

	Aarti Industries Ltd Quality Requirement From Suppliers (Annexure to GCP)	Doc No : AIL/QMS/SOP/04 Rev : R0
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Quality Requirements from Suppliers

Annexure to GCP

Rev	Prepared by	Validated by	Authorized by	Effective Date
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 <p>AARTI INDUSTRIES LIMITED</p>	<p style="text-align: center;">Aarti Industries Ltd Quality Requirement From Suppliers (Annexure to GCP)</p>	<p>Doc No : AIL/QMS/SOP/04 Rev : R0</p>
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1.General

1.1 This document describes COMPANY's minimum requirements for Suppliers' Quality Management System as set forth in clause no. 2.

1.2 The term "COMPANY" shall mean Aarti Industries Ltd. "Supplier" shall mean manufacturers and their authorised distributors to whom the company has issued purchase orders.

1.3 Supplier shall be totally responsible for the quality of items to be supplied under the scope of the Purchase order.

1.4 Supplier shall inspect, test and accept all parts of the items as defined in the purchase order, including its sub suppliers' work, in conformance with all applicable drawings, specifications and standards.

1.5 COMPANY shall be entitled to have the Company Representative or his nominee present at all locations where supplier or its sub suppliers are engaged in the manufacture of items, at any and all times, to review all aspects of Suppliers' Quality activities and to witness whatever inspection and testing is required by the purchase order. Supplier shall not refuse access to technical or other data which Supplier considers proprietary or confidential, and which is reasonably required to inspect Supplier's performance of the work.

1.6 COMPANY will complete its review of Supplier's as well as sub suppliers' Quality documents (Quality Plan and Inspection & Test Plans) and personnel qualifications submitted to the company. Following its initial review, COMPANY will approve or provisionally approve the submitted document or personnel qualification, or it will reject the document with comments.

1.7 For any inspection or any test required to be witnessed by COMPANY standards, applicable specifications, ITPs etc., supplier shall provide notice of said inspection or test as specified in the approved Inspection and Test Plans (ITPs) to enable the Company Representative to attend. If any part of the WORK is closed or covered before the required inspection or without agreement by COMPANY, it must, if required by

	Aarti Industries Ltd Quality Requirement From Suppliers (Annexure to GCP)	Doc No : AIL/QMS/SOP/04 Rev : R0
---	--	---

COMPANY, be opened or uncovered for inspection or witnessing and re-closed or re-covered at supplier's expense.

1.8 If any inspection or test directed by the COMPANY, or by another party at the direction of the COMPANY, reveals any defect in supplied materials, supplier shall promptly correct such defects at supplier's expense. Post correction done, Supplier shall request for inspection from the company or its authorised representatives as per company technical specifications.

1.9 Supplier shall not sublet any part of the work under his scope of purchase order. In exceptional cases supplier may sublet the work only with prior written approval of the company. In case company approves for engagement of a sub supplier by the supplier, responsibility for quality of goods, inspection and testing as per ITP shall be the primary responsibility of the supplier to whom the purchase order has been issued. Supplier shall be solely responsible to coordinate with their sub supplier and company for all activities as per scope of work and ensure that sub supplier shall abide by all applicable drawings and specifications requirements.

2. Quality Management System Requirements

Supplier shall implement a Quality Management System in accordance with the latest version of ISO 9001 (*Quality Management Systems- Requirements*).

3. Documentation Requirements

3.1 Supplier shall plan, organize, control and execute all WORK in accordance with Quality Plan(s), Inspection and Test Plans (ITPs) and documented procedures. The Quality Plan(s) shall ensure that quality personnel and processes, including those of their sub suppliers are effective and that the WORK is completed in strict compliance with Scope of Work in the individual Purchase Order.

3.2 Supplier shall prepare a narrative project specific Quality Plan, Inspection & Test Plans (ITPs) and procedures, covering as applicable, design, manufacture & testing activities in accordance with the latest version of ISO 10005 (Quality Management Systems -

 <p>AARTI INDUSTRIES LIMITED</p>	<h2>Aarti Industries Ltd Quality Requirement From Suppliers (Annexure to GCP)</h2>	<p>Doc No : AIL/QMS/SOP/04 Rev : R0</p>
--	---	--

Guidelines for Quality Plans), work scope and submit it to the Company Representative for review and approval.

With approval of the company, the supplier may adopt any pre-approved Typical Inspection and Test Plan of the company and associated Inspection Checklists in lieu of its own Inspection and Test Plans and Procedures. Supplier shall customize the company provided Typical ITP and checklist to suit the scope of WORK, with the approval of Company Representative.

4. Resource Management

4.1 Suppliers as well as their sub suppliers Quality personnel assigned to the WORK shall meet the minimum qualification requirements and must be technically competent to perform their duties.

4.2 Suppliers, if requested by the COMPANY, shall provide a resume of their key quality personnel for review. COMPANY shall have the right to interview and/or test assigned inspectors. COMPANY has the right to reject proposed candidates if they do not comply with the requirements.

4.3 Prior to completion of the work supplier shall perform the inspections required as per contract to complete all activities and document as well as correct any non-conformances. A copy of the inspection results and status of the correction of non-conformances shall be submitted to the Company Representative for verification and acceptance.

5. Calibration

Measuring, Inspection and testing equipment used by suppliers, their sub suppliers shall be in valid calibration status at the time of inspection. Supplier shall provide records of calibration for company verification at the time of inspection.

6. Audit by Company

COMPANY shall be entitled to have the Company Representative or their nominee(s) to schedule and conduct an audit of the supplier's quality functions and manufacturing

 <p>AARTI INDUSTRIES LIMITED</p>	<p style="text-align: center;">Aarti Industries Ltd Quality Requirement From Suppliers (Annexure to GCP)</p>	<p>Doc No : AIL/QMS/SOP/04 Rev : R0</p>
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facilities as and when required. The audit schedule will be communicated to the supplier at least two weeks prior to the scheduled audit.

7. Control of Non-Conformance

7.1 Supplier shall include in the quality Plans procedures to prevent inadvertent use of design documents, materials, parts, components, services or workmanship which are not conforming to requirements of the purchase order. Quality Plan shall require the identification and documentation of all -nonconformities and corrective actions.

7.2 Supplier shall ensure control of supplier and their sub supplier supplied materials and fabricated assemblies that do not conform to requirements. Controls to restrict further processing or installation of nonconforming or defective items, pending decisions on disposition, shall be established and maintained. Suppliers and their subsuppliers, if any, shall segregate all non-conforming materials and assemblies to a clearly designated rejection site.

7.3 Suppliers shall document all non-conformities to purchase order requirements, approved quality plan(s), inspection & test plans, and procedures. Supplier shall forward records of all recorded non-conformities to the company within forty eight (48) hours of issue.

7.4 Supplier shall investigate the root cause of non- conformities and initiate Corrective Actions to prevent recurrence of nonconformities maximum seven (7) days of the issue date.

7.5 Supplier shall respond to all non-conformities (NCRs, Discrepancy Reports etc.) issued by COMPANY in writing within 48 hours of receiving notification of non-conformance, including their proposed corrective actions.

7.6 Supplier shall rework or repair and re-inspect items in accordance with COMPANY approved Quality plan, ITP and procedures. Supplier shall notify the Company Representative 48 hours prior to final closure of any nonconformity for verification and acceptance.

8. Deviation/Waivers

 <p>AARTI INDUSTRIES LIMITED</p>	<h2>Aarti Industries Ltd Quality Requirement From Suppliers (Annexure to GCP)</h2>	<p>Doc No : AIL/QMS/SOP/04 Rev : R0</p>
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8.1 Supplier shall not deviate/waive off any of the requirements of engineering specifications, Quality Plan, Inspection and Test Plan previously accepted by the Company Representative without the express written consent of the Company Representative. Supplier shall submit supplier concession request for approval of the company in advance.

8.2 Supplier shall also maintain a log detailing all deviations/waivers to COMPANY standards obtained during all phases. This log must indicate the status of the deviation/waiver, a brief description and details of the applicable purchase order and equipment or construction process.

9. Packing Quality

All materials covered in packing list shall be packed as per terms of P.O. or minimum requirement for safe and no deterioration during transport. Appropriate tagging and marking shall be done on packed material for identification and traceability.

10. Inspection & Testing

10.1 Supplier shall give a minimum 5 working days advance notice to the company for inspection and testing as required by ITP. Suppliers shall facilitate all inspection and testing equipment at its premises and submit inspection reports, raw material TCs, heat treatment records, NDT reports etc for review and verification by company representatives or Third Party Inspection (TPIs) engaged for inspection.

10.2 Supplier shall ensure that all items to be inspected by the company representatives/TPIs are first self checked by the supplier and all records maintained prior to giving inspection call to the company.

10.3 Items which require painting as per purchase order shall be painted only after inspection has been done and item accepted by the company representatives/TPIs.

10.4 The Inspection and testing by a company representative or its TPIs, acceptance of goods, acceptance of delivery of goods or making any payment to the supplier shall not

 <p>AARTI INDUSTRIES LIMITED</p>	<p>Aarti Industries Ltd Quality Requirement From Suppliers (Annexure to GCP)</p>	<p>Doc No : AIL/QMS/SOP/04 Rev : R0</p>
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relieve the supplier of any obligation of warranty, liabilities or demonstration of performance guarantee under the contract.

10.5 In the event that any inspection or test indicates that goods fail to meet the requirement of the purchase order, the supplier shall take rectification action at its own cost on priority basis and ensure that schedule is not significantly affected. Immediately after such rectification, suppliers shall notify the company for reinspection and ensure that goods meet all requirements of purchase order and specifications to the satisfaction of company representative/TPI.

11. Dispatch clearance:

After completion of inspection and testing, supplier shall submit all inspection records , Inspection release note, packing list, approved fabrication drawings to the company and request for dispatch clearance. Company after verification of all documents for its adequacy and conformance to specifications and PO requirements shall issue dispatch clearance to supplier. COMPANY will not accept any material without dispatch clearance.

12. Supplier and their Sub Supplier Quality personnel qualification requirements

Quality personnel employed by supplier and its sub suppliers to perform the WORK described in the purchase order shall meet, as a minimum, the following qualification and experience requirements. COMPANY shall be the final authority for the determination of equivalency for all qualifications, certifications, or minimum number of years of experience as specified below upon successful completion of review or required examinations and/ or interviews. In case of vendors who are not the manufacturers and supplying mainly catalogue items, these requirements of personnel qualifications may be relaxed as per discretion of the company.

12.1 QA/QC Manager: QA/QC Manager Shall have experience in auditing as per ISO-9001 or equivalent QMS and shall be able to exercise judgment against the criteria of the standards. He shall have a minimum of seven (7) years of direct experience in Quality Assurance system activities of which three (3) years must be in managing quality

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systems relating to the purchase order Scope of work (e.g.; equipment/items for oil, gas and petrochemical projects, chemical industry, Infrastructure, communication)

12.2 Welding and NDT: Inspector shall have a demonstrated background and thorough knowledge of codes such as ANSI B 31.3, 31.4 and 31.8, ASME Section V and IX, AWS D1.1, required for the execution of the WORK. Where Nondestructive Testing (NDT) forms part of the WORK, and the Inspector is required to review or ensure NDT programs and results, he shall have been previously qualified and certified to a minimum ASNT Level II in the relevant method(s). When performing, reviewing or ensuring Nondestructive Testing in VT, MT, PT, RT or UT, he shall be certified in the specific method(s).

12.3 Heat Treatment: Inspector shall have direct knowledge of all aspects of heat treatment and with the types of equipment to be used for the WORK, such as electrical resistance heating elements, induction coils, or gas fired heaters. He shall be able to verify the heat treatment parameters to approved heat treatment procedures. If applicable, Inspector shall be thoroughly familiar with the heat-treating requirements of ASME B31.3 and ASME Section VIII Division 1.

12.4 Positive Materials Identification (PMI): Inspector shall have knowledge about all aspects of PMI test methods and the operation of PMI test equipment used on the job

12.5 Coating: Inspector shall demonstrate a thorough working knowledge and proven ability of all phases and types of coating applications and methods and recognized industry standards. For critical coating, Inspector shall be additionally qualified to NACE Level II Critical Coatings or equivalent.