LONG ENGINEERING LTD

Steel Stock, Welding & Fabrication

Supplier Quality Assurance & Safety Contract Terms & Condition Requirements

LE 14-01-01

Warning

Printed copies of this document are uncontrolled - except if copies are issued with a LE approved (signed) Purchase Order.
Note: Check issue number against the Purchase Order before using – if in doubt ask LE.

Note: by acceptance of a Long Engineering Ltd purchase order through product and or service supply, hereby confirms a supplier's acceptance of these quality assurance and safety terms and conditions of supply as per this document (end)	Dated	01/09/2013
Issue: 1 – LE 14-01-01	© 2013 Long Engineering Ltd	LE Terms & Conditions of Procurement

1.0 Scope

1.1 This document details the requirements to be satisfied by the suppliers and or sub-contractors to Long Engineering Limited (hereinafter referred to as LE). LE requires that each supplier must comply with the quality requirements set forth within this document and to maintain a Quality Management System that ensure materials, goods and services comply with all our specified requirements.

1.2 These contract requirements are additional to the details on a LE Purchase Order (which focuses on product specification, logistics, part descriptions, special references, quantities, etc.).

1.3 Where the term sub-contractor is used within this document, this will be the contracted supplier to LE; supplier is the terms used by LE for any organisation providing external resource and or material and or components in support of the LE contract specification.

2.0 Purpose

2.1 To establish and confirm a supplier's Quality Assurance requirement for LE for organisations supplying external resource and or material and or components and or technical expertise, as procured and that will have a direct impact on the specification and or performance of a LE product and or contract obligation.

3.0 Contents

4.0 Related Documents / Terminology

The following documents are internal to LE and may be available upon request:

Procedure	**LE Number Subject**
LE 03	Purchasing (for reference only and provided to suppliers on request)
LE 14	Selection of Suppliers (supplier quality assurance questionnaire)
LE 13	Drawing Control
LE 08	Non Conformance / Incident / Variations (for reference only)
Form LE 08-01	Non Conformance Report (Complaints / Recall) (for LE use / completion)
Form LE 14-01	Supplier Assessment Questionnaire (for supplier completion)

5.0 Approval Requirements

5.1 Suppliers shall as the terms so require, manufacture and or service, release and deliver all products and services in accordance with the LE Purchase Order and all requirements identified therein (with due consideration to drawings and associated technical specifications).

LE require its suppliers to be certified against ISO 9001 (current issue) by a UKAS accredited certification body and or notified body against the requirements of EN 1090-1 and or EN 1090-2 and or ISO 3834 (series) when contracted for Structural Steel Fabrication and Welding work.

If the supplier is a test and or calibration laboratory, the supplier must be ISO 17025 (current issue) accredited by UKAS to the required scope for the test and or calibration provided. Supplier's that do not comply with the above may be used by LE, provided the supplier's Quality Management System complies with the following requirements (refer to form LE 14-01) and has been formally approved by LE management (prior to supply). All certification awarded must be accredited by a UKAS (or same status notified body under the mutual recognition agreement (MRA) for EA – European Accreditation / ILAC). Suppliers with non-UKAS accredited certification will be viewed by LE as not formally certified and unlikely to be accepted as an approved supplier.

5.2 All products shall be manufactured strictly in accordance with the LE purchase order (and technical specifications and drawings as provided). The delivery of incomplete product and or component shortages is not permissible unless specified on the LE purchase order or by written authority of LE clearly accepting part delivery. Steel stock suppliers should provide LE with advice and advanced notice of shortages at the earliest possibility (shortages are recorded by LE as a supplier non-conformance and may form a part of supplier performance monitoring). Supplier delivery notes with deliveries must detail quantities against part and or item number references unique to the part and or item delivered.

5.4 When the supplier is manufacturing a product on behalf of LE with Special Processes specified, the supplier may only use Special Process suppliers (refer to section 19.0 of this document) who are approved as detailed within section 5.1 of this document). A complete list of LE - Approved Suppliers can be supplied on request to the LE purchase office.

5.5 Material stockists and or parts distributors shall hold as a minimum ISO 9001 Certification (or appropriate scope for Stockist Scheme Standard Certification for CE Marking) and issue to LE a traceable and signed “Declarations of Conformity” for the items provided. As a minimum, items shall only be procured directly from the original manufacturer or approved material stockists and or parts distributors.

Note: Documentation and data supplied with the LE purchased item shall ensure that full traceability of the purchased item is maintained, confirming that the purchased item conforms to specification and was actually produced by the designated manufacturer (objectively).

5.6 In the event that a supplier has its approval against ISO 9001 / EN 1090 / BS 3834 / ISO 17025 revoked and or Coded Welding status of employees cancelled, the supplier must immediately inform LE in writing stating reason for and or status of withdrawal and details of appropriate corrective action to remove and resolve the aforementioned non-compliance.

6.0 General

6.1 Enquiries concerning the content of this document and other reference documents, or requests for additional copies should be referred to the LE purchasing representative responsible for the Purchase Order (refer to the signature on the LE Purchase Order).

6.2 The requirements of this document and LE Form 14-01 (assessment questionnaire) will be used to provide both existing and potential suppliers with visibility of the current LE Quality & Safety Standard requirements and expectations required by LE contracts and its customers.

6.3 It is a policy of LE to manage the manufacture and supply of products and services, which result with, or contribute to, safe conditions for its customers and their end-users and other parties. In furtherance of this policy, LE suppliers shall establish controls and procedures that ensure that the achievement of this LE policy objective is provided throughout the duration of contract to supply (with the objective evidence, when requested by LE that this requirement is compliant with due consideration to legal and contract obligation).

6.4 Suppliers are required to comply in full with the contents of this document and purchase order provided. If a supplier cannot comply with any part of this document or the purchase order provided, then the supplier must advise LE in writing prior to purchase order acceptance. LE will review the supplier request and advise the supplier of the results in writing (email and or letter), to include any agreed concessions for supply. The supplier is responsible for keeping all related documentation on file at their facility with reference to correspondence in this regard.
No deviation from this document is acceptable, unless in advance of formal agreement to do so in writing from LE. Such formal agreement must be retained by the supplier.

6.5 Verbal agreements between LE and its suppliers with reference to contract and legal obligations are un-acceptable – verbal communication between the parties related to contract and or legal obligations must be followed-up with emails and or wet signature correspondence to LE (with acceptance acknowledgement from LE to the supplier).

6.6 Suppliers shall maintain legible and retrievable LE specifications and other Standards at the latest issue and shall review the issue status of specifications on receipt of a Purchase Order (particularly for repeat contracts for the same product and or service).

7.0 Quality Improvement Objectives (optional)

7.1 All LE suppliers are expected to have plans to achieve Quality & Safety improvements as part of their continuous improvement programme (in line with the requirements of ISO 9001).

7.2 LE is dedicated to continuous improvement with the Quality & Safety of its products and or services to ensure customer satisfaction and integrity to that expected. Supplier's contribution to this approach through the quality and reliability of their products and services is a prerequisite to contract.

7.3 In the case of failure, each supplier shall demonstrate evidence of continuous improvement based on pro-active loss-prevention, root cause analysis and effective timely corrective action.

8.0 Organisation

8.1 Any change to the supplier's management representative responsible for Quality Management System and or in-process inspection / factory control plan (FCP) within the supplier's organisation shall be communicated to LE. Changes to premises and or locations shall be notified sufficiently in advance to LE.

9.0 Purchase Order / Documentation Issue Control

9.1 Purchase Order amendments required by suppliers shall be subject to review by LE 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 comply with any operations, approved suppliers may be identified and used with prior agreement.

9.2 Where a supplier has more than one site, every site used to produce product for shipment direct to LE must have LE approval (by completion of LE Form 14-01).

9.3 LE management shall be afforded the right of entry to verify at source and or upon receipt that purchased product conforms in all respects to specified requirements. This action shall not absolve the supplier of their responsibility for the quality of the delivered product, nor preclude its subsequent rejection should other quality issues arise at a later date / time found by LE and or its customer.

9.4 Where the use of a supplier's sub-contractor is permitted, the identification and selection shall form a part of the initial contract review. Suppliers may consider / use a sub-contractor where suitable given the following circumstances: *that the sub-contractor / supplier* is currently approved by* LE or hold ISO 9001 certification awarded by a UKAS accredited certification body (or as per section 5.1 above).

9.5 *Suppliers are responsible for ensuring the flow down of applicable sections of LE 14-01-01 and related specifications to sub-contractors / suppliers (in support of the LE contract specification).

9.6 Suppliers must reference LE Purchase Order Number(s), as issued in support of an activity undertaken for LE (referring their suppliers and or sub-contractors to the LE web-site for latest version of this document - LE 14-01-01).

10.0 Procurement of Material (including Components / Items)

10.1 Failure of material and or components can have major effects on safety, reliability, operational and structural integrity – with related human and cost implications. Therefore, all parts are termed as “controlled” and should be treated as such (to include appropriate bonding of non-conforming material and or fabrications, etc. may be appropriate and / or necessary).

10.2 Any material and or component, which is sourced, and has the original manufacturer and or preferred supplier identified on the bill of quantities / bill of materials may only be purchased from that supplier or their approved agent. Suppliers must not source materials and or items from non-approved sources (original manufacturing suppliers only with recognised product certification).

10.3 Where a Supplier wishes to change the source of material and or component, the supplier shall request permission to make the change from LE by email and or letter.

NOTE: Identification of a supplier on a controlled bill of quantities / bill of materials does not automatically approve them for use. It is the supplier’s responsibility to check that any sub-contractor is correctly approved and or certified prior to use (objective evidence for audit purposes is required to confirm traceability and or compliance).

11.0 Control of Non-Conforming Material (or Components / Items)

11.1 The supplier shall have no discretionary power to deviate from the LE specification requirements as detailed within a LE Purchase Order (and supporting drawings and or specifications). Concessions to contract supply will only be accepted on receipt from the providing supplier of a full “root cause analysis” report detailing the reasons / issues and evidence of non-conforming materials (or components / items).

Parts and or materials subject to a concession must not be delivered to LE or their customer until LE approves a concession (with the LE customer).

Note: Concessions are only issued by LE to suppliers when a product is non-conforming, and the non-conformance does not affecting “fit, form or functionality” with due consideration to health and safety (and may require customer and or final user approval – prior to acceptance).

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

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

11.4 When instructed by LE, scraped (or non-conforming) fabrications / components for the contract specification must be physically damaged beyond repair prior to actual disposal (to prevent use or mixing with conforming product of the same / similar type / model / product). The LE management representatives (or their customer) may require a report from the supplier and / or witness by

inspection of the process of damage and / or disposal of non-conforming product (it is critical to avoid the placement of sub-standard CE marked product onto the market).

12.0 Rejections after Delivery

12.1 The supplier shall be notified of non-conforming supplies and or poor workmanship found after delivery. LE will contact the supplier and issue a non-conformance report (NCR) against the parts noted for corrective action by the supplier.

12.2 Following receipt of an NRC notification, the supplier shall take immediate corrective action (or containment action in the case of critical safety failure, e.g. weld and structure integrity). The action shall include 100% inspection of all supplier stock and or work in progress. This containment action shall be taken within 48 hours of notification from LE (or as otherwise agreed with LE). 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 LE in writing with supporting documentation and photographic images as appropriate on request by LE.

13.0 Supplier Monitoring

13.1 All suppliers shall monitor their quality and delivery performance of product delivered on behalf of LE. In addition, each supplier's quality and delivery performance is continually monitored by LE based on delivery documentation provided with reference to that originally agreed. Supplier's 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 a LE NCR may result in the withdrawal of supplier approval status by LE .

14.0 Records & Archives

14.1 All (Quality Management System) records held by suppliers shall be legible and identifiable to the product and or contract 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 LE staff until such time as LE authorise disposal in writing.

14.2 Documentation and records applicable to LE shall not be amended with correction fluid. A single wet-inked line on printed paper shall delete any revisions and or correction of errors and will be accompanied by an initial and date next to the corrected document.

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

14.4 All records shall be retained by the supplier for a period of 10 years unless otherwise agreed with LE in writing (or as determined by LE customer contract obligations and or UK and or EU legislative requirements).

15.0 Certificate of Conformance

A Certificate of Conformity** (C of C) and or Declarations of Compliance** (with reference to CE Marking of product and or material compliance), shall include sufficient information to enable the

same to be correlated and traceable to the materials and or components supplied and must accompany technical documentation / records provided to LE.

**Certificates and supporting documentation will be identified by the original LE Purchase Order and or Contract number and shall include the following information (the Certificate shall include a statement of conformity individually signed by an authorised signatory by the supplier and shall be as stated below or similar, subject to agreement by LE), as follows:

We (name of the supplier) hereby confirm that the whole of the supplies detailed hereon have been manufactured, welded, inspected and tested and conform in all technical and integrity respects with the requirements of the contract purchase order / specification (as per drawing number / product / construction part number……..(as detailed here);

*(signed by: authorised *** person from the Supplier – printed name and date)*

Note: ***The Supplier shall be able to demonstrate to the satisfaction of LE and or third parties in the form of a Notified Body and or HM Trading Standards that the nominated authorised signatory has controlled usage of the authority (with the person having technical competence demonstrated by qualification and or experience supported by validated CV claims and documented certification – available on request).

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 (IT) back-up and data recovery controls approved by LE to protect the integrity of the certification and approval process.

The supplier shall ensure completion of all requirements of the purchase order prior to delivery including all processes. Deliveries of goods that do not fulfil the purchase order requirements will not be accepted. The Supplier is responsible for providing a Certificate of Conformity (C of C) and or Declarations of Compliance (D of C) that confirms that the products, processes, and or services, as provided meet the requirements (for the lot of each shipment of item delivered) against the LE - Purchase Order.

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

a) Consignees name and address (supplier)
b) Consignors name and address (supplier)
c) Reference number and date of the certificate
d) Description and quantity of supplies
e) Related product specification or drawing numbers and issue
f) Identification marks and serial numbers (as appropriate)
g) Manufacturing / material lot no. or traceability reference (works order / batch number / mill cert)
h) Any limitations / shelf life expiry dates (as appropriate)
i) Signature(s) of *** approval (for inspection / release – see above ***)
j) Coded welding certificate reference numbers (as an annex if necessary) associated with the contract / product provided (or signature of the nominated responsible person***)

Note: Technical service suppliers (such as designers and engineers) will provide (their) authorised and dated signature of approval on all documentation provided to LE; thereby confirming their professional and technical input and contribution to the contract specification.

15.1 **Preservation:** If used, all packaging materials / substances / paints used to preserve the integrity of the fabrication and or component parts must be supported with the necessary COSHH data sheets or other health and safety data as recommend by the original manufacturer.

15.2 Packaging (and CE Marking): When instructed, the method and weight information of packaging and or transport information must be provided with due consideration to environmental legislation. Other information may include (on request) information about product protection:

- Instruction about safe handling
- Warning labels and these are completely visible
- Shipping address, supplier name, quantity, and part number are visible.
- Ensure that the packing list, quality documents, and other important information is enclosed, or securely fastened.

15.3 Inspection Report (IR)

When an IR is required with the goods to demonstrate compliance with all the procurement specifications detailed in the design package the following must apply: Inspection Reports shall be in accordance with and LE reporting format (available on request from LE).

A copy of the IR shall be supplied with the product / material / item unless otherwise stated. The supplier shall retain the IR as a quality record and they shall not be disposed of without the written permission of BE. 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.

15.4 LE right of access

Any person authorised by LE, including the Customer and or Regulatory Authority Trading Standards), shall not be unreasonably refused permission by the supplier to enter any of the suppliers works, warehouse or other premises under the supplier's control for the purpose of surveillance or inspection of any materials / products / items procured or used for the manufacture of the goods or process of manufacture on the completed goods themselves before dispatch.

15.5 Business continuity planning

LE 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 LE that will bring the supplier on line in the shortest possible time.

15.6 Change Control

Uncontrolled change to specifications and or processes to support the LE contract specification within the supply chain is the major cause of possible product deficiency. It is crucial therefore that all changes, no matter how trivial these 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 manufacturing location, either within a supplier or between suppliers.
2) Changes to supplied components (possibly differing from that previous delivery).
3) Integrity of storage and dispatch method, including machines, people etc.

The control mechanism for these is as follows.

1) Changes to the manufacturing location shall be notified to LE.

2) Changes in materials / components shall be raised with the LE person responsible for the purchase order. The person responsible shall take the appropriate action within LE and inform the Customer if necessary. The supplier must not progress with any changes to the component without written agreement from BE.

3) Changes within the supplier's stores 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 must prompt a retaining 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 LE on request in writing with reasonable notice following an NCR with relation to supply quality problems.

15.7 Traceability

All material and or parts shall be clearly traceable back to the original manufacturer of the parts. Where the supplier has purchased a component and or assembly, they shall have a copy of the original manufacturer's 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 LE must be kept indefinitely and shall be made available to LE upon request

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

Any special process supplier's must be ISO 9001 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.

15.9 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 LE order.

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 LE.

Suppliers providing Shelf life items shall ensure they are correctly labelled with shelf life expiry and suitably packaged. No shelf life items within six (6) months of expiry with the exclusion of Solder Paste shall be accepted by LE. 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 parts supplied to LE shall be identified in accordance with the requirements of LE . Suppliers shall maintain records to identify the materials used and the manufacturing and processing history of each batch of parts supplied to LE. A lot number that enables all associated records to be retrieved shall identify each batch.

15.10 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.

16.0 Source Inspection

16.1 Source Inspection will be used by LE 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 an email and or letter issued from LE to the supplier. In the event LE imposes source inspection, only LE can remove or waive source inspection requirements.

LE may also use source inspectors (including informing Trading Standards) to perform in process checks at a supplier – to include process audits at a supplier's premises, or review of corrective action development procedures. LE may select a UKAS and / or other approved inspector for this activity in support of the LE certification (against ISO 9001 and or EN 1090).

17.0 Concessions / Permits

17.1 If a supplier's quality system discovers a non-conformance to the LE Purchase Order, the supplier can submit a request for a concession to the LE representative contact. The supplier can use the table below to determine when a concession is needed.

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

Requests to use as is, or repair a non-conformance, must be processed using the suppliers own concession request form and signed by LE .

*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 LE Concession Number and the supplier has a copy of the approved concession from LE. This LE Concession Number must appear on his Certificate of Conformity (when supplied), each time a delivery is made from the batch that has been approved under concession.

18.0 Corrective Actions

18.1 If LE performs a supplier audit and finds a non-conformance a request for corrective action will be issued to the supplier. Corrective actions for issues found during an audit will be documented and maintained on file by LE with a copy to the supplier for action.

19.0 Special Process Suppliers

19.1 LE uses ISO 9001 approved special process suppliers. 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 LE from using that supplier.

19.2 LE considers the following to be special processes:

- Galvanising / Other Plating
- Welding / Soldering / Brazing
- Conformal Coating / Epoxy-resin
- Painting / Power-coating
- Non-destructive testing (NDT)

20. Distribution (appropriate access of this document)

Internal resource

- LE purchasing office and quality management (responsible buyers).

External resource

- All LE suppliers, supplying against the following:

    - Structural Steel Fabrication, Welding, Components and related contract parts and items (as identified by LE Purchase Order)
    - Designers and Structural Engineers (those suppliers authorising technical specifications and drawings in support of the contract and legal obligation)
    - LE Customers (on request)
    - Auditors from Accredited Certification / Notified Bodies (on request)
    - Local Authorities and Trading Standards Officers (on request)

(end)