MANUAL

We engineer, you drive	**Identification**	**52MR23003**
	Version number	**2.3**
	Page	**1/18**
	Effective date	**18.09.2024**
	Language	**HU, EN**

SUPPLIER QUALITY MANUAL

	Name	**Signature**	**Date**
Prepared by	**Brigitta NAGY** Supplier developer		**18.09.2024**
Verified by	**János KENYERES** Purchasing and logistic manager		**18.09.2024**
Verified by	**Norbert SVÁRDA** Technical and quality manager		**18.09.2024**
Approved by	**László URBÁNYI** Managinig director		**18.09.2024**

CONTENTS:

1. Requirements towards the supplier's quality system

The RJA Ltd. expects its suppliers to operate a quality system that ensures the production of the expected quality product and meets the customer's expectations. The minimum requirement is ISO 9001, and the recommended requirement is to be certified according to ISO 14001 and ISO 45001 standards, however, RJA Ltd. requires that all suppliers strive to obtain the IATF 16919 management system.
Suppliers are expected to fully comply the requirements of this handbook.
Suppliers to Rába are also expected to manage their sub-tier suppliers of products and services to ensure compliance to the requirements defined within this manual.

RJA Ltd. can check the requirements during a supplier audit. In addition, the supplier is obliged to inform RJA Ltd. about the results of certification and re-certification audits and send its the certificate within 2 weeks of its issuance. If, based on the results of the certification, the supplier has not received the certificate or it is revoked, then RJA Ltd. will prepare an internal risk analysis. Based on the results of the evaluation, it determines the necessary steps and measures. If the supplier can guarantee the quality requirements of RJA Ltd. through measures and continuous monitoring, the supplier can continue to supply products.
Non-compliance may lead to loss of business.

2. General requirements for suppliers

The requirements as detailed in this manual define basic requirements and are supplemental to requirements as defined within the ISO 9001, and IATF and VDA Standards.
The expectations, requirements and standards defined within this manual and its appendices are applicable to all suppliers providing materials, products, and services to RJA Ltd. This includes suppliers of direct materials and, as appropriate, indirect materials, packaging materials and services (including sorting and calibration services) with potential impact on any product characteristics affecting Rába's Customer requirements.

As a requirement imposed by RJA Ltd., the Suppliers must be sent the document 52MR23003 SUPPLIER QUALITY MANUAL and its annexes - or their availability on the Rába website (www.raba.hu) - at the same time as the request for quotation, contract draft.
If supplier does not ask deviation from written requirements within 5 working days, or supplier gives quotation, RJA Ltd. counts this regulation to be accepted.

Deviation from the Manual is only possible by a supplier-initiated separate agreement signed and approved.

2.1. Supplier selection procedure

2.1.1. Specification meeting

There is a specification meeting before starting a new project or selecting a new supplier where the parties are able to clear the technical, quality, environmental and safety requirements and the questions concerning to this manual.

2.2. Supplier evaluation and approval

2.2.1. Preliminary supplier evaluation, risk assesment, operational statement

In the case of new suppliers, RJA Ltd. sends a preliminary self-assessment questionnaire (SUPPLIER SELF SURVEY 52LO24002-3) to its suppliers, based on the results of which it carries out a risk analysis. Based on the risk analysis, it is decided in advance whether the supplier will be able to meet the requirements of the RJA Ltd. and then RJA Ltd. decides on the need for a supplier audit, see section 2.2.3.1.
Furthermore the supplier makes a operating statement (52LO24002-3) to RJA Ltd. that their produced, purchased products and/or services conform to the current applicable statutory and regulatory requirements in the country of receipt, the country of shipment, and the customer-identified country of destination, if provided.

2.2.2. Definition the requirements of sampling, request the PPAP documentation

PPAP submission is required in the following cases:
- Before mass production and delivery of a new product
- Drawing change, specification change, technical change of raw materials
- Process change (see section 2.3.6 for details)
- More than 1 year elapsed between two productions
- Process change at the initiative of RJA Ltd.
- In other special cases, determined by RJA Ltd.

Where the product is manufactured in accordance with the quality assurance requirements of the automotive industry, RJA Ltd. specifies in advance the regulations according to which the PPAP documents must be submitted (AIAG, VDA), and also determines the level according to which the submission is required. Annex 52MR23003-6; 52MR23003-9 Submission Requirements - AIAG and VDA Submission Requirements - specifies which documents are required to be submitted to the supplier at certain levels. Other documents used for PPAP submission are the PPAP Reference Manual, VDA2 the Manufacturing Process and Product Approval (PPF) Manual. RJA Ltd. may also specify the requirements for the submission of the PPAP individually.

If RJA Ltd does not define other requirements, the supplier must submit 5 pieces first samples (or 5 pairs), in case of more tool per each devices or cavities 5 pieces (or 5 pairs) also. The submitted samples have to mark with serial number. It is a must to produce the first samples using the tools and conditions of mass production (machine, tool, equipment, technology, production location). These samples must be validated for every size and for other requirements. The measurement results must be submitted to RJA Ltd. in the dimensional document of appendix 52MR23003-6 or 52MR23003-9, and the dimensions must be marked on the numbered drawing with the same

numbering as the report. In case of all submissions, the complete measurement of the product is required on the basis of the issued drawing, unless RJA Ltd. decides otherwise.
In the case of documents containing test results and measurement data relating to the product to be sampled and/or its raw material, the submission of the original documents is (also) required, if these documents were not issued by RJA Ltd's direct supplier.
In the case of sub-suppliers, the direct supplier of RJA Ltd. is responsible for the PPAP documentation. RJA Kft.'s direct supplier must establish and demand the same regulations towards his supplier that RJA Kft. demands from him.
The PPAP documents must be available from the supplier or sub-supplier of RJA Ltd., and if necessary, they must be made available to RJA Ltd.

Only products whose heavy metal content meets the requirements of the 2000/53 directive (End-of-Life-Vehicles) of the European Union can be submitted for approval. Suppliers must take responsibility for the inbuilt materials and must meet its compositions. Supplier must make these data available to RJA Ltd. This is the condition of the first sample acceptance. Have to send the raw material composition to RJA Ltd via IMDS system (www.mdsystem.com). The IMDS address: Rába Mór Ltd, ID: 7672.
The supplier should contact with RJA Ltd, if do not meet the IMDS system.
REACH:
All Suppliers who affected by EC regulation has to declare in written form about the observance of this EU regulation:
European Regulation (EC) 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

2.2.3. Supplier approval

The supplier's approval is based on the evaluation of the questionnaire sent to the supplier in advance and returned by the supplier (SUPPLIER SELF SURVEY 52LO24002-3), the submitted "Operating statement", the audit results (if an audit was carried out), and the classification of the PPAP documents and first sample.

2.2.3.1. Supplier audit

In the case of new suppliers, RJA Ltd. performs a risk analysis based on the results of the supplier self-assessment questionnaire (52LO24002-3) what it sent to the supplier in advance. After that, RJA Ltd. decides on the need for a supplier audit.

In the case of supplier audits, RJA Ltd. determines, based on the customer's requirements, whether it will perform the audit according to AIAG or VDA. RJA Ltd. informs the supplier about this in advance and shares the agenda and necessary information with the supplier in advance in order to ensure a smooth process.
The direct supplier of RJA Ltd. is responsible for auditing sub-suppliers, but at the request of RJA Ltd., the supplier must arrange a sub-supplier audit in the presence of RJA Ltd. Furthermore, if necessary, RJA Ltd. may request its direct supplier to perform a sub-supplier audit, as well as to share audit results and previous audit results.

2.2.3.2. Approval of PPAP (first sample) documentation

After checking the submitted documents and sample pieces (control measurements) - in case of satisfactory results - RJA Ltd. will return an approved (signed) copy of the PSW to the supplier.
Supplier only can start the mass production upon RJA Ltd's written approval.
In case of lacking documents the interim approval contains the restrictions.
In case of a rejected PPAP it is necessary to submit new PPAP documentation and new samples.

Supplier shall maintain a stricter, interim - for the first 90 days of production - control after the start of mass production, in order to verify that the pre-planned process is capable to produce part in proper quantity and quality. The primary purpose of the control is to identify and resolve initial process and part problems, hereby preventing defective deliveries.

2.2.3.3. Examination of supplier's production capability - Run @ Rate

Unless otherwise approved in writing, by RJA Ltd., production approval will be contingent upon successful completion of run-at-rate production trials.
The supplier has to be able to produce the necessary quantity in good quality with the available devices. The representatives of RJA Kft. can examine this at the start of production after prior consultation.

2.2.3.4. Preservation of first sample

On the basis of RJA Ltd's requirement supplier has to retain 1 piece master sample which is equivalent to the submitted and approved first samples (same production) until the life time of the product , or in the case of new sample submission until the acceptance of the new sample.

2.3. General requirements (documents)

2.3.1. Quality certificate (declaration of conformity)

A quality certificate must be attached to each shipment, and the quality certificate must be submitted in accordance with the requirements of the MSZ EN-10204:2005 standard. It must include the name of the delivered material/component, drawing number, quantity, date, declaration of conformity and the signature of the person responsible for the release of the product. For some products, RJA Ltd. may also request a measurement report from the supplier to verify the conformity of the product.
In individual cases, in the case of PPAP documentation and first samples definitively accepted by RJA Ltd., it is not necessary to send a quality certificate for every shipment, only in the case of a special request or complaint for the claimed parameters. When delivering such materials, RJA Ltd. accepts proof of the checked condition on the delivery note or product label.

2.3.2. Approval for use

If the product does not meet the defined requirements, supplier only can deliver the parts upon RJA Ltd's permission. The permission is valid for a concrete quantity and period. In case like this supplier must submit a request to RJA Ltd on "Request for approval for use/deviation" form (Appendix 5 - 52MR23003-5), which contains the information of deviation. The product delivered

based on the written permission of RJA Ltd must be marked with a yellow label, on which the fact of the deviation and approval, the number of the permission, the drawing number and the quantity must be indicated.
A quality penalty will be charged on the delivery, by 52MR23003-3 appendix, according to the current contracts, if the supplier does not ask for approval for use in case of any quality deviation before delivery.

2.3.3. Deviation request

If the supplier knows before starting the production that he is not able to produce part according to the specification (for example other raw material, dimension deviation etc.), supplier has to ask deviation permission using the "Request for approval for use/deviation" form (Appendix 5). The deviation request has to contain the technical specification of the replaced product (material) and the parameters of new product that deviate from specification. The supplier must carry out inspection regarding to the new product/material and must attach the test report to the request.
The product delivered based on the written permission of RJA Ltd must be marked with a yellow label, on which the fact of the deviation and approval, the number of the permission, the drawing number and the quantity must be indicated. Before confirmation of "Request for approval for use/deviation" form Rába reserve the right that have needed examinations done what can be made by an external party (e.g. laboratory) after previous compliance. Supplier must assume the costs of examinations.

2.3.4. Rework / repair process

If, contrary to the approved control plan, the supplier carries out a rework / repair process on the product, it must notify RJA Ltd. before the process. The supplier may only carry out a rework / repair process on the product if RJA Ltd. allows it. The supplier must have written eviendence about it.
If the supplier unauthorized rework / repair process of a product without authorization, the supplier must be classified in level 2 of the escalation procedure - CSL (see point 5). In such cases, all responsibilities are borne by the supplier, so the cost of the failure pieces, the sorting costs of the products flowing in to RJA Ltd., the scrapping costs.

2.3.5. Handling of drawing and technical documents, requalification

In case of new product or technical changing the RJA Ltd. ensures the valid drawing and documentations to the supplier. The supplier must ensure that the deviation is carried over to the affected documents and the documents are available. The first shippment of a new product or a product produced according to a new ECN must be distinguished with yellow label.
The supplier must review the product, drawing and technical documents annually, for which the necessary information can be obtained from the RJA Ltd. contact person.
In case of a process change, resampling is required, in which case the procedure in point 2.3.6 must be followed.
Requalification: The requalify examination must include every parameter what are assessed by the technologic specification – control plan of producer, drawing, standard, customer requirement – must be examined again (e.g. geometric measure, material testing etc.) and must inform the customer in documented form about the test results.

RJA Ltd. basically defines an interval of 3 years for the delivered products, during which time a full requalification must be submitted to the suppliers. RJA Ltd. follows the customer's requalification intervals, on the basis of which it can also determine the 1-year interval towards its suppliers.

In the case of the following customers, the requalification interval is 1 year (this is also the requirement of RJA Kft.):

- VW Group
- Magna
- Fehrer.

2.3.6. Process change request

2.3.6.1. Process change initiated by the supplier

Suppliers must immediately submit a request for a process change to RJA Ltd. in all cases when there is a change in the process. To indicate this, the process change request form 52MR23003-8 must be used, and if additional illustrative explanations and presentations are required in connection with the presentation, these must also be submitted to RJA Ltd. In addition, a schedule for the planned implementation should be prepared.

It is necessary to submit a process change request in the following cases, but there may be special cases that are not included in the list:

- Replacement of production equipment
- Change in production process (process line, other conditions)
- Changes in raw material suppliers or raw material companies
- Changes in chemicals or indirect materials used in the manufacturing process (etching, cleaning, coating, heat treatment)
- Control methods are changing
- Any further changes that RJA Ltd. considers to be changes
- For a sub-supplier, the above changes

If the supplier is unsure whether it is necessary to submit the process change request, always contact RJA Ltd.
After submitting the process change request, RJA Ltd. examines this change, and then sends feedback on the approval or rejection of the change in advance. If RJA Ltd. allows the change, it will send feedback about the tests to be submitted, the first sample and the PPAP documents. The supplier is obliged to perform and submit the necessary tests and documents free of charge. After the supplier has submitted the necessary results and documents, RJA Ltd. evaluates them and in the case of the submitted first sample, performs a cross-check, and then in the knowledge of these, decides on the final acceptance or rejection on the signed PSW document.

If a supplier implemented a process change without authorization, without signaling, or without final acceptance (without a signed PSW), the supplier shall be classified in Level 2 of the escalation procedure - CSL (see section 5). In such cases, all responsibilities are borne by the supplier, ie the cost of the unusable pieces, the sorting costs of the products flowing in to RJA Ltd., the scrapping costs.

2.3.6.2. Process change initiated by RJA Ltd.

If a process change is made to the supplier on the initiative of RJA Ltd., then it is also necessary to carry out the process change process on the part of the supplier according to point 2.3.6.1. The supplier is obliged to perform one sample process per year free of charge and to submit the necessary tests and documents.

2.3.7. Design change request

If there is a request for drawing modification on the side of the supplier, the supplier shall submit a request for drawing modification to RJA Ltd. on form 52MR23003-11. RJA Ltd. cannot judge the drawing modification request, therefore it will forward it to the appropriate customer levels, where these requests will be evaluated. After the assessment, RJA Ltd. gives the first answer to the supplier whether the modification can be approved. If the feedback has been received by the supplier or the new drawing has been issued, the supplier can only change its process afterwards.
If a supplier makes a process change without authorization, without notification, or without final acceptance (without a signed PSW), the supplier shall be classified in Level 2 of the Control shipping procedure (see Section 5). In such cases, all responsibilities are borne by the supplier, so the cost of the unusable pieces, the sorting costs of the products flowing in to RJA Ltd., The scrapping costs.

2.3.8. Quality performance – PPM

Beside the effort to the "0" fault, the expectation of the customer of RJA Ltd. is the **0 PPM.** RJA Ltd. expect the 0 PPM from its suppliers.
Supplier must make effort to perform the set target. If it's not managed to do it, supplier must take actions to reduce the PPM value.
Our intent is to establish strategic, long-term relationships with our Suppliers, and it is incumbent on each supplier to demonstrate a commitment to sustained quality, highest levels of service and a strong focus on continuous improvement.

2.3.9. Contingency plan

Supplier shall be prepared for such a case when the production and delivery of a part or fulfilment of the required performance indicators cannot be guaranteed due to any external reason (e.g. equipment failure, lack of child-part, fire-loss, natural disaster, logistics failures, disruptions/attacks on information technology systems etc.). Therefore a documented risk assessment shall be performed and an action plan shall be established, which include the necessary safety stock level, list of critical parts, alternative supply sources, any other measures and information chain.
These contingency plans shall be reviewed on a regular basis, or annually at minimum.
Suppliers shall immediately notify Rába Ltd., the moment they become aware of any potential supply disruption.
Should production interruptions be of an extended nature, requiring a full or partial stoppage in production, we expect suppliers to conduct and document thorough shutdown and startup procedures.

2.3.10. Special characteristic

The supplier must take into account the special characteristics prescribed in the drawings.
In particular, if the product to be delivered must meet safety requirements (D/TLD component), the supplier must provide the customer with the name and contact information of the Product Safety and Conformity Representative (PSCR), as well as provide in-house training on the applicable legislation.
The supplier's documents must be marked with the special characteristics marking.

In the case of D/TLD products, according to VW and Magna regulations, an annual self-audit must be conducted, which must be forwarded to the customer upon request.

2.3.11. Process capability requirements

RJA Ltd. requires suppliers to apply statistical methods to all processes where they can be interpreted for the designated parameters. If a special caracteristic is included in the product drawing or if a special caracteristic has been selected, a capability test must be performed on it. If the requirement is not met, action shall be taken to improve process capability and 100% control shall be applied to the specified parameter until the appropriate value is reached by the supplier. RJA Ltd. can also determine the quality capability index individually.

Quality capability required by RJA Ltd. if there is no other customer requirement:
In case of special carateristics: $\mathbf{C_P, C_{PK} \geq 1{,}67}$
(Initially applicable: $\mathbf{C_m, C_{mk} \geq 2}$)
For sizes without special characteristic: $\mathbf{C_P, C_{PK} \geq 1{,}33}$
(Initially applicable : $\mathbf{C_m, C_{mk} \geq 1{,}67}$)

2.3.12. Measurement system studies

The supplier must have a documented system in place to control, calibrate, and maintain the proper function and accepted level of repeatability and reproducibility of all inspection fixtures, measuring / testing instruments, and equipment.

According to Magna's requirements all measurement and test equipment must be calibrated annually, at a minimum.

2.3.13. Traceability

Supplier must use a traceability method agreed with RJA Kft.

The supplier must ensure implementation and management of an effective FIFO method of stock rotation in both the production and shipping process. The FIFO date used in determining stock rotation, must be the manufacturing date of the material affected.

2.3.14. Monitoring of Product & Process

Manufacturing process control must include a continuous monitoring of product/process characteristics and of all key parameters influencing the manufacturing process.
Suppliers must validate compliance to product and process requirements on a regular basis.

2.3.15. Tools and equipments review

The supplier must ensure and sustain the appropriate producing status of equipments needed for production. It is necessary to can reach the conformances of requirements concern the product.
The supplier must plan maintenance for every tool, machine and make record about it. RJA's and RJA Customer's property must be marked with data plate on tools and equipments.
About walk of life of tools a document must be done what can be shown in case of customer's request.
The supplier is responsible for monitoring the lifetime of the tools owned by RJA Ltd. and RJA Customer's. The supplier is obliged to inform RJA Ltd. towards the end of the tool's life cycle. The supplier must to be considered the current order quantities, the complexity of the tool, the time interval required for the production of a new tool, the time interval required for the renewal of the tool, so that sufficient time is available to replace and repair the tool. If the supplier does not inform RJA Ltd. In time, the cost of the scrap and production loss (line stop) will be borne by supplier.

2.3.16. Terms of delivery. Packaging, identification

In general cases shipment is done after unloading at Raba. Packaging of product is the Supplier's responsibility in every cases.
The packaging protects the goods/product from damage during transport/loading/storage under normal conditions and ensures its condition.
Supplier has to issue a delivery note regarding each shipment which is used as a proof of fulfilment.
Each delivery note has to contain minimum the following datas:

- Reference number of delivery note (eg. document nr.)
- Datas of Sender (company name, address, etc.)
- Delivery address
- Date of issue of delivery note
- Purchase order number
- Designation and Raba's part number of delivered product
- Delivered quantity and unit
- Signature of Sender and Recipient

Each part number and each batch have to be mentioned separately in the delivery note.
If applicable by relevant rules, environmental protection product fee of packaging material has to be paid by the Supplier and payment has to be proofed in shipment document.
On receipt of delivered product Customer can check visible damages, defects, identity and quantity only.

Packaging method must be agreed with RJA's contact before the first delivery. Packaging instruction must be made and submit to Rába together with PPAP documentation for approval.

The supplier must strive to ensure that the unit loads are stackable with overall dimensions that allow for optimum cube utilization of the transport vehicle.
Suppliers are responsible for the removal of all expired labels and debris from containers prior to packaging new material. Suppliers are responsible for ensuring that all containers are clean and that all functional gates or hinges are operational and safe.

In case of not appropriate, incomplete, damaged, soggy packaging Rába can reject the whole shipment.

Identification, requirement of content of label:
Rába ask to use label with VDA 4913 barcode. As a minimum requirement labels must include the following datas:
*Part number/drawing number
*Part name
*Quantity
*Batch/lot number
*Level of technological drawing change (ECN level)
*Producer company

2.3.17. Delivery of after-market and service parts

Suppliers with production contracts with Rába Ltd. must maintain the ability to provide after-market and service parts for the duration and conditions specified in the contract.

3. Supplier continuously evaluation

3.1. Record supplier performance data, carry out the evaluation

According to RJA Ltd's procedure, suppliers are evaluated in every half year based on the performance of the previous period.
We take into consideration the following respects during the evaluation:
1. Certificates
2. Delivery performance
2.1 Delivery accuracy,
2.2 Quality of the Packing
3. Number of quality claims
4. Settlement of quality complaints
4.1. Solving of quality claims
4.2. Settlement of costs and compensations for quality complaints
5. Level of service (quickness, flexibility, documents, Operation of consignment warehouse, Modification of price)

According to RJA Ltd's procedure, service providers are evaluated annually based on the performance of the previous period.
The qualification is made according to the following criteria:
- Quality of service
- Communication (reliability, flexibility, availability, order management, provision of information about changes, documentation)

- Adherence to the confirmed deadline
- Technical background support
- Handling complaints
- Price

On the basis of above weighted respects the evaluation can be:

91-100 %	excellent
81-90 %	good
61-80 %	needs to be improved
0-60 %	not acceptable

3.2. Inform supplier about the result of the evaluation

Suppliers / service providers are informed about the results of the evaluation once a year. The mid-term evaluation will only be sent to the supplier if the rating is below 91%.
In the case of classification under 91%, the supplier must contact the representative of Rába Ltd and submit an action plan to improve performance. If the supplier does not submit the action plan by the specified deadline, 10 points will be deducted in the evaluation of 4.1 Solving of quality claims at the next evaluation, and the Technical and quality manager may order an audit at the supplier.
All deviations from the above regulations can be made with the special permission of the Technical and quality manager of RJA Ltd.
If the rating is below 81%, RJA Ltd will also send the results of the evaluation of the suppliers selected by the customer to the customer. If the supplier does not take the necessary measures at the request of RJA Ltd, or if the effectiveness of the actions is permanently inadequate, the Technical and quality manager of RJA Ltd will inform the customer about the poor performance of the supplier in order to take further measures.

3.3. Supplier audit

RJA Ltd can hold an audit based on the quality performance of its suppliers, according to prior notification and a date agreed with the supplier.
In the event of a serious error caused by the supplier, or repeated or continuous inadequate performance, the Technical and quality manager of RJA Ltd can order an immediate extraordinary audit of the supplier.

Suppliers shall have documented processes showing similar rating criteria, escalation processes and development strategies, for sub-tier suppliers.

4. Claim management

In case of defective product or logistics noncompliance issues RJA Ltd informs the supplier on a SUPPLIER CLAIM.
All relevant containment actions must be initiated immediately and remain in place until corrective action has been reviewed and approved by RJA Ltd.
In case like this supplier must inform the customer about immediate actions about supplier side at the latest within one working day. Supplier must inform the customer about the corrective and preventive actions by the specified deadline. If the supplier does not confirm with evidence that the

given failure is unique (so 1 piece), then RJA Ltd. orders the sorting of the manufactured stocks, as well as the sorting of the products required for production on the basis of customer orders.
Immediate countermeasures (sorting) at RJA Ltd., which ensure continuous production, can take place immediately in critical cases. If the production cannot be stopped due to the failure, RJA Ltd. will not wait for the confirmation of the supplier, but will start the sorting immediately, the cost of which will be borne by the supplier, which will be invoiced afterwards. In such cases, RJA Ltd. can entrust 3rd company, the costs of which must be reimbursed to the supplier.
If the production can be stopped, RJA Ltd. sets a deadline of 24 hours for the supplier to start sorting. The supplier is obliged to organize the sorting by the 3rd company, and the costs of this are communicated between the supplier and the 3rd company.

Corrective action is required in the requested format. (The Supplier's own 8D format can also be used.)
The corrective action has to contain:

- the rootcause of the occurance,
- countermeasure for occurance
- the rootcause of the outflow,
- countermeasure for outflow

Rába Ltd. informs its suppliers of the costs incurred due to a supplier error, to which it expects a response within 3 working days. If the supplier does not respond within 3 working days, Rába Ltd will scrap the claimed parts at the supplier's expense and invoice the supplier for the incurred costs.
The general expenses are fixed on the attachment 52MR23003-3.

Supplier has to confirm the acceptance of the charged costs within 3 working days. If RJA Ltd does not receive this conformance, costs are considered as accepted. Costs will be invoiced to the supplier and compensated with an unpaid invoice, about that we send a compensation letter to the Supplier. RJA Ltd scraps the claimed parts at the expense of the supplier, if the supplier does not make arrangements regarding the refuse within 3 working days.

In the case of recurring complaints, late responses, overdue actions, series of complaints, the supplier escalation process shall apply, see point 5.

5. Supplier development escalation process (Controlled shipping)

5.1. Purpose, general conditions for classification

The escalation procedure of RJA Ltd. is an internal process, about which the following information only contains parts related to the supplier.

The purpose of the process is for the supplier who is continuously unable to effectively prevent the outflow of non-compliant products from being delivered to RJA Ltd. to be monitored with measures and continuous follow-up. It is necessary to maintain this until the supplier develops an action plan and strategy that guarantees that it supplies RJA Ltd. with a product of the right quality and thus can leave the classification level. Exiting the classification level is only possible with the approval of RJA Ltd.

The supplier enters the escalation process if the following conditions are met:

- Customer complaints, complaints
- Reoccurance supplier complaint, several complaints within a short interval
- In the event of a supplier's bankruptcy proceeding
- Line stop at RJA or RJA's customers due to quality or logistics problem
- Poor supplier quality performance (complaints, reoccurrances)
- Delayed response, late introduction of countermeasures in case of complaints
- The 8D report submitted by the supplier is incorrect in content
- RJA considers that there is a quality risk

5.2. Escalation levels

Level 0:
Occuring criteria:

- Supplier didn't respond for a complain and did not submit the 8D report in time
- Line stop at RJA Ltd. due to quality or logistics problem
- The 8D report submitted by the supplier is incorrect in content
- Reoccurance supplier complaint within 12 months
- 3 normal complaints within half a year
- RJA Ltd. considers that there is a quality risk

Escalation processes, measures:
Level 0 is an indication to the supplier that it must introduce measures for quality development. In this case, at the request of the RJA Ltd., the supplier prepares an action plan, which is approved in advance by RJA Ltd. the supplier is given 1 month to implement the measures, at the end of which it must be able to exit from the escalation level. The supplier must provide to RJA Ltd. the necessary evidence and the RJA Ltd. may determine an on-site audit for re-verification.
RJA Kft. can waive the request for an action plan if it considers that the efficiency of the supplier's measures taken in response to complaints satisfies the quality expectations.

Level 1:
Occuring criteria:

- Supplier didn't respond to multiple request for a complain and didn't submit the 8D report in time
- Line stop at RJA Ltd. or at RJA's Customer due to quality or logistics problem
- Customer complaint due to supplier's failure
- Reoccurance supplier complaint within 6 months
- 4 normal complaints within half a year
- RJA Ltd. considers that there is a quality risk
- Supplier not be able to exit from Level 0 after 1 month

Escalation processes, measures:
In case of level 1, RJA Ltd. sees a quality risk at the supplier. At this level, the supplier is obliged to introduce measures for quality improvement. The action plan is approved in advance by RJA Ltd., and after its implementation, introduction and verification of its effectiveness, the supplier can exit the escalation level with the permission of RJA Ltd. The supplier has to implement the measures within 1 month, at the end of which it must be able to exit from the escalation level. The supplier

must provide the RJA Ltd. with the necessary evidence and the RJA Ltd. may order an on-site audit for re-verification. In the case of products affected by a defect, RJA Ltd. orders 100% control of the this defect until the supplier can exit from the escalation level. 100% inspection can be done at the supplier, at RJA Ltd. or at RJA Ltd. by 3rd company, the full cost of which is borne by the supplier. In each case, RJA Ltd. will individually examine who will carry out the selection. If RJA Ltd. decides to have 100% control by the supplier and its efficiency is not adequate, then in all cases RJA Ltd. or the 3rd company must continue the selection to verify the effectiveness of the 100% inspection by the supplier.

Level 2:
Occuring criteria:

- Line stop at RJA Ltd. or at RJA's Customer due to quality or logistics problem
- Customer complaint due to supplier's fault, reoccurrence within 12 months
- Reoccurance supplier complaint within 3 months
- 6 normal complaints within half a year
- Supplier not be able to exit from Level 1 after 1 month

Escalation processes, measures:
In case of level 2, RJA Ltd. sees a quality risk at the supplier. At this level, the supplier is obliged to introduce measures for quality improvement. The action plan is approved in advance by RJA Ltd., and after its implementation, introduction and verification of its effectiveness, the supplier can exit the escalation level with the permission of RJA Ltd. The supplier has to implement the measures within 1 month, at the end of which it must be able to exit from the escalation level. The supplier must provide the RJA Ltd. with the necessary evidence and the RJA Ltd. may order an on-site audit for re-verification. In the case of defective products, RJA Ltd. orders 100% inspection of the defective or all products delivered by the supplier, for all sizes and visual characteristics in which it sees a risk, until the supplier can exit the escalation level. 100% inspection is done by RJA Ltd. or at RJA Ltd. by 3rd company, the full cost of which is borne by the supplier. 100% control is used to verify the effectiveness of 100% control by the supplier. In special cases, RJA ltd. may decide otherwise on the ordering and continuation of the selection, this must be examined separately in such cases. Suppliers entering escalation level 2 may not issue business in connection with a new RJA project or product for 6 months. In case of leaving the level 2, RJA Ltd. continuously monitors the supplier's quality indicators until the end of the 3rd month (in this period the supplier still has to maintain 100% control), if the quality level is adequate, the supplier's development activity is successfully completed. It can exit from the escalation level. In the event that the supplier not ables to to exit Level 2 until the deadline or not ables to exit, the puschising/logistic department of RJA Ltd. will start searching for new suppliers and transferring the products and projects to another supplier. Until this process is completed, your Level 2 supplier control processes should be maintained.

5.3. Requirements specified for the action plan

Immediate action within 24 hours:

- For complaints, send the 3D report within 24 hours, which includes all deadlines, responsible person
- It immediately sets up an inspection station at a separate location (not the manufacturing site) and starts 100% inspection of the pieces.
- It prepares work instructions for the inspectors, about which it is educated
- The effectiveness of the sorting must be constantly checked by a key person who constantly inspects the pieces checked by the sorting persons. It checks at least 5% of the pieces.
- The inspected pieces are marked separately

Long-term measures:

- Take appropriate action on a specific complaint (8D)
- The supplier prepares a long-term action plan in which it reviews the occurrence of the defect globally
- It conducts risk analysis and defines measures globally for the company
- It automatically sends information about progress to RJA Ltd. on a weekly basis until it can exit the classified level.

6. Terms used in the manual

- **PPM** – Part Per Million, faulty unit which concerning to one million faulty units (piece, kg, litre etc). (For example if 1 piece is faulty from 10000 delivered parts, than the PPM are 100).
- **C_P, C_{PK}** – corrected quality capability index. In case of normal dispersed process it is checked during the capability studies that for what proportion of the parts will be right that some character is within the limit and how much will be the reject.
- **PSW** – Part Submission Warrant
- **PPAP** – Production Part Approval Process
- **PPAP documents** – Contain the technical requirements defined by customer which are necessary to approve the parts and the method of conformity.
- **Run @ Rate GP-9** – General procedure of supplier development of General Motors. Its aim to prove that the supplier is able to fulfil the quality and quantity requirements of the customer with the planned tooling capacity in a given period.

7. Attachment

Attachment 1	52MR23003-1	Quotation content requirements
Attachment 2	52MR23003-2	General terms and condition regulation
Attachment 3	52MR23003-3	Quality requirements, Delivery and Quality penalty
Attachment 4	52MR23003-4	Contact list of Rába Automotive Components Ltd
Attachment 5	52MR23003-5	Request for approval for use/deviation
Attachment 6	52MR23003-6	PPAP submission levels and forms according to AIAG
Attachment 7	52MR23003-7b	Non-Disclosure Agreement
Attachment 8	52MR23003-8	Process change request
Attachment 9	52MR23003-9	PPAP submission levels and forms according to VDA2
Attachement 11	52MR23003-11	Drawing change request

8. Proposed requirements documents

Reference handbooks:
- PPAP Production Part Approval Process
- APQP Advanced Product Quality Planning
- FMEA Potential Failure Mode and Effects Analysis
- SPC Statistical Process Control
- QSA Quality System Appraisal
- MSA Measurement System Analysis
- Affected VDA handbooks