

BERCO spa	STANDARD PROCEDURE	Section:	PS_003_QAM
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Operating Instruction title:	SORTING, REWORKING AND REPAIR ACTIVITIES / LINE STOP / SUPPLIER'S CHARGES	Revision:	00

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LIST OF CHANGES	
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1 PURPOSE AND SCOPE OF APPLICATION

This Operating Instruction defines the competences and the actions required if components need sorting, reworking and repairs and the line needs to be stopped as a result of a nonconformity (NC) caused by a supplier.

This Operating Instruction applies any time a nonconformity (NC) due to a supplier gives rise to activities such as sorting, reworking, repairs and line stops.

This Instruction is applicable in all factories of BERCO S.p.A.

2 RESPONSIBILITY

The Area Quality/Supplier Quality entity of BERCO S.p.A. is responsible for notifying the identified NC to the supplier who has caused it together with the need to remedy the NC.

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The Area Quality/Supplier Quality entity of BERCO S.p.A. shall inform PSM and the other involved Entities about the NC so that they take the actions required for its correct management.

The Finance Dept. of BERCO S.p.A. are responsible for administrative management in SAP of the activities triggered by the NC, when required by the Supplier Quality entity of BERCO S.p.A. (e.g. charges of costs due to missed quality).

The Controlling Dept. defines and informs Finance / Area Quality / Supplier Quality / QAM / SGI about the hourly cost of BERCO S.p.A., which includes direct and ancillary expenses to be used for the charge.

The hourly cost of BERCO S.p.A., including direct and ancillary expenses, is 62 €/H*FTE (FTE = Full Time Equivalent).

With regard to the machine cost, the amount is calculated using the table below as reference.

Production process	Full rate for line stop Eur/machine hr
Mechanical machining, Assembly, Painting	333.00
Forging (moulding lines)	1,056.00

BERCO S.p.A. shall also charge a lump sum of 150.00 € any time a nonconformity procedure is started.

It should be noted that, although it may not be recurrent and serious in terms of costs resulting from a line stop, a NC highlights a quality problem which in any case represents an inconvenience for the company in addition to causing disruptions and the subsequent use of unnecessary human and economic resources.

Please be informed that this decision was not made for profit-related purposes: it is merely intended for partially recovery of some of the costs and as a deterrent action.

We should like to point out that, as is already the case, we will always be ready to write off a charge where the supplier proves that they are not liable.

We suggest that the NC number and the corresponding associated costs as Quality indicators of the supplied product.

3 OPERATING PROCEDURES

When a supplier's NC is identified that requires reworking/a repair, the Area Quality/Supplier Quality entity shall contact the Supplier and ask for a timely direct intervention.

If the Supplier cannot perform the required operations directly, BERCO S.p.A. shall organise the operations as necessary to remedy the NC. After the NC remedial actions have been implemented, the corresponding Quality Notice (NCR) is generated in SAP, which is emailed to the Supplier together with photographs and the necessary evidence, specifying the total cost charged to the Supplier incurred by BERCO for ancillary operations.

If the Supplier's NC (technical NC or missed delivery) causes a production line stop, all the costs incurred for this NC shall be charged to the Supplier, taking into account the number of hours for the line stop and the number of operators involved.

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This charge shall be formalised through SAP by way of issuing a Quality Notice (NCR) that will be emailed to the Supplier (and to the internal Entities concerned).

If the Area Quality/Supplier Quality entity of BERCO S.p.A. decides, following appropriate evaluations, that the costs should not be charged, the quality notice shall be closed directly without forwarding it to the Finance entity.