



## 1. TERMS AND CONDITIONS OF PURCHASE

All purchase orders placed by Daliff Precision Engineering (Pty) Ltd (Daliff) shall be subject to the following specific Terms and Conditions under which Daliff undertakes to purchase and the Supplier undertakes to supply the products and/or services as ordered by Daliff. The purpose of these terms and conditions is to ensure that the requirements of Daliff, its customers and applicable standards are adequately imposed on Daliff suppliers.

## 2. COMMERCIAL ASPECTS

- 2.1 The "Supplier" shall mean the business, company or individual upon which the Daliff purchase order is placed and named as the Supplier.
- 2.2 The "Purchase Order" (PO) shall mean the official Daliff numbered document which shall contain, at least, the following details:
- 2.2.1 A purchase order number
  - 2.2.2 The date the PO was raised
  - 2.2.3 A description of the items/services ordered
  - 2.2.4 A quantity of items ordered
  - 2.2.5 The unit of order
  - 2.2.6 A price per unit
  - 2.2.7 The total net price
  - 2.2.8 The VAT amount (if applicable)
  - 2.2.9 The total gross price
  - 2.2.10 The delivery address to which the items are to be delivered
  - 2.2.11 The address to which the Invoice must be sent
  - 2.2.12 The date on which the items should ship or the date by which the services must be completed.
  - 2.2.13 Specific Conditions of that PO which must be adhered to.
- 2.3 The Supplier acknowledges that Daliff shall bear no liability whatsoever toward the Supplier for any demand placed on the Supplier by any other means whatsoever except by means of an official Daliff Purchase Order.
- 2.4 Daliff undertakes to purchase, and the Supplier undertakes to supply the products and/or services as contained on the PO. This does not prohibit Daliff to purchase additional products/services, or to purchase the same/similar products/services, from any other Supplier.
- 2.5 If the Supplier already has a legal current contract/agreement with Daliff any aspect in conflict between the contract/agreement and the PO, the PO shall take precedence but all other Terms and Conditions of the contract/agreement shall continue to apply.
- 2.6 If the Supplier does not have a contract/agreement with Daliff, then these Terms and Conditions shall apply and shall be governed by the laws of the Republic of South Africa. The United Nations Convention on the International Sale of Goods shall not apply.
- 2.7 The PO shall be acknowledged by the Supplier within 48 hours of receipt failing which the Terms and Conditions on the PO shall be deemed to have been accepted by the Supplier. Should the Supplier not be in agreement with

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Header added & numbering changed, item 3.3 added	2018-05-03	2018-05-03	S.K. LOUW



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the Terms and Conditions of the PO, such shall be communicated to Daliff in writing within the 48-hour period.

- 2.8 The expected delivery date stated on the PO shall be the date on which the items must be delivered by the supplier or be ready for collection at the Supplier's premises or, in the case of services, shall be the date by which the services shall be rendered and complete.
- 2.9 The Supplier shall ship the items via the freight forwarder identified by Daliff or as agreed on in writing between the Supplier and Daliff should shipping of goods be a requirement.
- 2.10 All title and risk of loss shall pass to Daliff upon shipment providing however that such shipment is made correctly and with due diligence, to the correct shipping agent and with the correct and complete documentation having been submitted as required.
- 2.11 The Supplier confirms that it shall comply with all the relevant laws of its country regarding the supply of the items or services to Daliff and declares that Daliff shall be free and held harmless from any legal non-conformance whatsoever in the Supplier's country.
- 2.12 The Supplier agrees to accept changes to the delivery dates stated in the PO's, including cancellation of POs which are beyond the normal delivery lead times of the items, without penalty or obligation to Daliff.
- 2.13 Any Force Majeure event experienced by the Supplier that is likely to affect the timeous delivery of any items on order by Daliff shall be communicated to Daliff in writing within forty-eight (48) hours of the Supplier becoming aware of such circumstance. Force Majeure event means:
- 2.13.1 natural disasters
  - 2.13.2 war, act of foreign enemies
  - 2.13.3 riot, civil commotion
  - 2.13.4 strike, lockout, other labour disturbance (including those involving the Supplier's employees) or
  - 2.13.5 any other circumstances beyond the control of the Supplier and which in the absence of this paragraph will operate to frustrate the timeous delivery of the item and/or service.
- 2.14 Delivery of items or services shall be done strictly in accordance with the PO requirements. No alternative or substitute product may be delivered without Daliff's written consent. All items supplied to Daliff must be factory new and the Supplier warrants that no surplus or second-hand items will be used to fulfill any PO.

### **3. QUALITY ASPECTS:**

- 3.1 The Supplier's approval as a new supplier to Daliff of product or service is dependent upon a satisfactory completion of a Supplier Approval Questionnaire, a successful quality audit (if required by Daliff's Quality Manager) and satisfactory performance in terms quality and delivery of the first order. Continued approval is subject to ongoing satisfactory performance in terms of total quality in terms of product and/or service provided.
- 3.2 In terms of supply to Daliff, approved suppliers shall adhere strictly to the scope of supply and conditions of their end customer approvals where the Daliff PO states that the order is "In furtherance of a (customer name) contract/order". The supplier shall certify deliveries by annotating their own and end customer approval numbers on substantiation documentation.
- 3.3 The supplier shall comply with the following requirements as defined by the AS9100D definition(s).
- 3.3.1 Prevention of counterfeit parts/service or material supplied to Daliff
    - 3.3.1.1 Training of personnel parts releasing parts / service(s) to Daliff as applicable in accordance with counterfeit parts/services or material.

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- 3.3.1.2 Ensure parts/material provided are traceable to original equipment manufacturer.
- 3.3.1.3 Report and quarantine any counterfeit parts/service encountered impacting Daliff.
- 3.3.2 Product safety
- 3.3.2.1 Ensure that all product shipped to Daliff is adequately protected to prevent product damage impacting safety.
- 3.3.2.2 Report any event impacting safety critical product.
- 3.3.3 Ethical behavior
- 3.3.3.1 Train personnel in terms of the importance of ethical behavior.
- 3.4 Delivery of goods must be accompanied by a delivery note as well as any mandatory substantiation documentation as may be required such as:
- 3.5 Materials - A certificate of conformance traceable by batch number to the original material manufacturer's mill certificate shall be delivered with each batch of materials. This certificate of conformance shall contain the product description/code, batch number, expiry date (if applicable), the specification against which it was released (if applicable) and the customer purchase order number. Each certificate of conformance shall have a unique number.
- 3.6 Equipment – Equipment shall be delivered with installation and operating instructions and a calibration certificate (if the purchase order requested a calibration certificate).
- 3.7 Calibration/Equipment Servicing - The equipment shall be returned together with a calibration / servicing certificate (containing the equipment description, serial number, range and number of points calibrated, accuracy, results and standard(s) to which calibration was performed). Traceability shall be provided back to national or international standards. A calibration label shall be affixed to the equipment.
- 3.8 Chemical Analysis/Process Control Test - A laboratory report shall contain the material tested, batch number, sample date, test method/standard, results, accept/reject limits and the pass/fail results of all samples.
- 3.9 Special Processes; shall comply with the required international standard stated on the traveler/PO. The supplier's certificate of compliance will reflect the supplier's in-house method number applied in order to meet the requirements of the standard. The Supplier shall ensure that their internal method complies with the standard.
- 3.10 The Supplier undertakes to package the items for transport in such a manner as can reasonably be expected to afford adequate protection to the items during transportation to Daliff or in accordance with the specification called up on the PO (if any).
- 3.11 All products sold by the Supplier to Daliff shall conform to the manufacturer's specifications set forth in the relevant product specification. Daliff will inspect all items delivered to it and shall notify the Supplier promptly of any shortage, defect, damage, purchaser test failure, or any other delinquency. The Supplier shall give immediate attention to the matter and shall resolve such promptly to the complete satisfaction of Daliff. Should such delinquency not be resolved within a period of six (6) months from the date of notification to the Supplier, Daliff shall have the right to claim liquidated damages from the Supplier up to the purchase price of the item.
- 3.12 Non-conforming product notification to Daliff:
- 3.13 Non-conformance identified prior to delivery - Daliff's written approval to ship the product shall be obtained before shipment.
- 3.14 Non-conformance identified after delivery – Daliff's Quality Department and the Daliff Buyer shall be advised of such non-conformance immediately upon discovery by the Supplier.
- 3.15 Any changes to the product and/or the process definition shall be immediately notified to Daliff's Quality

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Department and their written approval must first be obtained before delivery of the item.

- 3.16 Sub-contractor Suppliers to Daliff shall not offload or further sub-contract any statement of work or any part thereof without the express written permission to do so by Daliff.
- 3.17 The Supplier agrees that Daliff, Daliff's customers and regulatory authorities shall be granted the right of access at any reasonable time to all the Supplier's facilities relating to the PO product or service and to all the relevant records relating thereto. Arrangements in this regard will be made by Daliff's Quality Department if and when required.
- 3.18 Suppliers will be sent Query Notes (QN's) for all non-conformance incidents. Should any significant (as defined solely by Daliff) problems occur in either the delivery or quality of the product, Daliff shall identify on the QN that a formal corrective action response is required. The supplier shall undertake to respond formally to Daliff within the 7 days' time after receipt of the QN. The quality of the response must be to the satisfaction of Daliff's Quality Department. An unsatisfactory response and/or resolution of the QN may result in the cancellation or suspension of the Supplier's approval status.
- 3.19 Where Daliff relies on the Supplier's inspection reports as a basis of acceptance, the Supplier shall permit Daliff to check the calibration of the Supplier's equipment relating to the manufacture or conformance verification of the product.
- 3.20 The Supplier's quality management systems must at least be compliant with the applicable requirements of the ISO9001 standard and the supplier must preferably be third party ISO9001 certified. Preference could be given to suppliers that are compliant/certificated to AS9100. Product specific Quality Assurance Plans will be requested by Daliff's Quality Department if required.
- 3.21 The Supplier shall inform Daliff Quality Department of any change in its business address, name changes, significant changes to its quality systems or procedures, change of ownership or changes in the posts of any key personnel.
- 3.22 The approval by Daliff of the Supplier does not constitute a waiver of any contractual requirements and does not guarantee acceptance of items or services supplied. Final acceptance of products or services shall be subject solely to Daliff Quality Control acceptance.
- 3.23 Attention to Subcontractors: CATIA model data, in its native status will be used as supplied by Daliff for the manufacture of machined or fabricated parts. No derivative data is permitted for CMM inspection of machined or fabricated parts.
- 3.24 All records that are created by and/or retained by a supplier in support of a Daliff PO, including, but not limited to certificates of conformance, test reports, and chemical analysis related to the manufacture of product, supply of materials or service(s) supplied to Daliff under a purchase order, shall be maintained by the Supplier. Records shall be kept in a suitable environment, clearly Identified, formally controlled, and shall not be destroyed without the written permission of the Quality Manager or MD of Daliff.
- 3.25 The Supplier undertakes to roll down these Terms and Conditions to its own suppliers/subcontractors pursuant to any purchase order from Daliff.

#### 4. EFFECTIVE DATE: 2018-05-03

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