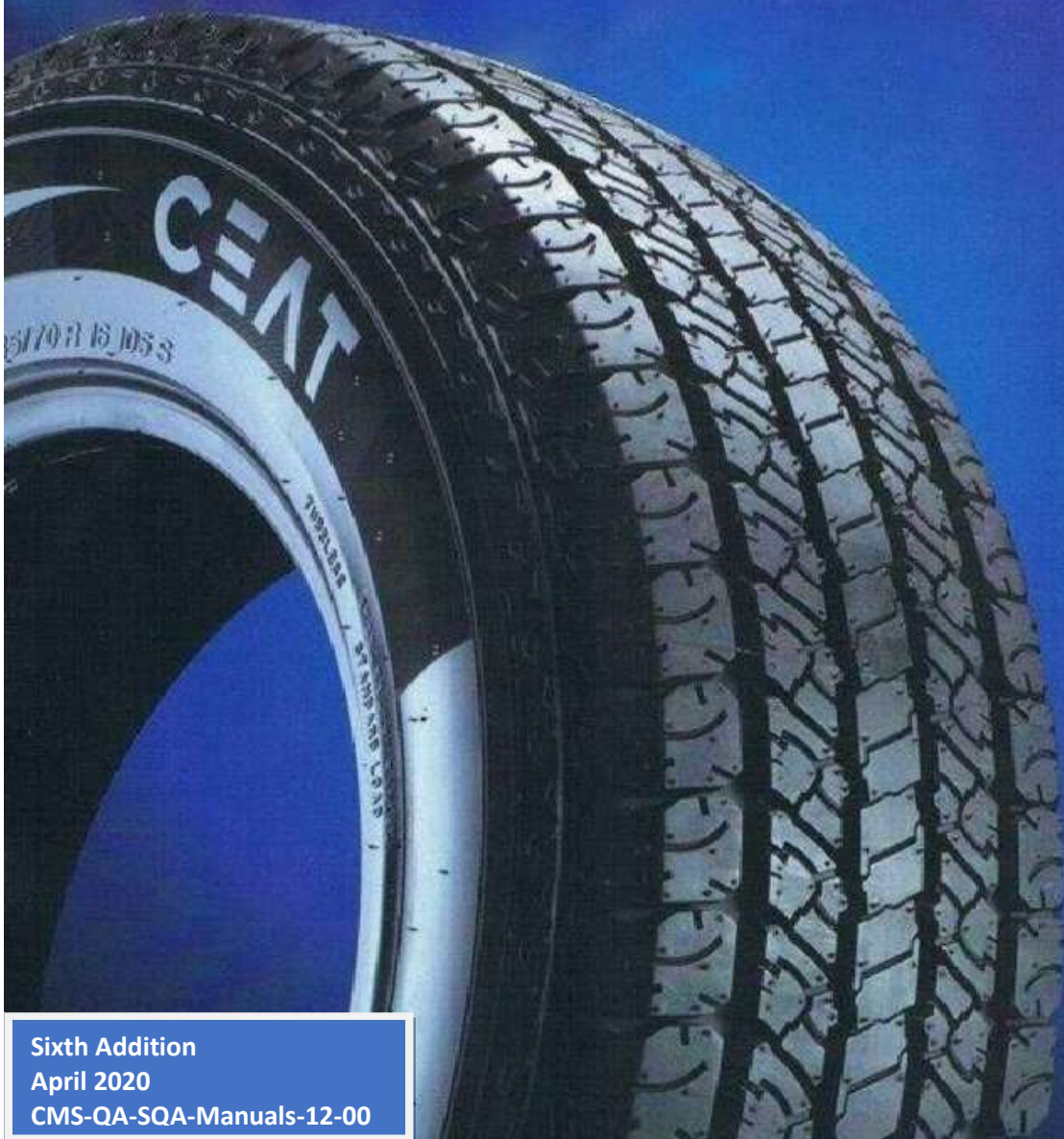




Supplier Quality Manual



Sixth Addition
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1. PREFACE

1.1) From MD's Desk:

Dear Business Partner,

I take this opportunity to sincerely thank you for partnering with CEAT in our journey towards excellence.

“Making Mobility Safer and Smarter Everyday” is our Purpose and to achieve the same, we place highest emphasis on the quality and reliability of our products and processes. We have been following the TQM philosophy over the last few years and believe that through TQM, we will achieve excellence. You as our business partner play an essential role in helping us achieve this objective.

We seek your continued involvement and support in this exciting journey.

Anant Goenka
Managing Director

“Coming together is a beginning, keeping together is progress, working together is success”.

-Henry Ford

1.2) From CFO's Desk:

Dear Business Partner,

It is my great honor to seek your help in our goals of improving quality, consistency and reliability of our products and services.

We acknowledge the significant contribution that you as our supply partners have played in our journey towards excellence. We are now in the Sixth edition of this manual. In each revision we have used many valuable inputs from our suppliers and the experience over last few years to update the manual to meet the ever-changing business scenario. We have made an attempt to cover most of the Supplier Quality Requirements and common processes that include all phases of supplier approval process, specification requirements, performance monitoring, and various other quality requirements. We are sure that you will find this manual a good reference document in your business association with us.

We are committed to create a favorable business environment for our supply partner that enables us to pursue customer satisfaction through continual improvements in Quality, Cost, Efficiencies, delivery and Safety. In ensuring that we make our end customers happy, we are confident that together all of us will be able to achieve our individual organizations' Goals and Vision.

We look forward to your active support in this journey of continuous improvement.

Subbiah Kumar
Chief Financial Officer

2. INTRODUCTION

2.1) About CEAT:

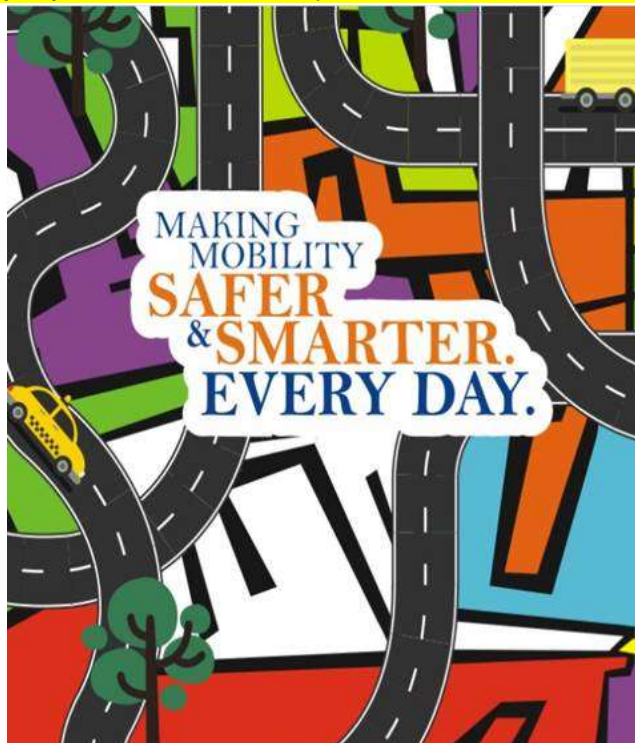
On the road since 1958 in India, CEAT has run up to be one of the best tyre manufacturers in the business. Apart from tyres we also market tubes and flaps.

We are possessed with a maturity that only comes with years of market presence. With annual turnover of ~INR 7000 cr. (2018-19), an impressive list of clients and OEMs, various awards and certificates make us even more confident that we will deliver superior products every time.

We have five manufacturing facilities In India, four in Sri Lanka and seventeen outsourcing units to cater to the requirements of our customers. A wide network of sales force, 37 regional offices, more than 4574 dealers (including 473 exclusive dealers) and 38000+ sub dealers enables us to reach our customers with the right product at the right time. We also serve to 46 OEMs and export to 100+ countries around the world.

We believe that Tyres are not just accessories; they are the force that moves your aspirations. With us you get to choose from a wide range of tyres that suit your needs. Reliability is one of the most important attributes of our products. Our commitment to quality ensures our customers have a safe ride, always.

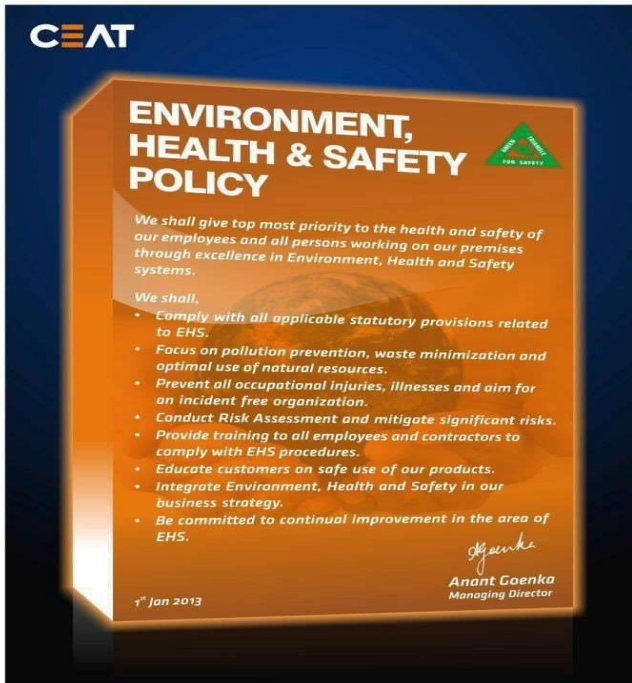
CEAT's purpose: Make Mobility Safer and Smarter. Everyday.



2.2) Values & Quality Policy:



2.3) EHS Policy:



2.4) Purchase Policy:

Procure the Right Quality, in Right Quantity, at Right Price, at Right Time, from the Right Partners.

Following underlying principles form the core of purchase operations.

- Anticipate and manage change in business scenario
- Benchmark deliverables against best in the industry
- Enhance transparency of procurement process
- Develop strong relationships with suppliers
- Ensure regulatory/statutory requirements are followed without exceptions

3. SCOPE, OBJECTIVE and APPLICATION of QUALITY MANUAL

3.1) Scope:

The scope of this manual covers all the input materials going into our products.

3.2) Objective:

The purpose of this manual is to communicate,

- CEAT Quality Management System requirements
- Various commercial terms & conditions and underlying guidelines related to procurement and supplier management that we follow at CEAT

to the partners who supply input materials to CEAT.

3.3) Application:

The basis for this CEAT Supplier Quality Manual is the Quality System Requirement IATF 16949. CEAT has adopted IATF16949 as the framework for the basic quality systems required for all suppliers of materials/products. The goal of IATF 16949:2016 is to develop quality processes that provide for structured problem solving, continuous improvement, emphasizing defect prevention, reduction of variation, reduction in waste entire value chain and develop appropriate contingency systems to ensure consistent customer service. This applies to all partners of CEAT.

We expect our partners to meet all the requirements of this document and IATF 16949:2016 and ISO 9000 clauses.

- To manage facilities, processes, quality systems and personnel to consistently and cost effectively produce products and furnish services that meet the needs of CEAT and its customers.
- To develop, implement, document and maintain an Advanced Product Quality Planning process to assure that product and service requirements are met.
- To provide objective evidence that initial sample requirements have been met and that acceptable process capabilities for all key characteristics have been established.
- To be committed to continuous process improvement by emphasizing reduction of part-to-part variation and waste through defect prevention.

Suppliers are also recommended to adhere to various EMS and OSHAS guidelines applicable to their business. This will also be an important factor for deciding supplier class and SOB.

4. CODE of CONDUCT

“Supplier” here means any Business, Company, Co-operative, Person, LLP, Partnership, Joint Venture or other entity that provides, sells, or seeks or intends to sell, any kind of goods or services to CEAT, including the Supplier’s employees, agents and other representatives.

4.1) Quality Requirements

Suppliers will meet generally recognized or contractually agreed quality requirements in order to provide goods and services that consistently meet CEAT’s needs, perform as warranted and are safe for their intended use.

4.2) Regulatory Compliance

The Supplier shall comply with all applicable laws and regulations, contractual obligations, both in letter and in spirit, in all the territories in which it operates. It will be the Supplier’s responsibility to ensure that he is always up to date on any changes with regard to Regulatory compliances and ensure his organization / employees meet the same. The products and services offered shall comply with applicable laws, including product packaging, labelling and after-sales service obligations. The Supplier shall market its products and services on their own merits and not make unfair or misleading statements about the products and services of competitors.

4.3) Product Safety

Material safety data sheets containing all necessary safety-relevant information will be made available by suppliers for all hazardous substances and will be provided to Ceat and other parties in case of a legitimate need.

4.4) Business Ethics

Supplier shall conduct its business in an ethical manner. In particular, supplier will refrain from:

- Any and all forms of corruption, extortion and bribery, and specifically ensure that payments, gifts or other commitments to customers (including CEAT employees), government officials and any other party are in compliance with applicable anti-bribery laws.
- Adhere to anti-trust and other competition laws
- Protect all confidential information provided by CEAT and its respective business partners
- Respect intellectual property of others, including CEAT
- Adhere to international trade regulations and export control regulations

4.5) Fair Labor Conditions

Supplier shall ensure fair labor conditions. In particular, Supplier will

- Refrain from employment discrimination based on gender, age, ethnicity, nationality, religion, disability, union membership, political affiliation or sexual orientation
- Respect the rights of employees to freely associate and bargain collectively
- Not tolerate or use child labor in any state of your activities other than in accordance with all applicable laws and regulations

- Not use any forced labor, including but not limited to involuntary prison labor, victims of slavery and human trafficking and allow all employees the choice to leave their employment freely upon reasonable notice
- Compensate employees fairly and follow local wage regulations and/or collective agreements, and where these do not exist, compensate employees so at the minimum they can meet their basic needs
- Ensure that working hours, including overtime, do not exceed applicable legal requirements
- Ensure that employees are allowed weekly off as per applicable legal requirements.

4.6) Health, Safety, Environmental and Quality

Suppliers will comply with all applicable quality, health, safety and environmental regulations. All required permits, licenses and registrations will be obtained, maintained and kept up to date. Suppliers will fulfill their operational and reporting requirements.

4.7) Third Party Representation

The Supplier shall not be authorized to represent CEAT or to use the CEAT brand without the written permission of CEAT. Authorized representatives of the Supplier are expected to abide by the Ceat Code of Conduct in their interaction with, and on behalf of CEAT, including the confidentiality of information shared with them.

4.8) Conflict of Interest

The Supplier shall not enter into a financial or any other relationship with a CEAT employee that creates any actual or potential conflict of interest for CEAT. The Supplier understands that a conflict of interest arises when the personal interests of the CEAT employee are inconsistent with the responsibilities of his/her position with the company. All such conflicts must be disclosed and corrected. Even the appearance of a conflict of interest can be damaging to CEAT and to the Supplier and are to be disclosed and approved in advance by CEAT management.

Also, supplier will have to declare in writing in case any blood relatives or close relatives of his directors or employees, are working with CEAT or hold any position in CEAT or its Board and also if any of his relatives or his employees relatives are carrying out any business with Ceat or work with other Suppliers who have business relationship with Ceat.

4.9) Monitoring

The Supplier shall maintain adequate documentation to demonstrate compliance with the principles of this code and allow access to CEAT to check compliance upon request with reasonable notice.

4.10) Privacy and Intellectual Property

Suppliers will conduct their business in line with fair competition and in accordance with all applicable anti-trust laws.

4.11) Access to Remedy

In the context of our business relationship, if you or your employees believe that the terms of this CEAT Supplier Code of Conduct are not adhered to, or that CEAT is not acting in accordance with its own CEAT Code of Conduct, then we encourage you to raise your concerns via the CEAT stakeholder reporting channels.

4.12) Reporting Violations

The Supplier shall notify CEAT regarding any known or suspected improper behavior by the Supplier relating to its dealings with CEAT, or any known or suspected improper behavior by CEAT employees to Vice President - Procurement.

Reported violations will be treated confidentially without retaliation.

4.13) Other Points

- All Terms of Service orders / Purchase Orders / Works Contract / Agreement as awarded to a Supplier need to be adhered to in letter and Spirit.
- CEAT reserves the sole right to refuse/cancel/edit any specifications/orders/contracts to suppliers without giving any information/notice.
- Ceat also reserves the right to carry out any background check on its Suppliers directly or through any third party of its choice before or even after awarding any work to them.
- CEAT reserves the right to debit/penalize the supplier in case of any violation of any terms/conditions mentioned in this manual.

5. SUPPLIER APPROVAL

The CEAT Policy describes that the raw material purchase will be from approved suppliers only. Supplier approval is awarded for Material-Plant combinations. The material from the different plant of same supplier requires separate approval for supply to CEAT. New supplier (or existing supplier with new RM) should undergo an approval process in various stages before final approval. Materials department, R&D / Technology and Quality Department determine the need to develop new sources of raw material based on existing supplier base and/or product development requirements.

The approval phase is summarized as below:

- Initial screening
- Quality agreement & R&D evaluation
- On site assessment /Self-assessment
- Plant trials
- PPAP completion and Final Approval and inclusion in approved suppliers list

The above processes are to be initiated through vendor portal: <http://weconnect.ceat.com>

5.1) Initial Screening

New supplier is to be registered on the vendor portal and login id and password will be sent to the registered email id. Details of contact person, address, manufacturing facility and other relevant information are to be provided in the portal. The concerned department will do the initial screening as per the criteria defined in the system. During registration supplier need to upload Company Brochure, Product catalogue, QMS certificates, REACH certificate / SVHC & PAH & ROHS test reports, TDS and MSDS in portal.

Detailed review of information provided through Vendor Portal on supplier's organization set-up, production facilities, supplier product specification (general), certification documents and other related items to assess supplier capability to meet CEAT requirements.

5.2) Quality agreement and R&D evaluation

- Supplier Quality Agreement: If the supplier agrees with CEAT Specification, the Specification sheet is to be duly signed along with company seal and upload in vendor portal.
- Sample submission along with COA (Certificate of Analysis) to R&D through CEAT Procurement department.
- Detailed sample evaluation by R&D/Technology for all material characteristics

5.3) Onsite Assessment / Self-Assessment

CEAT team will conduct a comprehensive plant audit based on IATF-16949 and VDA 6.3 methodology and will release a score. There would be a minimum score criteria for approving the suppliers. If due to some limitations, site audit is not possible then supplier would be asked to take a self-assessment in the standard audit template issued by CEAT.

5.4) Plant Trials

CEAT Procurement team will organize to procure a limited quantity of the material for pilot production evaluation. The material supplied for pilot production evaluation shall have the additional identification **“TRIAL MATERIAL”** in bold letters on the outer cover of the packages. The trial material will be used and evaluated in one or more CEAT manufacturing plants. The purpose of pilot production phase is to validate the material in CEAT's manufacturing line and to assure that material meets CEAT requirements with respect to process and product.

In this phase, the material is inspected and tested to assure conformance to specification and all RM quality requirements, packing / marking requirement, unit weights etc. by plant QA prior to release for production.

Technology will conduct the pilot trial under controlled conditions and closely monitors the material behavior as it passes through various production steps. This evaluation includes conformance to in-process product requirement, finished product requirements (indoor reliability test, field evaluation) etc., as required.

Multiple trials may be initiated if CEAT feels it is necessary as per standards.

The supplier will be qualified for PERMANENT approval on satisfactory completion of the following requirement:

- Quality agreement by the supplier
- Certification of ISO 9001 Or IATF 16949
- QMS audit minimum 80%
- REACH compliance declaration/report
- Satisfactory commercial viability
- Satisfactory field performance
- Consistent quality performance during this period- Lab test results/ No process issues

5.5) PPAP Submission and Approval

Production Part Approval Process (PPAP) is a standard method for approval for new product, new plant or changed materials produced, including production parts and bulk materials.

It is mandatory to submit a PPAP under following circumstances:

- New Product
- New plant / New location
- New manufacturing line (if different machineries/technology/process is used)

Suppliers need to initiate PPAP process before the plant trial 1 as per the bulk material check list provided by CEAT. This bulk material check list shall be available in vendor portal or will be available with Supplier Quality Assurance Department. Auto generated mail will be triggered from vendor portal to supplier for initiating PPAP process.

Documents has to be submitted through vendor portal before second plant trial. The following documents are to be submitted and retained along with each PPAP:

- Part Submission Warrant (PSW)
- Test Results
- Special process characteristics
- Process Failure Mode and Effect Analysis - (For IATF I6949 Certification)
- Initial Process study
- Packaging standard requirements
- QMS Certification
- Process Control Plan
- Process Capability Study Report (CPK/PPK for critical/major characteristics)
- Qualified Laboratory documentation/Testing equipment's list.
- Material Test Report /Dimensions showing compliance to specifications
- Test Equipment details
- Plant and machinery details
- Measurement System Analysis - As and when required
- Design FMEA (if applicable)

Unless otherwise specified, suppliers are required to retain at appropriate location, a complete record of all PPAP documents and submissions. Suppliers shall have a system to control the update, distribution and storage of all PPAP documents.

Suppliers shall periodically revalidate their products and processes (including complete dimensional, material and performance evaluation) and revise PPAP as and when significant process/product changes are made.

5.6) Final Approval and inclusion in supplier list

The concerned Department will verify the PPAP documents and give disposition as below

- **Accept:** Indicates that the part or material and documents meets all CEAT requirements. Accept status is granted if no process/product related problems are encountered during pilot production trial run.
- **Reject:** Indicates that the part/material or document does not meet CEAT requirements.
- **Interim Approval:** This allows acceptance of the PPAP/Bulk Material Checklist on an interim basis on a limited time or limited quantity basis, with a defined action plan approved by CEAT.

Based on the PPAP acceptance, process change management initiated by the Technology Department, signed and approved by all cross functional stake holders.

Approved Supplier list shall be updated with new supplier/new material and regularize the supply.

6. SUPPLIER QUALITY REQUIREMENTS

6.1) Material Specifications

The Specifications / Technical requirements are defined for each material in the respective raw material specification sheet. The raw material specification sheet contains material code, composition, appearance, packaging, and marking details, physical/chemical/rheological properties and the test parameters to be reported in COA (Certificate of Analysis).

CEAT Technology maintains the raw material specifications and drawings, which are provided to approved and potential suppliers by Materials department. Specification revisions are informed to all active suppliers by Materials department. Suppliers shall ensure that the specifications available with them are current whenever supplies are made. The acknowledgement of the specification is to be given to CEAT. Against these specifications, **CEAT requires its suppliers to adhere to zero rejection cases i.e. Zero PPM rejections.**

6.2) Certificate of Analysis (COA)

Supplier is required to provide the COA of Raw materials to CEAT along with or before shipment of every consignment, which will include the following information:

- Supplier Name and address
- Manufacturing location
- Material trade name
- Lot nos./ Batch numbers covered by COA
- Date of manufacturing
- Receiving plant name and address
- Quantity covered by COA
- Invoice number
- CEAT RM Code and name
- Test results against identified Parameters/Specification requirements in the RM specification sheet as per the reference test methods, results reported as single/mean value with spec limits for each test characteristic.
- The supplier should ensure the reference parameters are met and the trends of reference parameters are to be shared with CEAT once in six months

6.3) Acceptance Sampling Plan

The sampling plan shall be as specified in the respective CEAT specifications/control plan, wherever applicable, samples are to be sent in advance or along with the consignment by the supplier.

In case of fabric (square woven chafer fabric, square woven liner fabric) and in case of bead wire or steel tyre cord while for all other raw materials, the samples are collected by CEAT directly from the lot on receipt as per CEAT control plan.

6.4) Packing and Delivery Requirements

The following requirements are to be met during delivery of each consignment of raw materials:

- Number of production lots per delivery to be preferably one and maximum of two.
- The age of the raw material at the time of shipping shall not be more than the number of days specified by CEAT.
- Lot-wise Certificate of Analysis to be provided.
- The packaging and package marking to be in accordance with CEAT RM specification requirements. Any deviation from standard is to be approved in writing by CEAT.
- Packing list detailing various information like no. of rolls, boxes, unit weight, length, identification, number of test samples and other relevant information to be sent along with the consignment.
- Other delivery documents.
- Condition of material on delivery to be free from any packing damage / open condition, wetness, contamination, etc.

6.5) Process Performance Requirements

In addition to the requirements specified in the raw material specifications/drawings, the supplied raw material shall perform during CEAT processing and or field usage equal to the material/ product /tooling originally approved based on initial evaluation by CEAT. In case of any loss incurred by CEAT by way of scrap/production loss/ productivity loss and/or poor product performance which can be traced to the inferior quality /performance of the material, a penalty will apply.

6.6) Lab Co-relation

Supplier has to follow the CEAT/ASTM test methods for the testing /inspection of the supplied product. CEAT will provide their inspection/test methods to the supplier, if needed on request. It is the responsibility of the Supplier to establish correlation of test /inspection results between CEAT's and Supplier's laboratories before making any supplies to CEAT.

A periodic lab correlation is to be conducted and data should be shared and analysis and corrective actions to be initiated.

7. SUPPLIER QUALITY MANAGEMENT SYSTEM REQUIREMENT

Supplier Quality System shall be formally documented, implemented and maintained to ensure that supplier's products conform to the identified purchase specifications, engineering or material specifications and/or contract requirements. The system should be defined and documented in the Supplier's own Quality Manual. This manual should be made available to CEAT Representative for review upon request.

7.1) Quality System Certification

ISO 9001:2015 Certification: Suppliers are mandatorily required to be certified to the ISO 9001, Quality Management System by an accredited third-party registration body.

IATF 16949:2016 Certification: Suppliers are recommended to register to the IATF 16949 (automotive quality management system). It may be a major parameter while deciding SOB.

Compliance to VDA guidelines: Suppliers are recommended to have necessary guidelines from VDA 6.3 standard incorporated in their process. This is not a certification, but an audit standard released by German Association of the Automotive Industry applicable to automobile manufacturers and automobile component suppliers & sub-suppliers.

7.2) Supplier Quality and Management System Audit

To verify continued compliance with our quality system requirement and to promote suppliers' quality system development, CEAT will perform on-site audits of our major suppliers as per the audit plan. CEAT Materials Department will advise the supplier of the upcoming audit and will forward the audit check list to the supplier in advance for their reference. If required, CEAT can request the supplier for sending quality manual and relevant procedures for review prior to the on-site audit. The on-site audit is carried out by a team of auditors comprising technical expert, quality system specialist and Materials representative, as required.

Based on the observations by the audit team and evidence presented during the audit, Supplier's quality management system will be evaluated and rated. The audit team will have the discretion to treat certain questions as not applicable based on the complexity and criticality of manufacturing process involved. Subsequent to the audit, Corporate QA /Materials will forward the audit report and score sheet to the supplier along with the observations and recommendations of the audit team.

Supplier shall respond to all observations and recommendations and send detailed action plan with targeted time frame. Depending on the nature of non-compliance, if any, the evaluation of the submitted action plan may include a follow up and status update for the low rating case.

In the event of an UNACCEPTABLE rating, if Supplier does not upgrade the system through an acceptable corrective action plan within the agreed period, approval status may be withheld.

7.3) Supplier Self-Assessment

Supplier self-assessment is carried out using CEAT's self-survey check list, which is primarily meant for understanding suppliers quality management systems/ capabilities and developmental activities in a broader perspective. Whenever CEAT requests, self-assessment should be carried out and report submitted to CEAT.

7.4) Suppliers Quality System Development

CEAT will assist suppliers on a continuous basis in their quality system development efforts through feedback on quality of supply, audit recommendations, periodical quality assessment, inter-laboratory correlation program, etc.

CEAT will extend necessary help, if required to develop supplier quality system to meet ISO / TS or IATF standards by organizing audits for gap analysis with respect to the standard and providing improvement action plans / assistance.

CEAT will also support and work in coordination with the Supplier for development of new or modified material and for systematic problem solving in the event of a customer complaint.

7.5) Continuous Improvement Program

Continuous improvement philosophy should permeate all of the supplier's process, systems and products. The goal and purpose of this concept shall be development of a fundamental quality system that ensures customer satisfaction (both internal and external) - beginning with conformance to quality requirements and continuing with defects prevention and reduction of variation and waste in the entire value chain.

7.6) Contingency Plan

Suppliers should develop a comprehensive contingency plan to prevent interruption of supplies.

Contingency plan should identify all the possible reasons (alongwith probability and potential impact) that may cause interruptions and the countermeasures supplier has taken to:

- eliminate the occurrence of these reasons
- prevent or mitigate the impact, in case occurrence cannot be eliminated
- minimize the duration and impact, if reasons of occurrences and it impacts are not under direct control

CEAT team will review the contingency plan and recovery management system during site-audit. CEAT may also ask the suppliers to submit their contingency plan, if at all need arises, as it is statutory requirement under ISO and IATF guidelines for sub-supplier management.

Suppliers are also expected to validate the contingency plans of their sub-suppliers to develop an end-to-end security.

8. SUPPLIER PRODUCT COMPLIANCE CERTIFICATE

This is to identify substances whose use in products and packaging, in the interest of personal safety and environmental protection, are either restricted, regulated or prohibited. These restrictions are based on existing legislation, customer specific requirements or self-imposed requirements.

8.1) CAS

A CAS registry number, also referred to as CASRN or CAS number, is a unique numerical identifier assigned by the Chemical Abstracts Service to every chemical substance described in the open scientific literature, including organic and inorganic compounds, minerals, isotopes, alloys and nonstructural materials.

8.2) REACH

Registration, Evaluation, Authorization and Restriction of Chemicals is a European Union regulation dating from 18 December 2006. REACH addresses the production and use of chemical substances, and their potential impacts on both human health and environment.

(website: <https://www.echa.europa.eu/>)

8.3) SVHC

Substance of very High concern (SVHC) is a chemical substance (or part of a group of chemical substances) for which it has been proposed that the use within the European Union be subject to authorization under the REACH regulation. The first list of SVHCs was published on 28 October 2008 and the list update many times to include new candidates. The link for the most recent SVHC listing is available at: <http://echa.europa.eu/candidate-list-table>.

8.4) RoHS

The Restriction of Hazardous Substances Directive 2002/95/EC on the restriction of the use of certain hazardous substances in electrical and electronic equipment, was adopted in February 2003 by the European Union (<https://www.rohsguide.com/>)

8.5) PAH

Polycyclic aromatic Hydrocarbons (PAHs, also polycyclic aromatic hydrocarbons or polynuclear aromatic hydrocarbons are hydrocarbons or organic compounds containing only carbon and hydrogen that are composed of multiple aromatic rings. (<http://www.epa.gov>)

8.6) 3TG

“Conflict minerals”, as defined by the US legislation, currently include the metals tantalum, tin, tungsten and gold which are the derivatives of minerals cassiterite, columbite-tantalite and wolframite respectively.

8.7) PROP 65

Proposition 65 requires businesses to provide warnings to Californians about significant exposures to chemicals that causes cancer, birth defects or other reproductive harm. Proposition 65 became law in November 1986, when California voters approved it.

(<https://www.oehha.ca.gov/proposition-65/about-proposition-65>)

8.8) Controls and compliance activities

Suppliers may be required to submit the SOC declaration in every six months as per the declaration format provided by CEAT. Suppliers not updating this document within 3 months from the declaration start date will be treated as non-conforming

Suppliers required to submit the SOC test certificate issued by accredited third party as per the frequency defined by CEAT.

Additionally, test certificates to be furnished under the following circumstances

- New regulation added on CAS number in the material supplied
- Any change in process, production line, catalysts, material composition or change of source

9. SUPPLIER EHS COMPLIANCE REQUIREMENT

Suppliers are expected to make sure that their activities do not cause harm to anyone and implements practical aspects of environmental protection and safety at work.

From a safety standpoint, it involves creating organized efforts and procedures for identifying workplace hazards and reducing accidents and exposure to harmful situations and substances. It also includes training of personnel in accident prevention, accident response, emergency preparedness, and use of protective clothing and equipment.

From a health standpoint, it involves developing safe processes, working practices and systemic activities that prevent or reduce the risk of harm to people.

From an environmental standpoint, it involves creating a systematic approach to complying with environmental regulations, such as managing waste or air emissions all the way to helping site's reduce the company's carbon footprint.

Some of the key areas where suppliers are recommended to put their focus upon are:
Air emissions and ambient air quality, energy conservation, waste water and ambient water quality, water conservation, hazardous materials management, waste management, noise pollution, land contamination, physical hazards, chemical hazards, biological hazards, radiological hazards, personal protection equipment, emergency preparedness and response, community health and safety.

It is recommended that OHSAS 18001, ISO 45001 or relevant certification should be obtained.

10. SUPPLIER RATING

Suppliers' quality performance, which is the ability of our suppliers to consistently meet or surpass our requirements, is measured in terms of Supplier Quality Rating (SQR).

The SQR has 3 major elements Quality, Cost and Delivery having a weightage of 60%, 10% and 30% respectively in the final Supplier Rating.

10.1) Quality Rating

Quality Rating is calculated based on the following components:

- Customer Complaints from field due to RM
- Material Rejection/Process Issue Rejection
- COA/Document Issues etc.
- Deviation / Rework / Segregation

10.2) Delivery Rating

Delivery Rating is calculated based on the schedule fulfilment in terms of quantity and timeline. A tolerance of 5% is allowed for quantity compliance while for schedule compliance +/- 1 day is allowed for domestic suppliers and +/- 3 days are allowed for imports.

Suppliers are expected to score minimum marks in each of the criteria, failing which an action plan in prescribed format has to be submitted within 7 days of receiving the rating. Overall supplier rating may be used a specific parameter

11. GUIDELINES for HANDLING MATERIAL REJECTION

CEAT believes that all our approved suppliers have efficient systems in place to ensure quality product is delivered to CEAT as per the requirement and specifications. **CEAT requires its suppliers to adhere to zero rejection cases i.e. Zero PPM rejections.** However, in case of any rejection CEAT expects following cooperation from the supplier.

11.1) Timelines to Address the Complaint

Suppliers are expected to comply with following guidelines once a quality issue is reported to them by CEAT Team:

- Response to the quality issue - Within 3 working days
- Visit the CEAT plant - within 7 days (for domestic) and within 15 days (for overseas)
- QPRS Submission - Within 15 days
- Evidences of Actions Taken - Within 30 days or actual target days mentioned in QPRS (whichever is earlier)
- Taking Back of Rejected Material - Within 7 days (if no visit required) and within 7 days after supplier visit (if visit is required)

Visit to the plant is not mandatory and is required only if it is especially requested by CEAT team or if supplier feels a need of investigation. If supplier is not responding as per prescribed timelines then CEAT reserves the right to scrap the material and debit the cost to the supplier.

11.2) Quality Problem Resolution Sheet

The QPRS (Quality problem resolution Sheet) will enable the supplier to do the analysis of the problem in depth and take appropriate corrective and preventive actions and to eliminate the possibility by deployment and appropriate documentation of the implemented systems. CEAT has defined a standard format for submitting the QPRS which can be directly submitted in the form available on Vendor Portal alternatively can be submitted offline.

11.3) Cost implication of Material Rejection

Supplier will be accountable for any cost associated with rejection of material.

Scenario 1: Material rejected before processing at CEAT:

Material will be rejected, and a debit note (as per PO price) will be issued to supplier. It is suppliers' responsibility to take back the material at his cost. If supplier expresses his inability to take back the material, then CEAT will scrap the material and will debit the material cost (as per PO) to supplier.

Scenario 2: Material rejected after processing at CEAT:

Cost of scrap generated at CEAT, if any, for using the poor-quality material will also be debited to the supplier along with the raw material cost as explained in scenario 1.

12. COMMERCIAL GUIDELINES

Supplier must make dispatches strictly against a valid PO, as per agreed ETA or take prior written consent from CEAT in case of deviations and following guidelines to be adhered with each dispatch.

12.1) Document Requirement with Each Shipment

Below is a brief description of all the documents that are essential to be provided with each shipment along with commercial documents like invoice, e-way bill, bill of exchange, bill of lading, packing list, country of origin etc. as applicable for domestic and overseas suppliers.

Identification of Batches:

- CEAT RM code
- Lot Number/Batch Numbers (must restrict to one or as few as possible in a consignment)
- Date of manufacturing
- CEAT PO number
- Quantity

Packing Standard:

- Supplier must follow standard unit package as specified in the CEAT RM specification

COA Compliance:

- As per details given in Point 6.2 of this document.

MSDS/TDS:

- Supplier must send respective MSDS/TDS with the consignments.

Shelf Life:

- Material shipped must be from recently produced lots available & not over one month old from the date of manufacturing.

Lab sample (applicable only for fabric/bead wire/steel wire):

Supplier must provide samples for laboratory testing in every consignment with following requirements.

- Full width fabric sample for every creel lot.
- Bead wire / steel wire samples for every batch.
- Sample must be properly packed & identified with RM Code, Batch No, PO No. and Supplier Name.

12.2) Timelines for Overseas Suppliers

Supplier must shall furnish the following for every shipment:

- Vessel plan 3-4 working days before actual shipment.
- Shipment confirmation within 1-2 days of vessel sailing.
- Non-Negotiable Set of Documents (as below) by e-mail within 2-3 days of shipment.
 - Commercial Invoice with break-up of Cost, Insurance and Freight (if agreed INCO term is CIF).
 - Bill of Lading (CEAT prefers BL from Main Lines and does not prefer House BL from intermediate agents).
 - Packing List.
 - Certificate of Analysis or Test Report.
 - Marine Insurance Certificate (if agreed INCO term is CIF)
 - Certificate of Origin (if under any Free Trade Agreement)
- Courier Docket number for Original Set of Documents within 4 days of shipment.
- We advise the supplier to stipulate that Shipping Line shall not charge Container Deposit (CEAT can furnish a Corporate Indemnity Bond, if required, to the local office of Main Line).
- Supplier must allow 14 days of detention free time for containers.
- In case vessel sailing time is less than 10 days, supplier must either surrender BL at origin or stipulate that Shipping Line shall release Delivery Order against Shipping Guarantee furnished by CEAT.

Supplier must compensate CEAT for any unnecessary cost, if incurred due to delay/deficiency in documents from his side.

12.3) GST Reconciliation

All domestic suppliers must abide by GST regulations and to ensure that:

- GSTR-1 is filed on timely basis.
- Evidences of GST entries made on the portal against all the invoices billed to CEAT are to be shared in form of GSTN Portal screenshot, if ever any mismatch is observed by CEAT team and query is raised to the supplier.

In case of any mismatches for which supplier is not able to share sufficient evidences of GST filing, then CEAT reserves the right to debit supplier the amount equivalent to the GST.

13. REVISION HISTORY

Revision No	Date	Revision Detail
01	1 Mar 15	Format no. changed
02	8 Mar 15	Revised PPAP Bulk material checklist included Revised change Intimation Form Included
03	6 Jun 17	New vision included New PSW added
04	5 Dec 17	Amendments regarding Worse supplier Criteria and addition of rejection issue to 0 ppm
05	19 Feb 18	Vendor Rating criteria redefined
06	01 Feb 19	Audit Checklist and Transportation Requirement and Supplier Rating criteria Addition
07	01 Apr 2020	Details of processes as per new vendor portal included. Annexures and Formats removed as access to same would be given to suppliers on vendor portal.

14. SUPPLIER ACKNOWLEDGEMENT

Suppliers are required to submit an acknowledgement and acceptance to this manual either by signing a physical document as below.

To: CEAT Ltd.

We here by acknowledge the Supplier quality manual which is received from you. We will ensure that the requirements described in the manual will be followed and fulfilled.

Signature

Date and Seal

Name

Alternatively, acceptance can be done by logging in through the vendor portal.

