CREST METAL
ENGINEERING

OPERATING & LOGISTICS PROCEDURE

CREST METAL
ENGINEERING

Quality & Logistic terms and conditions

Quality terms and conditions

Contents

1. Purpose: Vendor will be selected on the basis of their expertise and strong manufacturing base with adequate engineering support for product development . Vendor's quality system, Assured process capability and compliance of all statutory/Legal/ commercial requirement of CREST METAL ENGINEERING.

2. Quality Commitments:

Both CREST METAL ENGINEERING and the supplier must follow the QMS System

3. Managing Deviation: The supplier shall indicate to CREST METAL ENGINEERING any major change which includes all process changes, geographical relocation of manufacturing site , the mechanical form or fit, the packaging, supply changes .The supplier shall obtain CREST METAL ENIGNEERING approval before implementing any major change.

4. Traceability and Marking

In order to link product failures to in-process yields / controls / test data and final test results, the Supplier will put in place and will maintain for the duration of this agreement, a reliable and accurate procedure enabling forward and backward traceability of products throughout manufacturing, testing, marking and logistics.

For each delivery of products, the following data will be available at Supplier's premises for communication to CREST METAL ENGINEERING upon request: lot number, date & site of production, test reports, explanation of alpha-numeric code and quality records. The Supplier will keep record of all quality inspection reports for a period of ten years as of their delivery date to CREST METAL ENGINEERING.

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5. Non Conformities Management

The Supplier is responsible for its Quality. This responsibility applies to deliver products, their transport to CREST METAL ENGINEERING facility. The supplier should follow CREST METAL ENGINEERING Quality Management System and should compliance with given product specification.

6. Audit

CREST METAL ENGINEERING has the possibility to carry out planned Supplier Audits on Supplier's premises. That could be for :

- Quality Continuous Improvements
- Joint improvement projects with vendors.
- Training session to vendor's workers and supervisors.

In order to improve and facilitate communications, the Supplier and CREST METAL ENGINEERING will define qualified representatives of a Cross functional team - Purchasing, User and Quality/Engineering department. The cross functional team will meet regularly in order to manage progress plans and will be called for action in case of quality incidents.

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Logistic Terms and Conditions

1. Order Management

Purchase order & acknowledgement

- The Order Acknowledgment process comprises:
- Crest Metal Engineering Purchase Order
- (Delivery date, Payment Term, Quality Parameters)
- Supplier Order Review (Acceptance & Confirmation)
- Terms and Condition

2. CREST METAL ENGINEERING & Supplier Receiving / Opening

		Date / Time	Comments
Crest Metal Engineering	Opening hours and days for reception of goods at Crest Metal Engineering		
	Crest Metal Engineering shipping days		
	Shipping of returnable packaging by Crest Metal Engineering		
	Shipping of components delivered by Crest Metal Engineering		
	Crest Metal Engineering entity		
	Crest Metal Engineering closing periods (date & duration)		
Suppliers	Opening hours and days for reception of goods at supplier's facility		
	Limit date and time for receipt of goods at supplier's facility		

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3. Critical Components Logistic parameters

3.1Tier 2 Suppliers

Product Reference	Product Description	Quantity Used	Tier 2 Supplier name	Tier 2 Supplier Phone	Tier 2 Supplier Contact	Other Documents

3.2 Flows

Product Reference	Product Description	Delivery Lead time	Procurement Lead time	Incoterm	Incoterm Place	Transport Mode (Air/Sea/Land)	Delivery Frequency	Other Documents

3.3 Inventory

	Flow Typology							
Product Reference	Product Description	Delivery Lead time	Procurement Lead time	Incoterm	Incoterm Place	Transport Mode (Air/Sea/Land)	Delivery Frequency	Other Documents

3.4 Packaging

Product Reference	Total Order /Delivery lot size	Product Quantity per box	No of Boxes per pallet	Pallet type	Label Requirements	Net Part weight	Gross Part Weight	Other Documents

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4. Critical Components Logistic parameters

4.1 Forecast

The forecast is in goods received and not orders placed quantity.

Product Description	Unit*(part quantity, Weight..)	Forecast frequency (Periodicity)	Forecast date	Forecast horizon (6-12 months)	Communication Mean

*For standard (Production for stock) parts forecasting use part quantity
For buy order (Production for order) parts forecasting use weight to approximate forecast.

4.2 Delivery Capacity – Flexibility

Product Reference	Unit*(part quantity, Weight..)	Average consumption over a period	Maximum consumption over a period	Quantity flexibility (%) over a period	Maximum period for cumulative flexibility**	Flexibility ramp-up (calendar days)#	Time flexibility (Early days from standard lead time)	Supplier launch quantity##	Max. supplier's procurement lead time (Calendar days)	Supplier Manufacturing lead time (calendar days)

*For standard (Production for stock) parts forecasting use part quantity
For buy order (Production for order) parts forecasting use weight
**Number of time units (week, month…) the supplier can sustain the quantity flexibility.
#Time required to reach the quantity flexibility (always less than the procurement lead-time)
##Minimum number of parts required to run the production process (by supplier)

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5. **Critical Component Supplier Capacity Management**

Crest Metal Engineering will request the supplier to monitor at least once a year, the capacities & status of all Crest Metal Engineering owned and the critical production means and / or tools used by the supplier.
A production mean or tool is critical, if it cannot be substituted without significant impact on the committed delivery dates or the capital expenditures (i.e. it takes a long time to replace it or it is expensive)

Product Reference	Detailed resources	Theoretical capacity (Parts/hr)	Production organization (hours per week0	Summary tooling efficiency rate	Production lot size	Possible additional capacity (parts/hr)	Time necessary to set up additional capacity

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6. Supplier Closing Management

Within this framework, the supplier will ensure continuity of service relative to Crest Metal Engineering both in terms of availability of resources as well as in availability of components.

In order to ensure the availability of components and without any impact for Crest Metal Engineering, the supplier is committed to either:

- Keep open his production facility as well as those of his suppliers and sub-contractors,
- Keep open his production facility and holding a buffer stock of parts and sub-assemblies bought at suppliers and / or sub-contractors who close,
- Schedule the necessary buffer stock (of suppliers and of his production facility) and guaranteeing deliveries relative to Crest Metal Engineering throughout the closing period at the initial delivery date on the orders.

In case of Tier 1 supplier (to Crest Metal Engineering) or Tier 2 supplier closure,

the Tier 1 supplier will …… to guarantee

Describe required activities / controls the technical quality of the buffer stock before the closing period.

Crest Metal Engineering reserves its right to audit the build-up of the buffer stock and to request the supplier to provide a monthly buffer report.

On sensitive parts, Crest Metal Engineering reserves the right to request samples to carry out anticipated quality control on stored production lots at your premises.

		Comments
Supplier closing periods (date & duration)		
Name and address of the service provider carrying out deliveries		
Contact at the service provider carrying out the deliveries		

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7. Supplier Logistic/Quotation Offer Profile (SLO)

The SLO Profile is defined at reference level and is mandatory for all references purchased by Crest Metal Engineering. The main topics included on the SLO Profile are:

- Batch (Lot) Size,
- Purchasing unit of measurement,
- Incoterm & location,
- Flow typology (Inventory location, inventory management responsibility & inventory ownership),
- Order & delivery frequency,
- Transportation mode,
- Price (product and transportation / duties / logistics are separated),
- Packaging hierarchy,
- Component Classification (ABC/FMR),
- Lead-times:
- Procurement lead-time (From Crest Metal Engineering Purchase Order placement to reception at Crest Metal Engineering premises),
- Delivery lead-time (From Crest Metal Engineering Purchase Order placement to reception at Incoterm location),
- Supplier's Manufacturing (or production) lead-time (From Crest Metal Engineering to shipment - not reception),
- Maximum Supplier's Procurement lead-time (From Supplier's Purchase Order placement to reception at Tier 1 Supplier's plant)

8. Logistics Performance Objectives

8.1. Late Deliveries & KPI's

Crest Metal Engineering should communicate to the supplier the delivery performance at least on a monthly basis

In case of late deliveries, the supplier, proactively, should notify Crest Metal Engineering and commit for a '2nd delivery date'. The notification will be done via email at least 3 days of schedule delivery.

	For the year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Supplier Service Rate (Percentage)					

8.2 Early Deliveries

- If deliveries are systematically early, Crest Metal Engineering reserves the right to reduce the standard delivery/procurement lead-time
- The supplier should reduce the number of deliveries that are received too early

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8.3. Calculation method

Supplier Service Rate (SSR)

SSR = (TPR / TBR) x 100%
TPR = Total No. of purchase order lines received On-Time (received complete & on the '1st delivery date' or before) and complete, from supplier during month 'm'.
TBR = No. of purchase order lines to be received from suppliers during month 'm'

9. Delivery Documents

- Invoice
- Supplier name & address
- Test certificate of material
- Freight Documents
- Crest Metal Engineering order (PO) number
- Delivery Incoterm
- Payment term
- Crest Metal Engineering reference and clear description of the goods
- Price and invoicing currency
- Customs classification (Annexure)
- Dispatch date

Packing list:

- Reference to the sales invoice
- Total number of parcels and their nature
- Total gross and net weight

Packing label:

- Parcel number
- Shipping Mark
- Item Code

Comments:

- The packing label must withstand bad weather and be readable.
- The packing label must not be positioned on the lid.
- Label marking should be as per packing list

Shipment information:

- Mode of shipment
- Freight forwarder Detail
- Expected arrival date