

Supply Agreement



Supplier Name	Supply Agreement No.
Date	
Supplier Address	Telephone
	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 Controls 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 Controls Ltd will issue the 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 The Supplier and stock checked regularly and when requested by Delta. Any losses and scrap are to be advised to Delta and funded by the 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 *The Supplier* is to acknowledge 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. The Supplier must ensure that they are in possession of the latest issue drawing as specified on the PO or as otherwise advised.
- 2.3 *The Supplier* is to procure all materials and components and documentation required to complete the accepted purchase orders.
- 2.4 All prices are to be held for the duration of the acknowledged order.
- 2.5 The 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. The Supplier must ensure that the stock and WIP can be replenished in time for the following month call off plus safety stock.
- 2.6 DELTA will make a commitment to buy from *the Supplier* for a minimum period of ___ months if *the Supplier* agrees to maintain the prices for the same period (subject to satisfactory audits by DELTA)
- 2.7 The 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.

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3.0 FIRST ARTICLE INSPECTION

- 3.1 The Supplier will perform a First Article Inspection Report (FAIR) on the first production parts from the production process. The FAIR will demonstrate that the 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 5 working days of receipt.

4.0 SUPPLY

- 4.1 DELTA will accept a ___ weeks average lead time as advised by *the Supplier* however on some occasions *the Supplier* may be requested to pull forward a delivery
- 4.2 Any required certificates or other documentation must be delivered with Goods and for each batch of the Goods and emailed to stores@delta-controls.com on the day the Goods are despatched.
- 4.3 Deliveries are not considered complete until the required Certificates and Documentation is received.
- 4.4 Should Delta issue the Supplier with Free Issue material, the Supplier is to ensure that the control of the material is effective. The Supplier is to undertake a stock check of the materials at least twice per year and at Delta's reasonable request. Any scrap material is to be reported to Delta with a brief report as to the reason for the scrap and whether any change to the process is required to eliminate the cause of the scrap in future. The cost of the scrap is to be credited to Delta.
- 4.5 All delivered parts are to carry a Bar Code which details the Delta part number.

5.0 REJECTS & WARRANTIES

- 5.1 Should *the Supplier* deliver non-conforming parts or documents to Delta the Supplier may replace the parts or agree that Delta rework the parts at the 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. *The 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.
- 5.2 Delta will raise a Non-Conformance report that requires the corrective action to be closed within 1 working including containment of all non-conforming parts, and a Preventive Action Report closed within 5 working days showing how the non-conformance has been permanently corrected.
- 5.3 Rejects will be returned to *the Supplier* for re-work or replacement at *the Supplier's* cost, including transport costs to return the Goods if the Supplier does not arrange the collection within 2 working days.
- 5.4 Should the parts be urgent and may prevent Delta delivering parts to its Customer then the Supplier will use best endeavours to replace the required quantity of parts by the required date.
- 5.3 *The Supplier* is to advise DELTA if there are any specific procedures to follow re the returning any Goods.

6.0 TOOLING

- 6.1 All tooling to be marked 'Property of Delta Controls' and the Delta Tooling Number upon receipt or creation of the Tooling.
- 6.2 All tooling is to be maintained by the Supplier at the Suppliers cost for fair wear and tear.
- 6.3 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 the Supplier the most appropriate tooling for the future requirements of Delta.

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7.0 PACKAGING AND MARKING

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

8.0 INVOICE & PAYMENTS

- 8.1 *Supplier* to include purchase order reference, part number and quantity delivered on all invoices.
- 8.2 Payments terms are 60 days end of month.

9.0 OTHER TERMS OF BUSINESS

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

This agreement is made between the Supplier mentioned on the header and Delta Controls Ltd and shall be effective as of the date of execution by both parties	
For and Behalf of Delta Controls Ltd	For and behalf of the <i>Supplier</i>
Signature	Signature
Date	Date