



## Manual for Suppliers of ROMI Machines

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## GLOSSARY

**INDIRECT SUPPLIERS:** Suppliers of products for internal use in our company, such as office supplies, computer supplies, uniforms, packaging, etc.

**DIRECT SUPPLIERS:** Suppliers of products to be incorporated into our products, such as hydraulic, mechanical, electrical, electronic items, etc.

**PRODUCT:** Applies to item/service or required by customer.

**NCR:** Non-conformity Report.

**INDÚSTRIAS ROMI S/A:** It is understood as Romi

**Note:** The definition of the indirect or direct supplier category depends on the analysis performed by ROMI

## INTRODUCTION

This Manual was developed by Romi in order to guide all its suppliers regarding the minimum requirements necessary for the supply of items and/or services.

As an important channel of communication between Romi and its Suppliers, this Manual should be used by all companies, who wish to be or are already part of Romi's regular suppliers group, as a guideline for meeting the expected quality standards.

This Manual describes the supplier assessment system, the general conditions of supply and the methods used to monitor the performance of each supplier.

Romi's main quality objective is to guarantee the permanent satisfaction of its customers and as environmental objective to reduce the environmental impacts. And for this reason we want our suppliers to constantly seek continuous improvement to meet and exceed the expectations and requirements of this Manual.

## OBJECTIVE

The main objective of this Manual is to define and regulate the requirements for the supply of Romi products. To meet Romi's requirements the suppliers must:

- a) Initiate appropriate systems and controls to ensure the timely delivery of products in conformity, free of defects;
- b) Manage its facilities, processes, management systems and personnel so that, consistently and at fair cost, it can manufacture products and provide services that meet the needs of Romi and its customers;
- c) Develop and implement a documented Quality Management System based on the ISO 9001 standard and meet applicable legal requirements;
- d) Use the appropriate statistical techniques to control and continually improve processes;
- e) Continuously improve processes, reducing their variation and eliminating all losses;
- f) Conduct its operations in a way that ensures that all materials and products supplied to Romi comply with the laws and regulations applicable to the jurisdictions in which the supplier conducts its business.

## CONFIDENTIALITY

All matters dealt with suppliers must be considered as confidential, that is, under no circumstances should the matters addressed between Romi and the Supplier be brought to the attention of third parties without prior authorization from Romi. The Supplier confirms this commitment upon receipt of this Manual. Except in cases where Romi's Client requests the need to enter into a specific confidentiality agreement from a supplier. Failure to comply with this requirement is subject to penalty and/or legal sanctions.

## 1. ASSESSMENT, REASSESSMENT AND SELECTION OF QUALITY SUPPLIERS

Romi reserves the right to assess, reassess, select and freely qualify its product suppliers within clear and standardized procedures.

Suppliers classified as DIRECT shall be subject to the Assessment, Reassessment and Selection criteria specified herein.

INDIRECT suppliers may be exempted from these procedures.

### 1.1 Assessment of Quality Suppliers

The Assessment procedure is designed to verify that suppliers are able to meet the requirements specified by Romi.

The Supplier who holds ISO 9001 certification must send a copy of the certificate to Romi whenever it is renewed. The monitoring will be carried out through the expiration date of the certificate;

If the Supplier does not have ISO 9001 certification, the company will be submitted to an assessment process as follows:

- Audits at company facilities made by Romi through an assessment form, and/or requesting certifications and documents proving compliance with the minimum requirements necessary to be a Romi supplier or;
- Self-assessment, situation where the supplier is responsible for completing the form and sending;

The main requirements required by Romi for suppliers are those described in environmental legislation and ISO 9001 standard, highlighting:

- a) Autonomous Quality Area;
- b) Corrective action process;
- c) Procedures for process control;
- d) Procedures for identification of raw material, stock and parts in process;
- e) Process management by indicators.

### 1.2 Reassessment of Suppliers

The Reassessment of suppliers will be carried out according to the criterion described below:

- The Supplier who holds ISO 9001 certification must send a copy of the certificate to Romi whenever it is renewed. The expiration date of the certificate will be monitored.
- The Supplier who does not have ISO 9001 certification will be reassessed every 3 years, through the application of the forms prepared by Romi. The assessment expiration date will be monitored.

### 1.3 Classification and Selection of Suppliers

The Self-assessment, Assessment or Reassessment forms are divided into groups of Requirements, based on the standards defined by ISO 9001. After the application of the forms with the suppliers, the results of the assessment must be analyzed and the pertinent actions taken, as per table below:

Score of Requirement	Attendance Level of Requirement	Classification of Requirement	Supplier Action
80 to 100%	Requirement met	Green	Send evidence that proves the score
50 to 79.99%	Partially met requirement	Yellow	Determine action plan or monitor supplier
0 to 49.99%	Requirement not met	Red	Set and execute action plan

The supplier must perform the actions defined in the above table within a schedule to be agreed upon with Romi.

Romi reserves the right, for the purchasers of machines of its manufacture or for its customers, to follow through with audits the manufacture of the items or the performance of the services ordered by Romi.

### 1.4 Financial Assessment

It will be eventually carried out in order to check the supplier financial condition.

## 2. GENERAL CONDITIONS FOR THE SUPPLY OF PRODUCTS AND SERVICES

The **GENERAL CONDITIONS FOR THE SUPPLY OF PRODUCTS AND SERVICES** are available on Romi's website (<http://www.romi.com/>).

## 3. QUALITY MANAGEMENT SYSTEM

The supplier must establish, document, implement and maintain a Quality Management System, continuously improving its effectiveness.

To meet this requirement the supplier must:

- a) Identify the processes necessary for the quality management system and its application throughout the organization;
- b) Determine the sequence and interaction of these processes;
- c) To determine the necessary criteria and methods to ensure that the operation and control of these processes are effective;
- d) Ensure availability of resources and information necessary to support the operation and monitoring of these processes;
- e) Monitor, measure and analyze these processes;
- f) Implement actions necessary to achieve the planned results and continuous improvement of these processes.

When the supplier prefers to purchase an activity externally that affects the product's compliance with the requirements, the supplier company must ensure control of those processes so that the product specifications are met.

### **3.1 Client Property**

The supplier is responsible for maintaining the integrity and quality of any type of material, product and/or tools and/or devices of the Romi while they are under its control or are still in use. Supplier shall identify, verify, protect and safeguard any property of Romi that is provided for use or incorporation into the product. In any situation that this property is lost, damaged or considered inadequate, it must be informed immediately to Romi and records must be kept.

### **3.2 Product Preservation**

The supplier shall preserve the conformity of the product during internal processing until delivery to the specified destination. This preservation shall include identification, handling, packaging, storage and batch protection. Preservation should also be applied to the parts that make up a product.

The supplier must have a system to ensure the stock turnover of Romi-owned parts that have been subjected to certain types of work, such as "first-come-first-out".

### **3.3 Measuring and monitoring of the supplier performance**

The indicators will be periodically calculated and used to continuously monitor the performance of each supplier. With the application of these, it will be possible to identify faults and improvement points, with the aim of constantly improving the quality of deliveries. The low result in these indicators may lead to disqualification of the supplier.

Any supplier that is performing poorly on deliveries may not participate in new developments and be placed at the level of reassessment or disqualification.

Suppliers who present non-conformities will be liable to bear the non-quality costs incurred by Romi. The criteria used for the recovery of these costs are detailed in the General Conditions for the Supply of Products and Services, a document available on Romi's website (<http://www.romi.com/>)

#### **3.3.1 Quality: PPM Index**

The measurement and monitoring of quality performance will only be for the DIRECT suppliers. The calculation formula is as follows:

$$PPM = (TOTAL\ OF\ NON-CONFORMING\ PARTS / TOTAL\ OF\ SUPPLIED\ PARTS) \times 1,000,000$$

### 3.3.2 Punctuality: Punctuality Index

The index will be measured by the percentage of timely deliveries made by the supplier in relation to the total deliveries made. The allowed tolerances for anticipations and delays in deliveries are defined annually in the Goal Management System, and the criterion for comparing the dates varies according to the market, as follows:

Internal Market: The promised date of delivery, mentioned in the Purchase Order, is compared with the actual date of delivery, defined by the stamp of the ordinance in the corresponding Invoice.

External Market: It is compared the shipment requested date, mentioned in the Purchase Order, and the date of the invoice of the supplier.

$$PI = (TOTAL\ ON-TIME\ DELIVERIES / TOTAL\ DELIVERIES) \times 100$$

### 3.3.3 Disclosure of Results

The criteria and periodicity of disclosure of the results will be defined by Romi and timely communicated to Suppliers.