



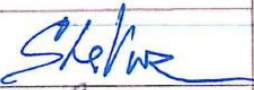


**ZETOR TRACTORS a.s.**

**Trnkova 111**

**628 00 BRNO**

## **Supplier Quality Manual**

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## 1 Scope of application

This Supplier Quality Manual has been created as a "new opportunity" to start and maintain the partnership between ZETOR TRACTORS a.s. and its suppliers for from this date onwards.

The aim of the changes made are not created to reduce the demands on the quality of the parts supplied, but to optimize the supply chain processes, to increase their efficiency and thus benefit both parties involved by increasing productivity and subsequent profitability to the overall satisfaction of both iparties involved.

## 2 Scope of validity

The Quality Manual shall become effective on the date of approval. On this date, all previously valid versions of the Supplier Quality Manual, all subject to changes documents and revisions by ZETOR TRACTORS a.s., will become invalid.

This manual shall be a binding document between ZETOR TRACTORS a.s. and all suppliers supplying materials, semi-finished products and parts to ZETOR TRACTORS a.s., including services supplied or cooperations. The Supplier hereby to comply with the provisions and requirements of this manual in process of ensuring deliveries and applies needed equirements onto involved subcontractors.

## 3 Suppliers quality management system Requirements

The Supplier undertakes to plan, organize and to implement the production process and quality assurance to meet all quality requirements of the purchased parts. By signing this manual, Supplier herebies to monitor, evaluate, improve and monitor the risks of all production processes.

## 4 ZETOR TRACTORS a.s. General requirements for suppliers

To become ZETOR TRACTORS a.s. Supplier, company should meet the requirements for safety, environment, quality, supply and social responsibility in demonstrable rate. It is essential to comply with these indicators is in line with the following.

### **4.1 Supplies**

Suppliers are obliged to deliver the ordered products and services on time, to the correct location of ZETOR TRACTORS a.s., meeting requested quantities and within required lead time.

In case of any unexpected events, Supplier is obliged to make a plan for such, and provide the plan to ZETOR TRACTORS, which would avoid possible interruptions in deliveries, including events caused by force majeure..

## **4.2 Quality assurance**

The Supplier is obliged to deliver the goods and services in the required quality, to complying with the valid specifications of ZETOR TRACTORS a.s. regarding packaging, marking, storage, delivery, monitoring and containerization in accordance to the valid packaging regulations and valid TPP. The Supplier is required to maintain records to ensure traceability of components and finished products, including all quality records, for a period of 5 years.

Supplier agrees to promptly address any customer complaints, conduct product, process and system audits, following frequency and scope to be defined in the sample procedure, perform and document the performance of the so-called Recalibration Tests.

## **4.3 Environment, health and safety and social responsibility**

Suppliers are required to comply with all applicable local, regional and national legal requirements, standards, regulations and environmental, health, safety and social responsibility laws while actively protecting the confidentiality of all ZETOR TRACTORS a.s. information.

# **5 Production part approval process**

The component approval process verifies that the supplier's samples meet all the requirements and demands specified by ZETOR TRACTORS a.s. within (ISIR) cover sheet, before start of serial production is being delivered to ZETOR TRACTORS a.s.

## **5.1 Sampling procedure**

Each new purchased item must be approved or a variance needs to be issued before serial part delivery to ZETOR TRACTORS a.s. Production item release shall take place upon approval and signature of the "ISIR" cover sheet (see Annex 9.1) by ZETOR TRACTORS Inc.

### **5.1.1 First samples**

Unless otherwise specified by ZETOR TRACTORS a. s. supplier shall provide first 3 samples. Delivery of the first samples shall be marked with the label "SAMPLE MATERIAL" (see Annex 9.3) on each packaging unit (pallet, box, i.). This marking is also visible on the delivery note.

The Supplier undertakes to produce serial parts using only technology for serial parts manufacturing and that parts will be produced according to the approved samples and technology throughout the entire period of deliveries to ZETOR TRACTORS a. s.. Any change must be reported to ZETOR TRACTORS Inc. by the Supplier and a new sample procedure will be requested before delivery if the modified parts.

### 5.1.2 Documentation for sampling new part

According to the categorisation of the component, see chapter *5.1.4 Level of submission*, the supplier undertakes to send the first samples, including the required documentation, corresponding to the actual material values. The documentation for the first samples shall be sent in electronic form via email using email address [ISIR@zetor.com](mailto:ISIR@zetor.com).

In case dimensional report is requested, the Supplier shall provide dimensions of the required dimensions, which shall be recorded in a dimensional report (see Annex 9.1) or in a declaration of conformity. The reference number of the measured characteristics shall also be marked by the supplier on the valid drawing and sent to ZETOR TRACTORS a.s. as part of the sample procedure.

ZETOR TRACTORS reserves the right to dispute or claim deviations from the drawings on the delivered units even if these deviations were found on the units delivered in series and were not discovered during the First Sample Approval Process related to sampling level and its scope.

### 5.1.3 Component categorisation

All purchased items are divided into 4 categories:

- Category A - Critical components that have a direct impact on safety, health and ecology.
- Category B - Functionally critical components that have a direct impact on the operability of the product (tractor) and its failure, resulting in costly repairs.
- Category C - Other and catalogue components, important from a functional point of view, the failure of which will disable only some minor function of the product (tractor).
- Category D - Standard standardised components and Components mass produced complying with international standards (and may be in Category A or B).

**Deviation:** If a component/item is classified as category A or B, but is purchased as a catalogue component/item, it is subject to patterning as a catalogue component/item of category C or D. The final scope of the required documentation for patterning depends on the final statement of the customer ZETOR TRACTORS, a.s.

### 5.1.4 Level of submission

The Supplier is required to apply for approval of samples (ISIR) in the following cases, in accordance to the predefined stages of submission:

- first functional samples - level 1 components, level 2 assemblies
- Initial samples produced by serial technology - Level 1 components, Level 2 assemblies
- change of approved TPs - level 1 components, level 2 units
- relocation of production - level 1 components, level 2 units
- change in production procedures and processes - level 1 components, level 2 units
- resumption of supply after more than six months of interruption - level 1 components, level 2 units
- new subcontractor - level 1 components, level 2 units
- new mould/tool - level 1 components, level 2 units
- derogation authorisation - level 1 components, level 2 units
- supplier change (no change in production) - level 1 components, level 2 units

The level of submission according to the categorization of the item is determined and can be changed by the quality department of ZETOR TRACTORS a. s.

Required documentation for approval of reference samples for ZETOR TRACTORS a.s.	Product classification				
	A		B		C, D
	Level of submission of documentation				
Required documentation	Level 1	Level 2	Level 1	Level 2	Level 1
	Components	Units	Components	Units	
01 Cover sheet	S	S	S	S	S
02 Samples	S	R	S	R	R
03 Drawing documentation	S	S	S	R	R
04 Dimensional report	S	S	S	S	S
05 Material certificate	S	S	S	R	R
06 Material safety data sheet	R	R	R	R	-
07 Development diagram	S	S	S	S	R
08 Surface tests	R	R	R	R	-
09 Process FMEA	R	R	R	R	-
10 List of control products	S	R	S	R	-
11 Documents on approved changes	R	R	R	R	-
12 Control plan	S	S	R	R	R
13 Process Capability (CA)	R	R	R	R	-
14 Measurement equipment qualification (R	R	R	R	R	-
15 APQP	R	R	R	R	-
16 Packaging instructions	S	S	S	S	S
17 List of approved subcontractors	R	R	R	R	-
18 Technical specification tests	R	R	R	R	R
19 Catalogue sheet	R	R	R	R	S
20 Other customer requirements	R	R	R	R	R

S - The supplier is required to submit documentation,

R - Supplier shall submit on request,

"- " Documentation is not required by ZETOR TRACTORS a.s.

#### 5.1.5 Required documentation:

- **The cover sheet** (ISIR see Annex 9.1) is a document that is always required in case of sample approval request. The Supplier shall use the standardised ISIR form provided by ZETOR TRACTORS a.s.
- **Drawing documentation** - if requested, the Supplier shall submit the design documentation for the product, component or product detail. Supplier shall send it with the samples, as well as copy of the design documentation identifying the positions of all dimensions (with markings in accordance with the measurement protocol), ancillary drawings and sketches or 3D models used in the manufacturing process. The drawings shall include information regarding surface treatment. Distribution:
  - (a) The drawing is owned by ZETOR TRACTORS a. s. - the supplier shall receive the drawing on the basis of which the required item is produced.
  - b) The drawing is a property of the contractor - the drawing must be approved by the technical department (TD) of ZETOR TRACTORS a. s.

#### Approval method:

1. The supplier delivers component drawing to ZETOR TRACTORS a. s. to the TD.
  2. TD shall validate and approve the supplier's drawing.
  3. The supplier's drawing is then stamped with the ZETOR TRACTORS a.s. drawing format and is entered into the ZETOR TRACTORS a.s. system.
- **Other customer requirements** - These are documents not listed in the table above but may be necessary for approval of the sample procedure.

### 5.2 Completion of the sampling procedure

The ISIR must be positively completed and approved by ZETOR TRACTORS a. s. Before start of serial production. In case ISIR is not completed and approved prior to the start of serial production, a variance „derogation“ must be requested prior to start of serial production. In case a delay occurs in component approval process as such delay is caused by supplier error (e.g. late delivery of samples and documentation), supplier shall request a deviation from the Strategic Purchasing Department of ZETOR TRACTORS a.s. via the email address [ISIR@zetur.com](mailto:ISIR@zetur.com), in accordance to the "Deviation Approval Request" form in Annex 9.1.

Once sampling procedure is completed, supplier will receive evaluated copy of the ISIR cover sheet with one of the following sampling result:

**APPROVED** - the criteria of ZETOR TRACTORS a. s. have been met and supplier is able to deliver.

**CONDITIONALLY APPROVED** - the supplier may deliver according to the approved documentation and orders of ZETOR TRACTORS a.s. The supplier must submit a corrective action implementation plan for approval along with first delivery. In case the plan is not submitted or implemented, supplier shall not deliver unless all required criteria are met.

**NOT APPROVED** - means that the application, supplied samples or attached documentation does not comply with the requirements of ZETOR TRACTORS Inc. Supplier cannot deliver in series and must request a new sample procedure from the Strategic Purchasing Department at ZETOR TRACTORS Inc. via email [ISIR@zetor.com](mailto:ISIR@zetor.com).

### ***5.3 Component approval process***

The Supplier is obliged to notify ZETOR TRACTORS a.s. about any planned design changes or process changes. ZETOR TRACTORS a.s. may subsequently require the submission of an ISIR for approval. The cost of all necessary analyses for design and process changes will be covered by Supplier.

## **6 Serial production**

After successful approval of parts for serial production according to chap. 5, the supplier is obliged to mark the first batch of components as "NULT SERIES" (see Annex 9.3). This batch shall be marked as such on each packaging unit (pallet, box, cage, etc.). This marking shall also be visible on delivery note. The batch shall be accompanied by measurement reports, certificates; bills of material and packing instructions (if required by the categorisation of the component). Zero series parts are subject to the requirements for standard series production of ZETOR TRACTORS a.s.

### ***6.1 Change management initiated by ZETOR TRACTORS a.s.***

The specification parameters of the goods purchased from the supplier may be subject to change. If the change procedure is referred to the Strategic Purchasing Department, the Strategic Purchasing Department will approach the supplier and the supplier will:

- arrange for the supply of samples that comply with the amended specification. The samples shall be delivered to ZETOR TRACTORS a.s. as soon as possible,
- the samples will be accompanied by documentation necessary for the sample procedure. The scope of the documentation is determined by this manual or by the specific requirements of ZETOR TRACTORS a.s.



## **6.2 Change management initiated by the supplier**

- The Supplier shall notify the Strategic Purchasing department (SPS) of ZETOR TRACTORS a.s. via email address [ISIR@zetor.com](mailto:ISIR@zetor.com) of the planned change in the specification of the part, unit or material at least three months before the planned effective date of change.
- The notification will include technical documentation of the new specification. The Supplier shall conduct an economic impact analysis of the change and seek approval from the SPD.
- Strategic Purchasing will internally evaluate the change, ensure samples are ordered and documentation is in place to comply with the new specification.
- The cost of the required analysis approval of requested change shall be covered by the supplier

## **6.3 Serial production packaging requirements**

Supplier strictly adheres to the packaging standards approved by ZETOR TRACTORS a.s. Amount of parts in the box shall always correspond to the quantity indicated on the delivery note. The material is always delivered in undamaged and unpolluted packaging, which is suitably selected according to the nature of the product.

## **7 Claims handling procedure**

The Supplier shall maintain records of non-conformances, corrective actions taken, including any variance requests granted. Supplier shall be responsible for responding promptly in the event that non-conforming products are delivered to ZETOR TRACTORS Inc. or in the event that defective products from the Supplier cause a customer claim for ZETOR TRACTORS Inc. products. Immediate response includes replacement of delivered parts, including any sorting, multiple work, all tests, both at the supplier and at ZETOR TRACTORS a.s. side, as well as at the end customers. A decision on the extent to which the claim will be charged (financial, replacement fulfilment) is at the discretion of ZETOR TRACTORS a.s. The replacement batch must be properly labelled (see Annex 9.3) Supplier shall mark the batch the same way on each packaging unit (pallet, box, cage, etc.).

ZETOR TRACTORS a.s. may request payment of proven extra costs (including extra costs at the site of customer ZETOR TRACTORS a.s.) related to the resolution of the delivered non-conforming product. In case of problems from customers side (complaints, non-conformities, warnings), the supplier will take appropriate measures immediately. When a non-conformity is detected in the approved components supplied by ZETOR TRACTORS a.s., the supplier is informed about the non-conformity, the so-called 8D-Report needs to be issued (see Annex 9.2).

## 7.1 8D - Report

D1: Determine the team and team leader responsible for resolving the complaint.

D2: Determine the risk of the defect also occurring in similar products/processes.

D3: Immediate corrective action (send to ZETOR TRACTORS Inc. **within 24 hours of claim received**).

D4a: Root cause - Why was the problem not discovered?

D4b: Root cause - Why did the fault occur?

D5: Corrective action (send to ZETOR TRACTORS Inc. **within 7 days of receipt of claim**).

D6: Corrective Action effectivity.

D7: Preventive measures.

D8: Problem closure (to be sent to ZETOR TRACTORS Inc. **within 30 days of claim receipt**).

## 7.2 Customer claims (from ZETOR TRACTORS a.s. customers)

Supplier shall provide a warranty period of 12 + 12 months (unless otherwise specified in the contract) from the date of part delivery to ZETOR TRACTORS a.s. for products removed from tractor units (TJ). Customer claims are governed by the same rules, see Chapter 7, Claims Procedure, except for the following:

- Complained parts requested by the Supplier for analysis may be sent to ZETOR TRACTORS Inc. only at the Supplier's expense. The Supplier may carry out the analysis directly at ZETOR TRACTORS a.s. or take the part for analysis at his own expense.
- The value of the component will be quoted including the extra costs incurred by ZETOR TRACTORS a.s. while removing the defect on the TJ.
- If the delivered claimed part, assembly or material causes more costs to ZETOR TRACTORS a.s. tractor unit related to the customer's claim, ZETOR TRACTORS a.s. reserves the right to claim the extra costs related to the damage to the tractor unit as a whole.

## 8 Suppliers audits

ZETOR TRACTORS a. s. as a customer has the right to verify the QMS, the process competence of the supplier or the conformity of products by audit. The external audit at the supplier is performed by authorized employees of the quality department of ZETOR TRACTORS a. s.

**Types of supplier process reviews by substantive content:**

- Audit of potential analysis,
- Process audit of the serial manufacturing process of product and service realization,
- R&R (run and rate) audit,
- Escalation management.

### 8.1 Auditing /investigation conditions

The Supplier is obliged to allow the certified employees/technical experts of ZETOR TRACTORS a. s. to conduct the audit/investigation access to the Supplier's premises and providing information regarding quality management and assurance, organizational set-up, safety and environmental protection in relation to the audited product/material, etc.

All parties involved in the audit are obliged to sign a binding audit result in the form of a final report after the comments and presentations of the audit results are issued. In the event of a non-compliance being identified, the supplier is obliged to rectify the non-compliance within one week of the identification of the non-compliance and to inform of the proposed long-term corrective actions within two weeks (within two working days for escalation investigations). The closed audit action plan shall be automatically forwarded by the contractor to the lead auditor for review.

## 9 Annexes - forms

- 9.1 Documentation for the serial production approval process (ISIR)
- 9.2 8D-Report
- 9.3 Identification of special delivery status (zero lot, identification after 100% inspection, etc.)

## 10 Supplier Consent Form

This quality manual is an integral part of the contractual relations between company ZETOR TRACTORS, a.s. group and suppliers of ZETOR TRACTORS a.s. The manual is valid already at the inquiry stage and is available on the website: [https://www.zetor.com/file/1927/Supplier\\_Quality\\_Manual.pdf](https://www.zetor.com/file/1927/Supplier_Quality_Manual.pdf).

### Acquaintance with the current version of the Supplier Quality Manual:

Supplier Name:	
Name and department of the supplier's representative:	
Date:	
Signature:	