

Standard Conditions of Supplied Quality Compliance

1. GENERAL

- 1.1. The expression 'ABD' and 'SUPPLIER' herein shall mean respectively Anthony Best Dynamics Limited, a business registered in England and Wales under number 01658222 and the person, firm or company to whom the purchase order ('Order') is given.
- 1.2. Unless the context otherwise requires the following words and expressions used herein shall have the meanings hereby assigned to them:
 - 'Party' or 'Parties' means ABD or the Supplier or both of them as the context requires.
 - Commercially available Off The Shelf (COTS)** – Products which are widely available in the marketplace, typically from numerous sources, not specialised or bespoke. These are products not designed and produced for ABD nor have had ABDs input to their design but which ABD may modify for incorporation into ABD PRODUCTS.
 - Not Commercially available Off-The-Shelf (Non COTS)** – These are specialised engineered products not widely available in the marketplace. These may have ABDs input to their design or tailored for ABDs requirement(s), and can be fundamental to the performance of ABD PRODUCTS or are significant aspect thereof.
 - ABD Prototype / Pre-Production Design** – a design of a development level, not yet fully incorporated into the final PRODUCT design. ABDs part numbering system for these are P12345-0A (B,C,D,...). Where P12345 indicates the part number, -0A indicates a prototype . pre-production part and revision level.
 - Production Ready Design** – a design fully incorporated into an ABD PRODUCT. Part numbering system is P1234-01 (02,03,...). Where '01' indicated the designs revision level.
- 1.3. Unless specified above, or detailed herein, all other words and expressions used in these Conditions shall have the same meanings as are respectively assigned to them in the standard purchasing terms and conditions.

2. SCOPE

- 2.1. This Agreement is binding for all deliveries to Anthony Best Dynamics Ltd (ABD). It supersedes previous Quality Assurance Agreements between ABD and the SUPPLIER. The terms of this agreement shall form part of every contract/purchase order between the SUPPLIER and ABD and are material.
- 2.2. This agreement covers all products, materials, services, and digital goods (software, data, and software/IT services) hereafter referred to as PRODUCTS, whether developed by the SUPPLIER solely or in conjunction with third parties including with ABD. For the avoidance of doubt, this agreement is not intended for use with suppliers of Commercially Off-The-Shelf (COTS) items unless those COTS products have been modified or are part of an assembly.
- 2.3. In the event of a conflict between this agreement and ABD [standard [Terms and Conditions of Purchasing](#)], this agreement shall prevail.

3. SUPPLIERS MANAGEMENT SYSTEMS

- 3.1. The SUPPLIER shall have and maintain a quality management system certified to ISO9001. In the event that the SUPPLIER does not have ISO9001:
 - 3.1.1. Alternative certified management systems meeting the requirements of ISO9001 such as AS9100 and ISO17025 for example, are acceptable.
 - 3.1.2. For a new SUPPLIER, whose management system meets ISO9001 requirements through self-declaration but is not certified, ABD shall audit the management system.
 - 3.1.3. Should the SUPPLIER be a current supplier to ABD but does not have a certified management system, an onsite audit will be performed.
 - 3.1.4. The SUPPLIER agrees to create a plan to achieve certification.
- 3.2. The SUPPLIER shall provide up-to-date copies of their management system certificates.
- 3.3. The SUPPLIER shall notify ABD within seven (7) working days of any delays in the issuance of follow-up certificates or if any certifications are withdrawn.
- 3.4. Should the certification be revoked or the SUPPLIER fail to maintain it, ABD may suspend or terminate any or all contractual obligations and purchase orders with the SUPPLIER, in accordance with the Termination Clauses of those agreements.
- 3.5. To ensure quality assurance throughout the supply chain, the SUPPLIER shall ensure their suppliers operate a quality management system meeting the requirements of ISO9001 as a minimum.
- 3.6. The SUPPLIER shall operate a supplier monitoring and approval process. Evidence of which should be available to ABD upon request.
- 3.7. If any issues related to quality or Corporate Social Responsibility (CSR) arise due to a supplier of the SUPPLIER, the SUPPLIER shall promptly initiate steps to resolve the issue whilst keeping ABD up to date with its progress.

4. SUPPLIER APPROVAL

- 4.1. New SUPPLIERS to ABD will undergo ABD's Supplier Approval Process. This includes initial assessments of the SUPPLIER's management system and financial standing through methods such as audits, credit checks and supplier qualification questionnaires.
- 4.2. Upon successful approval, an order may be placed with the SUPPLIER, where PRODUCTS will be provided in accordance with requirements of this Agreement.

5. SUPPLIER AUDIT / ASSESSMENTS

- 5.1. The SUPPLIER shall permit ABD to verify, through audits or assessments, whether its management system comply with ABD's requirements, assuring supply chain quality confidence.
- 5.2. Audits or assessments shall be conducted after prior notification by ABD and consultation with the SUPPLIER. In urgent cases, ABD reserves the right to conduct audits or assessments at short notice.
- 5.3. The SUPPLIER shall grant ABD access to operational, testing and storage facilities, and allow inspection of all documents relevant to the audit or assessment.
- 5.4. Any necessary and reasonable restrictions by the SUPPLIER to protect its trade secrets or other customers confidentiality shall be respected by ABD. The SUPPLIER must disclose upfront to ABD which areas of the operation are considered restricted.
- 5.5. ABD shall inform the SUPPLIER of the results. If any deviations or potential improvements are identified, the SUPPLIER undertakes to create an action plan within seven (7) working days or other agreed timeframe, resolve the deviation/implement the improvement, and notify ABD accordingly.

6. ORDER REVIEW

- 6.1. Upon receipt of the contract, request for quotation, or order the SUPPLIER shall review all documents for feasibility. This shall include a thorough review of the drawing, associated specifications and tests as applicable.
- 6.2. Test plans and specifications will either be noted on the drawing or communicated from procurement.
- 6.3. The SUPPLIER shall review and inform ABD within seven (7) working days, or an agreed timeframe, of any gaps in meeting requirements, risks, and possibilities for improvement. Such review shall include all necessary checks to ensure it is entitled to use the Intellectual Property specified by the requirements
- 6.4. Where there are variances between what the SUPPLIER can achieve and the specified requirement(s), these must be highlighted to

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- procurement prior to acceptance of the order.
- 6.5. A request to progress with the variance may be authorized under concession.
- 6.6. The concession request must be made at the soonest available opportunity to allow ABD sufficient time to review, consider, and decide acceptance or rejection. ABD will return with a decision within seven (7) days.
- 6.7. Should the concession be accepted, the affected order(s) shall be suitably noted. The concession shall also be noted on the SUPPLIERS Certificate of Conformity.
- 6.8. Should the concession be rejected, the SUPPLIER must review how the variance can be resolved. In the unlikely case it can't be, ABD reserve the right to explore alternative sourcing options.
- 6.9. The SUPPLIER must store all documents and records relevant to the contract or order and the PRODUCT for at least five (5) years from the date of the last delivery.
- 6.10. Measures must be in place to protect records.
- 7. CHANGE MANAGEMENT**
- 7.1. Changes instigated by the SUPPLIER must be notified to ABD made thirty (30) days prior to planned implementation.
- 7.2. The notification needs to detail at a minimum: what is changing within the product, which order(s) will be affected, and the reason for change.
- 7.3. The following, not exhaustive, list are types of changes ABD require notification of: firmware, software, dimensional characteristics to external elements, material change, performance, operational environment, reduction in life span.
- 7.4. Where changes listed in 7.6 and 7.7 have not been communicated with ABD before their introduction causing a detrimental effect on ABDs operations (including reputation), the SUPPLIER shall be liable to compensate ABD for their disruption and any associated reputational damage.
- Changes by ABD**
- 7.5. ABD may make design changes to PRODUCTS to improve quality, safety, or efficiency. These changes will be communicated to the SUPPLIER via an updated drawing or specification within the order. ABD will discuss such changes with the SUPPLIER to mitigate unnecessary cost implications and establish phase-out/phase-in timeframes for the changes.
- Changes by SUPPLIER**
- 7.6. For PRODUCTS where the SUPPLIER has prepared the design, ABD need to be notified of change before delivery. This allows ABD to review the change and if design work is required to incorporate the change.
- 7.7. Where the SUPPLIER intends to make changes to its business, ABD should be notified in writing prior to implementation. These changes may include (but are not limited to):
- 7.7.1. Relocation or production site,
 - 7.7.2. Change to testing criteria,
 - 7.7.3. Business sales or acquisitions,
 - 7.7.4. re-organizations of legal structure,
 - 7.7.5. Financing or refinancing of business activities.
- 7.8. Where the SUPPLIER proposes changes to a design prepared by ABD, such changes need communicating to ABD at the earliest opportunity, to allow evaluation of the change.
- 8. JOINTLY DEVELOPED PRODUCTS**
- 8.1. Where the PRODUCTS are developed jointly by the SUPPLIER and ABD, the project scope shall be clearly documented within an agreed Scope of Works written by ABD. The Scope of Works shall be detailed within the contract or on the Purchase Order the SUPPLIER shall adhere to the scope and requirements therein.
- 8.2. The Scope of Work shall include (but not limited to) :Project timeline, Deliverables, and Meeting/engagement plan,
- 8.3. The SUPPLIER shall introduce and maintain a process to assure quality of the PRODUCT.
- 8.4. Documents and records related to the project such as: project roadmaps, timetables, and status reports, shall be made available to ABD upon request.
- 8.4.1. These shall be maintained as per section 6.9.
- 8.5. On completion of the project all documentation and records as outlined and agreed within the scope of works and contractual arrangements will be handed over to ABD.
- 9. INTELLECTUAL PROPERTY**
- 9.1. Any and all intellectual property created by the SUPPLIER and/or ABD whether solely or jointly as part of the jointly developed PRODUCT, shall vest immediately in ABD, and the SUPPLIER shall do all things necessary to give effect to the transfer of title.
- 10. PRE-PRODUCTION AND PROTOTYPES**
- 10.1. Pre-production or prototype parts shall be verified as conforming prior to delivery. The requirements of such are:
- 10.1.1. Mechanical parts – a report of all toleranced dimensions, or
 - 10.1.2. Electrical parts – a completed ETP and requirements within Supplier Quality Electrical Standard SP-34.
- Note: Toleranced dimensions are those specifically called out on the drawing. General tolerances are those defined within the drawing border. Unless specifically requested, general tolerances do not need recording on the report but shall be measured for conformance by the SUPPLIER**
- 10.2. Should a measurement show an aspect not confirming to the requirements, the SUPPLIER shall make efforts to rework to be conforming prior to dispatch. Should rework be detrimental to the PRODUCT, the SUPPLIER may request a concession as per 11.11.
- 11. FIRST TIME PART PRODUCTION & SUPPLY**
- 11.1. Where the production part has not been produced by the SUPPLIER before, the SUPPLIER shall conduct and complete a First Off Article Inspection Report (FAIR).
- 11.2. The report shall be submitted to ABD for approval in good time prior to dispatching the order. ABD will endeavour to review the FAIR and respond to the SUPPLIER within seven (7) working days of receipt.
- 11.3. When required, ABD may need to be present during the FAIR or portions of the FAIR. This will be agreed prior to commencement.
- Ongoing PRODUCT Manufacture**
- 11.4. The SUPPLIER shall inspect and measure 100% of PRODUCTS produced, confirming all requirements have been achieved prior to shipment, per order.
- 11.5. An inspection report shall be completed and accompany each order as per below:
- 11.5.1. For mechanical PRODUCTS developed by ABD, an inspection report for all toleranced dimensions; or
 - 11.5.2. For electrical PRODUCTS where ABD have developed the design, an electrical test shall be completed; or
 - 11.5.3. For mechanical and electrical PRODUCTS developed by the SUPPLIER or those where ABD have inputted to the design or the PRODUCT has tailored to ABD, the SUPPLIERS standard test report or that agreed with ABD.

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- 11.6. In addition to 12.2, the SUPPLIER shall provide a Certificate of Conformity (CoC) for the PRODUCTS provided to ABD per order:
11.6.1. Physical certificates must be easily identifiable by goods-in at ABD.
- 11.7. ABD reserve the right to reject the delivery in the event the report and / or the CoC have not been provided upon receipt of the order.
- 11.8. ABD may require the SUPPLIER to provide a copy of the inspection report to ABD (Quality and/or Procurement Teams) electronically prior to dispatch.
- 11.9. The SUPPLIER shall maintain records confirming all requirements have been achieved.
- 11.10. During production at the SUPPLIER where measurement result(s) show a PRODUCT or produced batch not conforming to one or more of the requirements, the SUPPLIER shall inform ABD at the soonest possible time with a plan to remedy the part.
- 11.11. Should it be impossible to remedy the deviation without remaking or detrimentally affecting the part, ABD may consider a request for concession from the SUPPLIER which will have one of the following two outcomes:
11.11.1. Should the concession be accepted, this will be communicated via an approved concession document; or
11.11.2. Should ABD reject the concession request, this will be communicated to the SUPPLIER.
- 11.12. The SUPPLIER shall measure and monitor the capability of their manufacturing processes to meet the requirement(s).
- 11.13. Any equipment made available and/or paid for by ABD shall be marked as the property of ABD. The SUPPLIER is responsible for ensuring that such equipment is intact and functioning properly and shall arrange for its maintenance and repair, and that it is appropriately insured.
- 12. PACKAGING & TRACEABILITY**
- 12.1. The SUPPLIER shall ensure PRODUCTS are identifiable and traceable with the following information: a) Item number and issue number
b) Purchase order, c) Production batch.
- 12.2. The SUPPLIER shall ensure the quality of packaging is sufficient to avoid damage during transportation to ABD and storage at the SUPPLIER site.
- 12.3. The SUPPLIER shall utilize packaging materials used from renewable sources wherever possible with known recycling routes. The SUPPLIER is encouraged to reuse packaging materials if appropriate and provided damage is avoided.
- 12.4. PRODUCTS which are not packaged appropriately and deemed unsafe to unload and / or may cause injury to ABD staff when un-packaging will be rejected and returned to the SUPPLIER at their cost.
- 13. COMPLAINTS AND REJECTED ITEMS**
- 13.1. Should a defective PRODUCT be identified, ABD will notify the SUPPLIER at the soonest available opportunity.
- 13.2. The SUPPLIER shall be liable for rectification or replacement of the defective PRODUCT(s) in accordance with their contract and/or the Purchase Order terms.
- 13.3. If PRODUCTS delivered are not in compliance with the requirements and there is a potential for stoppages in production at ABD or its customers, the SUPPLIER must ensure, in consultation with ABD, that suitable & immediate measures are taken to remedy the situation. The cost of these shall be borne by the SUPPLIER.
- 13.4. The SUPPLIER shall be responsible for faults and defective items of their suppliers to the same extent as it is for its own faults.
- 13.5. Should a non-conformance report (NCR) be raised on the SUPPLIER. The SUPPLIER shall review and respond to the NCR within seven (7) working days.
- 13.6. The SUPPLIER shall analyses the root cause and provide ABD with an investigation report detailing corrective and preventive actions.
- 13.7. The nonconformance will be considered closed once both ABD and the SUPPLIER have agreed on the root cause analysis and the corrective and preventive actions have been completed.
- 14. QUALITY TARGETS & IMPROVEMENT**
- 14.1. ABD requires the SUPPLIER to achieve a percentage defective items of less than 1% of purchase volume over the preceding twelve (12) month period. Should the percentage defective rise above 1%, ABD will be entitled to return all stock to the SUPPLIER for cleanse and re-supply at the cost of the SUPPLIER, or cancel the contract at ABDs discretion. On return of stock, the SUPPLIER will refund the purchase price to ABD.
- 14.2. ABD requires the SUPPLIER to achieve an On Time Delivery in Full (OTIF) performance of 95%.
- 14.3. ABD shall notify the SUPPLIER should the performance target not be met in respect to 14.1 and 14.2 The SUPPLIER shall introduce measures to achieve the performance target requirement.
- 14.4. If the performance targets in 13.1 & 13.2 are repeatedly not met, ABD reserves the right to develop a Supplier Improvement Plan with the SUPPLIER to return to the required performance level. An agreed interim Supplier Improvement Plan shall not relieve the SUPPLIER of its obligations to process all complaints or its liability for all supplies of defective PRODUCTS.
- 14.5. If the agreed requirements of the Supplier Improvement Plan are not achieved, ABD reserves the right to suspend the supply of PRODUCTS by the SUPPLIER until improvement measures have been introduced and proven effective.
- 14.6. ABD reserves the right to terminate supply agreements, should the quality performance fail to meet the levels required.
- 14.7. Quality discussions can be conducted at the request of ABD or the SUPPLIER.
- 15. CONTINUOUS IMPROVEMENT**
- 15.1. ABD actively encourages the SUPPLIER to suggest opportunities for improvement to the PRODUCT(s). These suggestions, which may benefit safety, quality, environmental impact, performance, or cost, will be evaluated by ABD and incorporated into the relevant documentation and design upon acceptance.
- 16. GOVERNING LAW**
- 16.1. This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation is be governed by and will be interpreted in accordance with the law of England and Wales.
- 17. JURISDICTION**
- 17.1. Each party irrevocably agrees that the courts of England and Wales will have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation.