

COMMENTS TO "KEY ELEMENTS FOR A VOLVO GROUP SUPPLIER"

Key Elements

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GENERAL <ul style="list-style-type: none"><input type="checkbox"/> Approved level in SEM<input type="checkbox"/> Volvo as preferred customer<input type="checkbox"/> Honouring the Volvo Purchasing Agreement<input type="checkbox"/> EDI communication in the whole chain	COST <ul style="list-style-type: none"><input type="checkbox"/> Meet the Payment Terms<input type="checkbox"/> Fulfil the Cost Requirements<input type="checkbox"/> Responsibility for Warranty Cost<input type="checkbox"/> Quality and Productivity improvements<input type="checkbox"/> Cost transparency
QUALITY <ul style="list-style-type: none"><input type="checkbox"/> Zero defect attitude<input type="checkbox"/> TS 16949 / ISO 9001:2000 / AS 9100<input type="checkbox"/> TQM philosophy<input type="checkbox"/> Attend to field problems<input type="checkbox"/> PPM agreement and compliance	ENVIRONMENT <ul style="list-style-type: none"><input type="checkbox"/> ISO14001<input type="checkbox"/> Compliance with Volvo Black & Grey List
PRODUCTION AND ENGINEERING <ul style="list-style-type: none"><input type="checkbox"/> Prototype production in-house<input type="checkbox"/> Drawings & Service Manuals for Parts<input type="checkbox"/> Process Assessment<input type="checkbox"/> Critical feature management<input type="checkbox"/> Capacity Management	SOCIAL RESPONSIBILITY <ul style="list-style-type: none"><input type="checkbox"/> Deploying and respecting ethical standards throughout the supply chain
	LOGISTICS <ul style="list-style-type: none"><input type="checkbox"/> 100% Dispatch Precision<input type="checkbox"/> Approved Packaging<input type="checkbox"/> GLE A-level Supplier

GENERAL

Approved level in SEM

All suppliers have to achieve minimum 50% in a normal SEM and reach minimum 1 point in each of the stopping parameters.

Volvo as preferred customer

Be valued as preferred customer by key suppliers:

- To be the first to benefit from their innovation
- To benefit from their best QDCF performances on current business
- **Full commitment and understanding of Volvos lead time requirements both in terms of request for Quotation and Parts Procurement.**

Honouring the Volvo Purchasing Agreements

The Volvo Purchasing Agreement mirrors the corporate view on a relation to a supplier. From a Volvo point of view, it is important that the agreement is accepted and honoured by our supplying partners.

When working with development or production of prototypes acceptance of the confidentiality agreement is mandatory to be a business partner to Volvo.

- Honouring the purchase agreement implies that suppliers are considered as preferred.

EDI-Communication in whole chain

Full EDI implementation with Volvo including 2nd tier suppliers.

Fulfil all our requirements (Exchanging of Delivery Schedules/Material Releases, Despatch Advices/ASN, Invoices and Product Data.)

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QUALITY

Zero defect attitude

The principle of zero defects is a culture of not accepting faults and continuously striving for a perfect result. This can be shown by proactive work with product criticism, FMEA etc.

Bodybuilders that assemble their products on a Volvo, Renault or Mack Truck shall follow the [Volvo Bodybuilding instruction](#).

http://www.volvo.com/trucks/global/en-gb/services/bodybuilder_instructions/

[Renault Trucks Bodybuilders Instructions:](#)

http://g51ikros.renaultvi.fr/G51IKROS/pub/intranet/cd_home.htm

[Mack Trucks Instructions:](#)

<http://smrpprod.macktrucks.com/spubs/internet/bbtoc.htm>

ISO/TS 16949 / ISO 9001:2000 / AS9100

Suppliers: minimum requirement ISO 9001:2000 .

TQM philosophy

Focus on final customer as well as Volvo as customer.

Aggressive and structured internal improvement work.

Attend to field problems

Already at the initial development of a new product ensure a proactive solution and holistic view of the whole lifecycle, based on current knowledge in design, production, field or aftermarket areas.

The supplier must take responsibility for early involvement in corrective actions of field problems.

PPM agreement and compliance

Quality development agreement should be negotiated for all new businesses. This will show a commitment from the supplier towards zero defect deliveries. The supplier should issue a plan how to improve the quality level with a zero defect approach. When PPM agreement is not applicable similar agreements to reach zero defects shall be developed/ agreed.

PRODUCTION AND ENGINEERING

Prototype production in-house

When the supplier has to deliver prototypes, the supplier should take an active part in the development of the prototypes in order to gain maximum knowledge about their product as early as possible in the product development process.

Drawings and service manuals for Parts

Suppliers with design responsibility must define and document how the parts should be serviced and exchanged. The documentation should, when requested, be compatible with Volvo systems.

Process assessment

The suppliers must work with continuous improvements in Quality, Delivery and Cost in their manufacturing and engineering processes.

Critical Feature Management

The suppliers shall have a process and implement this where applicable to handle features identified as critical in the Volvo specifications. In case the supplier is having design responsibility , the supplier must secure that the critical features are identified and implemented.

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Capacity Management

The suppliers shall have processes to secure the needed capacity.

COST

Meet the payment terms

The supplier must comply with the payment conditions.

Fulfil the cost requirements

The supplier must be active to comply with cost targets.

Responsibility for warranty cost

The supplier must take responsibility for warranty cost.

Quality and Productivity improvements

The supplier should have plans, both short and long term, in order to meet Volvo quality and cost targets and to maintain a competitive market position.

Cost transparency

When requested the supplier should use the open book approach in the relation to Volvo.

ENVIRONMENT

ISO 14001

Suppliers need to be certified to ISO 14001. When suppliers are not yet certified, they shall present an action plan to be certified before end 2008.

Compliance with Volvo Black & Grey List

At the placement of a new order the situation must be clarified. This can be done with the Review of Technical Specification (RTS) and as a part of the Initial Sample Approval (ISA/PPAP).

SOCIAL RESPONSIBILITY

Deploying and respecting ethical standards throughout the supply chain

The supplier shall, within their sphere of influence, adopt ethical standards in the areas of Human rights & Work sphere Practices, Environment and Business Principles.

Ref. Code of Conduct

LOGISTICS

100% dispatch precision

Volvo requires on time deliveries with the right quantities and identification. In case of insufficient delivery precision, improvement commitment should be shown by a signed improvement plan.

The suppliers should measure their own deliveries via pro-active reporting to Volvo Group plants

Please observe: Dispatch Precision below 85% is a STOPPING parameter in the SEM

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Approved packaging

When requested, the supplier must take an active part in the establishment of approved packaging (emballage) for serial deliveries as well as aftermarket deliveries.

GLE A-level Supplier

When requested, Global Materials Management Operations Guidelines / Logistics Evaluation (MMOG/LE) have been developed in a joint team effort within the Automotive Industry. The document sets a global logistics evaluation standard for gauging an organization's capabilities for materials processes and reduces the time and resources required by suppliers and customers to determine materials process compliance. Improving these processes increases the potential to reduce cost, cycle time and inventory.

After Market

Supplier shall when requested fully support the after market requirements from Volvo Parts and Volvo action service, to procure with required spare parts for end customer.