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OPEN JOINT STOCK COMPANY «BELORUSSIAN STEEL WORKS
MANAGEMENT COMPANY OF
«BELORUSSIAN METALLURGICAL COMPANY» HOLDING»

APPROVED

General Director

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07.05.2021

SUPPLIER'S MANUAL

ПКП 840-KCM-04-2021

(instead of ПКП 840-KCM-03-2011)

DEVELOPED BY

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04.05.2021

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07.05.2021

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SUPPLIER'S MANUAL CONTENT AND ITS REVISIONS

Chapter	Amend. 1 date	Amend. 2 date	Amend. 3 date	Amend. 4 date	Amend. 5 date	Amend. 6 date
1.Manual's contents and its revisions						
2.Field of application						
3.Regulatory references						
4.Terms and definitions						
5. General part						
6.Integration of suppliers into the business of OJSC «Belorussian Steel Works management company of «BMC holding». Quality of supplier's management system						
7.Deliveries and their monitoring						
8.Supplier's assessment after the delivery						
9.Managing nonconformities						
10.Continuous improvement						
11.Supplier audit						
Supplements A, B, C, D, E, F, G						

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2 FIELD OF APPLICATION

2.1 The Supplier's Manual (hereinafter referred to as the «RKP») is developed to coordinate joint business with suppliers of goods, works and services and Open Joint Stock Company «Belorussian Steel Works management company of «Belorussian Metallurgical Company» holding» (hereinafter OJSC «Belorussian Steel Works management company of «BMC holding») on the basis of mutually beneficial partner relations in accordance with the legislation in force of the Republic of Belarus, the requirements of international standards ISO 9001, ISO 14001, ISO 45001, ISO 50001, ISO 26000, SA 8000, ISO 27001, IATF 16949, API Spec. Q1, BES 6001+SCS CARES, VDA, Total Quality Management (TQM) tools, considering the principles and requirements set out in the Corporate Policy, the Code of Ethics, the Sustainable Development Policy, the Code of Responsible Supplier, the specific consumer requirements of «Belorussian Steel Works management company of «BMC holding».

2.2 The RKP is a part of the Corporate Management System (CMS) documentation. It is applied to suppliers of goods (of raw materials and component parts), works and services for OJSC «Belorussian Steel Works management company of «BMC holding» and its structural subdivisions, participating in the chain of interaction of work with suppliers.

The requirements regulated by the RKP are specific requirements of OJSC «Belorussian Steel Works management company of «BMC holding» in accordance with the requirements of IATF 16949 and the requirements of the customers of OJSC «Belorussian Steel Works management company of «BMC holding».

The specific requirement of OJSC «Belorussian Steel Works management company of «BMC holding» is submission of documents specified in this RKP: the activities specified in the «Interaction Program» (Supplement A); completion of the application form (Supplement B); activities according to Form 8D (Supplement C).

2.3 The purpose of the RKP is to spread the experience of improving the quality of products and consumer management of OJSC «Belorussian Steel Works management company of «BMC holding» in the chain «consumer « - «manufacturer» - «supplier» - «sub-supplier», which meets the mutual interests of the parties and contributes to the development of further mutually beneficial cooperation. RKP is one of the documents aimed at ensuring:

- business - communications;
- quality of delivered raw materials, materials, parts / spare parts, components, equipment (hereinafter - resources), the goal of zero defects (ZERO), taking into account the specific requirements of consumers of OJSC «Belorussian Steel Works management company of «BMC holding»;
- ecologically defect-free consumable materials and resources, minimization of environmental impact arising in the course of conducting joint business;
- compliance with the environmental legislation and other requirements of the Republic of Belarus related to human health and safety and not worsening the existing conditions at the workplace, environmental protection, the requirements of international standards ISO 14001, ISO 50001;
- 10 principles of the global contract, ethical standards, as well as human rights, including occupational health and safety standards (ISO 45001).

2.4. RKP requirements shall require suppliers to:

- develop and implement a management system that meets the requirements of ISO 9001, ISO 14001, IATF 16949 (SPS, FMEA, MSA, PPAP, APQP), ISO 50001; SA 8000 or ISO 26000, considering the specific requirements of the customer OJSC «Belorussian Steel Works management company of «BMC holding»;

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- application of modern management approaches such as: Deming-Shewhart cycle (PDCA), Poka-Yoke (error protection); visualization; 5S; benchmarking; SWOT analysis; control maps, development of corrective and preventive actions, 8D/Systematic problem elimination; 5 Why (5 WHY); brainstorming; risk and opportunity assessment; questionnaires, PPM defect level calculation; IOL quality index calculation; statistical methods Cp, Cpk, Pp, Ppk; PPM on-time delivery calculation, LPs, etc.

2.5 OJSC «Belorussian Steel Works management company of «BMC holding» is able to provide training on «Modern approaches application of in management» mentioned in clause 2.4 (on request at the training center). Also, at the request of the supplier, OJSC «Belorussian Steel Works management company of «BMC holding» can hold a webinar of this manual.

2.6 Supplier is responsible for:

- Compliance with the requirements set forth in this manual, which are tailored to the specific requirements of BMZ - BMK Holding Management Company's customers, to notify and ensure that these requirements are reported to their suppliers (sub-suppliers);
- Compliance with ethical, legal and social norms in accordance with the 10 principles of the global contract;
- Compliance with applicable laws (in the country of location);
- Compliance with the requirements for safety, health and environmental protection.

2.7 The Supplier undertakes to comply with the requirements regulated by this PKP. The exemption from fulfillment of any requirements may be obtained subject to the prior agreement (signed) of the Product Safety and Compliance Officer (PSCR) of OJSC «Belorussian Steel Works management company of «BMC holding», namely by the Deputy General Director for Technology and Quality.

2.8 OJSC «Belorussian Steel Works management company of «BMC holding» shall have the right to refuse delivery, if the requirements set forth in this PKП are not complied with.

2.9 The Supplier shall review the documents posted on the website of OJSC «Belorussian Steel Works management company of «BMC holding» www.belsteel.com related to business: Corporate Policy, Code of Ethics, Sustainable Development Policy, Code of Responsible Supplier, annual social report, certificates for the management systems, Supplier's Manual (PKP), and confirm his review in the framework of «Cooperation Program» (Supplement A).

2.10 Documents regulated by the requirements of this RKP should be submitted within the framework of the «Interaction Program» to the contract supervisor of the Procurement Service annually by 20.02 of the current year.

2.11 If you have any questions regarding the fulfillment of this RKP, please contact the Contract Manager or at the following address: Industrialnaya str., 37, Zhlobin, Gomel region, 247210, Republic of Belarus, Open Joint Stock Company «Belorussian Steel Works management company of «Belorussian Metallurgical Company» holding».

2.12 PKП is developed to replace PKП 840-KCM-03-2011 «Supplier's Manual on Quality».

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3 REGULATORY REFERENCES

The following documents are referenced in the PKП:

ISO 9001-2015 Quality Management Systems. Requirements

ISO 9004-2018 Management for the sustainable success of the organization. Approach to quality management.

IATF 16949-2016 Requirements for the quality management system of organizations involved in the manufacture of motor vehicles and spare parts

ISO 14001-2015 Environmental management systems. Requirements and application guidance

ISO 26000-2010 Guidance on Social Responsibility

ISO 45001-2018 Occupational health and safety management systems

ISO/IEC 27001-2013 Information security management systems.

API Specification Q1 (Ninth Edition, June 2013)/ Specification for Quality Management System Requirements for Manufacturing Organizations for the Petroleum and Natural Gas Industry

SA 8000-2008 Social responsibility 8000

BES 6001-2018 BRE Environmental and Sustainability Standard

SCS Guidelines for the CARES Sustainability Scheme for Structural Steel

ГОСТ 24297-87 Product Input Control

ГОСТ 30333-2007 Safety data sheet of chemical products. General requirements

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4 TERMS AND DEFINITIONS

In this document the definitions from ISO 9000 dictionary are applied.

4.1 Agreement (contract) for the product supply - an agreement for the supply of products concluded between the parties in written form, containing the commercial and legal part and the technical part set out in the Annex.

4.2 Additional freight - additional costs or expenses incurred in addition to delivery under the agreement (contract).

4.3 Critical materials - materials affecting the quality and safety of manufactured products, as well as newly developed, previously not used.

4.4 Consumer loyalty - favorable attitude to the company, to the range of products manufactured by the company.

4.5 Labeling - putting information on the object by branding or attaching tags, labels, stickers.

4.6 Careless supplier - a supplier that has violated his obligations to OJSC «Belorussian Steel Works management company of «BMC holding».

4.7 Non-compliance - failure to comply with a requirement.

4.8 Non-conforming products - products that do not conform to the requirements of normative documentation or technical normative legal acts (laws, regulations and technical standards) for products and that cannot be used for their original purpose.

4.9 Approved Supplier - a supplier included in the List of Approved Suppliers.

4.10 Supplier - a person who provides products, works or services in accordance with an agreement (contract).

4.11 Consumer - an organization that uses the supplier's products.

4.12 Traceability is the ability to trace the sequence and stages of manufacturing and transportation of products during their production, storage and shipment.

4.13 Claim - a consumer's expression of dissatisfaction with an organization's actions, manufactured products, or claims management process, either explicitly or implicitly suggesting a response or solution.

4.14 Complaint - a written declaration of the customer in the standard form to the supplier of products (contractor) on the detection of inconsistency of quality and (or) completeness of delivered products (completed works) to the specified requirements, as well as the requirement to restore or replace defective products (re-perform works), and / or compensation for damages during the period of warranty obligations.

4.15 Special characteristic - the characteristic of products and processes, assigned by the consumer, describing the safety and government regulations and / or assigned by the supplier due to knowledge of the product and process, requiring monitoring and introduction into management plans and other technological documents.

4.16 Consumer Specific Requirements (CSR) - interpretations or additional requirements related to a specific clause of IATF 16949.

4.17 Technical normative legal act (laws, regulations, and technical standards) for products - a document establishing technical requirements for products (international or national standard, technical conditions, specification, technical agreement).

4.18 Requirement - a need or expectation, which is established (usually assumed or mandatory).

4.19 Disposal of non-conforming products - action taken in relation to non-conforming products to prevent their original intended use.

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5 GENERAL PART

5.1 OJSC «Belorussian Steel Works management company of «BMC holding» is the main enterprise for metallurgy in the Republic of Belarus.

The enterprise structurally consists of three main productions - steelmaking, rolling and steel cord and wire, as well as infrastructure shops and departments of the enterprise management.

The company's scope of activities is production of continuously cast and hot-rolled billets, shapes, sections, rebars for reinforced concrete structures, tubular billets, steel rods, steel cord, steel wire for various applications, hot-deformed seamless pipes, steel fiber.

OJSC «Belorussian Steel Works management company of «BMC holding» has a corporate management system which combines the quality management system, the environmental management system, the health and safety management system, the energy management system and social responsibility.

The current Corporate Policy has the status of the main document, it outlines: the mission of the company, the strategic goal.

The core values of OJSC «Belorussian Steel Works management company of «BMC holding» are: personnel, partners, communities, the environment, natural and other types of resources, intellectual property, reputation and the anti-corruption fight. For more information on OJSC «Belorussian Steel Works management company of «BMC holding», please visit www.belsteel.com.

5.2 OJSC «Belorussian Steel Works management company of «BMC holding» has defined departments responsible for the goods (works and services) procurement (Table 1).

Table 1 – Defined departments responsible for the goods procurement

Department	Carries out purchases
Purchasing Department (hereinafter referred to as SD) P Dpt.	Out procurement of raw materials and inventory, including scrap metal, cast iron, ferroalloys, alloying additives, slag-forming and carbon-containing materials, refractory products, aluminum (pig iron, rolled rod), lead, nickel, rolled ferrous and non-ferrous metals, metal ware, bearings, maintenance materials, fuel and lubricants, motor transport and lifting equipment, spare parts, office supplies, furniture, consumables for the copy center, household goods, etc
Equipment Purchasing Department (EP Dpt)	Procures main assets, equipment for capital construction, reconstruction and modernization facilities, replaceable equipment, spare parts and materials for repairs in the Republic of Belarus, CIS countries and non-CIS countries. Confirmation of compliance of purchased goods with the specified requirements is carried out by the QCD during the incoming inspection
Training center (T Center)	Procures training services
Organization of Maintenance and Technical Diagnostics Board (OM&TD Board)	Procures works and services for maintenance, technical diagnostics and repair of equipment based on orders and requests from subdivisions
Transport logistic Board (TL Board)	Procures services for rolling stock lease/use, forwarding and other services related to product transportation
Automation Board (A Board)	Procures software, computer equipment, spare parts and consumables, software development (maintenance) services

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6 INTEGRATION OF SUPPLIERS INTO THE BUSINESS OF OJSC «BELORUSSIAN STEEL WORKS MANAGEMENT COMPANY OF «BMC HOLDING»

6.1 Production of high quality products is guaranteed by the use of high quality resources (raw materials, materials, components, etc.). The quality of purchased resources is ensured by careful selection of suppliers with existing quality systems, subsequent evaluation of their fulfillment of contractual obligations.

6.2 Business organization process between the supplier and OJSC «Belorussian Steel Works management company of «BMC holding» consists of the following phases (Table 2).

Table 2 – Phases of process of the organisation of business

Phase	The description
1) Trust establishment, required application (Supplement B)	<p>In Phase 1, Trust Establishment, the services conducting the procurement procedures conduct a supplier search based on:</p> <ul style="list-style-type: none"> - resource market research and questionnaires; - results of vendor competitions; - availability of alternative suppliers; - experience of current relationships with suppliers; - the quality of purchased resources (services), considering the information on the functioning of the supplier's quality system and its effectiveness in the form of: <ul style="list-style-type: none"> - the supplier's certificates of conformity for the quality management system of the manufacturer of resources (services) and certificates of conformity for the manufacturing of products issued by independent organizations; - own examination and recognition of audits by other organizations; - rating in the market of goods and services; - statistical data on purchased resources (services), confirming their quality; - results of numerous regular deliveries without complaints and claims; - the supplier's consent to perform this ПКП, sent to the supplier by electronic or postal means of communication or given to the supplier on paper; - the cost of resources (services); - the Supplier's certificate of conformance for the health and safety management system; - the conformance certificate for the environmental management system; - the conformity certificate for the social responsibility system (or a report on sustainable development); - pilot batch purchases (in order to verify a new supplier's technical capability and ability to meet the customer's requirements, pilot batches of delivered resources shall be tested); - evaluation of suppliers in accordance with Section 8 with a rating of at least "acceptable" with inclusion in the «Supplier Evaluation Bulletin»; - specific requirements regulated by this Manual.

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Table 2 continuation

Phase	The description
	To make contact with potential suppliers, the services performing the procurement procedures shall send a letter suggesting to complete the Application and review the specific requirements of the customer specified in this PKП. <i>Note – Upon supplier's request, the Procurement Department may send an unrecorded copy of the RCS in electronic form or in hard copy.</i>
2) Approval as a supplier by JSC BMZ Managing Company of BMZ Holding	the respective Procurement Service includes the supplier in the «List of Approved Suppliers» after the supplier is included in the «Supplier Evaluation Bulletin» with a rating not lower than «acceptable». The supplier is obliged to provide the «Interaction Program».
3) Success development (the Progress Plan/Interaction Program is provided)	the appropriate procurement department shall continually improve relationships with approved suppliers rated «excellent» and «reliable» to improve the quality of resources supplied and reduce supply costs

6.3 Sub-supplier requirements are met during the initial supplier evaluation through supplier audits and questionnaires.

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7 DELIVERIES AND THEIR MONITORING

7.1 In order to perform the received purchase orders from the subdivisions of the Procurement Service of OJSC «Belorussian Steel Works management company of «BMC holding» conclude agreements (contracts) with the approved suppliers for delivery of the required resources, they monitor contract execution and further work on development of mutually beneficial cooperation with the suppliers, including audits of the suppliers.

7.2 Documents regulated by the requirements of this ПКП (certificates, safety data sheets, contingency plan, approval of changes, statistical data, compliance with REACH, RoHS, Frank Dott directives, etc.) must be provided as part of the «Interaction program» to the contract supervisor of the procurement service annually by 20.02 of the current year.

Suppliers who are not ISO 9001 and IATF 16949 certified are required to submit an annual self-assessment in the form of an « Interaction Program» in accordance with Supplement A.

7.3 Making a Contract

7.3.1 Contracts (Agreements) for procurement shall contain a clause on fulfillment of requirements and review of supplier of this RCP.

7.3.2 The supplier, providing delivery of resources not of his own production, including raw materials and components, for OJSC «Belorussian Steel Works management company of «BMC holding», shall be responsible for the fact that the company-manufacturer of the materials also meets the requirements of this ПКП.

7.3.3 The agreement/contract for the supply of non-CIS resources shall be made both in Russian and in English.

7.3.4 The Supplier is fully responsible for the quality of the products delivered and shall ensure that all the products supplied to OJSC «Belorussian Steel Works management company of «BMC holding» meet the requirements of the purchase agreements (contracts).

7.3.5 The procurement agreement (contract) shall comply with the requirements of the current legislation of the Republic of Belarus, local, legal acts of OJSC «Belorussian Steel Works management company of «BMC holding»

It is recommended to specify in the agreement (contract) the following:

- terms of delivery;
- name of the resource type;
- exact technical description, including type, class (grade), brand, dimensions and other characteristics of the shop order
- ГОСТ number, technical specifications, drawings or other technical regulations with specific characteristics (class, grade, mark, dimensions, test procedures, acceptance rules, etc);
- additional requirements (agreements);
- quantity (volume), weight of one unit;
- delivery terms, including during certain periods;
- packaging and labeling requirements;
- unit price, resource amount,
- the amount on the specification;
- product manufacturer;
- consumer's methodology for the incoming inspection (if the supplier does not agree, the specific methodology is indicated);
- warranty obligations for performance characteristics;
- the conditions for achieving the performance characteristics;
- criteria for determination of warranty durability;

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- consumption rates for pilot batches of material not lower than those achieved in pilot tests or industrially used material analogues;
other conditions and obligations.

Note – The supplier shall take into account the relevant state norms and standards, if they are referred to in the agreements (contracts), drawings.

7.3.6 Agreements (contracts) for the procurement of raw materials and supplies subject to incoming inspection and affecting the quality and safety of products of OJSC «Belorussian Steel Works management company of «BMC holding» (critical) used, as well as in the automotive industry, shall include:

- requirements for entering quality information into the supplier's shipping documents (bill of lading, invoice);
- customer methodologies for incoming inspection (if the supplier does not agree, the specific methodology shall be specified);
- terms of reducing the cost of the material depending on the achievement of guaranteed parameters (proportional cost reduction depending on the achieved results);
- obligations of the supplier to provide quarterly statistical data on the controlled the supplier product characteristics during the production;
- in case of detecting inconsistencies during the incoming control of products, the obligation to develop and provide the buyer within 30 days from the date of notification of the detected inconsistencies in the quality of the report on Form 8D;
- obligations of the supplier to provide safety data sheet of the substance (material) in accordance with ГОСТ 30333.

Note – the notification is considered to be an Act of quality acceptance;

- requirements for the approval (approval) of the production of products under the PPAP procedure according to the requirements of the international standard for manufacturers of automotive components IATF 16949, applicable to suppliers of materials and products affecting the safety of products (regulated by СТП 840-KCM-7.4, by the level of submission 1 and 2). The Contract Supervisor shall inform the supplier regarding the level of submission.

Note – Correspondence with suppliers regarding request and submission of documents (PPAP) shall be maintained through the RS and QMS on procurement issues;

- requirements to include quality information in the supplier's shipping documents (bill of lading, invoice).

Notes:

1. The number of quality certificates for the material at delivery shall correspond to the number of items of the material in the consignment note and the number of items of this material in the invoice.

2 Documents confirming the quality of delivered resources (services) include manufacturer's quality management system compliance certificates and certificates of conformity for product manufacturing issued by independent organizations, test reports, statistical data on purchased resources (services) confirming their quality, etc.

Conditions:

- if the delivered goods do not meet the requirements of the specification and the customer decides to return the material, the SUPPLIER shall take it from the warehouse within a month, otherwise a penalty shall be paid;

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- in case of untimely delivery or delivery of low-quality goods during pilot or experimental batch, it is decided not to conduct further tests of the given goods and other materials at all (at the Buyer's discretion);

- in case of repeated deliveries with quality deviations (more than one case during the period: month, quarter, half a year), the fact of which was revealed by the results of incoming control by the Buyer or during production (operation), the Buyer has the right to terminate further purchases unilaterally, until the Seller eliminates the causes of such circumstances. Confirmation of the Seller's elimination of the causes of substandard deliveries shall be:

- Seller's (product manufacturer's) audit by the Buyer,
- submission of corrective activities by the Seller (Form 8D), accepted and approved by the Buyer.

The Supplier upon agreement with the Buyer shall take back the low-quality goods or replace them with quality goods within a month and compensate the costs incurred by the Buyer from the use and storage of low-quality goods;

- if the consequences of use of low-quality goods delivered for the first time led to threat to life and health of people, failure and downtime of main equipment, emergency situations and defects in production, the Buyer has the right to terminate the contractual relations unilaterally;

-the Supplier shall be obliged to inform OJSC «Belorussian Steel Works management company of «BMC holding» about any changes in the product manufacturing process that may affect the quality of the purchased products.

7.3.7 It is recommended to include in the contracts for the supply of resources, the supplier's obligations for service of the customer's workshops, providing free delivery of components, spare parts, special equipment, etc., related to the use of these resources in production (for example: torque wrenches for screwing graphite electrodes, jaws for ferroalloy crushers, etc.).

7.4 Contract amendments / changes in the contract

7.4.1 If there is a need to make changes in the terms and conditions of the agreement (contract) for the supply of resources, a written notice describing the objective reasons for the changes shall be sent to the Supplier. At the same time a «Additional agreement» or «Reconciliation Protocol» with a suggestion to change the conditions of the contract is sent to the Supplier.

7.5 Delivery terms

7.5.1 The Supplier shall supply goods in accordance with the concluded agreement (contract). The shipment dates shall correspond to the dates specified in the procurement contract (agreement). If any change in the procurement agreement (contract) may result in a failure to meet the delivery dates, the supplier must immediately inform OJSC «Belorussian Steel Works management company of «BMC holding».

Note – Supplier shall not deliver to OJSC «Belorussian Steel Works management company of «BMC holding» more materials without preliminary agreement with the relevant purchasing department.

7.5.2 Each delivery must be accompanied by prior notification to the appropriate Procurement Department. Any deviation from this requirement is allowed with the consent of the purchasing department that concluded the contract (agreement).

Deliveries shall be made in batches. A batch is the quantity of supplies manufactured in a certain period of time. For a continuous production process, the batch size must not exceed a 24-hour production period. For supplied equipment, the batch size must be specified in the procurement contract (agreement).

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Note – In order to ensure maximum homogeneity of delivered material to OJSC «Belorussian Steel Works management company of «BMC holding», the supplier should minimize the number of different batches of the same material and, if possible, send only one batch of products.

7.6 Product labelling

7.6.1 Supplier shall identify the supplied resources indicating the required information on the packaging and in the shipping documentation (quality certificate, packing forms).

Each batch of resources sent to OJSC «Belorussian Steel Works management company of «BMC holding» must have appropriate labeling for each type of packaging. Each individual unit must also have a label (specify the minimum requirements for labeling):

- name of material;
- supplier;
- batch / lot number;
- production date;
- expiration date.

7.6.2 Identification of resource batches by the supplier shall provide reverse traceability in order to find out the causes of nonconformities detected during processing at OJSC «Belorussian Steel Works management company of «BMC holding».

Reverse traceability includes:

- verification of shipping documents issued for a batch of delivered resources;
- records of acceptance and certification of resources by the supplier's TC Dpt service;
- records with the operational control data of the production process of the supplied resources and conformity of the measuring instruments and testing equipment to the local, state or national standards;
- records on the incoming control of the resources supplied to the supplier, etc.

7.7 The Supplier shall accompany the resources to be shipped with the Quality Certificate.

The certificates must be executed and signed by a representative of the TC Dpt, who is independent of the production.

7.8 When supplying resources, the supplier shall send together with the products a Material Safety Data Sheet in accordance with the requirements of ГОСТ 30333 and a description of special precautions, the observance of which is mandatory when dealing with them. In addition, hazardous resources must be provided with labels and certificates in accordance with the established requirements, must comply with the color, symbols and general form of the samples of certain applicable legal requirements (must warn of the possible danger when using resources with words such as «Poison», «Toxic», « Dangerous to Health», «Flammable», «Explosive», etc.

The labelling of chemical elements must comply with the provisions laid down by European Union Regulations under Directive TC 67/548/EEC, Directive 1999/45/EC and any other subsequent additions during their validity.

7.9 Dangerous goods with appropriate labels and safety certificates can be transported and used at OJSC «Belorussian Steel Works management company of «BMC holding» provided that the supplier has taken all appropriate precautions, including the reliability of technical protective equipment and packaging.

7.10 The packaging design shall best perform its function of its ability taking into account:

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- minimization of waste volume;
- recyclability of materials;
- compliance of chemicals (silica gel, chemical moisture indicators, rubber, etc.) with the very legal requirements specified herein;
- reuse the material (i.e., reusable packaging).

7.11 Upon a written request, product samples shall be provided within the period specified in the request.

7.12 It is mandatory to provide declarations according to the requirements of the European REACH and RoHS directives, the Frank Dott Act.

If the supplier has not carried out registration of chemicals according to the requirements of the European REACH, RoHS directives and Frank Dott law, a safety declaration of supplied products must be provided in accordance with Supplement B1.

7.13 Statistical analysis of deliveries based on the results of incoming control

7.13.1 Statistical analysis of deliveries is performed in order to prevent nonconformities and take preventive actions.

7.13.2 The statistical report is generated by the results of the half-year and year (the period required for the statistical data) in accordance with Supplement D.

7.13.3 The results of the statistical analysis affect the supplier evaluation in accordance with Section 8 of this PKП.

7.14 Change Management

7.14.1 Information on all changes in products or in processes shall be submitted to the contract (contract) supervisor from OJSC «Belorussian Steel Works management company of «BMC holding» as part of the PPAP procedure (Level 3) in accordance with Table 3.

Table 3 – List of potentially possible changes and PPAP requirements

Potentially possible changes in the	Changes	Raw materials producer's actions
Technology	Changing the production flow chart	Sending information for PPAP
	Changing the technological parameters of the product	
	Starting production after major repairs or equipment stoppage for more than 3 months	Notification
Raw materials	The use of new raw materials-analogous to serial raw materials	Sending information for PPAP
	The use of new raw materials that were not previously used in production;	
	Use of serial raw materials from a new production site	Sending information for PPAP
	Changing the shape of the product, packaging	
Equipment	Modernization of the production site associated with the replacement of technological equipment	Notification
	Introduction of new technological equipment that affects the quality of the product	Sending information for PPAP

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7.15 Work with suppliers of critical materials and products affecting product quality and safety

7.15.1 When purchasing «critical» materials and products affecting quality and safety of the products manufactured at OJSC «Belorussian Steel Works management company of «BMC holding» an initial assessment of the suppliers is carried out, which includes:

1) verification if the supplier's quality system meets the requirements of the company's quality system; 2) verification of the type, frequency and scope of control applied by the supplier, within and in its supply chain, to meet the requirements of OJSC «Belorussian Steel Works management company of «BMC holding»;

3) assessment of the supplier to confirm its ability to meet the specified requirements of the customer in one or more of the following ways:

- on-site evaluation (as a part of a supplier audit);
- testing an experimental model to ensure compliance with the stated requirements;
- determination of compliance of supplied materials and products with the specified requirements, if it is limited by proprietary, legal and/or contractual agreements.

Periodic assessment of suppliers of critical materials and products affecting the quality and safety of manufactured products is carried out on a semi-annual and annual basis («Supplier Assessment Bulletin») in accordance with M 840-OYK-9 «Supplier Assessment Methodology».

7.15.2 If the Supplier's material or product is classified as «critical», the Supplier shall be informed by the contract (contract) supervisor in accordance with the procedure established by OJSC «Belorussian Steel Works management company of «BMC holding».

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8 SUPPLIER'S ASSESSMENT AFTER THE DELIVERY

8.1 Supplier's assessment is based on the analysis of data obtained in the process of interaction with him.

8.2 Resource suppliers subject to incoming control are assessed according to the following criteria:

- product compliance with the established requirements of the laws, regulations and technical standards or other documents specified in the agreement (contract), with the calculation of the delivered goods quality index IQL, which takes into account the supplier's quality system and the share of product deliveries with deviations in the total number of deliveries, taking into account the deviation significance coefficient;
- supply logistics (the share of timely and full deliveries in the total number of deliveries);
- supplier's loyalty (degree of fulfillment by the supplier of the proposals from OJSC «Belorussian Steel Works management company of «BMC holding» to improve the quality of supplies).

Note – It is recommended for suppliers to conduct self-assessment according to the above criteria. OJSC «Belorussian Steel Works management company of «BMC holding» does not provide calculations by indices. The supplier shall be informed only about the rating assigned to him.

8.3 According to the results of the calculations and assessment of the above-mentioned indicators the Suppliers rating is determined in accordance with Table 4. The data are arranged in the form of the «Supplier Assessment Bulletin» (Supplement E).

Table 4 – Supplier's Rating

Supplier's Rating	Index IQL (%)	Logistics	Loyalty to the plant	Activities
Excellent Supplier (O)	95,1 - 100	100 %	100 %	Interaction Program is offered (Supplement A)
Reliable supplier (H)	75,1 - 95,0	100 %	100 %	improvements under the Progress Plan (Supplement A and F) are
Acceptable Supplier (П)	40,1 - 75,0	85-100 %	80-100 %	Correcting actions under the Progress Plan (Supplement A, F1) are needed
Unsatisfactory supplier (NO)	IQL < 40	Less than 85 %	Less than 80 %	Purchases should be stopped
<i>Note: If Logistics = 50-85 %, loyalty=50-80 %, IQL index > 40 %, to determine the supplier's rating, the value of the quality index of the delivered goods IQL is considered a priority</i>				

8.4 Within a month after the assessment of the supplier, the contract supervisors send a «Certificate of supplier qualification» with the rating. At the end of the year by the 20th day following the reporting period, the supplier must provide a Progress Plan / Interaction Program depending on the rating in accordance with Table 4.

8.5 Quality Index Calculation IQL of the delivered goods

8.5.1 The supplier initially receives 100 points:

- if no quality deviations are detected and the supplier has certificates of management systems compliance with ISO 9001, IATF 16949, ISO 14001, ISO 45001, ISO 26000 / SA 8000 (or has submitted a sustainability report), then the IQL index is 100 %;

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-if the supplier does not have a certificate of conformity of management systems, the delivered quality index (IQL) is reduced by 1 % for each missing certificate (except for scrap metal suppliers - they have only 1 %);

-if non-compliance and quality deviations are detected, the IQL index is reduced depending on the significance of the problem and is calculated according to 8.5.2.

8.5.2 IQL index calculation considering the significance of problems Quality problems are classified into:

-primary non-conformities - identified during acceptance during the incoming control of scrap metal, raw materials, materials, parts, components;

-hidden non-conformities, detected during the use in the production process.

The IQL quality index of the delivered goods is calculated by the formula (using the module «QM/Sub».):

$$IQL = \frac{N}{N + \sum Ni \times k} \times 100 \% \quad (1)$$

N - the total number of deliveries of batches (a batch means the quantity of raw materials, materials, components, delivered and accompanied by one certificate of quality.

Ni - total number of deliveries with defections from requirements of laws, regulations, and technical standards

k - significance coefficient (Table 5).

Table 5 - Significance coefficient value

0,5	If there is a nonconformity in terms of quality of packaging, labeling, appearance during delivery, which afterwards does not affect the production process
1,0	If there are non-conformities of controlled parameters from the requirements of laws, regulations and technical standards, which afterwards do not affect the production and the possibility of using the batch in production without overspending and additional costs (products and parts with non-conformities used in production, which survived the declared warranty period); if the delivery is returned or partially replaced with usable material; if there are repeated non-conformities by quality of packaging, labeling, appearance during delivery (without providing corrective acts according to form 8D);
3,0	-If there are deviations of controlled parameters from the normative regulations, if hidden defects are detected, which afterwards affect the production and the possibility of using the batch in production with overspending and additional costs (products and parts with defects, used in production, which have not withstood the declared warranty durability; -wagons (cars) with defects (presence of harmful and harmless impurities, cast iron waste, explosive scrap, non-compliance with the chemical composition, increased percentage of contamination), also according to the deviation map.
5,0	- If there are defects of the controlled parameters from the requirements of the normative and technical regulations, which subsequently affect the production and the possibility of using the batch in production with overspending and additional costs; repeated claims for the same defect (more than 2 cases in 2 months); as well as when receiving non-compliant products; - Repeated claims for the same defect (3 or more cases in a month from one shipper); return of a full wagon (car), a partially unloaded wagon (car); - when there are deviations in the statistical report (when Cp, Cpk, Pp, Ppk values are below 1.33 or other statistical data are deviated)
8,0	When hidden defects are detected during operation; when supplied goods are returned; when repeated claims are made for the same defect (without providing corrective activities on Form 8D)
10,0	When a serious problem arises in during operation, leading to accidental stoppages in production and equipment downtime; failure of the production program due to lack of the required quality of the material / lack of a statistical report
8,0-10,0	In case of deviations of controlled parameters from the requirements of the technical regulations, subsequently affecting security (impact on the environment, personnel) both during incoming control and in the process of production.

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8.6 Supply logistics definition

To define the supply logistics (LS), the procurement services use the formula:

$$LS = \frac{O-C}{O} \times 100\% \quad (2)$$

O - the total number of deliveries;

C - number of deliveries with delays and shows as the share of on-time deliveries in the total number of deliveries

$$\text{Example: } LS = \frac{21-3}{21} \times 100\% = 85.7\% = 86\%$$

Note – Supply Logistics (LS) is calculated in whole numbers.

If additional (emergency) freight (costs or expenses) is incurred for the transport of materials and components due to the supplier's fault, the of supply logistics is reduced by 50 %.

8.7 Supplier loyalty definition

8.7.1 The calculation of supplier loyalty (L) is performed by Procurement Services according to the formula:

$$L = \frac{8D_{req}}{8D_n + \sum 8D_{req} \times K} \times 100\% \quad (3)$$

8D_{req} – actual number of required reports sent to the supplier from OJSC «Belorussian Steel Works management company of «BMC holding»;

8D_n – number of submitted reports;

K – the significance factor is 2, used for deviations from the deadline for submitting 8D reports for more than 30 days.

$$\text{Example: } L = \frac{8D_{req}}{8D_n + \sum 8D_{req} \times K} \times 100\% = \frac{3}{3+(1 \times 2)} \times 100\% = \frac{3}{3+2} \times 100\% = \frac{3}{5} \times 100\% = 60\%$$

8.7.2 If there is no report (Progress Plan, Interaction Program) from the Supplier in accordance with Table 4, the loyalty index (L) according to the results of the year is reduced by 5 %.

8.7.3 In case of untimely submission or absence of the informational questionnaire from the Supplier, the loyalty index (L) according to the results of the year is reduced by 1 %.

8.8 Accepted suppliers depending on the quality of delivered resources can be transferred to another rating category or excluded from the «List of approved suppliers of OJSC «Belorussian Steel Works management company of «BMC holding»».

If a supplier's operation is recognized as unsatisfactory, the supplier is transferred to the «non-acceptable» category and may be required to reimburse all costs until the causes of non-compliance are eliminated, or the plant declines this supplier.

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8.9 Evaluation of service providers that affect the quality of products

8.9.1 According to the results of annual performance (not later than January 31 following the reporting year), the departments which perform procurement of services affecting the quality of manufactured products, shall assess service providers in accordance with the methodology of OJSC «Belorussian Steel Works management company of «BMC holding» and the list of suppliers of purchased services affecting the quality of manufactured products.

8.9.2 An "Assessment Bulletin for Service Providers Affecting Product Quality" (Supplement E1) shall be drawn up, which shall contain:

- the evaluation of service providers affecting the quality of manufactured products is carried out according to the criteria mentioned in Supplement E1;

- rating of the supplier for certain groups of services supplied to the plant in accordance with Table 6.

For each criterion, points are assigned depending on the result for the reporting period. Depending on the number of points according to Table 6, the service provider is assigned a rating and a supplier category with a description of further actions.

Table 6 – Rating and category of supplier

Rating	Total points	Supplier Category
Excellent	94-100	A-no actions are required. A program of interaction is developed if necessary
Reliable	88-93,9	AB-Improvement activities are needed as part of the Progress Plan
Acceptable	72-87,9	B – Corrective actions are necessary, you need to strive to improve the supplier's Progress Plan (to inform of the assessment results of the service provider, request and receive an action plan for improvement, in case of refusal, it is necessary to consider the feasibility of continuing further cooperation)
Non-acceptable	Less than 72	C - further cooperation is terminated

8.10 Within one month of supplier assessment, the contract supervisors will send a «Certificate of Supplier Qualification» indicating the rating.

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9 MANAGING NONCONFORMITIES. PROVIDING 8D REPORTS

9.1 The Supplier shall ensure that all quality requirements for the supplied resources, including requirements for their packaging, labeling and transportation.

9.2 Resources that do not meet the requirements of the agreement (contract) shall be assessed as non-compliant and shall not be supplied to OJSC «Belorussian Steel Works management company of «BMC holding».

If non-compliant material does get to OJSC «Belorussian Steel Works management company of «BMC holding», it shall be sent back at the supplier's expense.

9.3 If the supplier discovers that he has shipped non-conforming products, he shall immediately notify the appropriate procurement department of the plant, which shall make the necessary decision.

9.4 If any nonconformities are discovered during the incoming control of products according to ГОСТ 24297, the QCD shall notify the relevant Procurement Department, which shall send a notice of nonconformity to the supplier. In this case the QCD is authorized to make a decision to increase the volume of tests and the Procurement Department to change the qualification rating of this supplier.

9.5 Additional expenses of OJSC «Belorussian Steel Works management company of «BMC holding» related to the supply of nonconforming resources shall be charged to the supplier.

9.6 Supplier shall within 30 days from the date of receipt of notice on the discovered non-conformities in quality (quality acceptance act is considered to be the notice) develop a report according to Form 8D (Supplement C) and send it to the responsible executor OJSC «Belorussian Steel Works management company of «BMC holding». Supplier is responsible for the development of activities aimed at ensuring the quality of its products (services) and resources supplied to the plant.

Deadlines for reporting 8D:

D0 – report receipt of the claim;

D1-D3 – run within 48 hours;

D1-D7 – submit report within 30 days;

D6 – provide an updated report no less than 10 days after the date of the last activity in the 8D report;

D8 – in 3 months after the date of the last activity with the result assessment.

9.7 A supplier who received a complaint from the factory and caused serious loss to the factory will be placed in the group of unsatisfactory suppliers. The supplier may remain in this group temporarily until he has determined the cause of the complaint and eliminated it, for which he must provide objective evidence (within 30 days from the date of notification, necessarily develop a report on Form 8D (Supplement C).

Otherwise he will be excluded from the list of approved suppliers. The complaint report shall be sent to the supplier with a request for information on the corrective actions taken by the supplier.

9.8 Upon request, or if there are repeating defects, a section of the Progress Plan «Section zero - defects» is developed (Supplement F1).

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10 CONTINUOUS IMPROVEMENT. PROVIDING PROGRESS PLANS/INTERACTION PROGRAM

10.1 Continuous improvement is one of the most important conditions for further successful cooperation with OJSC «Belorussian Steel Works management company of «BMC holding».

The supplier shall constantly improve the management system and the quality of the products supplied.

10.2 Annually by 20.02 of the year following the reporting period the supplier supplying serial deliveries shall submit a section of the Progress Plan according to Table 7 to the Contract Supervisor of OJSC «Belorussian Steel Works management company of «BMC holding».

The Progress Plan shall be coordinated with the Procurement Service supervisor via e-mail.

Table 7 – Sections of the Progress Plan to provide

Section name	The need to provide	Section criteria
Interaction Program	Suppliers: - batch supplies; - affecting the safety and quality of products; - suppliers of materials undergoing incoming control	Supplement A with the reason
Actions aimed at the «zero defects» goal	In case of more than 3 claims for one type of defect	Supplement F1 with the reason
Audit follow-up activities	Based on the results of the audit	Supplement F (improvement measures) or F1 (corrective actions for nonconformities)
Activities aimed at improving statistical indicators	Indicators below 1.33 or unstable indicators	Supplement F1 with the reason

10.3 The supplier should develop and apply management plans for its production facilities that would assess the quality of raw materials, materials, parts/spare parts, components, equipment, production processes, finished products, packaging, preservation, shipment and storage.

Management plans should contain a precise description of the parameters to be controlled, methods of controlling the processes throughout the production cycle. At the same time, they should include sufficient detail on all aspects and critical product parameters to facilitate a more complete and accurate analysis of the plans during verification.

All work on defect repair, sorting and waste disposal should be documented and available for analysis.

The supplier should have manageable documented procedures for quality records.

The supplier must have:

- contingency plans;
- Risk-based thinking assessment;
- statistical process/product reports.

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The use of statistical methods should help prevent nonconformities. Statistical methods are used to assess both process and products and should be aimed at continuous improvement of the supplier's QMS and product quality.

10.4 The supplier shall define special product characteristics, special process parameters and define statistical control methods in order to reduce the variation of indicators at all stages of the process. The frequency of testing of finished products shall be based on statistical analysis.

Process control methods shall be determined at the quality planning stage and shall be included in management plans.

10.5 The results of laboratory testing of random samples and process control charts shall confirm that the material meets the requirements. It is important that personnel understand the importance of process variability and statistical control methods.

10.6 Improvements shall also be made by developing and implementing corrective and preventive actions in the form of an 8D report.

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11 SUPPLIER AUDIT

11.1 OJSC «Belorussian Steel Works management company of «BMC holding» conducts second party audits within the framework of VDA questionnaire 6.3 and others.

The audit includes verification of product manufacturing technology, product shipment procedure, performance of the management system, performance improvement activities, implementation of the «Interaction Program», «Progress Plan», achievement of mutual technical objectives, implementation of corrective and preventive actions to improve the quality of the products supplied (reports 8D, section of the Progress Plan «Zero Defects»).

11.2 In case of refusal to audit OJSC «Belorussian Steel Works management company of «BMC holding» has the right to stop deliveries.

11.3 Based on the results of the supplier's audit, a report on the supplier's audit is drawn up with an indication of non-conformities or recommendations for improvement and performance in general (strengths and weaknesses of the enterprise, achievements, identified non-conformities, conclusions about compliance with their contractual obligations).

11.4 In order to take appropriate measures (or to refuse further cooperation), the contract supervisor sends the supplier an audit report with a cover letter with recommendations for improving the performance.

Within 30 days after the audit, the Supplier is obliged to provide a control card on the results of the audit:

- improvement activities (Supplement F);
- non-conformance measures (Supplement F1).

11.2 The personnel of OJSC «Belorussian Steel Works management company of «BMC holding» should not be exposed to risk when working with harmful materials (substances) or in unsafe conditions resulting from the shipment of materials by the supplier to the plant or during a visit to the supplier's enterprise. Materials (substances) presenting a hazard must have clearly visible hazard warnings. Such materials (substances) must be supplied with documents containing information on safe handling and protection, have a material (substance) safety data sheet, ГОСТ, TS, etc.

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APPROVAL LIST

Head of Management Department	/signature/	Sinitsa T.G. Moskarov S.M.
Head of Integral Management	/signature/	Borikov A.P. Volkov A.A.
Head of Technical Management	/signature/	Diachenko V.I.
Head of Engineering Center	/signature/	Tereschenko A.V.
Head of Technical Control Department	/signature/	Kirilenko I.L.
Head of Environmental Protection Department	/signature/	Tereschenko A.L.
Head of Quality Management Department	/signature/	Lutsay I.G.
Executor: Lead engineer at Quality Management Department Yurchenko S.V. 5423 /signature/		

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Supplement A
(required)

PROGRESS PLAN OF OJSC «Belorussian Steel Works management company of «BMC holding» and name of the supplier company for yr.
Goal 100% CC- №- /year

1	2	3	4	5	6
Goal/ criteria for tracking	Activities	Deadline	Responsible sector	Executed in time for _%	
1	Timely review and elaboration of business related documents. The documents are posted on the website of OJSC «Belorussian Steel Works management company of «BMC holding»: http://www.belsteel.com	1.1 Corporate Policy; Code of Ethics incorporating the 10 principles of the UN Global Compact); Sustainable Development Policy; Code of Responsible Supplier; Supplier Quality Manual)	During the year		
	Timely updating of technical regulations, methods/specifications, etc.	During the year			
Notes: For case 1.1 Set the dates of the last review				Result rate*	
2	Tracking changes in the product lifecycle process that influence customer requirements,	2.1 Notify and coordinate changes in: -technology; - raw materials; - equipment; - packaging	During the year		
Notes: Show the changes approved during the report period				Result rate*	

3	<p>Closed system of corrective actions, do not exceed the level of claims of the previous year , if exceeded, develop a zero-defect program</p>	<p>3.1. 3.1 Track the dynamics: -responses to claims on time; -performance of events; -Results of the activities; -The status of completion of activities in accordance with the established deadlines.</p>	<p>During the year</p>		
Notes:				Results*	
4	<p>Inform the consumer about the certification of the management system in case of cancellation / non-confirmation to notify the consumer at least 30 days in advance <i>If the supplier is not certified, develop certification measures and specify them instead of points 4</i></p>	<p>4.1 Provide certificates of conformity of the quality management system (ISO 9001, IATF 16949) 4.2 Provide a certificate of conformity of the environmental management system (ISO 14001) 4.3 Provide a certificate of compliance with the Occupational Safety and Health System (ISO 45001) 4.4 Provide a certificate of compliance with the energy management (ISO 50001) 4.5 Provide a certificate of laboratory accreditation ISO/IEC 17025</p>	<p>During the year</p>		
Notes: Specify existing certificates, date of validity, certification body				Results*	
5	<p>Supply chain security</p>	<p>5.1 Provide safety data sheets of the substance (material) in accordance with ГОСТ 30333 «Safety Data Sheet of Chemical Products. General requirements». Declarations of registration according to the EU REACH regulation (compliance with the Dodd-Frank law (regarding the presence of «conflict minerals» in products), the RoHS directive</p>	<p>During the year</p>		
		<p>5.2. Provide a «Contingency Plan» if ISO 9001 certification is available</p>	<p>During the year</p>		
Notes:				Results*	

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1	2	3	4	5	6
6	% Cpk > 1.33 is illustrative of a normal distribution during series production (special characteristics are taken into account in the calculation)	6.1 Provide statistical data Cp, Cpk (Pp, Ppk). In case when Cpk, Ppk is below 1,33 develop corrective measures according to section 7	Half a year/year		
Notes: Add developed activities as an additional section to this program)				Results*	
7	Improving the feedback system	7.1 Provide a return of the questionnaire based on the results of the survey from the supplier 7.2 <i>If the supplier sends out questionnaires to OJSC «Belorussian Steel Works management company of «BMC holding», also include a clause.</i> 7.3 Ensure the return of questionnaires based on the results of the survey from the supplier	year		
Notes:				Results*	
8	Product homologation	8.1 Provision of the PPAP according to the requirements of the international standard for manufacturers of automotive components IATF 16949, applicable to suppliers of materials and products that affect product safety including the development of FMEA protocols, management plans	Upon request		
Comments: The contract supervisor must provide information to the supplier on the level of supply) Date (level) of supply. Including to provide FMEA protocols, management plans, in case of their absence, develop a program of events aimed at their development.				Results*	
9	Inter-laboratory tests	Carry out tests according to the schedule	During the year		
Notes:				Results*	

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1	2	3	4	5	6
10	Measures aimed at the implementation of specific requirements of BMW (which take into account the specific requirements of BMC consumers)	Developed activities can be added an additional section of this «Progress Plan»			
Notes:				Results*	
11	Ensure the overall level of quality defects: no more than 200 PPM, agree on another target if this one is not acceptable	2.1 Analyze the level of defects in PPM for quality, if the goal is not achieved, to develop measures aimed at zero defects 2.2 Provide data to the contract supervisor by the results of p/year, year			
Notes:				Results*	
12	PSCR designation (authorized person for conformity and product safety)	Inform about PSCR designation (authorized person for conformity and product safety)			
Notes:				Results*	
13	Follow ethical standards (social responsibility system)	12.1 Provide information on maintaining and upholding social responsibility policies and the 10 principles of the UN Global Compact			
Notes – Describe how the company supports sustainability, whether the company conducts sustainability audits, completes data on the EcoVadis platform, etc.				Results*	

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1	2	3	4	5	6		
14	Assessment of the supplier according to the assessment methodology of OJSC «BMZ Managing Company of BMK Holding»	9.1 Track the rating according to the methodology (IQL,LP, L) 9.2 If necessary, develop: - improvement measures (rating - excellent / reliable); - corrective actions (rating acceptable). Developed activities add an additional section to this program)	half year/ year				
Notes: it is allowed to provide data in the form of a diagram for at least the last three periods, the table shows the data calculated by the supplier through self-assessment				Results*			
		Criteria/year	Current period			Last Period	Last Period
		IQL					
		ЛП					
		Л					
CONCLUSIONS: The activities have been completed on time by _%. At the time of the update, the effectiveness of the activities is _%							
*The effectiveness is evaluated in accordance with Supplement A2							
Notes 1 Instructions for completing the Plan of Progress are given in Supplement A1. 2* The methodology for determining the effectiveness of improvement measures is given in Supplement A2							

APPROVED e-mail approval is accepted

POSITION _____ Full name

Developed _____ according to _____
protocol, order, order, etc.

Coordinator:

Newsletter: Update history (planned date/month of the next update)

IFC:

Performance Rating:

96- 100 % excellent

71- 95.9 % good/reliable/as expected

51-70.9% acceptable

11- 50.9 % conditionally acceptable/but not as expected

0-10,9 % Unacceptably

Update history (planned date/month of the next update)
1.
2

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Supplement A1

(reference)

Instructions for completing the Interaction Program / Progress Plan

The «Goal/ Recommendation» column»	the auditor/consumer recommendation is indicated. It is recommended to use RADAR logic and S.M.A.R.T. goal (exact formulation of the result on the input) technique
Column «Disclosed / potential nonconformities»	The auditor/inspector/consumer non-conformities are indicated, etc.
Column «Reason for nonconformity»	The primary cause/root cause of each possible problem is indicated
Column «Deadline completion date «	the final date (month / quarter) of the planned completion period of the event is indicated. The deadline shall be calculated in calendar days, months, quarters, half-years. It is not allowed to specify the word «permanently» when indicating the term. If the activity/procedure is to be performed continuously, the phrase should be written: «since (date), permanently» and a decision is made (the activity is stated) on the change/development of procedure in regulations. In case the activity is postponed, the coordinator of the control card makes a record in the column «deadline» indicating the new deadline «new deadline». The countdown of the event implementation is carried out taking into account the new deadline
Column «Responsible executor»	Here write the department / title/ full name. According to the decision of the CC coordinator, it is allowed to specify only the division.
Column «Completed on time»	the data on the actual implementation of the event according to the established deadline is indicated (the new / postponed deadline is taken into account as the initial one). Depending on the actual completion of the activity, we indicate the progress percentage: 100 % - no deviations from the schedule - 100 %; 80 % - 1 quarter behind schedule; 60 % - 2 quarters behind schedule; 40 % - 3 quarters behind schedule; 20 % - 4 quarters behind schedule; 0 % - if the activity is not completed; * - the deadline for the activity has not been reached When the activity is completed, indicate in the box «discontinued from control»
Line «Notes»	Filled in when updated, describes the achievement of the planned results by volume. Describe what you had before the implementation of the activity (the consumption of something by volume, the number of problems in units, technical indicators, etc.). Describe how the situation changed after the implementation of the activity, how much the problem decreased, how much less problems they had, how much the technical indicators changed (change in volumes, consumption rates, materials, etc.). In the case of postponement/replacement/exclusion of the activity, the reasons/indication of new activities/or the number and date of the memo
Column «Results»	Filled in when updating, describes the achievement of the planned results by volume for every point according to the Annexes A2,Ж
Line «Conclusions»	Filled in during the actualization, the total result of all activities is indicated: «All activities have been completed on time by %», «I propose to consider the QC closed with performance % and remove from control with the result % and dismissed from control». Calculation of the results of all activities on time and performance is carried out by the formula: General Assessment= $\frac{\sum \text{score \% for each event}}{\sum \text{number of activities}}$
Line «Mailing list»	Write down the interested parties also the departments of the IFC members (possible to write down full names of IFC participants)
Line «IFC»	First write the name of the Head of IFC

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Supplement A2
(reference)

METHODS FOR DETERMINING THE EFFECTIVENESS OF IMPROVEMENT MEASURES

The assessment of the measures results:
maximum per cent =100, minimum per cent = 0

Achievement according to the aim	Achievement according to the terms	Result scale, %	Rating	Further actions
The goal is achieved as expected or better than expected	Executed in time 0 - 100 % (including the postponement if any)	96 - 100	Excellent	No additional activities are required
The goal is achieved a little worse than expected, over 3/4		71-95,9	Good/reliable	Preparation of additional activities at the discretion of IFC managers
The goal is not achieved , lower than expected 50 %		51-70,9	Acceptable	
The goal is not achieved – no expected results	Executed in time for 0 % (not completed)	11-50,9	Relatively acceptable/ lower than expected	New activities are need to be developed (within a new or current CC)
		0-10,9	Non-acceptable	New improvement program needed

Losing the per cents may vary at the discretion of the IFC/ control card coordinator and other stakeholders.

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Supplement B
(required)

Company- supplier _____

Company- manufacturer _____

Supplied products _____

Question	Yes (+)	No (-)	Additional information
SECTION 1			
1 Has the company implemented a management system based on the international / national standard ISO 9001? <i>If the company is certified do not fill in section 2</i>			<i>Attach the certificate</i>
2 Has the company implemented a management system based on the international / national standard IATF 16949?			<i>Attach the certificate</i>
3 Has the company implemented a management system based on the international / national standard ISO 14001?			<i>Attach the certificate</i>
4 Has the company implemented a management system based on the international / national standard ISO 45001?			<i>Attach the certificate</i>
5 Has the company implemented a sustainable development system based on 10 principles of the Global compact, SA 8000/ ISO26000 <i>Attach the certificate or provide a link to the GRA report</i>			<i>Attach the certificate</i>
6 Has the company implemented a management system based on the international / national standard ISO 50001? <i>Attach the certificate</i>			<i>Attach the certificate</i>
7 Is the supplied products certified for compliance with national or international regulatory documents (ГОСТ, technical specifications, etc.)?			<i>Attach the certificate</i>
8 Is the laboratory responsible for testing products in accordance with the ISO 17021 standard licensed?			<i>Attach the certificate</i>
9 Is the laboratory engaged in metrological support at the manufacturer licensed?			<i>Attach the certificate</i>
10 Is there a documented process and criteria for evaluating activities to ensure compliance with the requirements of products and services .for compliance with the requirements of the delivered products?			<i>Mention the document</i>
11 Is there a process description and criteria for assessing performance to meet the delivery schedule, taking into account warehouse delays and shipment stoppages?			<i>Mention the document</i>
12 Is there a documented process for extra freight pay?			<i>Mention the document</i>
13 Is there a documented process for notifying the consumer of special status regarding quality or delivery issues?			<i>Mention the document</i>
14 Is there a documented process for goods returns, product recalls (warranty cases)?			<i>Mention the document</i>
15 Do procedures and services comply with legal requirements in the recipient country, sender country, and destination country?			<i>Mention the document</i>
16 The company upholds: the respect and protection of internationally proclaimed human rights; freedom of association and effective recognition of the right to collective agreements, and a precautionary approach to environmental issues. The organization advocates the abolition of all forms of forced labor, discrimination against people, the eradication of child labor, and initiatives aimed at increasing environmental responsibility. The organization promotes the development and dissemination of environmentally friendly technologies and opposes all forms of corruption, including extortion and bribery.			<i>Mention the document</i>

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17 Are the requirements of the European regulations REACH, ROHS, Dott-Frank law, etc. fulfilled?			<i>Attach declaration</i>
18 Was there a supply to EU countries?			
19 Has the registration of chemicals been carried out in accordance with the requirements of the European Regulation - if «Yes», specify the name of the registered chemical elements and the registration numbers (CAS-numbers); - if «No» - provide a Safety Declaration for the supplied products (Supplement B1)			<i>Attach declaration</i>
20 Were there any legal proceedings in the last three years in which your organization has acted as a defendant, including on quality, environment, labor protection, social responsibility, etc.			Write in numbers
SECTION 2			
1 Does the manufacturer evaluate the suppliers of raw materials and materials with a risk-based mindset?			<i>Specify the procedure</i>
2 Is the incoming control of raw materials and materials carried out?			<i>Specify the</i>
3 Are products subject to quality control throughout the entire production process chain?			<i>Specify the procedure</i>
4 Does the existing accounting and labeling system at the manufacturer ensure the identification and traceability of the process and products?			<i>Specify the procedure</i>
5 Are product acceptance tests carried out by a structural unit that is independent of production (for example, a quality control center or a quality group)?			<i>Specify the procedure</i>
6 Are the products testing methods of licensed?			<i>Specify the</i>
7 Is the methodology of risk - based thinking used?			<i>Specify the</i>
8 Is the certification of finished products carried out by a structural unit that is independent of production in its activities (for example, a quality control center or a quality group)?			<i>Specify the procedure</i>
9 Are internal audits of products and processes conducted?			<i>Specify the</i>
10 Are supplier audits conducted?			<i>Specify the</i>
11 Are FMEA, management plans, flow maps developed?			<i>Specify the</i>
12 Do there a quality record and archiving procedure take place?			<i>Specify the procedure</i>
13 Does the manufacturer have a system for recording and analyzing customer complaints? Is there a product return procedure developed?			<i>Specify the procedure</i>
14 Does the manufacturer conduct a regular analysis of the work on quality and environmental issues?			<i>Specify the procedure</i>
15 Does the manufacturer have a system of training and certification of personnel, including quality and environmental issues?			<i>Specify the procedure</i>
16 Is there a contingency plan developed?			<i>Specify the procedure</i>
17 Does the supplier understand the specific requirements specified in this manual? Does the organization have a procedure for managing specific customer requirements			<i>Specify the procedure</i>

3. Your suggestions for improving the indicators provided in the questionnaire or not included in it:

Thank you for your answers!

Company _____

The questionnaire was filled by _____

Position _____

Address and telephone _____

4. Date of the questionnaire return _____

Supervisor of OJSC «BMZ Managing Company of BMK Holding» _____ Full name. Signature.

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Supplement B1
(required)

Declaration form for the safety of supplied products

Regarding: compliance
with the standards for the content of
of chemicals in products

Declaration of safety of the products supplied

I warrant that I am an authorized representative of my employer to provide the following certification that all of our materials (raw materials, components, etc.), including the associated packaging materials (lubricants), do not contain any hazardous chemicals with high levels (greater than 0.1 %), including:

Name of the chemical substance	Mass fraction, %, not more	Content, ppm

The tests were carried out on _____
name and type of TE, date of metrological verification

Position _____ Full name.
signature

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Declaration forms are written on the letterhead

Declaration of Conformity
to Regulation (EC) No 1907/2006 of the European Parliament and the Council
of December 18, 2006 (REACH), published on December 30, 2006
on EU Official Journal 396/1

Currently, according to the requirements of EU Regulation No 1907/2006, the registration of the following chemical substances has been carried out:

iron (EINECS-No231 -096-4), manganese (EINECS-No231-105-1), silicon (EINECS- No231-130-8), carbon (EINECS-NO231-153-3), copper (EINECS-No231-159-6), niobium (EINECS- No231-113-5), titanium (EINECS-No231-142-3), aluminum (EINECS-No231 -072-3), tin (EINECS-No231-141-8) vanadium (EINECS-No231-171-1), nickel (EINECS-No231-111-4), chromium (EINECS-No231-157-5), sulfur (EINECS-No231-722-6), molybdenum (EINECS-No231-107-2), phosphorus (EINECS-No231-768-7), arsenic (EINECS-No231-148-6), cobalt (EINECS-No231-158-0), calcium (EINECS-No231-179-5), and tungsten (EINECS- No231-143-9).

We hereby declare that (name of organization) has complied with the requirements set forth in the EU Regulation especially with regard to the registration, assessment, authorization and restriction of chemical substances of our products and guarantee that our products do not contain from the SVHC list chemical substances above the permitted limits and substances from the list of candidate substances as of _____(date).


We also are committed to keeping you informed of changes in the registration status of the recognized application, as well as providing you with any data related to hazards that may affect the recommended risk management measures.

Head of the company
Position _____ Full name.
signature

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Supplement C
(Required)

Report Form 8D of OJSC «BMZ Managing Company of BMK Holding»

	Отчет 8D/ Report 8D	Шифр 8D - № - дата/год			
Наименование организации: (номер письма, дата электронного сообщения)/ Name of organization: (letter №,					
D1. Создание многофункциональной команды/ Creation a multifunctional team		ФИО, отдел, должность/	Телефон/ phone number	Электронная почта/ e-mail	
Руководитель команды/ Team leader(name, surname and position)					
Команда в составе/ Personnel of the team (name), department (position)					
Координатор отчета/ Report coordinator					
D2. Описание проблемы/ Problem description					
D3. Немедленные действия (коррекция)/ Immediate actions (correction)			Ответственный исполнитель/ Responsible	Срок выполнения/ Term of execution	Выполнено в срок/ Executed in time
Комментарии/ Comments					
D4. Определение корневой причины/ Route cause analysis	<i>Метод решения проблем «5 почему»/ 5 WHY problem solving</i>	<i>Почему случилось несоответствие/ Why did non-conformity occur</i>	<i>Почему несоответствие не было выявлено/ Why non-conformity was not detected</i>		
	<i>Почему/WHY</i>				
	<i>Почему/WHY</i>				
	<i>Почему/WHY</i>				
	<i>Почему/WHY</i>				

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D5. Разработка корректирующих действий/ Corrective actions development			D6. Выполнение и подтверждение корректирующих действий (валидация)/	
Мероприятие/ Action	Ответственный исполнитель (Ф.И.О должность, подразделение)/ Responsible executive (name, department, position)	Срок выполнения/ Term of execution	Выполнено в срок на %/ Executed in time by _ %	Подтверждение резуль- тативности в натуральном выражении или %/ Effectiveness confirmation in natural value or in %
Комментарии/ Comments				
D7. Действия по предупреждению повторения проблемы/ Preventive actions to avoid reoccurrence of the problem				
Мероприятие/ Action	Ответственный исполнитель / Responsible executive	Срок выполнения/ Term of execution	Выполнено в срок на _ %/ Executed in time by _ %	
Необходимость актуализации (вне- сения изменений) протокола FMEA, Планов управления, рабочих инструкций / Neccesity to update (amend) FMEA protocol, Control plans, work instructions ecessity to update (amend) FMEA protocol	Да / шифр протокола/ Нет/no			
Комментарии/ Comments				
D8. Закрытие отчета/ Report closing (методика определения результативности приведена в приложении Ж (Supplement G))				
<i>Отчет 8D будет закрыт и снят с контроля по результатам выполнения всех запланированных действий/ Report 8D will be closed and removed from control as soon as all scheduled actions are fulfilled»</i>				
Согласовано: при разработке / Agreed during development on	Должность/ Position	Подпись/ Signature	Дата/ Date	Ф.И.О/ Name
Руководитель МФК/ Leader of multi-functional team				
Согласовано со стороны ОАО «БМЗ – управляющая компания холдинга «БМК»/Approve:		Допускается электронное согласование		
Рассылка: все заинтересованные стороны/ Distribution: to all parties		История актуализаций отчета:		

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Supplement D
(recommended)

STATISTICAL REPORT

Supplier: Total number of deliveries:
Time range: Number of deliveries with violation
Material: Laws, regulations:
Number of deliveries with returns: IQL:

Characteristics of the material	Boundary values	Number of analyses	Minimum	Maximum	Average	Standard deviation

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Supplement E
(Required)

Supplier Assessment Bulletin (for raw materials and supplies)

Material	Supplier, manufacturer	Certificate, CM				LS	Number of batches with deviations	General criteria			Supplier rate				
		ISO 9001 / IATF 16949	ISO 14001 / ISO 45001 / ISO 26000 (SA 8000*)	Order	Cases of emergency freight, number			Number of wagons without deviations	Non-conformity in terms of Quality of packaging, labeling, appearance	Partial deviations	Return to the supplier	Hidden defects in the production	Logistics, % Loyalty, %	Supplier corrective actions on Form 8D	IQL, %
Carburizer	Supplier No. 1	+/+	+/+/+	SD		5	0	0	0	0	100/ 100	-	100	E	
Carburizer	Supplier No. 2	-/-	-/-/-	SD		6	0	0	0	0	100/90	-	95	R	
Roller	Supplier No. 1	+/+	+/+/+	CED		10	0	1	0	0	87/90	+	68.8	A	
Roller	Supplier No. 2	-/-	-/-/-	CED		3	0	0	1	0	70/100	-	28.3	NO	
Total according to SD (CED)						24	0	1	1	0	E - excellent supplier, R - reliable supplier, A - acceptable supplier, NO - unacceptable supplier				
Note -* or provided the Sustainable development report															

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Supplement E1
(required)

Form of the Service Provider Assessment Bulletin

Bulletin on the assessment of the supplier's _____ services affecting the production quality for _____

Assessment criteria/points	Name of the enterprise					Rate
1. Price	25	25	25	25	22	25
2. Terms (accuracy) of the order production	25	22	25	25	22	22
3. Quality of the provided services	22	22	22	22	22	22
4. Loyalty	25	25	25	25	22	25
Total: Points Rating Classification of service provider according to Table 4						

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Supplement F
(required)

Card of control of improving activities (updated)

The control card is developed in accordance with the customer's requirements

CC page ____ of ____

Enterprise _____

CONFIRM _____ Full name
according

_____ topic, name of the control card

KK-_____ Code is
Aim (if specified) _____

Aim /recommendation/ criteria for tracking	Activity	Terms	Responsible executor / department, position, full name	Executed in time, %
1	2	3	4	5
1				
	Notes:			Result*
2				
	Notes:			Result
CONCLUSIONS				

AGREED

Position _____ Full name _____
CC is developed according to _____ № _____
protocol, order, etc.

Updating story (expected date/month of the next update)
1.
2.

CC supervisor

Mailing list:

IFC:

the methodology for determining results is given in Supplement A2

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Supplement F1
(required)

Form of the card to control the performance of К, КД и ПД

The control card is developed in accordance with the customer's requirements

CC page ____ of ____

Enterprise _____

CONFIRM
_____ Full name
according

_____ topic, name of the control card

КК-_____ Code
Aim (if specified) _____

Discovered / possible non conformities	Reason for non-conformity	Activity	Terms	Responsible executor / department, position, full name.	Executed in time, %
1	2	3	4	5	6
1		<i>Specify the category of the event: К, КД or ПД</i>			
	Notes				Results*
CONCLUSIONS					

AGREED
Position _____ Full name _____
CC is developed according to _____ № _____
protocol, order, etc.

Updating story (expected date/month of the next update) 1. 2.

CC supervisor
Mailing list:
IFC:
the methodology for determining results is given in Supplement G.

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Supplement G
(for references)

The methodology for determining results of the correction, KD, PD

Activity result assessment: from 0 to 100 %				
Result description	Performance according to the terms	Result scale, %	Rating	Further actions
There are no repetitions of the discrepancy during the monitoring of the QC/ report 8D	Executed in time by 20-100% (including postponement)	100	Excellent	Development of additional corrective actions is not required
There is a repetition of the nonconformity/s, but for other reasons. The number of non-conformities during the same period has decreased or stayed at the same level. Requirements are mostly fulfilled by more than %. All factors were not considered in the situation/problem analysis (other reasons)	Executed in time by 0 - 100 % (including postponement)	71 - 99,9	Good/reliable/ as expected	Development of additional corrective actions or improvement measures as decided by the IFC. Re-analysis of the non-conformity causes is carried out and a new "Corrective Action Plan" is proposed by the IFC decision
There is a repetition of nonconformity for the same reasons. number of nonconformities in the same period has decreased or are at the same level. Requirements are fulfilled partially, there are deviations. Significant influence of human factor, force majeure circumstances		51-70,9	Acceptable	
Increased repetition of non-conformities, for the same or other reasons (the number of non-conformities in the same period has increased). Requirements are partially fulfilled, large deviations and/or activities are partially fulfilled		11-50,9	Relatively acceptable/ worse than expected	Urgent (within 10 days) re-analysis of the causes of non-conformity and development of other activities with the involvement of specialists from other departments or analysis of the reasons for non-conformities (with explanations from responsible executors and their managers about the reasons for non-conformities) by the decision of the IFC
Increase in the repetition of non-conformities (the number of non-conformities in the same period has increased). Requirements are not met, or activities were not completed.	0 - 10,9	Non-acceptable		