



Form

FO-SH-004

Supplier Quality Policy (Contractors) Supplier Quality Policy (Contractors)

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Please read the contents of this document thoroughly. This Revision supersedes all previous revisions.

The MTU Maintenance Supplier Quality Policy defines the quality related requirements for suppliers of repaired / overhauled products. Consistent compliance to these requirements ensures that the relationship between MTU and the supplier remains a mutually beneficial partnership, with common objectives to produce top quality aviation products in a cost effective and efficient manner.

Please complete points 1 through 11 on the front page electronically, then either apply an electronic/digital signature and date to Point 12, or alternatively print the front page, sign and date in the spaces provided in Point 12. Once completed and signed, please return the front page only, via email to the contact indicated in the blue area below:

Name	
E-Mail	Choose e-mail address
Department	<input type="checkbox"/> MTU Maintenance Hannover Purchasing <input type="checkbox"/> MTU Maintenance Hannover Supplier Quality Assurance <input type="checkbox"/> MTU Maintenance Serbia Purchasing <input type="checkbox"/> MTU Maintenance Serbia Supplier Quality Assurance

Supplier: (Please complete all blocks)		Yes	No
1	Previous revisions of the Supplier Quality Policy have been removed from circulation.	<input type="checkbox"/>	<input type="checkbox"/>
2	This revision has been received, read, and understood.	<input type="checkbox"/>	<input type="checkbox"/>
3	The requirements of this revision are currently being met by our company. *	<input type="checkbox"/>	<input type="checkbox"/>
5	Ongoing compliance is ensured through internal audit and surveillance functions.	<input type="checkbox"/>	<input type="checkbox"/>
5	Company Name:		
6	Company Physical Address:	Postal Address (if different to physical address):	
7	Form Completed By:		
8	Job Title:		
9	Telephone Number:	Fax Number:	
10	Email Address:		
11	Company Website:		
12	Digital, Electronic, or Autographic Signature:	Date:	

* If there are any clauses or partial clauses with which your company is unable or unwilling to comply with, please enter the clauses and reasons for non-compliance in the area provided at the end of this document. These items shall be reviewed prior to granting approval or approval extension.

Basis Document: IPH-09-02-02-01

Proprietary information of MTU Aero Engines AG Group Companies.



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1 Revision History

1.1 Current Revision

This Revision supersedes all previous revisions of the MTU Maintenance Supplier Quality Policy for Contractors. Where necessary, please update the applicable procedures, instructions, etc. within your quality management system to reflect the requirements of this revision.

1.2 Revision Basis and Identification

Revisions are implemented in the event of changes to aviation regulations, legislation, quality system standards, MTU and MTU's customer's requirements. Revisions may also be initiated to address significant rejection trends at MTU Receiving Inspection. Where partial revisions are implemented, the revised passages shall be highlighted to assist identification of the additional and/or modified requirements. Changes which correct grammar, spelling errors, and wording changes for clarification purposes which do not affect the intent in any way, are not highlighted.

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2 Glossary of Terms

Table 1: Glossary of Terms

8D	8 Disciplines of Team Orientated Problem Solving
AD	Airworthiness Directive
ANAC Brazil	Agência Nacional de Aviação Civil Brazil
CAAC	Civil Aviation Authority of China
CAA UK	Civil Aviation Authority (United Kingdom)
CAAS	Civil Aviation Authority of Singapore (CAAS)
CAR	Corrective Action Request
CAR (TCCA)	Canadian Aviation Regulation
CSN	Cycles Since New
CSO	Cycles since Overhaul
EASA	European Aviation Safety Agency
ED	Executive Decision
FAA	Federal Aviation Administration
FPY	First Pass Yield
JCAB	Japan Civil Aviation Bureau
MAG	Maintenance Annex Guidance
MOE	Maintenance Organization Exposition
NAA	National Aviation Authority
NTSB	National Transportation Safety Board
OEM	Original Equipment Manufacturer
PAH	Production Approval Holder
PC	Production Certificate
PMA	Parts Manufacturing Approval
QN	Quality Notification
SB	Service Bulletin
TIP	Technical Implementation Procedures
TC	Type Certificate
TCCA	Transport Canada Civil Aviation
TSN	Times Since New
TSO	Times Since Overhaul
MSDS	Materials Safety Data sheet

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3 Introduction

3.1 Applicability

This Supplier Quality Policy applies to all potential and currently approved companies who will perform maintenance work on MTU product and MTU's customer's product. Such companies are hereinafter referred to as Contractors (*see Point 5.1*). All Contractors shall be familiar with the contents of this document. The Contractor's internal procedures and processes shall ensure adherence at all times. The Supplier Quality Policy is referenced in the standard text of each purchase order and is thus contractual and binding on all companies performing maintenance work on MTU product and MTU customer's product.

3.2 Purpose

The purpose of this document is to assist Contractors to understand and comply with all quality requirements applicable to purchase orders originating from MTU. The quality requirements detailed in this document are not intended to replace or restate any part of the EASA, FAA, CAAC, CAA UK, ANAC Brazil, JCAB, CAAS or TCCA aviation authority requirements.

3.3 Code of Conduct

In addition to the applicable regulations and contracts with MTU Maintenance, the Contractor shall be in compliance with MTU's Code of Conduct, which can be found on the MTU website.

If required, the current revision of this document can be requested:

MTUH-SUPPLIER-QUALITY-ASSURANCE@mtu.de

The Code of Conduct for MTU Suppliers is essentially based on the ten principles of the UN Global Compact and defines the standards and requirements MTU imposes on its suppliers of goods and services with respect to human rights, labor standards, environmental protection, and the fight against corruption.

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4 Definitions

Table 2: Definitions

Supplier Type	Definition	
Contractor	<u>A Contractor is an organization which:</u> <ul style="list-style-type: none"> is certificated by an aviation authority (EASA and FAA Certificates are mandatory) as a repair station/maintenance organization for the work carried out. The scope of maintenance is indicated in the ratings and limitations in the Contractor's approval certificate. certifies the work with an Authorized Release Certificate as per their applicable aviation regulations. is subject to approval by MTU. 	
	Distributors include PAH/OEM, New Parts Supplier and Used Parts Supplier. Distributors are subject to approval by MTU.	
Distributor	OEM (Original Equipment Manufacturer)/ Production Approval Holder (PAH)	The holder of a Production Certificate authorization, who controls the design and quality of a product, article, or part(s) and issues an authorized release certificate.
	New Parts Supplier	<u>New Parts Supplier is an organization which:</u> <ul style="list-style-type: none"> is officially authorized to supply new parts on behalf of a PAH/OEM including authorized release certificate solely supplies new parts including authorized release certificate supplies standard parts including a Certificate of Conformance
	Used Parts Supplier	<u>Used Parts Supplier is an organization which:</u> <ul style="list-style-type: none"> sells or brokers second-hand / used parts supplies parts, which have been repaired / overhauled by an certificated repair station/maintenance organization.
Sub-Contractor	<u>Sub-Contractor is an organization which:</u> <ul style="list-style-type: none"> is not certificated by the applicable aviation authority as a repair station/maintenance organization for the work carried out. only carries out individual, specifically defined work steps or processes according to MTU instructions. MTU needs its own expertise to determine that the Sub-Contractor meets the necessary standards. shall work under the MTU Maintenance Management System and are subject to inspection by MTU Maintenance. 	

5 Quality System

5.1 Quality System Certification:

As a minimum all Contractors shall have EASA Part 145 and FAA Part 145 aviation authority certification. In addition to this minimum requirement, it is desirable that Contractors have CAAC, CAA UK, CAAS, ANAC Brazil, JCAB and TCCA maintenance approval (if no acceptance, e. g. via Bilateral Agreement, is in place) certification as well as accreditation to one or more of the following standards, AS9100, ISO14001 and ISO45001.

5.2 Airworthiness Certification:

Prior to accepting the order, the Contractor shall ensure that approval to perform the required maintenance work on MTU product (*inspect, repair, overhaul, etc.*) is included in their respective aviation authority certification, capability lists, etc..

5.2.1 Contractors Located in Europe or USA:

Contractors located in Europe or the USA who hold both EASA and FAA aviation authority certification, shall return the item with the appropriate Authorized Release Certificate fully and accurately completed as a dual release.

5.2.2 Contractors Located in Europe:

Contractors located in Europe who hold EASA, FAA and TCCA aviation authority certification, shall return the item with the appropriate Authorized Release Certificate fully and accurately completed as a triple release.

5.2.3 Contractors With CAAC Approval in Addition to EASA and FAA Approval:

Where the Contractor has CAAC aviation authority certification in addition to EASA and FAA certification, and the MTU purchase order and/or contract stipulates that a CAAC Authorized Release Certificate (*AAC-038*) is also required, this shall be supplied in addition to the dual/triple release Authorized Release Certificate.

5.2.4 Bilateral Agreement:

Where no bilateral agreement is in existence between the USA, Europe or Canada and the applicable independent state, individual Authorized Release Certificates shall be generated. All Authorized Release Certificates generated for the same item shall make clear and accurate reference to each other.

5.2.5 Digital Signature:

The Contractor may only apply electronic/digital signatures to Authorized Release Certificates when authorized to do so by the applicable aviation authority.

5.2.6 Exceptions

Exceptions to the rulings above will be decided on an individual basis depending on end user requirements where specific instructions will be issued. In all cases of doubt, the Contractor shall contact MTU Supplier Quality Assurance for clarification. Incorrect, incomplete, ambiguous, missing or damaged documentation will cause parts to be rejected at Receiving Inspection, placed in quarantine. The non-conformance shall be recorded against the supplier (*QN*) and included in quality performance calculations (*see Point 6.2*).

5.3 Requirements for Times and Cycles

5.3.1 TSN and CSN

In all cases where the purchase order indicates TSN and CSN, regardless of whether the part is a life limited/tracking part or not, these data shall be included in the remarks section of the Authorized Release Certificate.

When MTU does not know the TSN/CSN, then UNK (*unknown*) will be indicated in the purchase order. When UNK is indicated in the purchase order, this must be included in the remarks section of the Authorized Release Certificate.

When MTU does not provide any data for TSN and CSN, then TSN: UNK and CSN: UNK shall be included in the remarks section.

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5.3.2 TSO and CSO

When the part is overhauled and certified as Overhauled, the TSO and CSO shall be set to zero (0) and included in the remarks section, TSO: 0 and CSO: 0.

When the part is not certified as Overhauled (*e.g. Repaired, Inspected, Tested, etc.*), and the TSO and CSO values are indicated in the purchase order, these TSO and CSO values shall be included in the remarks field of the Authorized Release Certificate.

When the TSO/CSO values are not included in the purchase order TSO: UNK and CSO: UNK shall be included in the remarks field of the Authorized Release Certificate.

The cycles remaining for any parts (*including LLPs*) shall not be included on the Authorized Release Certificate.

5.4 AD's and SB's

5.4.1 General

The Contractor shall ensure that all AD's and SB's which are applicable to any item maintained for MTU, are both known and reviewed. The Contractor shall ensure that the method used for obtaining this information, is documented and adhered to at all times. Both EASA and FAA airworthiness directives apply.

5.4.2 AD Confirmation ("Dirty Fingerprint")

In order for MTU to comply with regulatory and customer requirements, in all cases where an AD is required and accomplished, the shop floor paperwork confirming the inclusion of the AD shall be delivered together with the part and the airworthiness approval. This paperwork may be either the "Dirty Fingerprint" shop floor traveller/router/job card etc., a printout of the computerized routing card, or a detailed shop repair report clearly indicating the inclusion of the AD.

5.5 Engine Manuals and Technical Data

The Contractor shall have a robust system in place to obtain and implement the latest level technical information (*e.g. engine manuals, AD's, SB's, etc.*). When the MTU purchase order contains a specific reference with revision and date, this information shall be used for the maintenance activity ordered. When only the chapter reference, is stated on the purchase order, without revision and date, then the latest revision of that data shall be used for the maintenance activities ordered. Parts and repairs not listed in the technical data, such as PMA parts or DER repairs, may not be used without prior approval from MTU.

5.6 Anti-Drug and Alcohol Programme:

Contractors within the USA shall actively participate in an accepted anti-drug and alcohol misuse prevention testing programme. Proof of the programme existence is demonstrated through page A449 of the FAA Operations Specifications. Copies of page A449 shall be supplied to MTU Supplier Quality Assurance for record purposes. Proof of active participation in the anti-drug and alcohol misuse prevention programme will be periodically verified during on-site audits, desktop audits, or by special request for documented evidence. Contractors located outside the USA where applicable, shall have a programme which is compliant to any appropriate national law.

5.7 Record Retention:

The Contractor shall retain records of maintenance on MTU product for a minimum of five (5) years from the date the article was approved for return to service. When specified in the purchasing contract, the record retention period may be extended to longer than five (5) years. However, the purchasing contract may not specify a period of less than five (5) years. Records shall be complete and maintained in a manner which avoids loss, damage and deterioration.

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5.8 Contracting and Subcontracting Work:

If the Contractor, outside of normal operations, intends to use another Contractor or Sub-Contractor (*as defined in Point 4*) to perform maintenance work on the their behalf, MTU Purchasing shall be informed of this intention prior to placing the order with that company. In the event that maintenance work on MTU items is delegated to sub-tier maintenance providers, the Contractor is responsible for the quality of all work and documentation produced by its sub-tier maintenance providers. The Contractor shall ensure that sub-tier maintenance providers which are located in the USA, at all tiers, whether certificated or non-certificated, actively participate in an appropriate anti-drug and alcohol misuse prevention programme.

5.9 Supplier Approval

5.9.1 Approval Duration

MTU approved supplier status is valid for thirty six (36) months from the date of approval unless otherwise revoked or surrendered. Initial supplier approval and re-approval is dependent upon the receipt of the required documents, which includes as appropriate, aviation authority approval certificates, quality system approval certificates, capability lists, correctly and satisfactorily completed desktop audit, and the signed front page of this Supplier Quality Policy.

5.9.2 Revisions to Quality System Certificates and Organizational Changes

Contractors shall ensure that copies of all revised, updated or changed quality system documentation (*certificates, operations specifications, capability lists, etc.*) are supplied to MTU Supplier Quality Assurance within five (5) working days of the revision.

When organisational changes to the designated quality contact person(s) occurs, the Contractor shall provide MTU Supplier Quality Assurance with the new contact details within five (5) working days of the organisational change. All document copies may be sent directly to the following email address:

MTUH-SUPPLIER-QUALITY-ASSURANCE@mtu.de

Failure to comply with these requirements may result in suspension or revocation of approved supplier status.

5.10 Reporting of Non-Conforming / Unairworthy Product

In the event that a Contractor identifies that a product may be non-conforming and/or unairworthy, a written notification of this fact shall be sent to the MTU Maintenance Hannover quality department within 24 hours of the situation being identified. The written notification shall include all applicable details pertaining to the identified suspect parts. This includes, but is not limited to, the following:

- Purchase order number including the position number
- Part number
- Quantity
- Batch number
- Delivery note/waybill details
- Date of shipment
- Date of manufacture/repair
- Any other data that may assist MTU Maintenance to identify the product when received and facilitate the segregation and quarantine of the suspect product.

In the event that a Contractor has identified non-conforming product prior to dispatch but deems that the product may still be useable, the product shall be immediately segregated and quarantined. Written concession approval to deliver the non-conforming product shall be obtained from MTU Maintenance prior to shipment. This written concession approval shall include as a minimum one signature from a senior quality department employee.

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5.11 Purchase Order

5.11.1 Purchase Order handling:

The following information shall be provided prior to shipment to the responsible purchasing agent:

- If an exchange part is offered and accepted by MTU, the new part number and serial number must be provided to MTU
- PN changes in case SB is performed
- Quantity of parts related to the part condition (inspected, repaired, overhauled, non-repairable etc.)

5.11.2 Deviation to Purchase Order

A Contractor shall not deviate from the purchase order requirements. In all cases where a deviation from the purchase order appears to be required or advisable to the Contractor, it shall be ensured by the Contractor that any deviation from the original MTU purchase order is accepted either by a revised purchase order or a clear written statement by the MTU purchasing department, e.g. an accepted quote. In the event that the purchase order is ambiguous, clarification shall be requested from the MTU purchasing department prior to further processing.

In the event that a deviation to the purchase order is approved by MTU Maintenance, (e.g. IEN, EA, DR, etc.), the applicable paperwork is to be included in the documentation package delivered together with the part.

5.12 Shipping and Documentation Package

The Contractor shall ensure that the documentation package is complete and satisfactory to MTU Maintenance prior to dispatching the order. The original documentation applicable to the parts shall always be placed inside the packaging. Photocopies of documentation and certification shall be affixed to the outside of the packaging for customs purposes. If Authorized Release Certificate refers to a Partial Release Certificate issued by a subcontractor, then a copy of Partial Release Certificate of subcontractor has to be provided to MTU together with the part and other paperwork inside of the box.

If the MTU Maintenance Purchase Order work scope asks to state the Third Party PO or Ex ESN or other customer information on the Authorized Release Certificate, such information is to be stated in remarks field of Authorized Release Certificate.

If a shipment of parts contains of more than one box, please indicate in any way. All parts shall be packed in a manner which precludes damage and/or deterioration due to heavy handling of the container.

6 General

6.1 Training Programme:

The Contractor shall have a documented and approved training programme for initial and recurrent training. The programme shall include Human Factors training of an appropriate duration, and shall be conducted no later than 24 months from the previous Human Factors training date. Human Factors training shall include as a minimum, the items commonly known as the "Dirty Dozen", i.e. Complacency, Distraction, Fatigue, Norms, Pressure, Stress, Lack of Assertiveness, Lack of Awareness, Lack of Communication, Lack of Knowledge, Lack of Resources, Lack of Teamwork.

6.2 Quality Performance Evaluation:

Ongoing supplier quality performance is calculated and evaluated on a monthly, annual and ad hoc basis. The criteria used is First Pass Yield which measures the percentage of inspection lots which pass through receiving inspection without non-conformance. In the event that within a given delivery, several inspection lots are identified with quality problems, each inspection lot is rated as a separate non-conformance (QN).

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6.2.1 Rejection Criteria:

Rejection Criteria are divided into four (4) main categories, which are further subdivided into specific failure modes.

Category A	Order related (<i>e. g. incorrect quantity, wrong part delivered</i>)
Category B	Documentation related (<i>e. g. certificate incorrectly completed, missing paperwork</i>)
Category C	Transport related (<i>e. g. part or packaging damaged during transport</i>)
Category D	Product quality related (<i>e. g. part out of limit, defective part</i>)

6.3 Corrective Action:

Supplier Performance is evaluated frequently. During this evaluation all rejections during incoming inspection and issues occurring during assembly and / or test are reviewed. Especially repeated failures and issues with an impact on maintenance operations are reviewed. The evaluation may lead to the definition of further measures, which are detailed in the following.

6.3.1 Heads-Up

This level is informal in nature and is used mainly when a deterioration in quality performance is identified which has a limited effect on MTU internal processes. Information is provided to the Contractor to enable remedial action to be defined and implemented before the issue deteriorates further. An example for a Heads-Up is the notification provided to Contractors who are among the suppliers causing the most QNs per month. The Contractor is required to address the issues internally and provide appropriate feedback to MTU Supplier Quality Assurance. No specific document or method is defined.

6.3.2 Action Plan

In addition to a Heads-Up an action plan might be requested by MTU Maintenance Hannover Supplier Quality Assurance. A specific form will be provided to the Contractor, containing a brief description of one or more non-conformances or failures requiring action. This action plan shall be completed and returned to MTU Maintenance Hannover Supplier Quality Assurance within a defined timeframe.

6.3.3 Corrective Action Request

A formal request for corrective action is raised, when a deterioration in quality performance or recurring error is identified which has a significant effect on MTU Maintenance Hannover internal processes.

When a formal corrective action request is issued, the Contractor is required to utilize recognized methods and techniques (*e.g. 5-Why or Ishikawa*) to ensure that the true root cause is identified and eliminated. The following steps must adequately addressed:

- Immediate containment action to limit the effect of in transit, impending and planned shipments
- Identification of the true Root Cause
- Develop and implement corrective action to address the true Root Cause
- Verify that the implemented corrective action is effective
- Develop and implement preventative action to ensure problem reoccurrence is negated
- Provide documented evidence to support and substantiate the action taken and its effectiveness

6.4 Quality System Review / Audit

All Contractors are subject to periodic quality system review. This will either be through an on-site audit by MTU Maintenance Hannover authorized auditors, a remote audit or a detailed electronic survey questionnaire (*Desktop Audit*). All audit types encompass the requirements of MTU Maintenance Hannover and its customers as well as aviation authorities and certification bodies. The Contractor shall ensure active participation during the audit process.

6.4.1 Desktop Audit

The desktop audit is used for initial supplier approval, and supplier re-approval when the thirty six (36) month approved supplier status expires. The desktop audit is a detailed questionnaire which should be completed electronically, it need not to be printed or signed. When the desktop audit is used, the Contractor is required

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to complete the questionnaire completely, accurately, honestly, and in a timely manner. The completed desktop audit is reviewed in detail upon return, all anomalies, errors and omissions must be satisfactorily corrected and/or clarified before approved supplier status can be granted, reinstated or extended.

6.4.2 Remote Audit

Remote Audits are based on quality performance and/or purchasing department requests. Remote audit activities are performed at any place other than the location of the auditee, regardless of the distance using remote communication systems. In order to conduct a remote audit, certain prerequisites must be fulfilled both by MTU and the Contractor. These will be confirmed in cooperation with the Distributor.

6.4.3 On-Site Audit

On-site audits are based on quality performance and/or purchasing department requests. Contractors with quality performance in the "Red Zone" will automatically be included for potential on-site audit. When an on-site audit has been scheduled, the main purpose is to review the individual quality escapes and evaluate the corrective action taken. The intention is to assist the Contractor to identify areas of potential improvement and initiate appropriate action to eliminate non-conformances and improve performance. Audits conducted as a result of purchasing requests will concentrate on the specific areas determined by the purchasing department. The Contractor shall ensure that the corrective action, in particular resulting from the audits, are implemented in due time.

6.4.4 Environmental Management:

MTU is accredited to ISO14001 and thus is incumbent to encourage all Contractors to actively participate in the effective management of activities that impact on the environment. This includes, but is not limited to, the following:

- Adequate storage, use and control of chemicals such as Isocyanates, Acetone, etc.
- Adequate storage, use and control of flammable materials and products
- Minimize the use of non-recyclable packaging materials such as plastic, bubble wrap, etc.
- The use of re-usable containers
- Appropriate waste disposal

All Contractors are encouraged to implement an environmental management system and thus proactively protect our common environment and future. Environmental rating levels are as follows:

Level 1	Level 1: Contractors with formally accredited environmental management system (<i>ISO:14001 or equivalent</i>)
Level 2	Contractors with verifiable internal environmental management controls but no formal accreditation
Level 3	Contractors without verifiable environmental controls in place

6.5 Health and Safety:

MTU is accredited to ISO45001 and is thus incumbent to encourage all Contractors to be proactive in their approach to employee health, safety and well-being. All Contractors are encouraged to implement an employee health and safety management system which includes, but is not limited to, the following:

- Personal protection equipment, e.g. safety glasses, overalls, safety shoes, etc., as appropriate
- Training in chemical/materials use according to the applicable MSDS sheet, as appropriate
- Training in emergency action in case of accidental chemical spillage/contamination, as appropriate
- Training in fire prevention, firefighting, fire extinguishers and emergency alarm plans
- Ensure that no underage persons are employed within the organisation



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7 Exclusions

In the event that there are clauses or partial clauses with which your company is unable or unwilling to comply with, please enter the clauses and reasons for non-compliance in the area provided below. Where exclusion entries have been made, this page must accompany the front signature page upon return. All entries are reviewed and evaluated on an individual basis prior to granting approval or approval extension.

7.1 Exclusion Requests

Exclusions Requested	
Clause No.	Reason