

**GENERAL PURCHASING CONDITIONS FOR ASD SUPPLIES****SFRG-GPC-  
ASD***Rev. 3 dated  
06/03/2020***REVISIONS HYSTORY**

<b>REVISION NO.</b>	<b>DATE</b>	<b>MODIFIED §</b>	<b>MODIFICATION DESCRIPTION</b>
0	27/03/2017	---	First issue
1	31/07/2018	1	Scope extended to open die and rolled forgings; changed "projects" with "programs"
2	06/05/2019	4.13, 4.14	Added the needs for a Code of Ethics and declaration of conformity
3	06/03/2020	1	Added the references to general purchasing conditions (SFRG-GPC).

<b>SOURCING &amp; PROCUREMENT</b>	<b>QA</b>	<b>LEGAL</b>	<b>CEO</b>
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## **1 SCOPE AND APPLICABILITY**

The present document includes the general requirements for the suppliers of Siderforgerossi Group SPA (hereafter "SFRG") for Aviation, Space and Defense (hereafter "ASD") programs. **This document is applies in addition to the GENERAL PURCHASING CONDITIONS (SFRG-GPC).**

These methods shall be followed for supplying purchasing types:

- A) raw material for rolled, open and closed die forgings;
- B) conventional machining;
- C) heat treating;
- D) material testing laboratories;
- E) nondestructive testing;
- F) instruments calibration;

## **2 REFERENCES**

- a) AS9100 rev. D Quality Management Systems - Requirements for Aviation, Space, and Defense Organizations;
- b) General purchasing conditions. aeronautical supplies. SAFRAN group Version 01/07/2014;
- c) Retention rules applicable to suppliers GRF-0086 Edition: 0 - Revision: 0
- d) MANUALE delle FORNITURE di Materiali Diretti e Servizi a GE Avio N. 0070Q, Ed. 4 Rev. A;
- e) AgustaWestland QRS-112 issue 00;
- f) QA110;
- g) QA115;
- h) QA120a;
- i) QA121;

## **3 TERMS AND DEFINITIONS**

- a) General Purchasing Conditions: These general purchasing conditions (hereafter "GPC")
- b) Official authorities: Any national or international organization with the authority (including by delegation of a public authority) to monitor the performance of the Supply ordered, in particular certification organizations for aeronautical products or services or business audit organizations;
- c) Order: Document, regardless of the form, issued by the Purchaser and sent to the Supplier, concerning the purchase or the lease of a Supply and including, in particular, the designation of the Supply ordered, the deadlines, the price as well as the reference to these General Purchasing Conditions;
- d) Purchaser: Company issuing the order;
- e) Supplier: Natural person or legal entity to whom or to which the Order is sent;
- f) Specifications: Any document setting out the requirements that the Supplier or the Supply shall comply with, the Purchaser's needs and the performance conditions of the Supply;
- g) Results: Any element of any nature whatsoever, regardless of its medium or form, including processes, data, software, moulds, tooling, equipment, sets of documents, plans, technical sheets, drawings, models, prototypes, sets of trials, or any other element, regardless of whether or not it gives rise to intellectual and/or industrial property rights, and which is produced or developed for the purchaser



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on the basis of plans and/or diagrams and/or any other specifications of the purchaser in the course of the performance of the Order. Any Results are part of the supply;

- h) Counterfeit Part: An unauthorized copy, imitation, substitute, or modified part (e.g., material, part, component), which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer. Examples of a counterfeit part can include, but are not limited to, the false identification of marking or labeling, grade, serial number, date code, documentation, or performance characteristics;
- i) FAI: first article inspected;

## 4 GENERAL CLAUSES AND REQUIREMENTS FOR ALL TYPES OF PURCHASE

### 4.1 First qualification

The first qualification of a new supplier is carried out with the methods described by a specific SFRG quality system procedures QA110 and QA115, by a quality-technical audit and a the industrial validation of a first purchasing. In the cases where it is required by the type of purchase (in particular C, D, E and F purchases) the supplier is requested to forward to SFRG, just after or at the same time as the first qualification, the documents relating to external or internal validations or certifications of its own production processes (e.g. applicable heat treatment cycles, NDT instructions, calibration methods and similar) and of the personnel qualified to carry out the processes.

### 4.2 Upkeep of the qualification

At least once a year, the suppliers' performance is evaluated by the SFRG QA area in terms of respect for the clauses expressed in the present document, of conformity of the products/services purchased and of punctuality in deliveries. Such evaluations are used to assess the supplier risk with regard to SFRG customers and to decide whether or not to reconfirm the supplier for the following financial year. The obtained performance results and the targets for the next year shall be communicated by SFRG annually to all the suppliers that will be considered "critical" during the management review. Results and targets will be determined both in terms of on-quality (e.g. NC rate) and on-time (e.g. OTD).

In the case where a qualified supplier has several production sites, it undertakes to supply products/services coming from the site (or sites) qualified by SFRG.

Moreover, the supplier is expected to notify SFRG about any relevant changes or modifications on its own quality system, on its third party certifications, as well as on any renewals of validations or certifications of products, processes and personnel. In addition, the supplier undertakes to notify SFRG about any modifications that may have a significant impact in the organisation/administration structure and any changes in the corporate name.

### 4.3 Conformity to orders

For each order (or frame contract) received, the supplier is expected to send SFRG a prompt regular confirmation of order for acceptance. Alternatively, equal to confirmation of order, the supplier can send a confirmation of reception of the order. If none order confirmation or written acceptance from the supplier within 14 calendar days of its issuing date, execution of said order by the supplier will be intended, in any case, as acceptance of the terms in the order and these general conditions.

The supplier is expected to respect punctually whatever is explicitly stated in the purchase orders and, in case of material supplied as account of manufacture, in the transport documents; in particular concerning the quantity, delivery times and dates, and any necessary documents/certifications pertaining to the supply. Such documents/certifications shall be delivered at the same time as the material.

Should the purchase order contemplate any preliminary samples, such samples shall be delivered separately by means of a dedicated transport document specifying the particular type of delivery. The supply is only to be deemed authorised after documented and explicit approval issued by the SFRG quality department.



Reference to such samples shall be made with appropriate internal documentation. The sample procedure shall be repeated after each modification made to the product as requested by SFRG.

All the supply of materials and services shall be checked at the incoming stage according by SFRG according the procedures QA120a and QA121. Special focus will be payed to prevent the use of counterfeit parts.

#### **4.4 Management of the documentation supplied by SFRG and reference standard**

Unless otherwise specified in the purchase order, the documentation supplied with the order is exclusively valid for the order referred to the supply.

The supplier is expected to ensure confidentiality when managing the documentation and data supplied by SFRG. The supplier undertakes not to use the results for any purpose other than the performance of the order. Should the purchase order or the pertaining documents (drawings, transport documents and similar) quote any technical standards issued by standardisation bodies or by SFRG customers, the supplier is expected to be provided with (or, alternatively, to obtain from SFRG) the latest editions of such documents, and to check their validity in official sites or by contacting the SFRG quality department.

#### **4.5 Packing and wrapping**

Should the purchase order not specify any detailed requirements for product packing/wrapping, or for any type of purchase applicable, the packing or wrapping characteristics shall be such as to ensure that the product is protected from any damage due to impact or atmospheric agents, and that it can be lifted and transported under the safest conditions for the operators in charge.

#### **4.6 Supply of chemical substances and products**

As far as this type of supply is concerned, the products and substances purchased shall be provided with technical toxicological-safety sheets, declaring that the product or substance supplied conforms to the current European community directives (REACH regulations).

Through the performance of the order, the supplier guarantees to the purchaser the compliance of the supply with the regulations and standards in force in the country where the product or service, subject of the supply, is delivered or rendered to the purchaser and in any other country where the supplier has been informed that the supply will be used.

For this purpose, the supplier shall hand over upon delivery or undertake to hand over at first demand by the purchaser, the certificates required by the applicable regulations and relating to the supply.

In addition, the supplier shall:

- a) implement all necessary measures for the implementation of its supply systems relating to the following minerals:
  - 1) tantalum;
  - 2) tin;
  - 3) tungsten;
  - 4) gold;
- b) so as to ensure that such minerals originate from conflict free sources, and provide, upon request, information regarding said supply systems on a platform determined by the final customer.

Irrespective of the place in which the Supply is produced or rendered, the supplier also warrants that the supply will comply with applicable legal provisions and regulations to quality requirements and standards, including health, hygiene, safety, traceability of products and protection of the environment.

#### **4.7 Delivery**

The material referred to the order shall be delivered to the site mentioned in the purchase order, together with a transport document quoting the purchase order details and exactly describing the product with the



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same coding or description indicated therein (see specific clauses and requirements for different types of purchase in the following paragraphs).

**4.8 Acceptance inspections and management of cases of non-conformity**

SFRG reserves the right to conduct inspections on the incoming products and services, intended to ascertain the conformity of whatever has been delivered. Should these inspections reveal any non-conformity as compared to what was ordered, either in the course of use or following any SFRG customer complaint, SFRG shall issue a specific documented notification and the supplier shall reply within 24 hours from the reception of the notification to confirm that the complaint has been started to analyse and it shall be provided evidence with regard to:

- a) the methods used to deal with non-conformity (such as replacement, repair, reworking and similar) and respective times needed;
- b) the causes that have originated the claimed non-conformity;
- c) the corrective actions that have been undertaken to eliminate the cause of the actual non-conformity and respective times needed.

In the most relevant and repetitive cases, SFRG reserves the right to carry out extraordinary audits (ref. § 4.10) with the purpose of renewing or suspending the qualification previously assigned to the supplier (ref. §3.1-3.2).

**4.9 Traceability and records retaining period**

The supplier is expected to provide documentary evidence of all the inspections carried out during the manufacture of products or the supply of services, and if necessary any FAI reports, and also adequately manage the configuration relating to the manufacture and inspection of the product referred to the supply.

The certificates of the tests and examinations carried out, as well as any certifications from subordinate suppliers, shall be related to the product/service referred to the order and shall be kept according the table here below and submitted to SFRG, or to its customers, in case it will be required before or with the supplied product/service.

All the hard records (i.e. not electronic) shall be written by ink (preferably black or blue) or other permanent method. Corrections to these records shall be dated, signed by in ink and with the original data still clearly readable, whitebait is not admitted. All electronic records shall be controlled, maintained and traceable, respecting the same requirements specified for paper records.

The minimum records retaining period is stated in the following table. This period may be increased up to be permanent, this shall be stated in SFRG order.

Document	Minimum retention period (if not otherwise stated in the order)	Note
Quality management system definition	6 years	Any changing to certificates scope and validity shall be notified to SFRG within 48 hours
Quality system management review	6 years	
HR general training (for special processes see below)	From the training date till 3 years after the person has ceased employment with the organization	



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Product configuration docs (e.g. contract review, drawings, specifications)	Permanent	
Purchasing docs from sub-suppliers (request for purchasing, purchasing orders, certificates of conformity, EASA Form 1, Form 8130-3, approved vendors list, specifications and testing docs provided by the sub-suppliers, incoming verification records)	Permanent	
Product manufacturing documents (manufacturing cycles, jobsheets, work orders and information related to the jobsheets) and documents containing the results of every type of controls, traceability, test and inspection carried out at the reception during the manufacturing and at the final acceptance, request of changing, laboratory tests	Permanent	
Documents relating to the type approval tests / product qualification and the documents relating to the technical validation and process validation	Permanent	
Remelted material analysis pin	Permanent	
Laboratory test metallographic sections, macrographic plates	Permanent	
Magnetic particle inspection bar for ferromagnetic alloys.	Permanent	
Documents relating to the qualification of special processes for the non-destructive testing, operators training, approval of sources of supply, calibration and verification of means equipment, measuring and testing, result of analysis of the deviations identified by PRI Nadcap	Permanent	Any changing to special processes approvals validity shall be notified to SFRG within 48 hours
Documents relating to non-compliance detected at the supplier and its sub-suppliers	Permanent	
Documents relating to non-compliance reported by SFRG, through observations of testing and problem reports, the reports of the investigation carried out by the supplier in relation to such non-compliance and information on the corrective and preventive actions	15 years	
System and Product Quality Assurance Plan	Permanent	
Records regarding first/second part audit carried out by the supplier on its premises/sub-suppliers and corrective and preventive actions taken as a result of noncompliance	15 years + 5 years from the date of cancellation/deletion/superseded	

**4.10 Right of access**

With the acceptance of an order, the supplier agrees that SFRG representatives, SFRG customers and regulatory authorities can have access to the applicable areas of facilities and to applicable documented information, at any level of the supply chain, with the purpose of carrying out control of the orders progress as well as periodical or extraordinary auditing. The visits to the supplier head office shall be prearranged and agreed on beforehand.

**4.11 Derogations and concessions**

Any derogation in terms of time or specific concession for the purchase order shall be previously and formally requested of the competent purchasing department.



**4.12 Controversy**

The courts of Vicenza have exclusive jurisdiction to settle any dispute (a “Dispute”), arising from or connected with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) or the consequences of its nullity.

**4.13 Declaration of conformity**

The suppliers shall declare the conformity to the SFRG purchase order in the required certificates.

**4.14 Code of Ethics**

SFRG since 01/01/2014 is working according the Code of Ethics shared through the company website (<http://www.siderforgerossi.com/code-of-ethics.html>). The supplier shall works according this Code of Ethics.

**5 SPECIFIC CLAUSES AND REQUIREMENTS FOR “A TYPE” PURCHASES**

The supplier is expected to:

- a) purchase all the necessary raw materials and services for the performance of the order from sources certified by the SFRG customer or by SFRG or by the supplier following approval by the purchaser of the supplier’s certification procedure. The supplier shall make available to the purchaser all documents certifying the quantity, origin, quality, the controls and the backup measures it has made or which have been made by certified organizations upon its request in connection with such stock. Approval by the purchaser in no way exonerates the supplier from abiding by its obligations under the contractual documents;
- b) provide original conformity, analysis or tests certificates at the time when the material is delivered, enclosed with the delivery document and/or previously sent by email;
- c) avoid mixing the heats; in the case of different heats, the material shall be clearly and unmistakably marked for each of the heats;
- d) identify each package clearly and with marking not subject to deterioration within the scope of supply;
- e) indicate in the transport document our reference order number, and the material grade, type, dimension and heat number;
- f) avoid forwarding partial deliveries and/or delivering the material before the date indicated in the order without prior authorisation from the SFRG raw material purchase department. Deliveries shall be completed according to the order schedule.

**6 SPECIFIC CLAUSES AND REQUIREMENTS FOR “B AND C TYPE” PURCHASES**

- a) No sub-suppliers can be involved, unless explicitly authorised by the order;
- b) The supplier is expected to:
  - 1) carry out the machining or treatment operations requested, without making any type of modification or alteration which has not been expressly authorised or notified;
  - 2) promptly notify the SFRG quality control department (or the reference contact) about any damage/defects found on the parts during the material receiving stage (i.e. before carrying out any required working operations);
  - 3) promptly notify the SFRG quality control department (or the reference contact) about any damage or loss caused to the materials received for working; following any non-conformity due to working, and once liability has been proved, the supplier undertakes to indemnify the damage caused;
  - 4) identify and manage with care any other SFRG properties supplied as account of manufacture or loan for use;
  - 5) qualify any of the special processes used, qualify the respective personnel and entrust qualified personnel with appropriate individual stamps under supervision;





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- 6) with each delivery, supply any inspection reports (e.g.: dimensional, hardness test etc.) and any final inspection certificates requested; all the required documents (e.g. certificates, diagrams) shall be supplied at the time when the worked material is returned.

### **7 SPECIFIC CLAUSES AND REQUIREMENTS FOR “D AND E TYPE” PURCHASES**

- a) No sub-suppliers may be involved, unless explicitly authorised by the order;
- b) The supplier is expected to:
  - 1) conduct the tests requested in observance of the applicable standards quoted in the purchase order or outline contract or in the transport document enclosed;
  - 2) promptly notify the SFRG quality control department about any damage or loss caused to the materials received for conducting the tests required;
  - 3) validate or have any of the special processes in use qualified, furthermore qualify the respective personnel and entrust qualified personnel with appropriate individual stamps under supervision;
  - 4) on returning the material, submit the original note with which the material to be tested was delivered and always enclose all the documents provided at the time;
  - 5) deliver the test and analysis reports drawn up on standard formats and approved during the first qualification (ref. §4.1).

### **8 SPECIFIC CLAUSES AND REQUIREMENTS FOR F TYPE PURCHASES**

- a) No sub-suppliers may be involved, unless explicitly authorised by the order;
- b) the supplier is expected to:
  - 1) carry out the requested calibration operations in observance of the applicable standards quoted in the purchase order or outline contract or in the transport document enclosed;
  - 2) promptly notify the SFRG quality control department about any damage or loss caused to the instruments received for carrying out the calibration operations requested;
  - 3) validate or have any of the calibration processes in use qualified, and qualify the respective personnel;
  - 4) on returning the material, submit the original note with which the instrument was delivered and always enclose all the documents provided at the time;
  - 5) deliver the test and analysis reports drawn up on standard formats and approved during the first qualification (ref. §4.1);

### **9 GPC UPDATING AND SHARING**

Any failure to observe, without authorisation, even one of the present clauses may entail our refusal of the supply. Any derogations may only be authorised by the SFRG quality control department personnel.

The present document is issued by the SFRG QA, which keeps it updated in case of any modifications, changes or integrations.

The purchase order issued by SFRG for the for ASD programs shall always quotes the details of the present document, which is made available to all suppliers in its latest edition on the SFRG web page [www.siderforgerossi.com](http://www.siderforgerossi.com).