

FLEXIBLE MACHINING SYSTEMS

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SUPPLIER INFORMATION PACK

SUPPLIER QUALITY REQUIREMENTS &
PURCHASE ORDER TERMS & CONDITIONS



CONTENTS

PART A – Supplier Quality Requirements.....	3
QA038SQR1 – Results.....	3
QA038SQR2 – Certification.....	3
QA038SQR3 – Verification.....	3
QA038SQR4 – F.A.I.R. (First Article Inspection Report.....	3
General Requirements.....	4
PART B – Supplier Purchase Order Terms & Conditions.....	6

Change History

7	11/02/2022	Purchase Order Ts&Cs (QA040) incorporated & re-titled	SB
6	19/02/2020	Logo changed	SB
5	16/01/2018	Sections l, j, k & l added	GT
4	27/01/2017	Requirements for the use of sub-tier suppliers clarified	GT
3	15/12/2015	Revised to incorporate QA041	GT
2	27/07/2015	Company logo updated	GT
1	16/06/2009	Released	WGM
Issue	Date	Change	Approved

PART A – Supplier Quality Requirements

When special QA038SQR quality requirements are requested on Flexible Machining Systems Ltd (hereafter FMS) purchase orders, the following criteria applies:

QA038SQR1 – Results

You shall provide with the goods, results obtained by you in the course of inspecting / testing listed against the requirements of the specification forming part of the order. Such results shall be certified by a senior member of your staff responsible for Quality Assurance / Inspection Certificates or Release Documents shall be provided with the relevant goods or materials and shall bear the complete order number. You shall not sub-contract any orders awarded by FMS without written approval.

QA038SQR2 – Certification

Each delivery of material shall be supported by appropriate Certificates of Conformity by a senior member of your staff responsible for Quality Assurance / Inspection.

Certificates of Conformity provided will include but not be limited to the following information:

- 1) The Flexible Machining Systems order number**
- 2) Supplier's delivery note number**
- 3) Drawing / issue numbers and / or specification / issue numbers.**
- 4) Batch / serial numbers**
- 5) A statement confirming the following:**
 - a) The goods have been inspected and tested to drawings / specifications quoted in the order***
 - b) The goods conform in all respects to the requirements of the order***

QA038SQR3 – Verification

The Goods supplied to this Purchase Order may be subject to verification by FMS and/or the FMS customer at the Suppliers Works at the discretion of Flexible Machining Systems.

Please inform the FMS Purchasing Department when goods are available for Inspection. Such Inspection shall not prejudice our right to reject items after delivery.

QA038SQR4 – F.A.I.R (First Article Inspection Report)

The organization's system shall provide a process for the inspection, verification, and documentation of a representative item from the first production run of a new part or following any subsequent change that invalidates the previous first article inspection results. The FAIR shall be in accordance with AS9102B.

GENERAL REQUIREMENTS ALWAYS APPLICABLE

- a) In the absence of specific requirements within the drawings or specifications, all delivered goods shall be adequately packaged to prevent damage and deterioration during shipment and storage.
- b) **F.O.D. (Foreign Object Damage/Debris)**
Suppliers shall ensure work is accomplished in a manner preventing foreign objects or material in deliverable items.
- c) When applicable, the supplier should clearly identify the date of expiry/shelf life and cure date.
- d) The supplier shall notify FMS in the event of nonconforming product being identified and apply for FMS approval via a formal concession request and submit same with product. If concession is refused, the products will need to be remade at the supplier's cost.
- e) The supplier shall notify FMS of any changes in product and/or process definition and where required, obtain FMS approval.
- f) If required, the supplier shall allow right of access to FMS, and/or the FMS customer and regulatory authority to all its facilities involved in the purchase order and to all applicable records.
- g) Sub-tier suppliers may not be used without the written approval of FMS. Where the use of sub-tier suppliers is considered necessary, FMS must be notified at the earliest opportunity and prior to commencement of any work. Full details of the nominated sub-tier supplier must be provided to FMS so that an assessment can be made of their suitability.
- h) The supplier shall flow down to any sub-tier suppliers the applicable requirements in the Purchase Order including key characteristics where required.
- i) The Supplier shall apply controls to any direct and sub-tier suppliers to ensure that the requirements of the FMS purchase order and those detailed above are complied with. Controls shall also be put in place to ensure that product, services or processes provided by direct or sub-tier suppliers are verified and/or validated (where required) to ensure conformity to requirements prior to shipment to FMS.
- j) The supplier shall notify FMS of any changes to processes, products or services including changes to Direct or Sub-tier suppliers, or location of manufacture and obtain approval prior to these changes being carried out.

- k) The supplier shall plan, implement, and control processes appropriate to the supplier's organisation and product or service provided, to prevent the use of counterfeit or suspect counterfeit parts. Suppliers shall ensure considerations (where appropriate) should be had with regard to:
- i. Training of appropriate persons in awareness and prevention of counterfeit parts
 - ii. Application of a parts obsolescence monitoring program
 - iii. Controls for acquiring externally provided product from original or authorised manufacturers, authorised distributors or other approved sources
 - iv. Requirements for ensuring traceability of parts to original or authorised manufacturers
 - v. Verification and test methods or practices to detect counterfeit parts
 - vi. Monitoring of counterfeit parts reporting from external sources
 - vii. Quarantine and reporting of suspect or detected counterfeit parts immediate
- l) The supplier shall ensure awareness of personnel within their organisation of
- i. Their contribution to product conformity
 - ii. Their contribution to product safety
 - iii. The importance of ethical behaviour

PURCHASE ORDER TERMS & CONDITIONS

PART B – Purchase Order Terms & Conditions

The following Terms & Conditions will apply to all Flexible Machining Systems Ltd. purchase orders.

1) In these Conditions:-

"The Order" shall mean the contract formed by the acceptance (whether express or implied) of our Order. "The Goods" shall include services. "Proprietary Goods" shall mean unused Goods of a standard type not designed or modified by us or by you on our instructions or by some third party on our behalf.

2) All the terms of the Contract between you and us are set out on the face of our order form and in these Conditions and all other written, printed, or standard terms are hereby excluded. Unless any terms discussed or arising from the previous course of business between us are specifically incorporated into the Order, they shall not form part of the contract. Any written acceptance of the Order (unless clearly stated on its face to be a counteroffer) or delivery of the "Goods" shall be an unconditional acceptance of the Order. Any written acceptance of the Order (unless clearly stated on its face to be a counteroffer), or commencement of performance, or delivery of the Goods shall be an unconditional acceptance of the Order, its terms and conditions.

3) No variation of the Order shall be binding on us without prior agreement in and signed by our duly authorized representative, including change to price.

4) The Goods shall conform in every respect to the specifications drawings samples or descriptions furnished or adopted by us and be merchantable and free from defect in design, material and workmanship. In the case of Proprietary Goods, you shall give us advance notice of all changes in specification or design. Defective Goods, or parts thereof, will be returned to you, at your expense, for repair or replacement. You will repair or replace such defective goods or parts and return same to us, at no charge, within ten (10) days of our notification to you of such defect. We shall be entitled to deduct any costs and expenses that we may incur as a result of or in relation to such defective Goods or parts, their repair or replacement, from any sums that may be due to you from us under this Order or otherwise.

5) You will establish such quality and specification control procedures including testing and inspection and such documentation and certification as may be necessary to comply with the Order. You will give us full details of such procedures and advance notice of any proposed changes in such procedures or in any manufacturing process.

6) We shall be entitled to inspect any Goods during manufacture or on delivery. No such inspection or any failure to reject pursuant to Clause 23 below shall constitute or imply acceptance of the Goods. We shall be given any access which we may require in connection with Clauses 5 and 6 and nothing in these clauses shall relieve you of full responsibility for complying with the terms of this Order.

7) Delivery times are of the essence in this Order and the Goods must be delivered in the quantities and at the time stated in the Order or in accordance with our written instructions. We reserve the right to adjust our specified rate of delivery at any time. The forward lead times for procurement of materials and production planning will be agreed with you but you will be fully responsible for ensuring that materials are ordered in time to meet the scheduled delivery dates. We may cancel the Order if you fail to deliver the Goods by the specified dates without any liability except to pay for the goods already accepted. The right of cancellation is without prejudice to any other remedy we may have. In the event of late delivery of goods or documentation called for in the Order, then, without prejudice to any other remedy we may have and agreed and liquidated damages.

8) All Goods must be delivered carriage paid, unless otherwise stated on our order, at your risk to such destinations as we may direct. We reserve the right to make alternative delivery arrangements and to claim an allowance equal to any carriage charge. We will not pay for nor return packing materials unless previously agree.

9) You shall provide us with such invoices, advice notes, delivery notes and other documentation as we shall from time to time specify. The order number is to be quoted on all documentation and advice notes are to be sent at the time the Goods are dispatched.

10) All materials, drawing, patterns, gauges, tooling, castings, samples, specifications, and other technical data prepared in connection with the Order (in this Clause and in Clauses 11 and 12 are referred to as "the said items") shall be our exclusive property and we may reproduce and use the said items freely for any purpose whatsoever.

11) You hereby undertake not without our prior written consent to use any of the said items as detailed in Clause 10 except in connection with the Order and in particular not to manufacture or sell the goods or any part thereof except to us or on behalf. You will not apply for any Letters, Patent or Registered Design in relation to the Goods or the said items.

12) You will keep safe any of the said items as detailed in Clause 10 in your possession and replace any which are lost or damaged within a reasonable time. You will not part with the possession of the said items nor do any act inconsistent with our ownership thereof. You shall treat the said items as strictly confidential and not make any modifications thereto. The provisions of Clauses 10, 11 and 12 shall not apply to Proprietary Goods

13) You shall indemnify us against all claims, costs and expenses resulting from any infringement or any Letters, Patent, Registered Trademark or Registered Design, or any passing-off action, in any part of the World and assist in the defense of any action brought against us. You shall not be liable under this Clause if any such infringement is due solely to your manufacture of goods strictly in accordance with any designs, plans or specification supplied by us.

14) Neither this Order nor our name shall be used by you for advertisement or publicity purposes without our prior written consent.

15) Where parts are proprietary, they shall be made available for the life of our vehicle or product. If you intend to discontinue manufacture of the Goods or parts thereof that are not superseded by other acceptable Goods or parts then you will give good notice, in writing, of such intention and afford us the opportunity of ordering, at reasonable prices such quantities that will be required. Alternatively, we may agree to buy such drawings, patterns, specifications for us to make, in which case, you will provide us at no charge with full details of all your suppliers and subcontractors employed in the manufacture of such Goods and parts.

16) Unless otherwise agreed in writing, we shall pay 30 days net monthly.

17) You will indemnify us against any loss damage or injury to us and from and against any claim in respect of loss damage or injury

PURCHASE ORDER TERMS & CONDITIONS

made against us by third parties and any costs and expenses arising in connection therewith which result from your failure to comply with any terms of the Order or your performance of the Order (whether negligent or otherwise) and in particular but without prejudice to the generality of the foregoing result from a defect in the Goods or their material construction workmanship or design. You will at all times ensure and keep yourself insured with a reputable Insurance Company against all insurable liability under the Order and in particular against all your liabilities under this Clause. You will provide all facilities assistance and advice required by us or our Insurers for the purpose of contesting or dealing with any action claim or matter arising out of your performance of the Order.

18) Where under the terms of any warranty given by us for our products we repair or replace free of charge any part or component supplied by you which is proved to our satisfaction to be defective in materials workmanship or design and you have supplied the Goods in the defective condition we shall be entitled to credit or compensation for, or free replacement or repair of such faulty parts from you (without prejudice to our rights or remedies). Such Goods will be returned to you on request at your expense (and where Goods have been exported such request must be in writing and accompanied by payment in advance of the carriage charges) otherwise the parts will be held for 28 days at our premises for your inspection. Where in the case of a Proprietary part you give your own specific guarantee or warranty in terms not less favorable than our own warranty than we will accept such guarantee or warranty in lieu of this clause provided that such guarantee or warranty shall be deemed to remain in force until the expiry of the warranty given by us in respect of the vehicle or unit containing the part in question and that any terms of such guarantee which seek to exclude or limit your obligations or liabilities under this contract shall be of no effect.

19) The Order must not be assigned by you to a sub-tier supplier or sub-contractor without our prior written consent from FMS. In any legal proceedings between us you shall not set up the existence of a sub-contract or any of the terms thereof as a defense to such proceedings and shall be responsible for your sub-contractors in all respects.

20) No extension of time or other concessions granted by us shall in any way affect our rights or your obligation under the Order.

21) If any our equipment is used proper authority by any of our workmen or representatives or authorized subcontractors any accident or damage arising there from shall be your responsibility. You will at all times whilst on our premises comply with all security and safety regulations from time to time in force for those premises. You will be deemed to have full knowledge of such regulations copies of which will be supplied on request. When our General Conditions of Works of Construction or of purchase of capital equipment are applicable you will be asked to sign a Certificate of Acceptance of those conditions before work is commenced.

22) Unless otherwise agreed in writing the property of the Goods shall pass to us by our acceptance thereof after any inspection we may require.

23) If you shall have failed to comply with the terms of the Order we shall be entitled (whether or not the Goods or any part of the Goods have been accepted by us) to avail ourselves of any one or more of the following remedies at our discretion:

(a) Rescind the Contract

(b) Return the Goods or any part thereof to you. Any costs incurred to be paid by you. We shall be entitled to be repaid in full for any goods so returned.

(c) Give you the opportunity to replace repair or reinstate at your expense the Goods so that they comply with the terms of the order.

(d) Refuse to accept any further deliveries or instalments of the Goods or any part thereof without any liability to you.

(e) Carry out at your expense such work as may be necessary to make the Goods or any part thereof comply with the Order.

(f) Be reimbursed by you for such damages as we may have sustained in consequence of any breach of contract.

These rights and remedies shall be in addition to and without prejudice to any other rights we may have.

24) Neither we nor you shall be liable to the other for any failure to fulfil obligations under the Order if such failure is attributable to force majeure provided that the affected party is promptly notified by the other of the commencement of the force majeure event, the amount and degree to which it affects its performance of this Order and its termination. A force majeure event shall be considered as one that is beyond the affected party's reasonable control. If the consecutive period of such force majeure event continues in excess of one (1) month, the other party shall be entitled to terminate this Order without liability.

25) In addition to any rights we may have under the foregoing Clauses or at Law we shall be entitled to terminate the Order by written notice and to refuse to accept any Goods not delivered and accepted at the date of such notice.

Provided that:-

(a) We shall pay to you the contract price of Goods delivered and accepted by us and not already paid for.

(b) You shall if so, required complete all Goods partially manufactured at the date of such notice and we shall pay the contract price of all such Goods as are accepted by us.

Except as stated above if this contract is terminated under this condition, we shall not be liable to you in any way whatsoever.

We shall also have the right to terminate this Order, or any part thereof, and cancel all or any part of the undelivered portion, in the event of the occurrence of any of the following:-

- You are becoming insolvent.

- Filing of an involuntary petition to have you declared bankrupt; or

- The execution by you of an assignment for the benefit of creditors.

We shall have no obligation to you in respect of the cancelled portion of the Order, and our liability shall be limited to payment for the delivered portion of the Order at the rate specified herein.

26) Where goods are required in connection with civil aircraft and are to be inspected and certified under Air Navigation Regulations and the requirements of the Civil Aviation Authority, full certification is required.

27) The Order and all matters arising shall be constructed and take effect according to the laws of England and the Courts of England shall have exclusive jurisdiction over all and any claims arising between us.