particularly Act on Waters (No. 254/2001 Coll.), Act on Wastes (No. 185/2001 Coll.), Act on Chemical Substances and Preparations (No. 350/2011 Coll.) and Air Protection Act (No. 201/2012 Coll.), as amended. They are liable for any environmental damages originated on the premises of the company.

XI. APPENDICES

1. Application for Sample Approval
2. Request for Exception
3. G8D Report
4. G8D tool for suppliers

APPENDIX NO. 1

Application for Sample Approval

SUPPLIER		
	(to be completed by the supplier) **Supplier:** Contract person: **Reason for submission:** ☐ Initial submission ☐ Technical change (change of the drawing documentation, technical receiving specification ☐ Supplier change ☐ Material change ☐ Long-term stoppage of production exceeding 2 years ☐ Other – please specify	Telephone: E-mail:
	Supplier samples:	
	Part number:	Delivery note No:
	Name:	Supplied number of samples:
	Drawing index:	Melt/batch number:
	Material quality:	
	Submission results:	
	Results for ☐ Dimensional data ☐ Material and functional tests ☐ Visual appearance criteria These results fulfil all requirements of engineering documentation, Technical receiving specification and standards ☐ Yes ☐ No (explanation is required if „No“ is selected) EXPLANATION/COMMENTS:	
	Name in block letters:	**Date:**
	Signature:	

Statement to samples
AFTER FINISHING THE APPROVAL PROCEDURE, AN ELECTRONIC REPORT WILL BE SENT TO THE SUPPLIER WITH THE STATEMENT OF ČESKÁ ZBROJOVKA A.S. ON THE APPROVAL, CONDITIONED APPROVAL OR REJECTION OF SAMPLES.
The decision of release may include comments concerning e.g. conditioned time-limited release, description of deviations detected during sampling, or tasks the fulfilment of which is required for release of the samples. The release of the samples shall not relieve the supplier from responsibility for quality of supplied products. Failure to fully complete the reports and to furnish complete details/documents shall result in rejection of samples.

APPENDIX NO. 2

Request for Deviation/Exception

SUPPLIER

(to be completed by the supplier) **Supplier:** Contract person:	Telephone: E-mail:
Part number:	Delivery note No:
Name:	Quantity supplied:
Drawing index:	Melt / batch number:
Material quality:	Purchase order No.:
Description of deviation:	
Reason of deviation/changes, adopted corrective actions	
Name in block letters:	**Date:**
Signature:	

Česka zbrojovka a.s

DEVIATION APPROVAL
☐ **APPROVED** ☐ **REJECTED**
Verbal specification:
DATE: **APPROVED BY:**

APPENDIX NO. 3

G8D Report

Complaint name: Supplier complaint	For the Complainr No.:	Date of issue:
Supplier: Delivery note: Delivery date:	Name: Drawing No.: Quality standard: Inventory item:	

Discipline 1 — **Team**

Name	Department / Team role	E-mail	Phone

Discipline 2 — **Define the Problem**

What is the problem :	
Why is it a problem :	
How many parts detected :	

Photos

Containment actions

Discipline 3 — **Define and Implement Containment Actions**

	What ?	*Who ?*	*When?*
1 -			
2 -			
3 -			

Root cause analysis and corrective action(s)

Discipline 4 — **Root Cause Analysis**

4.1 Why did the problem occur ?

1 -
2 -
3

4.2 Why were you not able to detect the problem?

1 -
2 -
3 -

Discipline 5 — **Identify and Implement Permanent Corrective Action(s)**

5.1 What are your Corrective Actions to address Non-conformance?

	What ?	*Who ?*	*When ?*	*Done ?*
1 -				
2 -				
3 -				

5.2 What are your Corrective Action to improve detection?

	What ?	*Who ?*	*When ?*	*Done ?*
1 -				
2 -				
3 -				

Discipline 6 — **Verify Corrective Action(s) Implementation and Effectiveness**

6.1 Provide evidences of implementation of Corrective Actions above

	What ?	*Who ?*	*When ?*	*Done ?*
1 -				
2 -				
3 -				

Preventive action(s) definition and implementation

Discipline 7 — **Identify and Implement Permanent Preventive Action(s)**

	What ?	*Who ?*	*When ?*	*Done ?*
1 -				
2 -				

Claim closure

Discipline 8

Claim closure approval (supplier commitment)		CZUB comments :	
Approved by :		Approved by :	
Date :		Date:	

APPENDIX NO. 4

SUPPLIER ACTIVITIES IN THE CASE OF A COMPLAINT

If a quality non-conformity is identified in delivered products, Česká zbrojovka a. s. shall advise the supplier of this fact without any delay. The supplier shall implement actions that will ensure the continuity of assembly process in Česká zbrojovka a. s. and the continuity of dispatching goods from Česká zbrojovka a. s. to its customer. The supplier shall adopt actions to prevent re-occurrence of an identical defect. Such actions shall be developed via completing "G8D REPORT" (see Appendix No. 3). Terms for the implementation and completion of the report start from the issue of G8D.

For easier completion, this guidance can be used:

CZ	**G8D Tool for Suppliers** ***Examples of G8D Report procedure***	
1.0 Team of solvers: • ***To be filled in by people who will deal with the problem (usually a technologist, foreman, inspector etc.)*** • ***They shall appoint a person responsible for recording, including contacts – they will be communicated with in this issue*** • ***They shall analyse the problem together (gather necessary information and evaluate it)***		**Supplier**
2.0 ***Problem – non-conformity description: to be filled in by CZUB*** ***2.1 What is a non-conformity:*** • ***Non-fulfilled diameter of 30.2 mm (non-compliant for the calibre, see the photo)*** • ***Scratches on the part surface (see the photo)*** ***2.2 Why is there a problem:*** • ***Functional receiving dimension*** • ***Non-acceptable appearance defect*** ***2.3 How many non-conforming parts is there:*** • ***35 pieces of NOK per 100 checked***		**CZUB**
3.0 Immediate containment actions: ***What?*** • ***Isolation of faulty products or parts*** • ***Replacement delivery to the customer*** • ***Check and repair of claimed parts and parts on stock*** • ***Consider the production in progress, check/repair the status in the production*** • ***Scrap/dispose of the faulty parts*** • ***Check and document containment actions*** ***Who?*** • ***Specify a worker responsible for the introduction of the immediate containment corrective action*** ***When?*** • ***Specify the term of the immediate containment corrective action***		**Supplier – within 48 hours**

4.0 Root cause identification: ***4.1 Why has the non-conformity occurred?*** • ***Were there any process or product changes in the past which could result in this problem (improvements, repairs)?*** • ***Identify possible causes using the "5M-Method" (man, machine, method of work, environment, material)*** • ***Use the 5 Why method, Ishakawa's diagram or any other method to find the root cause*** ***4.2 Why were you unable to discover the non-conformity?*** • ***Non-receiving dimension*** • ***Unclear drawing documentation*** • ***Visual appearance criteria not defined*** • ***Human factor*** • ***Inadequate inspection mechanism*** • ***Different measuring method***	**Supplier – within 2 calendar weeks**
5.0 Corrective actions ***5.1 What are your corrective actions to address the non-conformity?*** • ***Specify effective actions or improvements to the production process (=mitigation actions), they are preferred to any additional inspection step (=actions to detect the non-conformity)*** • ***Introduce permanent actions (drawing change, tool adaptation)*** • ***Check the corrective actions and verify their efficiency so that it can be stated that the problem has been eliminated and will not recur*** ***5.2 What are your corrective actions to improve non-conformity detection?*** • ***Temporary introduction of receiving dimensions*** • ***Clarify the drawing documentation*** • ***Set visual appearance criteria (reference sample, defect catalogue etc.)*** • ***Eliminate the human factor – training in the given problems*** • ***Set adequate inspection mechanism*** • ***Unify the measuring method***	**Supplier – within 2 calendar weeks**
6.0 Verifying the efficiency of introduced corrective actions: • ***Check the corrective actions and verify their efficiency so that it can be stated that the problem has been eliminated and will not recur*** • ***Consider whether faults have really been eliminated*** • ***Verify that production in progress and pieces on stock have been repaired*** • ***Have the corrective actions been permanently introduced?*** • ***Have the new procedures been specifically documented?*** • ***Have the employees been familiarised with the new system?*** • ***Select a feasible term in order to have sufficient certainty for assessing the efficiency***	**Supplier – within 2 calendar weeks**
7.0 Implementation and introduction of preventive actions: • ***Consider whether the problem may appear (with identical/similar products) at the other production sites/workplaces (foremen, workplaces/sites)? If yes, introduce the actions.*** • ***Inform colleagues who might be concerned.*** • ***Change in the process procedure?*** • ***Have risks for further assurance been considered?***	**Supplier – within 2 months**
8.0 Claim conclusion: • ***Approval by a responsible worker*** • ***Notes:*** - ***Has informative documentation about the progress/procedure been completed/finished?*** - ***Has general knowledge been acquired?*** - ***Is the non-conformity recurrence prevented?*** ***Signature of the responsible worker***	**Supplier – within 2 months**