

**NPF/LOG/001**

Rev. A

Replaces:  
General Quality Requirements for  
Suppliers

Date: October 2012

Project: N/A

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**GENERAL QUALITY REQUIREMENTS FOR SUPPLIERS**

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**Introduction:**

The Purchasing Process is responsible for ensuring the entry of goods / services to the company, serving the needs of supply detected along the supply chain, with the aim of satisfy in terms of quantity, quality and on time delivery our internal customers needs.

**A. Registration, selection, evaluation and monitoring of suppliers****Policy**

Suppliers must be properly registered, selected, evaluated and monitored to ensure compliance with the standards and level of service expected by FAdeA SA.

The vision of FAdeA SA Logistics is intended to meet the short and long term planning, implementing continuous improvement of control and efficiency in logistics processes.

This document has been prepared to assist suppliers and strategic partners of FAdeA SA in the development and implementation of a system of Logistics and Material Planning able to comply with the standards and requirements of the global aerospace industry. -

**Objectives of this document**

- Establish a guideline to define the elements of a system to manage the flow of materials and information for the aviation industry.
- Establish a common and standardized language that can be used throughout the supply chain.
- Deepen technology transfer at national and regional (MERCOSUR, UNASUR), understanding the technology transfer as a process step overall commercialization and transfer of intellectual capital and know-how between organizations to use in the creation and development of commercially viable products and services.

This document contains the guidelines of the regulations ISO 9001, AS9100 and Military Airworthiness Regulations (RAM)

**Requirements**

The system FAdeA qualified suppliers must be properly documented and managed.

**Self-evaluation form:**

Providers must complete and submit the Self-Assessment Form (Annex I) - self-assessment form (NPF / LOG 002), and provide all requested information and documents attached therein.

**Audits:**

Providers must complete the forms sent by FAdeA SA as a part of the process of pre-evaluation and selection of suppliers.

FAdeA SA may audit the offices and various facilities of the supplier, in the place of manufacturing, warehouses, offices, etc., verifying the information provided by the supplier in the form of self-assessment.

FAdeA SA team will complete the evaluation matrix, which will be completed with the information provided in the form of self-assessment and audits. (ANNEX IV) - Matrix NPF / LOG 002.

**Suppliers Follow Up**

Every month, FAdeA SA will evaluate and analyze all of the business transactions with the suppliers. For providers to maintain their status of APPROVED SUPPLIER FAdeA SA, they must meet or exceed the service level established in our strategic policy of logistics. (ANNEX III) Provider Performance, Evaluation and Follow up NPF / LOG 002.

**Methodology**

Before the initial evaluation of the supplier, FAdeA SA will request each potential supplier all the data and information needed to perform the assessment (according to the parameters set). After receiving the information and documents requested to the supplier, FAdeA SA will analyze and if it is possible, a visit to the supplier's facility will be made in order to verify the accuracy of the data issued by the supplier.

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## B. Supplier guiding principles

### Policy

Suppliers should support fair employment practices and consistent with human rights in the workplace and provide a safe working environment. Authorized suppliers for FAdeA SA must comply with all applicable laws, including local laws regarding working hours, compensation, right of employees to choose whether to be represented by a third party during the negotiation of the collective bargaining agreement, and other workplace practices.

Trade relations linking FAdeA with different suppliers are based on trust and mutual respect. In this context, FAdeA SA has a strict policy for trade transparency. Providers should not give any gifts or gratuities to any member of FAdeA and also it will be required to report any request of an employee of FAdeA that would be considered a violation of the principles of trade transparency.

Business courtesies, such as promotional items of nominal value, are allowable to the extent that they can not reasonably be interpreted as an attempt to gain unfair trade advantages or that otherwise negatively impacts both commercial entities.

### Requirements

FAdeA SA authorized providers must meet the following standards related to its operations:

#### Laws and regulations.

Supplier will comply with all applicable laws, regulations and requirements in the manufacture and supply of products and services to the our Company

#### Child labour.

Supplier will not use child labor as defined by local law.

#### Forced Labor.

The supplier will not perform forced or compulsory labor.

#### Labor Abuse.

The supplier will not use physical labor abuse.

#### Liberty of Association

Supplier will comply with applicable local laws concerning freedom of union membership

#### Discrimination.

Supplier will comply with all local laws for the prevention of discrimination in employment.

#### Salaries and Benefits

The supplier must comply with the payment of salaries in accordance with local law.

#### Health & Safety.

The Supplier must comply with the working conditions in accordance with local regulations.

#### Environment.

Supplier will comply with all applicable environmental laws. These minimum requirements are part of all new and renovated commercial agreements between FAdeA SA and its direct suppliers.

## C. Commercial Associability

The commercial associability is a collective collaboration strategy, which is linked to specific businesses. Companies in this context, they develop a collective effort for the realization of common objectives. The association provides a mechanism for cooperation between companies of a production sector that, without losing autonomy, is based on joint efforts to solve problems, arising mainly in the lack of individual volumes, or the need for different technologies that are dominated individually by various actors, which, in a synergistic action and by association, can provide a competitive product.

Commercial Associability means the arrangement for the implementation of agreements, strategic alliances, joint ventures, between large companies and Small companies.

FAdeA fully intended to act as a link between those international actors with the domain of technology and know-how and those Argentine companies that comply to the principles of the Commercial associability, and having technologies and capabilities to integrate into the supply chain of major

international suppliers in order to achieve greater national value added in aerospace products, as well as local companies allow access and integration in the supply chain of large enterprises worldwide.

#### **D. Corporate Social Responsibility.**

Corporate Social Responsibility (CSR) is a form of management that is defined by the ratio of the company ethics, and establishing business goals compatible with sustainable development of society, preserving the environmental and cultural resources for future generations, respecting diversity and promoting the reduction of social inequalities.

#### **E. Quality Systems**

##### **Policy**

Providers must have implemented an effective quality system in order to ensure the delivery of products and services of high quality. Each provider must be certified ISO 9001 or similar Certification as a minimum requirement, AS 9100 certification is recommended and will be a plus + on the supplier approval.

##### **Definitions**

Quality System: (1) A set of procedures, activities, organizational structures and engineering controls (formal and informal) used to meet the requirements for direct and regulate the quality assurance activities.

(2) The organizational structure, responsibilities, procedures, processes and resources needed to implement quality management. Organizational structure, policies, programs and procedures required to manage security and product quality.

##### **Requirements**

The quality system must be documented. The system must include policies, programs and procedures that are designed to ensure compliance with specifications, regulatory requirements and expectations outlined in this document.

There must be a process to ensure that policies, programs, formulas and procedures are properly distributed to the functional areas of the supplier.

The provider must perform periodic audits of the quality system to verify the effectiveness of the system and to identify opportunities for improvement.

#### **F. Quality Programs**

##### **Policy**

Suppliers must effectively implement Quality Programs outlined in this section as part of its quality system

##### **Definitions**

##### **Quality Program:**

Component of the quality system designed and implemented to address a specific set of issues, risks and quality concerns. A quality program can include a wide array of procedures, activities, organizational structures and engineering controls.

##### **Requirements**

##### **Staff & Human Resources Training**

Suppliers must have planned training processes, functional and effective for employees who have responsibility to control, build, and move or store products for FAdeA SA.

They must ensure that all permanent and contract employees are trained, qualified and skilled to perform their assigned responsibilities.

##### **Design of Facilities and Equipment**

The facilities and equipment used in the preparation, handling or storage of materials should be well designed and should be suitable for their function.

**Record Keeping**

Suppliers should design and implement a program to ensure that the records are adequate, confirming compliance with the standards and demonstrate the effectiveness of the quality system. They must keep legible records, and ensure that they are available and can be retrieved when needed. Records must be stored at least 10 years.

**Corrective / Preventive Actions Program**

Suppliers must develop and implement an effective program of corrective / preventive actions to ensure that actions are taken to eliminate the cause of an existing or potential failure in order to prevent occurrence / recurrence.

**G. Materials / Services Purchased****Policy**

Providers must have controls to ensure that purchased materials and services meeting specifications and applicable laws and regulations.

**Definitions****Applicable Laws and Regulations**

The laws and regulations governing the site where our products are made, the laws and regulations of the destination where our products are delivered

**Materials / Services Purchased**

The materials or services purchased by suppliers for use in the manufacture of its products, must meet the following requirements:

**Requirements.**

There should be a program for approving and monitoring the performance of suppliers of products (Materials & Services) purchased.

Providers must have written specifications for purchased materials. The specifications should be written in accordance with the laws and regulations and must meet the requirements of FAdeA SA. Providers must ensure that the materials and / or services purchased from approved suppliers meet specifications.

There should be a system to prevent the use of purchased materials that do not meet specifications

**H. Process Monitoring and Control****Policy**

Providers should design and implement a monitoring and control program to ensure that all products are manufactured in compliance with specifications of FAdeA SA.

**Requirements**

Suppliers must clearly define the process used to convert the raw material into a finished product. This should include the identification of inputs, outputs and control points (including monitoring frequencies) for each process.

The provider must monitor all processes to ensure that they operate properly and under control, device usage monitoring and control, using the tools of statistical process control and the like

**Calibration Controls**

The provider must identify critical equipment and design & implement a calibration program to ensure accuracy and validity of the results. The program should include procedures for monitoring equipment performance to ensure that the equipment stills performing well between calibrations.

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## **I. Finished Goods Administration**

### **Policy**

Suppliers must have a program to ensure that the finished products are handled properly, protecting product's quality and integrity. In addition, suppliers must have controls to prevent the shipment of off-specification product.

### **Definitions**

#### **Finished Good**

Product, equipment, packaging material or ingredient created through a supplier's manufacturing process for use by FAdeA SA.

#### **Retention**

The quarantine, segregation and containment of materials to prevent further use or distribution.

#### **Product out of specification.**

Product, equipment, packaging material or ingredient that does not meet specifications.

#### **Requirements.**

##### **Storage Facilities Design.**

Facilities used for the handling or storage of materials and components must be well designed and suitable for their use.

##### **Transportation**

There should be processes to prevent the shipment of off-specification product. Providers must inspect all vehicles to check their structural integrity, cleanliness and suitability for proper transportation of our products.

##### **Packaging**

All finished products should be placed in appropriate transport elements (standard pallets, baskets, containers, etc.). Pallets must be of a suitable material and must be clean, dry and free of contaminants (such as insecticides, fungicides, pesticides or other chemical compound), wood pallets must be treated for international transport (as per NINF 15). The customer must approve standards for finished product packaging. Any variation, including wooden platform types, must be agreed and approved by FAdeA SA.

##### **Product out of specifications**

The product out of specification should be segregated and identified with marks or stamps, labels, inspection records, inventory systems or any other suitable method to ensure that are not released.

## **J. Traceability**

### **Policy**

Providers must have a system to identify and track all products, components, raw materials and goods in process.

### **Definitions**

#### **Batch.**

Quantity of a product defined by a supplier..

#### **Batch Records.**

Set of records identifying the complete history of a batch. This includes purchase records, manufacturing, testing and shipping information

#### **Serial Number.**



Alphanumeric code assigned by a supplier to identify a single product unit, for example, a computer, container, pallet or similar.

**Part Number.**

Code assigned by a manufacturer to identify and characterize the product.

**Requirements.**

There should be a system to track the entire history of a particular lot. This includes the identification of all materials (including any added re-work), process conditions, test results, etc. Suppliers must identify uniquely each batch. (Note: all rules described for batch traceability apply to the serial number).

**K. Change Control Management.****Policy**

Suppliers must have a control management system.

Suppliers must notify about any changes that may impact on the quality, regulatory status, integrity and / or performance of the product.

**Requirements.**

All suppliers must implement a Change Control Management system, to ensure the review, verification and approval of changes that impact product quality. Records must be kept and these records should be available when requested by FAdeA SA.

FAdeASA should be notified when changes are as follows:

- Manufacturing process (not normal operating conditions)
- Location of manufacture
- Packaging
- Product Specifications
- Company Property / Plant

The notification must be in writing prior to shipment of the product.

**Control of Nonconformities.**

The provider shall ensure that product, which does not conform to the requirements, detected at any point in the process of its realization, is identified and controlled or properly segregated to prevent inadvertent use or delivery.

Control of nonconforming product shall include:

- Identification, segregation and management of nonconforming product.
- Actions to eliminate the detected nonconformity, in order to ensure that the product meets the contract requirements. When supplier correct a nonconforming product must undergo re-verification to demonstrate their compliance with the requirements.
- Final rejection, when nonconforming product does not meet the conditions for correction or affect their use, interchangeability, resistance, etc.
- Corrective Actions aimed at eliminating the causes of noncompliance and prevent recurrence.
- There should be a control on the effectiveness of the actions taken.

**L. Audits****Policy**

Suppliers must allow access FAdeA SA and its customers and regulatory authorities to perform audits of the facilities used for the manufacture, packaging or storage of products for FAdeA SA .

**Requirements**

At any time, the representatives of FAdeA SA should be given access and enable audit / inspection of the manufacturing plant and / or storage of materials used for products to be purchased by FAdeA SA .

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## **M. Contracts**

### **Policy**

Purchases of goods and services made by FAdeA SA should be ruled by an agreement of purchase. Examples of procurement contracts include, but are not limited to: supply master agreements, supply agreements and purchase orders.

These agreements / contracts must guarantee that the trading partner - supplier will provide for a stipulated time, the products and services purchased, guaranteeing the delivery of products, parts, documentation and technical support, etc., and the suppliers will not suspend the supply of the contracted products/services, against any commercial or political blockage.

## **N. Notice**

### **Policy**

Providers must maintain the confidentiality of information FAdeA

### **Requirements**

At the request of FAdeA, providers must enter into a nondisclosure agreement or other contract containing appropriate confidentiality obligations to safeguard confidential information FAdeA. Unless something else is stipulated in that agreement FAdeA confidential information includes, but is not limited to, the following:

- Restricting the disclosure of confidential information only to employees who need to know.
- Safeguard confidential information to prevent disclosure to a third party.
- Return all confidential information (including copies) and delete all electronic information within 30 days after receipt of a written request from FAdeA.

### **Delegation of de Product Verification Provider**

When the occasion requires it, in some aeronautical and non-aeronautical products or tooling, FAdeA SA can delegate responsibility of verification to the Supplier of the item to be delivered. -

### **Reasons of the Delegation of Product Verification to the Supplier**

- FAdeA SA does not have test benches or aircrafts that can be used to test and control the item for verification & quality inspection.
- Due to the complexity and process specifications of the purchased item, that can not be inspected in FAdeA SA or must be inspected at the supplier facilities.
- When the provider does not comply with the regulations of RAM (Military Airworthiness Regulations) and FAdeA SA inspection delegates authority to suppliers and subcontractors.
- When goods are purchased from foreign suppliers.

Therefore, this verification can be made on the premises of the supplier, in this case, processes used to obtain the final product must be attached, including the methods of measurement & Control, mentioning the instruments used, special processes and their records, traceability of raw materials, etc.