

## General purchase conditions (GPC)

### POLYCOM Škofja Loka, d. o. o.

#### The definition of terms

In these *General purchase conditions* (hereinafter referred to as: *GPC*) the following terms have the following meanings:

- **Buyer:** the *POLYCOM Škofja Loka, d. o. o.* company, concluding the supply contract with the supplier;
- **Supplier:** a legal or natural entity who receives the order or concludes a supply contract with the buyer;
- **Order:** the buyer's offer to the supplier for the supply of goods or the provision of services, in writing or electronically, and any changes thereto;
- **Supply contract:** any order accepted by the supplier or any contract or agreement, concluded for the supply of goods or the provision of services;
- **Goods:** products, parts, components, systems, materials, tools and connected services that the supplier offers to the buyer;
- **Supply date:** the exact date (optionally including time as well) of delivery of the goods or of the performance of the services specified in the contract or recall or otherwise agreed between the parties;
- **Recall:** A buyer's statement to a supplier with which the buyer orders a specific quantity of goods to be supplied by the supplier, with a specific date and place of delivery.

#### 1. GENERAL

- 1.1. These GPC regard all buyer's purchases of goods or services from the supplier.
- 1.2. The GPC take precedence over the general and specific sales conditions of the supplier or even completely exclude them unless otherwise stated on the order.
- 1.3. The Supplier agrees to be bound by the CPG and that they apply exclusively and in full, unless the parties agree otherwise.
- 1.4. The GPC are published on the buyer's website: [www.polycom.si](http://www.polycom.si).
- 1.5. The GPC can occasionally be subject to change. When GPC change, the buyer is obliged to immediately inform the supplier thereof and to forward them the new version of the GPC. If the supplier does not send a written objection to the new GPC within five working days, the amended GPC shall be deemed binding for both parties and shall apply from that day onwards.

#### 2. PLACING ORDERS AND MANAGING CHANGE

- 2.1. Orders and recalls, as well as their potential amendments and additions must be made in writing. The buyer issues an order to the supplier according to the GCP.
- 2.2. The order is issued in accordance with the DDP (*Delivery Duty Paid*) clause in accordance with Incoterms 2010, unless otherwise specified in the order. In the case of services, the moment of transition of danger or damage is the moment of acceptance of the service by the buyer.
- 2.3. The supplier shall confirm and accept the orders in writing within two working days. By accepting the order, the transaction is concluded and becomes mutually binding. The supplier acknowledges and agrees to be bound by the SNP, which thereby becomes an

integral part of the Contract. If the supplier received the order and neither confirmed nor rejected it within the above stated deadline, the order counts as accepted and confirmed. The buyer can cancel the order before the supplier has confirmed it.

- 2.4. The supplier is obliged to notify the buyer in writing without delay of any changes or additions (**deviations**) of an order that could affect the delivery time or the quantities to be delivered. Any potential deviations are valid only if the buyer confirms them in writing. Otherwise, the buyer reserves the right to reject shipments that deviate in any way from the agreed ones.
- 2.5. In case of delay regarding the delivery date, the supplier must obtain written instructions from the buyer regarding the next steps in the procedure and any change of terms of the order. Accepting the modified terms that are a consequence of a delay by the buyer does not relieve the supplier of liability for the delay.
- 2.6. In case of understandable reasons, the buyer has the right to request a change of terms of the order, which include a specification of the change (drawings, structural changes, etc.), the date of delivery, the place of delivery, the mode of transport and the quantity of the ordered goods or services. In that case, the supplier has the right and duty to inform the buyer about the potential additional costs, delays of delivery etc. Both parties agree to the changed terms of the order by mutual agreement and in writing.
- 2.7. The buyer must be given the possibility to control the order at the supplier at any time.
- 2.8. Should the supplier fail to fulfil the GPC in any way, the buyer can cancel the order (withdraw from the order) by written notice with no obligations towards the supplier.
- 2.9. The ownership of the goods shall pass to the buyer when the latter assumes it in accordance with the agreed conditions. The Supplier warrants that the goods and services are fully free from any liens and other encumbrances.

### **3. DELIVERIES**

- 3.1. The supplier must deliver the goods or services in accordance with the supply contract or with the buyer's order. Deviations from the terms of the order (e.g. partial delivery) are not allowed without the prior written consent of the buyer.
- 3.2. Orders concluded for a longer period will be executed by the buyer according to recalls. The dates of individual deliveries and goods quantities are defined according to the needs of the buyer. The buyer is obliged to inform the supplier about the date of delivery at least four weeks before the desired date of delivery, unless agreed otherwise. Within the frame of specific circumstances (e.g. a decline of the buyer's orders), the buyer can change the validity of the recall and the final quantity regarding the buyer's needs based on the later forwarded recalls.
- 3.3. Goods are considered to be delivered on time if they arrive at the agreed place on the date of delivery. Services are considered to be performed on time if the buyer accepts the service by the date of delivery.
- 3.4. In the case of delivery with installation/assembly, the supplier must take all measures necessary for a safe and timely execution, provide all the means necessary to complete the delivery, and bear all costs incurred in connection therewith.
- 3.5. If the place of delivery is not specified in the order, the delivery location is considered to be the buyer's warehouse at DDP parity in accordance with the provisions of Incoterms 2020.
- 3.6. Delivery is to be made with the lowest possible transport costs, unless the buyer specifies otherwise when placing the order. Additional costs incurred by using the express mail service in order to fulfil the order in a timely manner are fully borne by the supplier.

- 3.7. In the case of FCA and EXW parities, the supplier is obliged to inform the buyer in due time that the goods are ready for transport and to submit to the freight forwarder the relevant documents necessary for the timely organization and execution of the transport in accordance with the terms of the order.
- 3.8. The supplier must pack, label and ship the goods, tools, materials etc. professionally (in accordance with the rules of the profession) or as previously agreed upon with the buyer. Any damage of the delivered goods due to defective or incorrect packaging and improper handling of the goods is entirely the responsibility of the supplier. If the price of the goods does not include packaging, the supplier is obliged to indicate it separately on the delivery note and the invoice. In the case of returnable packaging, the buyer returns it to the supplier at the expense of the supplier.
- 3.9. The goods are picked up at the buyer's warehouse. By way of exception, the takeover takes place at another location, whereof the buyer must inform the supplier in advance by means of a written notice. All deliveries must have a delivery note attached, containing a detailed description of the contents of the consignment, the quantity and the order number. The supplier is also obliged to provide in writing any information related to export control, customs or internal trade regulations.
- 3.10. Force majeure is considered to be a natural disaster, such as: fires, floods, earthquakes, hurricanes and other extreme natural phenomena, as well as wars, sabotages, terrorist attacks, authorities' measures and other unpredictable and unforeseeable events that could not have been prevented and are independent of the will of the parties and are not the consequence of an error of one of the parties.
- 3.11. Labor strikes, labor unrest and lack or inaccessibility of raw materials do not count as force majeure. Force majeure events relieve the contracting party of liability for the consequences that would arise, namely for the duration of these circumstances. The party appealing to these circumstances must notify the other party immediately or no later than three (3) days after the occurrence or termination of these circumstances, and must, at the request of the other party, furnish proof of the facts to which it refers.
- 3.12. Unless agreed otherwise, the costs in connection to problems with logistics (e.g. delays with delivery, costs of deadlock etc.) shall be charged in accordance with Appendix 1 – Table of Costs.

#### **4. CONTRACTUAL PENALTY**

- 4.1. In case of supplier delays, the buyer is entitled to charge a contractual penalty of 0.5% of the total order value for each commenced calendar day when the delivery of goods is delayed, but not more than 10% of the total value of the order.
- 4.2. The buyer reserves the right to claim damages that exceed the value of the contractual penalty referred to in point 4.1.
- 4.3. In case of early delivery of goods without a written consent of the buyer, the buyer is entitled to charge the supplier for any costs that may arise from the storage and insurance of the goods. Early delivery of goods does not change the payment conditions set out in the order.

#### **5. INVOICE, PAYMENT**

- 5.1. The invoice for the delivered goods must be sent by post or email to the buyer's address or to another address specified by the buyer at the time of ordering. Each invoice must contain the elements prescribed by the applicable legislation in the Republic of Slovenia, as well as the buyer's order number. VAT must be shown separately on the invoice. The invoice for

the service must be accompanied by a record of acceptance that was confirmed by the buyer.

- 5.2. In the case an invoice lacks information or when the invoice deviates from the order whereby the parties have not agreed to it in advance, the buyer has the right to reject the invoice and consequently the payment deadline does not start.
- 5.3. Unless agreed otherwise, the buyer is obliged to pay the invoice within 90 days of receipt of the consignment. Subject to consent by the supplier, the buyer has the right to set off any of their or acquired claims from the supplier with the supplier's claims against the buyer or the companies associated with the buyer.
- 5.4. Without prior consent of the buyer, the supplier does not have the right of assigning a claim to the buyer to a third party, nor to pawn them or make them subject to legal transactions. The buyer will not refuse his consent without a valid reason.

## **6. QUALITY**

- 6.1. The supplier is obliged to enable the buyer a quality control of the production process of goods or services prior to their delivery, where:
  - the goods or services are being delivered for the first time,
  - the goods or services are being delivered under a new product code,
  - the goods or service are produced or executed under changed supplier terms,
  - whenever he wants to check the production procedure with appraisal under VDA 6.3
- 6.2. The supplier shall demonstrate to the buyer the conformity of the goods with the valid documentation, which is harmonized and signed by the buyer and the supplier.
- 6.3. At the request of the buyer, the supplier is obliged to submit the entire quality control documentation of the supplied goods. The supplier is obliged to keep the quality control documentation for five years and for the products having the function or characteristic of safety product at least 15 years from the end of the project or from the individual/final delivery of goods and in accordance with the rules required by the legislation.
- 6.4. No modification to the contract goods, service or the process of providing the contract goods or services may be made without the prior written consent of the buyer.
- 6.5. When supplying goods that are subject to security clearances by authorised institutions, the supplier shall be obliged, at the buyer's request, to enable access to the records of testing and quality control and to provide all the support required by such institutions. For the products with safety characteristics the supplier must enable the buyer or the final buyer the access to the testing notes and quality control and ensure all necessary support required by the buyer of the final buyer.
- 6.6. The supplier shall ensure that all its subcontractors are bound by the provisions of this Chapter and guarantees for its subcontractors.

**(For more details see Appendix 2 of GPC).**

## **7. WARRANTY**

- 7.1. Acceptance and verification of quality of goods for obvious defects shall be made no later than within eight (8) working days after receipt of the goods by the buyer. During this time the supplier waives the right to objection from the title of overdue complaints or claims regarding errors/mistakes.

- 7.2. In case of deviation of quality from the agreed criteria, restitution is claimed for the consignment partially or fully. The buyer shall draw up a record of the identified defects and send it to the supplier within eight (8) working days from the detection of the defects. Evaluation of complaint costs is carried out in accordance with Appendix 1 – Table of Costs and/or with contractual provisions or according to the requirements given by the buyer in the QA request.
- 7.3. The buyer has the right to inform the supplier of hidden defects no later than within eight (8) working days from the date of establishment thereof or at any time when the defects on delivery has been established.
- 7.4. The buyer has the right to completely reject the delivered goods for which a complaint was filed or to determine the method of elimination of defects. The cost of eliminating defects or rejecting or replacing goods shall be borne entirely by the supplier.
- 7.5. Unless a longer period is prescribed or agreed upon, the supplier gives a 12-month warranty on the delivered goods.
- 7.6. In the event of the elimination of defects resulting from the complaint to the supplier, the warranty period shall start to run again after the defect has been removed by the supplier.
- 7.7. The supplier is obliged to correct the defects immediately after being informed about the record of the established defects, and especially rapidly in case of emergencies (e.g. when production is stopped, delays occur with the buyer, etc.). In the event of inactivity, unresponsiveness of the supplier or in urgent cases, the buyer reserves the right to remedy the identified defects alone or with the assistance of a third party. The costs related therewith are fully borne by the supplier.

## **8. LIABILITY, INSURANCE**

- 8.1. The goods supplied to the buyer by the supplier must comply with all applicable safety regulations in the EU, US, Mexico and China, Korea, Japan for which the supplier guarantees and bears full responsibility.
- 8.2. The supplier is obliged to inform the buyer of any changes to the built-in materials and to provide the buyer with all the documentation that is necessary to demonstrate compliance of the goods with the applicable regulations.
- 8.3. The supplier is obliged to inform the buyer of the possibility of the generation or presence of hazardous waste during or after using the goods and tools supplied, and also specifying the method and possible options for safe disposal.
- 8.4. Should the product liability of the supplier for the delivered goods or services create costs for the buyer, the supplier shall reimburse them in full.
- 8.5. Prior to the delivery of the goods, the supplier is obliged to take appropriate insurance measures within the insurance zone (worldwide) to cover any potential claims of end customers against the supplier in terms of product liability. At the buyer's request, the supplier must provide this insurance policy for inspection.

## **9. INTELLECTUAL PROPERTY**

- 9.1. The supplier will insure and protect the buyer against any liability regarding intellectual property or third party rights arising from the supply of goods or services. The supplier guarantees to the buyer uninterrupted use of the goods and services supplied and agrees to compensate the buyer for any damage that would occur if a third party were to enforce

industrial or intellectual property claims against the buyer, including patents, designs, trademarks, copyrights and other rights.

- 9.2. If the supplier's intellectual property rights are required so the buyer can use, repair or sell the goods, the supplier shall provide the buyer with an irrevocable and free right to usage, repair and resale of the goods, valid either directly for the buyer or through third parties, with worldwide validity.
- 9.3. If standard user software is also subject of the supply contract, the supplier grants the buyer a freely transferable right to use it. The supplier is obliged to provide the necessary software free of charge and free of viruses and other errors.

## **10. PROTECTION OF CONFIDENTIALITY**

- 10.1. The supplier is obliged to protect as confidential all information disclosed to him by the buyer, be it in written, electronic or oral form. The obligation of protecting confidentiality shall not apply to information that the supplier received from a third party in a lawful and non-confidential manner, and to publicly available information. The supplier also guarantees that the stated confidentiality protection shall be followed by their employees or subcontractors.
- 10.2. Without the prior written consent of the buyer, tools, drawings, documentation, regulations, criteria, standards, messages and other documents provided to the supplier by the buyer must not be passed on to a third party or be used for purposes other than those intended to fulfil the buyer's order.
- 10.3. The supplier guarantees to protect all information, knowledge, business and technical documentation that the buyer shared with them, as a business secret at all times and for at least five years after the end of the business cooperation.
- 10.4. At the request of the buyer, the supplier will immediately return all original documentation provided to them during the business cooperation and destroy all copies of the said documentation.
- 10.5. All elements listed under Item 10.2 and products, technological processes, technical solutions and other knowledge and know-how related to the products are the intellectual property of the buyer, so the supplier may not forward or supply them to third parties without a prior written consent of the buyer.

## **11. APPLICATION OF LAW, DISPUTE RESOLUTION**

- 11.1. Unless expressly agreed otherwise, the conclusion of the supply contract, its validity, execution, termination and interpretation, as well as all rights and claims in connection with the contract, shall be judged exclusively in accordance with the law of the Republic of Slovenia. The application of the United Nations Convention on Contracts for the International Sale of Goods (CISG) is explicitly excluded.
- 11.2. Unless otherwise agreed in writing by the buyer and supplier, any disputes arising out of the order, supply contract or GPC shall be settled before the competent court in the place of registered seat of the defending party.

Poljane nad Škofjo Loko, 1.1.2020

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## APPENDIX 1: TABLE OF COSTS

### A- COSTS RELATED TO PROBLEMS OF LOGISTICS:

<b><i>Type of cost</i></b>	<b><i>Amount of cost</i></b>
<i>Cost of logistics</i>	<i>Actual costs</i>
<i>Costs of deadlock</i>	<i>20€/h</i>
<i>Costs of delay in delivery</i>	<i>Actual costs</i>

### B- COSTS RELATED TO PROBLEMS OF QUALITY:

<b><i>Type of cost</i></b>	<b><i>Amount of cost</i></b>
<i>Flat-rate sum on making a complaint</i>	<i>100 EUR, if not specified and documented by the Buyer in different actual amount</i>
<i>Repairing and selecting costs-per hour at Polycom Location</i>	<i>25€/h</i>
<i>Unsuitable products</i>	<i>Price * quantity</i>
<i>Quality costs (the costs of quality problems) at the Buyer's side, caused by or associated with the Seller</i>	<i>Actual costs</i>

## **APPENDIX 2: Manual of qualitative requirements for suppliers**

### **1. INTRODUCTION**

Our goal is customer, partner and employee satisfaction. We follow the principle of zero product defects. To meet this goal, we are constantly developing and improving our products and services as well as our organizational approaches, knowledge and employee inclusion. The quality of our end products mainly depends on the quality of the purchased materials and services, which is why we intend to develop partnerships with our suppliers.

### **2. VALIDITY**

This manual applies to all suppliers and their locations from which they supply their products to company Polycom Škofja Loka d.o.o.. The quality requirements manual complements the general purchase conditions of the company and other possible documents, signed with the suppliers.

All suppliers whose products are intended for automotive industry buyers are required to have a certified quality system in compliance with standard ISO 9001 as well as a basic knowledge and project management following the APQP method (Advanced Product Quality Planning). If the supplier has no formal training of the APQP method it is required to at least issue a statement with which it confirms that the projects are managed following the APQP method. In addition it is also required to have a system development towards acquiring an IATF 16949 certificate.

All suppliers whose products are intended for automotive industry buyers and products which have safety characteristics are required to have a certified quality system in compliance with standard IATF 16949.

### **3. PRODUCT QUALITY PLAN**

The supplier plans product/process quality in accordance to the APQP methodology or a similar method e.g. with appraisal following VDA. The scope of the used method is harmonized with the buyer. The supplier is expected to be acquainted with the following methods and their approaches: APQP, PPAP, FMEA, MSA, SPC, as well as have knowledge of the IATF standard requirements.

#### **3.1 Product safety**

The company should put a process in place for product and process safety management and in case of identification should consider the following points:

- a) Transmission of information about product safety requirements through the organization
- b) Informing the buyer about all the matters pertaining to point a)
- c) Separate validation in DFMEA.
- d) Definition of marks relevant for product safety
- e) Definition of safety marks and their management throughout the developmental and production phase.
- f) Separate publication of control plan and PFMEA validation
- g) Action plan.
- h) Definition of responsibilities and escalation procedures.
- i) Definition of training needs for employees
- j) Monitoring and managing changes that might affect safety
- l) Assurance of product traceability for the entire production to the complete supply chain
- m) Lessons learned when introducing a new product

Regarding product safety, specific buyer requirements for labelling, packing, managing, handling, improvements, etc. need to be taken into consideration.



The supplier needs to determine a person (PSB) which will plan, implement and improve the product safety assurance processing. If the supplier does not determine a person, all tasks and responsibilities regarding product safety is undertaken by the management of the supplier company.

### 3.2 Risk analysis

For the identification of possible risks and the corrective action planning, the supplier needs to foresee all methods and procedures and implement them at the beginning of the business or project. We advise at least the method FMEA to be used for risk identification and its reduction, assessing the risk in all steps of the process: from material reception, production steps to the issuing of the products from the warehouse, as well as assessing the risks in the supporting processes.

The risk management plan must include all measures that have been foreseen with the FMEA method. Both documents of FMEA and Management plan need to be prepared in compliance with the current version of the manual APQP AIAG.

### 3.3 Process capability and control requirement

The requirements for process capability and control are listed as follows:

Characteristics	Minimal requirements			
	Process validation		Control plan	
	Attributive	Valuative	Attributive	Valuative
Safety	A minimal control of 20 product pieces	$C_m \geq C_{mk} \geq 2$ $P_p \geq P_{pk} \geq 2$	100% control in automatic control or in compliance with buyer requirement	100% control in automatic control Or SPC and $C_p > C_{pk} 1,67$
Critical and important		$C_m \geq C_{mk} \geq 1,67$ $P_p \geq P_{pk} \geq 1,67$	100% control in automatic control or in compliance with buyer requirement	100% control in automatic control Or SPC and $C_p > C_{pk} 1,67$
Functional	In compliance with FMEA assessment		In compliance with FMEA assessment	

## 4. AUTHORISATION REQUIREMENTS

Before the delivery of goods, the supplier must obtain the buyer's consent for the following cases:

1. When implementing a new product and then after every modification;
2. For all products with a rejected PPAP;
3. For construction product changes (when changing a drawing, material specification...);
4. Before the implementation of new technology;
5. When a production location move occurs;
6. When implementing or changing a tool;
7. When implementing changes in the process;
8. When implementing changes in the installed materials;
9. Before the change of material and part supplier; and
10. Every time there is there is a break longer than 12 months.

## 5. RELEASE OF SERIES PRODUCTION

The supplier is provided with the requirements for preparation of samples and documentation by the buyer on the PPAP prescribed form. The supplier prepares PPAP according to the buyer's requirements on the buyer's forms or in compliance with the last version of the PPAP AIAG or VDA 2 manual.

### 5.1 Measurements and testing

The supplier must perform all measurements and testing as it is defined in the PPAP sampling order. For any drawing deviation, the supplier must obtain deviation approval from the buyer.

### 5.2 Statistical process control (SPC)

SPC stands for »Statistical Process Control« and is a method of quality control which employs statistical methods to monitor and control a process (cf. point 3.3.).

Valid tools are control chart or other similar software for monitoring statistical processing.

### 5.3 Measurement system analysis (MSA)

Measurement equipment used by the supplier in stability analysis both in project phase and serial production has effective for the required tasks. Effectiveness is proved with R&R and NDC measurement system analysis.

### 5.4 Serial production requirements

Before the supplier starts with serial production it has to produce this series under serial conditions, which have to take place from one to eight hours and prove stability with ppk and a Run&Rate test report. The sampling is done from the produced quantity, according to buyer requirements.

### 5.5 Packaging labelling and PPAP sample delivery

Samples which are delivered by the supplier along with the PPAP documentation have to be properly labelled. Samples from multicavity tools have to include the number of the cavity. PPAP samples need to be prepared manually, separate from the serial products.

### 5.6 Process validation

Before the serial production SOP the supplier must perform a process validation with the R&R method, with the help of which it checks whether it is able to produce the required product quantity. In the case where the required quantities are not met, it is necessary to prepare an action plan.

### 5.7 PPAP status decision

Based on the presented samples and PPAP documentation, the buyer states its decision on the PSW form or on the headline form according to VDA 2. There are 3 possible decision levels:

1. Authorised (the product meets the requirements and the supplier can start with production)
2. Authorised subject to conditions (supplies are limited in time or quality and it is necessary to do a re-sampling before the production).
3. Denied (the presented samples and documentation do not meet the requirements. The supplier needs to effect improvements and resubmit the PPAP documentation).

### 5.8 Requalification

The supplier must perform a production requalification at least once per year. The requalification scope is defined with the buyer or the supplier checks all product characteristics regulated on the drawing or specifications and prepares the evidence for the process ability for special and critical characteristics.

## 6. MANAGING CHANGE

The supplier must communicate every process and product change before its implementation. The changes need to be communicated in the following cases:

- a) Before the implementation of new technology which at the validation was not used in the production process;
- b) When moving to a new location,
- c) At the implementation of a new tool or the modification of an existing one
- d) At the implementation of process changes (new testing methods, the usage of alternative equipment)

- e) When changing materials and integral product parts
- f) When changing sub suppliers of integral parts and materials.

The supplier communicates the change to the buyer in writing following the process described under 4.

## **7. DEVIATION AUTHORISATION**

In the case where the supplier discovers a deviation during production or shipping, it must immediately inform the buyer. The supplier informs the buyer in writing. The products, authorised for supply by the buyer, must be clearly labelled by the supplier. Every package must be labelled

## **8. INCOSISTENCY MANAGEMENT**

When receiving the products supplied by the supplier a deviation can be found. The action procedure can include the following scenarios:

- Rejection of the whole quantity and return to supplier,
- Sorting the quantity by the supplier or an external service in agreement with the supplier.

All products found to be defective after sorting are recorded as bad parts for PPM. For each deviation the buyer sends a claim report and the supplier must respond to the claim within 24 hours. The reporting rules and time frame are stated on the 8D form. In the case where the supplier cannot prepare the report in a certain time limit due to the complexity of the report, it must notify the buyer in writing. The notification must include a new deadline, which must not exceed the period of 15 days.

### **8.1 Reimbursement**

The buyer is entitled to charge the costs for any deviations, according to the price list included as an enclosure to the General purchase conditions. The costing is determined following an invoice or debit note.

## **9. SUPPLIER AUDIT**

The supplier must enable the buyer to carry out audits in the areas where its processes take place. At the beginning of establishing cooperation, the supplier carries out a Potential analysis (following VDA 6.3) and Process analysis (following VDA 6.3), which assesses the P2-P7 element effectiveness. After the audit following its normal procedure, the buyer presents an audit record and demands the preparation of an action plan for deviation elimination within a time limit defined by the buyer.

In case of a potential analysis (at a potential supplier) the potential supplier must eliminate all deviations stemming from the Potential analysis report.

Following constant improvement, the supplier must carry out internal product, process and system audits.

## **10. TRACEABILITY**

Material traceability: the supplier needs to ensure a FIFO system for materials and products.

It must ensure traceability for at least the following data:

- product production date
- product batch, including all batches of all components
- testing results

and keep data records.

The traceability system must be authorised by the buyer.

## **11. DOCUMENT ARCHIVING**

At the request of the buyer, the supplier is obliged to submit the entire quality control documentation of the supplied goods, as well as product safety records. For critical characteristics the documentation archiving time is of 15 years from the end of production or tool exclusion. The documentation that needs to be archived is the risk management plan, FMEA, PPAP documentation and corresponding samples, validation

reports, requalification reports, traceability records, drawings, staff training records, measurement and testing results.

The minimal time of record archiving must be organized for the period of at least three years after the conclusion of serial production or tool exclusion.

## **12. TERM CLARIFICATION**

APQP- Advanced Product Quality Planning

FIFO- First-in, First-out

FMEA – Failure Mode and Effects Analysis

PSW- Part Submission Warrant

PPAP- Product Part Approval Process

PSB- Product Safety Representative

R&R- Repeatability & Reproducibility

8D- Eight Disciplines Problem Solving Process

SOP- Standard Operating Procedure

NDC- Number of Distinct Categories