

## **MOL SUPPLIER QUALIFICATION SYSTEM**

### **1. Supplier Qualification**

The pre-Qualification of supplier, the assessment of competency and the continuous measurement and analysis of performance is considered by MOL as one of the key responsibilities.

Motto:

**„The quality of output is determined by the quality of inputs.”**

Our fundamental principle is the following: Only those suppliers will be contracted that have been pre-qualified or certified for the activity that is the subject of the contract.

Aim:

The aim of the supplier Qualification system is to ensure that through consistent application of the system, MOL-Group obtains the products and services necessary for operations from suppliers that satisfy the following criteria:

- High quality,
- Cost efficiency,
- Precise delivery
- Strive for long-term partnership.

MOL's supplier Qualification system defines the processes that ensure the consistent measurement, evaluation and classification of the suppliers' performance.

### **2. The Supplier Qualification System ( BMR )**

BMR is the Supplier Qualification System that is consistently used within MOL. The system is an intranet IT tool that supports the evaluation of supplier information and operations. The system supports the various quality management systems, processes, supplier selection and the analysis of performance.

The supplier qualification process is made up of the following elements:

- Pre-Qualification
- Regular evaluation
- Processing of results, analysis, feed-back

#### **2.1. Pre-qualification:**

Aim:

To assess the supplier's financial, professional ability to perform, and the operations carried out by it.

Means:

The pre-qualification questionnaire.

The pre-qualification questionnaire is sent to suppliers by the procurement organisation. Any quotation of proposal by a supplier can not be taken into consideration until the completed questionnaire is returned. Naturally, the supplier must return the questionnaire to the same organisation that sent it. The information and data given in the answers to the questions are evaluated by the procurement organisation and input in the BMR together with the pre-qualification results.

Pre-qualification results:

- **EA (Pre-qualified A)**  
The supplier satisfied the data-supply obligations, it has a valid, certified quality system for given activity, or in the case of an activity that is subject to license, has obtained the required official license for such activity.
- **EB (Pre-qualified B)**  
The supplier satisfied the data-supply obligations, but does not have a valid and certified quality system for the given activity.

If additional information is needed during the pre-qualification process, further examinations may be required, including:

- External audit,
- Delivery of first sample, or
- pilot presentation.

Minutes are taken of these examinations and these will be input in the BMR.

## 2.2 Regular evaluation

MOL continuously evaluates the performance of its suppliers, contract by contract.

The organisation that is responsible for procurement and has direct relationship with the supplier, verifies performance and as a result has the most information in connection with such performance, will carry out the evaluation.

### Evaluation criteria:

The supplier's activities are evaluated according to various criteria (price, quality, ability to supply, customer satisfaction), with various weights for certain product groups.

Naturally for the purposes of evaluation of individual assignments, only the criteria applicable to that product group will be taken into consideration.

Supplier performance is evaluated on the basis of the following main and secondary criteria:

#### PRICE

- price standard, price behaviour, price content, invoicing.
- *requirement for excellent qualification*: allowances, discounts.

#### QUALITY

- quality assurance.
- compliance with health, safety and environment protection criteria.
- compliance with rules and standards in connection with the supplied material / product / service
- *requirement for excellent qualification*: operation of a certified quality management system.

#### SUPPLY / SERVICE ABILITY

- observation of deadlines
- quantity match / deviation
- packaging requirements (identification, damage, etc.)

#### CUSTOMER SATISFACTION

- experience in pro-active co-operation
- flexibility, reaction
- *requirement for excellent qualification*: proposals for new solutions that are favourable for MOL.

### **2.3 Processing, analysis and feedback of results:**

Supplier's activities can be qualified through the evaluation of individual assignments, followed by the documentation of qualifications and the preparation of the blacklist.

The aim of performance evaluation is to shift the supplier selection process in the future towards suppliers with excellent performance. Through the evaluations the BMR provides support for quality audits, since we already know the weaknesses and strengths that characterise the suppliers' performance.

Qualification categories are awarded on the basis of the quarterly average of the results of contract evaluations:

„A” category, excellent supplier performance, that exceeds expectations.

„B” category, a good standard of supplier performance that satisfies expectations.

„C” category the performance of suppliers in this category is satisfactory.

„D” category supplier in this category will be put on a black list for inadequate performance.

(Enquiries, request for bid cannot be sent to these suppliers)

Suppliers may be put on the black list on the basis of the following criteria, this is approved by the Executive Board:

- the average of the results of quarterly evaluations is below 50% of the maximum number of points that can be achieved (D category),
- if it is found that the supplier does not have the legal or technical conditions required for the given activity,
- as a result of „further examinations”,
- if the supplier is given category „C” for a given activity for three subsequent qualifications,
- if there is evidence about the supplier that significantly reduces the reliability of performance (e.g. liquidation, lawsuit, criminal act etc.),
- if in the course of performance the supplier commits a serious breach of the rules in connection with environment protection, safety, security, health or other official regulations,
- if the operations seriously harm the Company's interests, if it is disparaging the Company and/or commits a serious breach of the contract.

If the supplier has already supplied to the Company, for the purposes of supplier selection, MOL will send enquiries/request for bids primarily to the suppliers with A or B qualification levels.

Suppliers are notified about their respective qualification categories quarterly only if there is a change in the category from the previous qualification period.

#### **Results expected from the qualification system:**

- Increased customer satisfaction
- Improved quality of service
- Precise and up-to-date supplier records
- „Well”-known partners
- Supplier safety, mutually good partner relations

**MOL hereby wishes all its existing and future suppliers satisfaction in their work and success in their co-operation.**