EXPEDITING & INSPECTION MANAGEMENT

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Revision

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SCOPE AND FIELD OF APPLICATION

Scope of this procedure is to define activities and responsibilities of internal and/or external personnel during the supplies management process needed to the realization of Projects managed by Rosetti Marino S.p.A.

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1. DEFINITIONS AND ABBREVIATIONS

1.1 Definitions

PACKAGE SUPPLY It is a complex and multidisciplinary item.

BULK SUPPLY It is a mono-disciplinary item.

1.2 Abbreviations and acronyms

CM Construction Manager
DM Department Manager
ITP Inspection and Test Plan
KOM Kick off Meeting
NCR Non Conformity Report
OdA Purchase Order
PE Project Engineer
PEM Project Engineer Manager
PIM Pre Inspection Meeting
PKE Package Engineer
PL Punch List
PM Project Manager
PPM Project Procurement Manager
PQM Project Quality Manager
PS Project Specialist
PSL Project Specialist Leader
QC Quality Control
RdA Purchase Request for Order
RDDS Required Documents Data Sheet
SDL Supplier Document List
SMIR Suppliers Master Index Register
SQL Supply Quality Lead

2. ACTIVITIES DESCRIPTION AND PROCEDURE

2.1 Introduction

Expediting Coordinator, Supply Quality Lead and Package Engineer are all positions associated with the project team. They are dedicated primarily to the supply follow-up activities, each in their area of responsibility. Nevertheless, these positions are considered “optional” according to the complexity and size of the projects; should these positions not be deemed necessary, their tasks can be carried out by PPM, PQM and PEM.

2.2 Expediting & Inspection Plan

The Expediting & Inspection Plan (Ref. Standard to be defined) is the reference document that contains the schedule of all the Expediting visits and the inspection activities required to guarantee effective control of the progress and fulfilment of the Quality requirements of all the supplies envisaged by the Procurement Plan.

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PPM, Expediter Coordinator and Supply Quality Lead together draw up the project Expediting & Inspection Plan, which is based on:

- Hours budget allocated during the quotation phase
- Delivery dates set out in the Procurement Plan
- Criticality level of the supplies according to the Criticality Rating
- ITP and additional monitoring activities deemed necessary

Before it is officially issued, the Expediting & Inspection Plan is also shared with PM, PEM and PQM for possible comments.

During execution of the supplies, the Expediting & Inspection Plan is kept updated by the Expediting Coordinator and by the Supply Quality Lead, each in their area of responsibility.

The Document is periodically shared with the project team by the Expediting Coordinator, according to the procedures established and to the project specifications.

2.3 Expediting & Inspection Plan Execution

2.3.1 Coordinating, monitoring and requesting supply follow-up activities

The general supervision of all the project supplies follow-up activities is assigned to Expediting Coordinator, Project Engineering Manager and Supply Quality Lead, all of which hold coordination management positions within the project team.

These positions, each in their area of responsibility, ensure continuous monitoring, rapid response in case of problems or delays and any escalation thereof to the PM in order to receive all the assets/services in the quantities, quality, costs and timelines agreed in the Purchase Order (PO).

To fulfil their responsibilities, Expediting Coordinator, PEM and SQL collaborate with the personnel specifically appointed by the Expediting Office, the Engineering Department and the Quality Department, which work so that the supply and the documents physically progress in line with the contract specifications.

Expediting Coordinator, PEM and SQL refer to the following documents to monitor and control the progress of supplies:

- ***Supplier Document List (SDL***), which includes all the SMIR issued by the vendors and hence all the documents relating to the project supplies. It monitors the supply documentation progress/the progress of the supply documentation.
- ***Expediting & Inspection Plan***, which includes all the scheduled dates for the Expediting and Inspection visits. It monitors the progress of the Expediters and Inspectors activities.
- ***Expediting & Inspection Reports,*** which include all the analyses carried out during the Expediting and Inspection visits at the suppliers. These reports facilitate the identification of any problems/criticalities related to the physical progress and Quality requirements of the supplies.
- ***Vendor Work Programme,*** which includes the planning of the works necessary to execute the supply. It monitors the physical progress of the supplies against the plan.

To operate in a cohesive, consistent and shared manner, the coordination positions mentioned above, i.e. Expediting Coordinator, PEM, SQL, meet periodically with PM and PPM for the project Procurement Meeting, which includes, among others, the discussion and sharing of the progress of the Purchase Order and supplies as well as potential critical issues and any corrective actions to be undertaken.

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2.3.2 Operational responsibilities and assignment of the supply follow-up activities

The operational responsibility of managing the supplies, especially those included in the Expediting & Inspection plan, is distributed between Expediter, PSL/PS and/or PKE and SQL, each in their area of responsibility:

- **Expediter:** the key internal and external (Vendor) reference role for the supply, ensuring continuous monitoring of the progress and the timely and correct provision of the supply, according to the contractual requirements set forth in the Purchase Order.

  Furthermore, he/she represents the focal point for the monitoring and prompt distribution of the documents (with the DC's support), according to the procedure "PRO-ENG-06 Vendors Documents Management"

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- **PSL/PS and/or PKE:** ensures the technical interface with the Vendor, the receiving and approval of the engineering key documents.
- **SQL**: represents the sole reference figure for the Quality aspect of all project supplies and is responsible for all the related activities regarding the follow-up, requesting, where necessary, the support of QC Inspectors (external/internal) for the inspections and acceptance tests and/or of internal roles of the QC Management department.

The individual supplies are assigned to the Expediters, Inspectors and Technicians according to their type/criticality:

- ***"Package" and/or "Critical" supplies*** are assigned to an Expediter and a Package Engineer. The Supply Manager and the PEM, with the support and approval of the DM and of the Engineering Manager, are responsible for the assignment.
- ***"Bulk" supplies*** are assigned to an Expediter and a Project Specialist. The Supply Manager and the PEM, with the support and approval of the DM, are responsible for the assignment.

2.3.3 Kick-Off Meeting and Pre-Inspection Meeting

Once the supply SMIR has been finalised and validated, the Buyer, in agreement with the Expediting Coordinator, organises the KOM with the supplier within 15 days from the issue of the Purchase Order.

The **Kick-Off Meeting (KOM)** shall be attended by the Expediter, the PSL/PS and/or PKE and the SQL[1] assigned to the supply to discuss all the relevant aspects defined in the standard model of the KOM agenda (ref. MOD-PRO-13). The minutes of the KOM shall be drawn up by the Expediter and promptly uploaded into Athena to share it with the project team.

Only in the cases provided for by the Criticality Rating, the SQL organises a **Pre-Inspection-Meeting (PIM)**, in agreement with the Expediting Coordinator, to discuss the aspects connected with the quality of the supply according to the standard model of the PIM agenda (ref. MOD-PRO-14). This meeting, on request of the SQL, can be attended by the Expediter and the Technician assigned to the supply. The minutes of the PIM is drawn up by the SQL and promptly uploaded into Athena to share it with the project team.

All the modifications/deviations from the requirements defined by the Purchase Order originating from the KOM/PIM, which have a significant impact on timelines, costs, quantity and quality of supply, shall be clearly stated in the minutes and promptly shared with PM, PPM, PEM and PQM, to assess and approve any impacts on project timelines/costs.

[1] The SQL shall attend the meeting for supplies with criticality rating 1 & 2.

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2.3.4 Expediting Visit

The Expediter, coordinated and supervised by the Expediting Coordinator and according to the *Expediting & Inspection Plan*, performs all the activities related to the monitoring of the progress and request of the supply to the supplier or through desk expediting, according to the criticality level.

Progress is verified using the supply work programme, which the Vendor is required to issue and submit to the Expediter for approval any time it is updated. The Expediter shall monitor and share the programme with the project team for the entire project duration.

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Prior to each visit, or less frequently in case of constant visits to the Vendor, the Expediter liaises with PSL/PS and/or PKE and SQL to verify the progress of the documents relating to the supply for which they are responsible, gathering more comprehensive information and dealing with any possible criticalities and/or elements to be requested to the supplier, possibly considering their direct involvement in the inspection if required.

Once the visit has been completed, the Expediter draws up the Expediting Report [ref. MOD-PRO-15] and promptly uploads it into Athena to share it with the project team.

According to the specifications set out in the contract, the Expediter is also responsible for approving the passive invoices of the vendors, interfacing with the Administration Office to initiate the subsequent payment process. If issues with the Vendors emerge from any of the areas involved (Engineering, Quality, Expediting) that may lead to a possible block in payments, these should be shared with PM, PPM and Chief of Procurement & Logistics to assess the severity thereof and, if necessary, take corrective actions against the defaulting supplier through the sole interface of the Expediter.

2.3.5 Technical follow-up and document management

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The technical follow-up and document management of each supply shall be carried out in accordance with the " PRO-ENG-06 Vendors Documents Management" procedure, the “STD-ENG-02 Vendors Documents Distribution Matrix”, and the corporate RDDS standards.

2.3.6 Inspection Visit and Quality documentary follow-up

Based on the single ITP of the vendors and on the inspection programme contained in the Expediting & Inspection Plan, the SQL plans, coordinates and supervises the activities of the QC Inspector to guarantee the fulfilment of the Quality requirements of each supply.

In carrying out the inspections envisaged by the programme, the SQL can avail themselves of human resources within the company’s Quality Control Management Department, of the recruitment of external QC Inspectors and/or of the expertise of the Expediters qualified to carry out inspection activities. Where provided for, the inspection activities can also be carried out with the support of the supply reference Technician.

At the end of each Inspection, the QC Inspector draws up the Inspection Report (IR) [ref. MOD-PRO-16] and, upon validation by SQL, assures it is promptly uploaded into Athena to share it with the project team.

Once the IRs are made available, the SQL is responsible for identifying potential supply criticalities and promptly report them to the Expediter/Expediting Coordinator/PQM so that the latter can assess the appropriate corrective actions to be taken and/or a possible involvement of the PM.

The SQL, with the support of the expertise of the company’s Quality Control Management Department specialists, is also responsible for the correct execution of the approval cycle of the documents related to the supply the SQL is in charge of, in accordance with the responsibility matrix [ref. STD-ENG-02].

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In case of criticalities with the progress of the documents, the SQL shall issue the necessary reminders both internally to the Group and externally to the vendors, requesting, where necessary, the support of the Expediter.

2.3.7 Management of deviations from the supply requirements

If criticalities emerge from the Expediting & Inspection visits with potential impacts on the progress and/or costs of the supply, the Expediter and/or the SQL shall promptly inform the Expediting Coordinator, the Technician and the PQM in order to take the necessary corrective actions in due time. If the potential impacts could seriously compromise the progress of the project, the Expediting Coordinator/PQM will assess whether it is necessary to involve PM, PEM and PPM.

More specifically:

- Deviations from the Vendor work programme initially validated shall be formalised through a revision of the programme by the Vendor and then submitted to the Expediter for approval. The revised and newly validated work programme shall be promptly distributed to all parties involved in the supply.
- In case of deviations from the quality requirements, the QC Inspector starts the supply NCR management process in accordance with procedure PRO-QMS-08.

Should the Vendor be responsible for the deviations from the contract specifications, the Expediting Coordinator and/or the PQM – supported by the PM, PPM assesses, possibly involving the Chief of Procurement & Logistics, the need to open a Claim and Back Charge against the supplier.

The Expediter informs and verifies that corrective actions are promptly implemented by the Vendor. If said actions are related to issues concerning the quality of the supply, their closure is formalised by the SQL.

2.3.8 FAT, Punch List and Release note

The Vendor is required to issue the convocation to the Final Acceptance Tests (FAT), according to the agreed procedures.

Before accepting the convocation to the FAT, the Technician, the Expediter and the SQL ensure that all the documents necessary to carry out the tests and the physical progress of the supply meet the requirements.

If criticalities are identified, the person in charge – Expediter/SQL/Technician – will be responsible for issuing the necessary internal/external reminders in order to proceed with the correct execution of the FAT.

Expediter, Technician and SQL take part in the FAT with the possibility of involving the Commissioning Manager, where appropriate.

If “open” issues remain at the end of the FAT, the Expediter, supported by the SQL/Technician/Commissioning Manager, draws up a Punch List that is shared with the parties involved.

Depending on the content, the Punch List is promptly managed by the reference department – Expediting/Quality/Engineering – with a view to closing the largest possible number of open issues before delivery of the good, which occurs following issue of the *Release Note* by the Expediter.

Once the *Punch List* [ref. MOD-PRO-17] and *Release Note* [ref. MOD-PRO-14] have been issued, the Expediter shall upload them into Athena to make them promptly available to the project team.

If any *Punch Lists* should remain "open" following the delivery of the good, the Expediter shares the activities that remain to be implemented with the CM/Commissioning Manager in advance, handing over the management thereof and confirming the Expediter support where direct communication with the Vendor is required.

3. REFERENCES

3.1 Procedures

PRO-ENG-06	Suppliers Documents Management
PRO-QMS-08	Supply Non Conformities Management

3.2 Forms

MOD-PRO-13	KOM Minutes
MOD-PRO-14	PIM Minutes
MOD-PRO-15	Expediting Report
MOD-PRO-16	Inspection Report
MOD-PRO-17	Punch List Report
MOD-PRO-18	Release Note

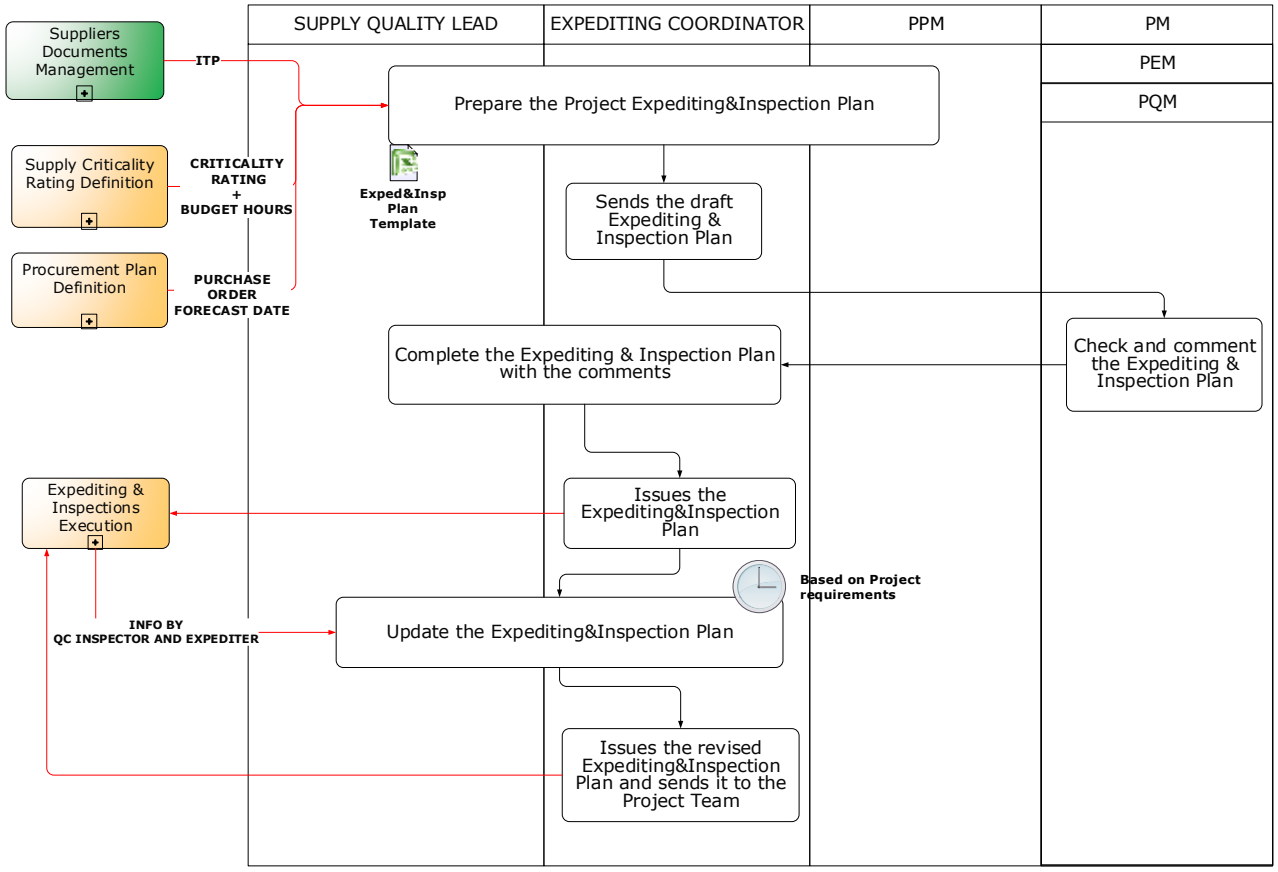
3.3 Standard

STD-ENG-02	Suppliers documents distribution matrix

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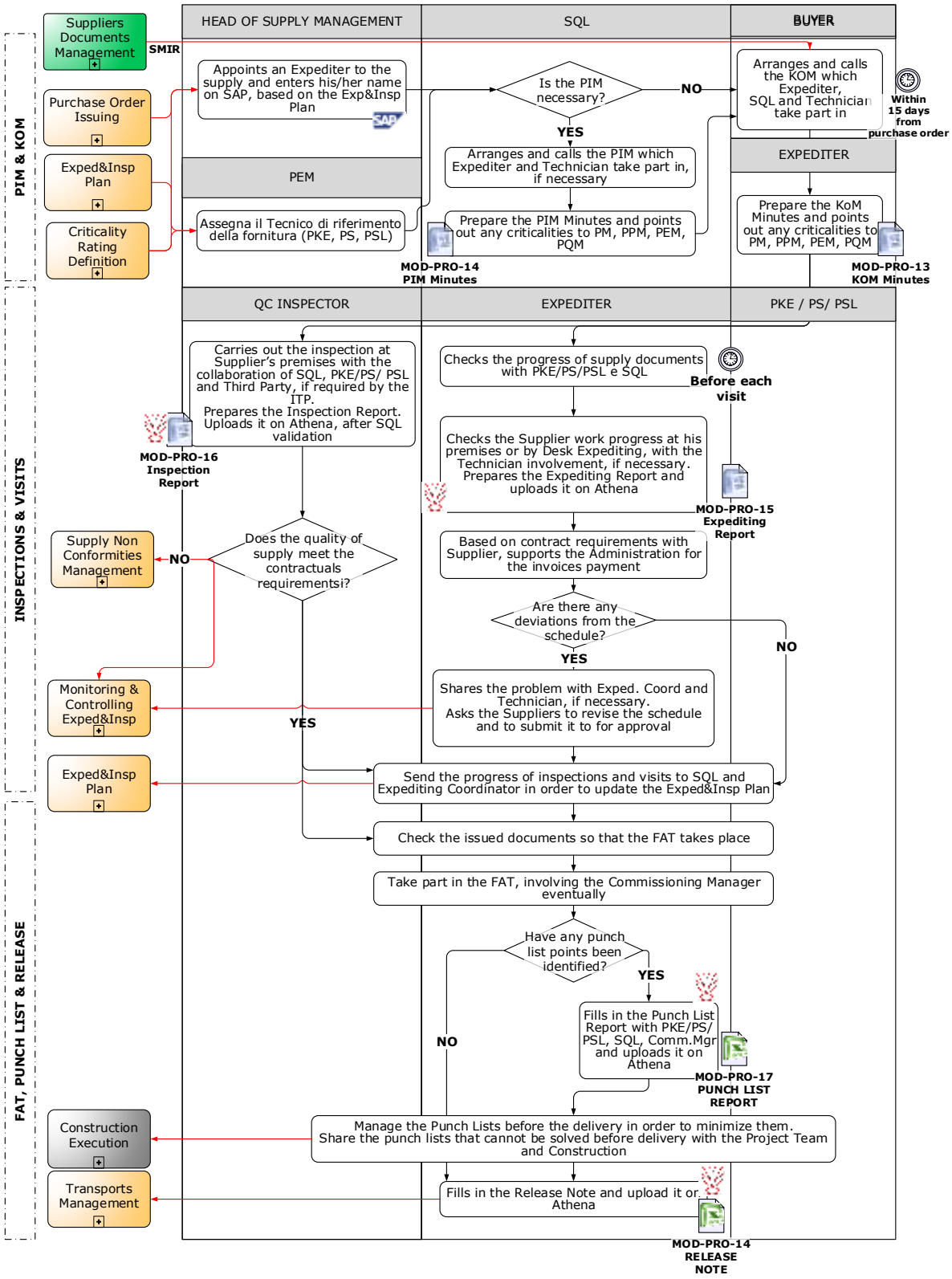
4. WORKFLOW

4.1 Expediting & Inspection Plan



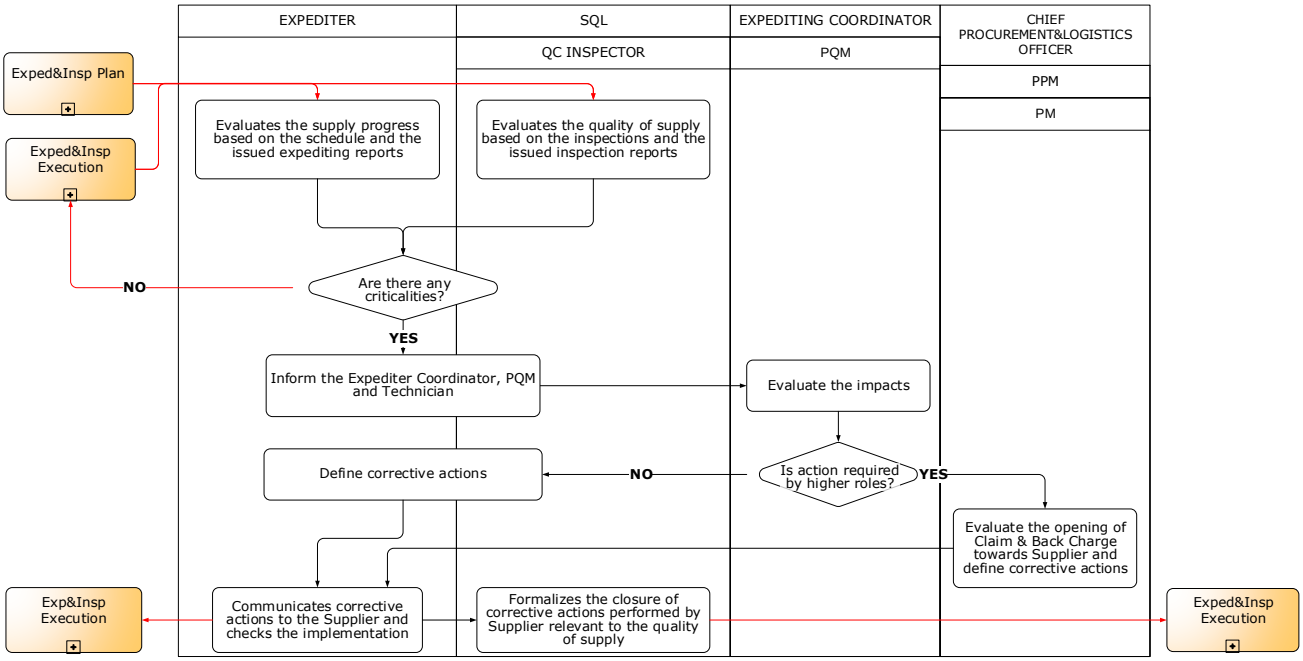
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4.2 Expediting & Inspection Execution



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4.3 Management deviations from the supply requirements



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