

Supply Agreement



SUPPLIER Agreement No

SUPPLIER Name

Date

SUPPLIER Address

Tel

Fax

Email

1.0 DEFINITIONS

- 1.1 **SUPPLIER** means the person, corporation or other legal entity of any tier and its legal representatives, authorized agents, successors and assignees which supplies the Goods and/or services under the Purchase order
- 1.2 **Delta** means Delta Mobrey Ltd and its legal representatives, authorized agents, successors and assignees.
- 1.3 **Contract** means this Agreement between Delta and SUPPLIER, which also includes the Purchase order (hereinafter referred to as P/O) placed by Delta and acknowledged by SUPPLIER for the purchase of the Goods and /or service.
- 1.4 **Goods** means any machinery, tooling, materials, components, assemblies, sub-assemblies, castings, parts represented by Delta's part number and or related documents, certificates or services of any kind to be supplied under the Contract.
- 1.5 **Tooling** means any pattern, artwork, jigs and fixtures, tools, non-consumables hardware or software, dies, associated accessories like base plate, rack and pinion etc not necessarily manufactured and supplied by or to Delta but paid for by Delta for the production of Delta parts.
- 1.6 **Free Issue** means parts that Delta Mobrey Ltd will issue SUPPLIER for production of final product such as assembly, sub-assembly or to perform operations such as welding, painting, coating etc. All free Issue parts are to be managed by SUPPLIER and stock checked regularly and when requested by Delta. Any losses and scrap are to be advised to Delta and funded by SUPPLIER.

2.0 PO PLACEMENT & ORDER ACKNOWLEDGEMENT

- 2.1 DELTA will place Purchase Orders or Call Off Purchase Orders to be called off over typically an 18 months period.
- 2.2 SUPPLIER is to acknowledge new Purchase Orders within 3 working days, acknowledgement to include DELTA purchase order reference, part number & issue number, quantity, delivery date promise and SUPPLIER works order reference. SUPPLIER must ensure that they are in possession of the latest issue drawing as specified on the PO or as otherwise advised.
- 2.3 SUPPLIER will feedback on production schedules issued weekly within 2 working days.
- 2.4 SUPPLIER is to procure all materials and components and documentation required to complete the accepted purchase orders.
- 2.5 All prices are to be held for the duration of the acknowledged order.
- 2.6 SUPPLIER will hold such stock and Work In Progress (WIP) as is necessary to provide the average call off quantity in any given month plus one month's safety stock to allow for variation in Delta's demand. SUPPLIER must ensure that the stock and WIP can be replenished in time for the following month call off plus safety stock.
- 2.7 DELTA will make a commitment to buy from SUPPLIER for a minimum period of 18 months if SUPPLIER agrees to maintain the prices for the same period (subject to satisfactory audits by DELTA)
- 2.8 SUPPLIER is expected to undertake such activities in his business that ensure that inflationary pressures are offset through efficiency and productivity activities, reducing waste and process costs.

3.0 FIRST ARTICLE INSPECTION

- 3.1 SUPPLIER will perform a First Article Inspection Report (FAIR) on the first production parts from the production process. The FAIR will demonstrate that SUPPLIER's process is in control and is able to meet the requirements of the drawing. Any change in process will require a new FAI to be performed.
- 3.2 Delta will review and sign off or reject the FAIR within 7 days of receipt.

4.0 SUPPLY

- 4.1 DELTA will accept a 2 weeks average lead time as advised by SUPPLIER however on some occasions SUPPLIER may be requested to pull forward a delivery
- 4.2 All required certificates or other documentation must be delivered with Goods and for each batch of the Goods and emailed to stores@delta-mobrey.com on the day the Goods are despatched.
- 4.3 Deliveries are not considered complete until the required Certificates and Documentation is received. This causes unnecessary delays to DELTA production activity and should be treated as a critical part of the supply activity.
- 4.4 All delivered parts are to carry a Bar Code which details the Delta part number.

5.0 Quality plan

- 5.1 SUPPLIER route card (form 8) with the Operations instruction (form 155) shows a section to define in accordance to the drawing the features which must be inspected at 100%. The form must be dated & signed off by the operator. A copy of this signed form can be requested anytime by Delta Mobrey to check that the procedure has been followed
- 5.2 All other features are inspected according to our latest revision of QCP 45. SUPPLIER will check on yearly basis if they have the latest revision of QCP 45.
- 5.3 During our yearly audit, SUPPLIER will have to demonstrate a good inspection training record.
- 5.4 Once the job is complete, the form 8 is returned to SUPPLIER Management, it will be checked and filed for a period of minimum 3 years and a signed Certificate of Conformity mentioning "100% inspection carried out in accordance with the Quality Plan" will be sent with the parts.

6.0 REJECTS & WARRANTIES

- 6.1 Should SUPPLIER deliver non-conforming parts or documents to Delta SUPPLIER may replace the parts or agree that Delta rework the parts at SUPPLIER's cost. Delta reserves the right to impose the costs of processing such parts and such costs may include any tests to validate the product is useable, costs of processing rejects, etc. SUPPLIER may replace any non-conforming parts rather than Delta seek to use the parts, provided the replacement parts are delivered in a due time.
- 6.2 Delta will raise a Non-Conformance report that requires the Preventative action to be closed within 3 days including containment of all non-conforming parts, and a Corrective Action Report closed within 10 days showing how the non-conformance has been permanently corrected.
- 6.3 Rejects will be returned to SUPPLIER for re-work or replacement at SUPPLIER's cost, including transport costs to return the Goods if SUPPLIER does not arrange the collection within 48 hours.
- 6.4 Should the parts be urgent and may prevent Delta delivering parts to its Customer then SUPPLIER will use best endeavours to replace the required quantity of parts by the required date.

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7.0 TOOLING

- 7.1 All tooling to be marked 'Property of Delta Mobrey and the Delta Tooling Number upon receipt or creation of the Tooling.
- 7.2 All tooling is to be maintained by SUPPLIER at SUPPLIERs cost for fair wear and tear.
- 7.3 Should tools become so worn that the parts are no longer able to be produced Delta needs to be advised in sufficient time to discuss and agree with SUPPLIER the most appropriate tooling for the future requirements of Delta.

8.0 PACKAGING AND MARKING

- 8.1 All Goods are to be packaged in a manner to protect the Goods from damage in transit.
- 8.2 Packaging must be re-usable and / or recyclable where possible. The use of returnable packaging is encouraged if a practical method can be worked between the two Companies.
- 8.3 All Packaging must be clearly marked with SUPPLIER name and content.
- 8.4 If SUPPLIER delivers parts on pallets then SUPPLIER is required to arrange for the collection of their pallets on the next delivery or by other means.

9.0 INVOICE & PAYMENTS

- 9.1 SUPPLIER to include purchase order reference, part number and quantity delivered on all invoices.
- 9.2 Payments terms are 60 days end of month.

10.0 OTHER TERMS OF BUSINESS

- 9.1 Unless referred to above, DELTA's Terms & Conditions apply; see our website www.delta-mobrey.com under 'Links'

This agreement is made between SUPPLIER mentioned on the header and Delta Mobrey Ltd and shall be effective as of the date of execution by both parties	
For and Behalf of Delta Mobrey Ltd	For and behalf of SUPPLIER
Signature	Signature
Date	Date