Precision Dippings Manufacturing

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PRECISION DIPPINGS MANUFACTURING LTD

Supplier Quality Control

Terms and Conditions of Purchase

Warning

Printed copies of this document are uncontrolled – if in doubt ask

Note: by accepting the Precision Dippings Manufacturing Limited purchase order confirms a suppliers / sub-contract compliance with this document	Date	01/03/2018

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1.0 Scope

1.1 This document details the requirements for suppliers to Precision Dippings Manufacturing Limited (hereinafter referred to as PDM). PDM requires that each supplier (your business) must comply with the quality requirements set forth within this document and to maintain a formally documented Quality Management System that will effectively ensure materials, goods and services comply with all our specified requirements.

1.2 These contract requirements are in addition to that detailed on the PDM Purchase Order (the latter will provide reference to product quantity, logistics, part descriptions, special type references, etc. with reference to the item and or service required). When accepting an PDM Purchase Order, the supplier also accepts the content of this document.

2.0 Purpose

2.1 To establish and confirm a supplier's Quality Management and Quality Control obligation by formal contract when supply PDM with materials, goods and services that have a direct impact on the PDM contract specification.

3.0 Contents

4.0 Approval Requirements - General

4.1 Suppliers shall as these terms so require, produce, service, release and deliver all products in accordance with the Purchase Order and all requirements identified therein against the specification provided.

PDM requires its suppliers to be certified against ISO 9001 (current versions) when contracted for the supply of defence and or aerospace work. The aforementioned will apply, unless otherwise agreed in writing from PDM.

If the supplier is a test and or calibration laboratory, the supplier must be ISO 17025 accredited by UKAS (or other EA recognised accreditation body). Testing of materials as a part of confirming materials specification must be completed by an ISO 17025 testing laboratory – with resulting reports provided on request – with the objective of ensuring the removal of counterfeit materials and or associated reporting from the supply chain.

Supplier's that do not comply with the above may be used by PDM, provided the supplier's Quality Management System complies with the following requirements as defined within this document and or has been formally approved by the PDM management by audit.

All certification and or accreditation claims as awarded must be accredited by UKAS (or similar notified body) under the mutual recognition agreement (MRA) for international trade facilitation.

Note: If in doubt, the supplier is directed to European Accreditation structure for notified / certification bodies –http://ec.europa.eu/growth/tools-databases/nando/ with particular reference to product directives and associated testing and inspection legislation.

Note: Engineering and other professional services (including individuals) providing services to PDM shall be professionally and technically competent and shall indemnify PDM to the extend necessary for the technical advice provided. Signed copy certificates confirming qualification shall be provided to PDM on request.

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4.2 All products shall be produced strictly in accordance with the PDM purchase order (and technical specification provided). The delivery of incomplete products / shortages is not permissible unless specified on the purchase order or by written authority from an PDM representative.

4.3 When the supplier is producing a product on behalf of PDM, the supplier may only use Special Process Suppliers who are PDM and or PDM customer approved. A complete list of PDM approved Special Process Suppliers can be provided on request.

4.4 Material stockists / distributors shall hold as a minimum ISO 9001 (commercial stockist scheme) certification (with an appropriate scope of certification). Items shall only be procured directly from the original brand manufacturer and or type approved distributor and or franchised distributor (with supporting declaration of performance and or certificate of conformity from the competent authority).

Note: Documentation and data supplied must ensure full traceability of the purchased item, thereby confirming the purchased item conforms to the specification and was produced by the designated manufacturer in law (objectively). Refer to UK / EU directives when referring to the term manufacturer in law.

4.5 Should a supplier have its accredited certification status suspended or temporarily removed, the supplier must immediately inform PDM in writing and or email stating reason for withdrawal of same.

5.0 Compliance Overview

5.1 Enquiries concerning the content of this document and other referenced documents and or requests for additional copies should be referred to the purchasing representative responsible for the Purchase Order within PDM.

5.2 The requirement of this document is with reference to the policy of PDM. PDM Selection of Supplier questionnaires may be used to provide both existing and potential suppliers with visibility of the Quality & Standard requirements and expectations of PDM contracts.

5.3 It is the policy of PDM to produce and supply complying products and services against the customer contract specification that will achieve, or contribute to, safe conditions for its customers and the end-users of said products and services procured. The aforementioned to include but, not restricted to, a formal commitment to business process improvement with particular reference to ethical behaviour, prevention of counterfeit parts and associated legislative compliance as part of its procurement and employee terms and conditions. In furtherance of this PDM policy; all Suppliers to PDM shall implement a policy requirement at all levels of their business to replicate and establish the necessary controlled procedures that ensure the achievement of the PDM policy objective is achieved through the provision of documented evidence.

5.4 Suppliers are required to comply in full with the contents of this document. If a supplier cannot comply with any portion of this document, then the supplier must advise PDM in writing. PDM will review the supplier request and advise the supplier of the results in writing. The supplier is responsible for keeping all related documentation on file at their facility. No deviation from this document is acceptable in advance of formal agreement to do so in writing from PDM. Such formal agreement must be retained by the supplier.

5.5 **Verbal agreements are <u>un-acceptable</u>**.

5.6 Suppliers shall maintain PDM specifications and other Standards at the latest issue and shall review the issue status of specifications on receipt of a Purchase Order and or at least once within a six-month period (particularly for repeat contracts).

6.0 Business Quality Improvement Objectives

6.1 All aerospace and defence related suppliers are expected to have policy statements and business plans to achieve performance improvements as part of their continuous improvement programme.

6.2 PDM is dedicated to continuous improvement in support of the integrity of its products and services in line with its customer requirements and expectations. Supplier's contribution to this requirement through the quality and reliability of their products and services is a prerequisite.

6.3 Each supplier shall demonstrate continuous improvement based on pro-active loss-prevention, root cause analysis and effective timely corrective action.

6.4 All suppliers are required to have a policy statement demonstrating a formal commitment to business improvement, with particular-reference to ethical behaviour of its employees / suppliers - with consideration to product safety and the prevention of counterfeit parts and associated legislative trade compliance as part of their procurement and employee terms and conditions at all levels of their organisation.

7.0 Organisation

7.1 Any change to the management representative responsible for Quality Management System and / or Inspection within the supplier's organisation (or wider group ownership if applicable) that will impact on PDM shall be communicated to PDM management. Such changes to premises and or processes shall be notified sufficiently in advance to PDM.

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8.0 Purchase Order / Documentation Issue Control

8.1 Purchase Order amendments shall be subject to review by PDM prior to acceptance. The review shall ensure that copies of all processes and specifications quoted within a Purchase Orders are available, and that, where a supplier is unable to carry out any operations, approved sub-contractors may be identified.

8.2 Where a supplier has more than one site, every site used to produce product for shipment direct to PDM must have PDM approval.

8.3 PDM and with appropriate notice, it's customers, shall be afforded the right of access to verify at source that the product conforms in all respects to specified requirements. This action shall not absolve the supplier of the responsibility for the quality of the delivered product nor preclude its subsequent rejection should other quality issues arise at a later date.

8.4 Where the suppler will use a sub-contractor, PDM will be informed by the supplier; this is permitted and shall form a part of the initial contract review by the supplier. Suppliers may use a sub-contractor given the following circumstances: *The sub-contractor is currently approved by PDM.*

8.5 Suppliers are responsible for ensuring the flow down of applicable sections of PDM Ref No and related specifications to second tier suppliers.

8.6 Suppliers must reference PDM Ref No on all Purchase Orders issued in support of activity for PDM (referring their suppliers to the PDM web-site for latest version documentation).

9.0 Procurement of Components

9.1 Failure of components can have major effects on airworthiness, safety, reliability, operational integrity – with related cost impact. All parts are therefore termed "controlled" and should be treated as such (bonding requirements may be appropriate and / or necessary).

9.2 Any component, which is sourced, and has the manufacturer identified on the Bill of Material (BOM) may only be purchased from that supplier or their approved agent. Suppliers must not source parts from non-approved sources (original producing suppliers only).

9.3 Where a Supplier wishes to change the source of a component, the Supplier shall request permission to make the change from PDM.

NOTE: Identification of a supplier on a controlled BOM does not automatically approve them for use. It is the supplier's responsibility to check that any sub-contractor is correctly approved prior to use (objective evidence for audit purposes is required).

10.0 Control of Non-Conforming Material

10.1 The supplier shall have no discretionary power to deviate from the specification requirements as detailed with Purchase Order (and supporting documentation). Concessions will only be accepted on receipt from the Supplier of a full "root cause analysis" report detailing the issues and evidence of preventative action. Parts subject to concession must not be delivered to PDM until PDM approves a concession.

Note: Concessions are normally only issued to Suppliers when a product is non-conforming, and the non-conformance does not effecting fit, form or functionality.

10.2 No rework shall be permitted on identified non-conforming product without written approval from PDM. Manufacturing records shall clearly record the operation and the results achieved, should re-working under a concession be approved.

10.3 Where the supplier has any reason to suspect non-conformance of any delivered product, then the supplier must immediately notify PDM.

10.4 Scrapped (or non-conforming) components must be physically damaged beyond repair prior to actual disposal (to prevent mixing with conforming product of the same / similar type / model). The PDM management representatives (or their customer) may require a report from the Supplier and / or witness by inspection and of process of damage and / or disposal.

11.0 Rejections after Delivery

11.1 The Supplier shall be notified of non-conforming supplies found after delivery. PDM will contact the supplier and issue an NCR against the parts prior to return.

11.2 Following receipt of an NRC notification the Supplier shall take immediate containment action. The action shall include 100% inspection of all supplier stock or work in progress. This containment action shall be taken within 48 hours of notification from PDM. The supplier shall provide within 14 days an investigation into the root cause of the problem and provide corrective action to prevent recurrence. The findings, corrective action and effective date shall be reported to PDM.

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12.0 Supplier Monitoring

12.1 All Suppliers shall monitor the quality and delivery performance of product delivered to PDM. In addition each supplier's quality and delivery performance is continually monitored by PDM. Suppliers whose performance does not achieve and maintain an acceptable level shall be formally notified of their supplier status and may be required to implement improvement actions accordingly. Failure to improve or respond positively to an PDM NCR will result in the withdrawal of supplier approval by PDM.

13.0 Records & Archives

13.1 All (Management System) records held by Suppliers shall be legible and identifiable to the product involved. Records shall be stored and maintained in such a way that they are readily retrievable in facilities that provide a suitable environment to minimise deterioration or damage and to prevent loss. Records shall be available for evaluation by PDM staff until such time as PDM authorise disposal in writing.

13.2 Documentation and records applicable to PDM shall not be amended with correction fluid. A single linked line shall delete any revisions and/or correction of errors and will be accompanied by an initial and date.

13.3 Should a supplier cease trading with PDM, quality records shall still be maintained until disposal is authorised by PDM. If the supplier ceases trading completely, or is unable to maintain the records, PDM must be informed so that alternate arrangements can be made to store the records.

13.4 All records shall be retained by the Supplier for a period of 25 years unless otherwise agreed with PDM.

14.0 Certificate of Conformance / Counterfeit Matters

A Certificate of Conformity (C of C), which shall include sufficient information to enable it to be correlated to the supplies / materials and must accompany supplies submitted / provided to PDM. Certificates and supporting documentation will be identified by Purchase Order / Contract number and shall include the following information:

The Certificate shall include a statement of conformity individually signed by an authorised signatory of the Supplier and shall be as stated below or similar, subject to agreement by PDM; with the primary objective of removing Counterfeit Parts / Materials from the supply chain (refer to approved testing – see section 5.0 above).
We (name of the supplier) hereby confirm that the whole of the supplies detailed hereon have been produced, inspected and tested and conform in all technical and integrity respects with the requirements of the contract order / specification.
*(signed by: authorised ** person from the Supplier)*

Note: ** The Supplier shall be able to demonstrate to the satisfaction of PDM that the nominated authorized signatory has authority and competence (with the technical competence demonstrated by qualification and experience supported by validated CV claims).

Where the Supplier utilises an automated system for generation and / or authorisation of certificates / records, then those systems shall be subject to robust management and security controls approved by PDM to protect the integrity of the certification process.

The Supplier shall ensure completion of all requirements of the purchase order prior to delivery including all processes. Deliveries of goods and or services that do not fulfil the purchase order requirements will not be accepted.

The Supplier is responsible for providing a C of C that confirms that the products, processes, and/or services furnished meet the requirements for the lot and or batch of each shipment, with reference to the PDM Purchase Order.

The C of C must have at a minimum the following:

a) Consignees name and address
b) Consignors name and address
c) Reference number and date of the certificate
d) Description and quantity of supplies
e) Related specification or drawing numbers and issue (as appropriate)
f) Identification marks and serial numbers (as appropriate)
g) Manufacturing lot no. or traceability reference (works order / batch number)
h) Any limitations/Shelf Life Expiry dates (as appropriate)
i) Signature(s) of ** approval (for inspection / release)

When the purchase order and / or applicable documents does not specify a method of packaging and preservation, it is the supplier's responsibility to assure that product is preserved and packed using methods and materials that will assure that it arrives damage free to PDM.

Note: to structural engineering services – unsigned documentation and or reports issued will not be legally accepted or binding by PDM. Where such documentation is issued unsigned, PDM will refer to the unsigned documentation in good faith in support of the customer contract specification with the understanding that the full liability (in the case of claim and or failure) placed on the supplier providing unsigned documentation.

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14.1 **Preservation:** All critical / sensitive materials, components or devices must be preserved by the supplier using appropriate packaging materials and stored under conditions recommend by the manufacturer.

14.2 **Packaging:** The method of packaging must:

- Prevent damage or deterioration in transit
- Permit safe handling
- Assure that all necessary warnings are completely visible
- Assure the shipping address, supplier name, qty, and part number are visible.
- Assure that the packing list, quality documents, and other important information is enclosed, or securely fastened.

14.3 **First Article Inspection Report (FAIR)**

When a FAIR is required with the goods to demonstrate compliance with all the procurement specifications detailed in the design package the following must apply: First Article Inspection Reports shall be in accordance with PDM procedure PDM 05 (as instructed).

A copy of the FAIR shall be supplied with the product unless otherwise stated. The supplier shall retain the FAIR as a quality record and they shall not be disposed of without the written permission of PDM. This shall not absolve the supplier of the responsibility for the quality of the delivered product nor preclude its subsequent rejection should other quality issues arise.

14.4 **Our right of access**

Any person authorised by PDM, including the Customer or Regulatory Authority, shall not be unreasonably refused permission by the supplier to enter any works, warehouse or other premises under the supplier's control for the purpose of surveillance or inspection of any tools or materials procured or used for the manufacture of the goods or process of manufacture on the completed goods themselves before dispatched to PDM or their customer.

14.5 **Business continuity planning**

PDM advises each supplier to have a written business continuity plan to cover disaster recovery and the responsibilities and actions to be taken in the event of an emergency that may affect deliveries to PDM that will bring the supplier on line in the shortest possible time.

14.6 **Change Control**

Uncontrolled change within the supply chain is the major cause of deficiency escapes into PDM. It is crucial therefore that all change, no matter how trivial it may appear, is assessed for potential risk and then subject to mitigating actions and control.

Changes can occur in three ways:

1) Change to the producing location, either within a supplier or between suppliers.
2) Changes to Components.
3) Changes within the company's stores department, Storage and dispatch method, including machines, people etc.

The control mechanism for these is as follows.

1) Changes to the producing location shall be notified to PDM.
2) Changes in components shall be raised with the buyer responsible for the purchase order. The buyer shall take the appropriate action within PDM and inform the Customer. The supplier must not progress with any changes to the component without written agreement from PDM.
3) Changes within the Company's stores department shall be controlled as follows

- -All changes to components storage location shall be subject to a documented risk review prior to being carried out.
- -Staff changes within the company's stores department must be fully trained and supervised until level of competence is assessed and approved as competent.
- -Changes to the Stock control computer system, must be documented, risk assessed, audited and checked after changes for example, New operational software is introduced or updated.

All documentation relating to point 3 must be kept indefinitely and made available to PDM on request in writing with reasonable notice following an NCR with relation to supply quality problems.

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14.7 Traceability

All parts and or materials shall be clearly traceable back to the original manufacturer of the parts. Where the supplier has purchased a component or assembly, they shall have a copy of the original producers certificate of conformance.

All components and assemblies shall be traceable to
the original material identification.

The traceability system must facilitate the rapid identification of any part delivered and suspected of being defective. Containment action must be implemented immediately to protect the customer on any defects found that affect quality of the product.
All records in relation to PDM must be kept indefinitely and shall be made available to PDM upon request

14.8 Special process requirements (Ref. section 19.0 of this document for requirements)

Any special process supplier must be approved or meet the requirements outlined in section 19 of this document. The supplier performing the special process must certify that all applicable requirements have been met.

14.9 Manufacturing & Process Control

Adequate, clean well-maintained facilities shall be provided to enable products to be consistently produced in accordance with the requirements of the PDM order.

Suppliers shall establish a procedure detailing the general workmanship practices for the prevention of Foreign Object Damage.

Suppliers must not omit any part of any specification except when defined on the purchase order or covered by a non-conforming report authorised by PDM.

Suppliers providing Shelf life items shall ensure they are correctly labelled with shelf life expiry and suitably packaged. No shelf life items within 6 months of expiry.

Suppliers are expected to establish procedures for identifying adequate statistical techniques for determining process capability of key characteristics, especially when these are identified on the documentation. Such techniques shall demonstrate management ownership and responsibility and be based on recognised industry models.

Where the supplier uses a sample inspection plan as a means of product acceptance, the plan shall be predicated on industry recognised models, statistically valid and shall preclude the acceptance of known non-conforming product. Documented procedures and records to demonstrate this shall be available.

All products supplied to PDM shall be identified in accordance with the requirements of PDM. Suppliers shall maintain records to identify the materials used and the producing and processing history of each batch of parts supplied to PDM. A reference number that facilitates and or enables all associated records to be retrieved shall identify each product batch.

14.10 Inspection Reports

The supplier is required to maintain and provide upon request all inspection records. The records must be at a minimum based on an established / recognized sampling plan.

15.0 Source Inspection

15.1 Source Inspection will be used by PDM to help develop a new supplier, or a supplier that is having quality issues. Source inspection at a supplier's site will be imposed by a letter and or email issued from PDM management to the supplier. In the event PDM imposes source inspection, only PDM can remove or waive source inspection obligations from the supplier.

PDM will also use source inspectors to perform in-process checks at a supplier, process audits at a supplier, or corrective action development, or follow up activities. PDM will select a UKAS and / or other approved inspector.

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16.0 Concessions / Permits

16.1 If a supplier's quality system discovers a non-conformance to the PDM Purchase Order, the supplier can submit a request for a concession to PDM.

The supplier can use the table below to determine when a concession is needed.

Option	PDM Approval/Concession Required
*Rework the non-conformance prior to shipment	No
Scrap and re-place	No
Request to use the product as is	*Yes
Request to repair the non-conformance	*Yes

Requests to use a product as is, or repair against a non-conformance, must be processed using the supplier's own concession request form and signed by PDM.

*Rework must return the part to full compliance and specification.

Note: The supplier is not authorised to dispatch items requiring concession until he has been informed of the applicable Concession Number and the supplier has a copy of the approved concession. This Concession Number must appear on his Certificate of Conformity, each time a delivery is made from the batch that has been approved under Concession.

17.0 Corrective Actions

17.1 If PDM performs a supplier audit and finds a non-conformance a request for corrective action will be issued to the supplier. Corrective actions report's (CAR's) for issues found during an audit will be documented. Before an audit will be closed out all open audit CAR's must be answered by the supplier and accepted by PDM.

18.0 Special Process Suppliers

18.1 In addition to ISO 9001 approval the special process supplier must demonstrate the ability to satisfy all applicable requirements. Failure to satisfy any requirement will prevent PDM from using that supplier. Coded welder status is required when requested.

18.2 PDM considers the following to be special processes:

- Adhesive and gluing processes
- Epoxy resin adhesion
- Electrical dry-wire crimping
- Assemblies using defined torque arrangements
- Painting / power-coating / similar
- Non-destructive testing (NDT / NPI)
- Anodizing / plating
- Galvanising / plating / other coatings
- Welding / soldering / brazing (all types of fusion)
- Conformal coating
- Materials testing / counterfeit parts mitigation

19. Distribution (appropriate access of this document)

Internal

- PDM (purchasing)

External

- All PDM suppliers
- Local authority / government (officers)
- PDM Customers (on request)
- Auditors from Certification and or;
- Notified Bodies (on request)

(end of this document)