



M-CNC Ltd
Supplier Quality Manual



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M-CNC Ltd Supplier Quality Manual

1. Purpose

The purpose of this manual is to clearly define the requirements of M-CNC Limited for our Suppliers Quality Systems and requirements in support of achieving our customers requirements.

2. Scope

The contents of this manual apply to all Suppliers of materials, components, tooling and services either directly or indirectly associated with M-CNC Limited.

3. Contract

For the purpose of this manual, a contract should be considered as any mechanism through which M-CNC Limited has engaged with the supplier to perform work on their behalf or supply parts, tooling or services for M-CNC Ltd. This may be in the form of a standard Purchase Order (PO) or an independent supply agreement.

Terms and conditions of purchase and the Supplier Quality Manual are on the website <https://www.m-cnc.co.uk/>, it is the supplier's responsibility to check this for any changes and to make sure they have the current versions/revision/issue.

4. Corporate Responsibility and Environmental Management

M-CNC Limited aims to continually improve performance in all aspects of its work as far as reasonably practicable. This includes our commitment to reduce our environmental impact and enhance the wellbeing of those around us, and to make Corporate Responsibility (CR) integral to how we do business. Our Corporate Responsibility Policy addresses issues concerning the environment, health and safety, our people, procurement and our supply chain, and social responsibility. It links into our Environmental Policy, which addresses how we manage our environmental aspects to reduce any harmful impacts on the environment and improve our broader environmental performance.

Our core Environmental Management objectives are to:

Conserve the environment and natural resources by:

- Complying with environmental legislation.
- Seeking to purchase, operate and maintain our equipment to the highest standards.
- Implementing new technology to improve working practices.
- Recycling waste materials.
- Reducing our waste disposal to landfill.
- Investing in the development of processes that improve the performance of the company and reduce the environmental impact.

Our core Corporate and Social Responsibility objectives are to:

Connect with our people and the broader community by:

- Being an employer of choice
- Implementing good practice in health and safety
- Providing services and facilities to promote a good working environment.
- Ensuring equal opportunity and fair treatment for all employees, and facilitating open dialogue between management and employees
- Proactively seeking the views and ideas of employees
- Raising employee awareness of our CSR Policy
- Being a considerate neighbour
- Consulting proactively with stakeholders and customers.
- Demonstrating and promoting good corporate governance and ethics

Create opportunity through innovation by:

- Training employees to enable continual improvement and career development and a spirit of innovation
- Being transparent and promoting external engagement on our CSR policy
- Engaging with suppliers to ensure our CSR requirements are considered in the supply chain

5 Conflict Minerals

Definitions

Conflict Minerals: is defined as columbite-tantalite, also known as coltan (from which tantalum is derived); cassiterite (tin); gold; wolframite (tungsten); or their derivatives; or any other mineral or its derivatives determined by the Secretary of State to be financing conflict in the Democratic Republic of the Congo or an adjoining country.

DRC Adjoining Countries: Are countries that share an internationally recognized border with the Democratic Republic of Congo. The following countries are currently recognized as “adjoining countries”: Angola, Burundi, Central African Republic, Congo Republic (a different nation than DRC), Rwanda, South Sudan, Uganda and Zambia.

DRC Conflict Free: is defined to mean the products that do not contain minerals that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or an adjoining country.

Recycled or Scrap Due Diligence: There are special rules governing the due diligence and Conflict Minerals Report for minerals from recycled or scrap sources. If a company’s conflict minerals are derived from recycled or scrap sources rather than from mined sources, the company’s products containing such minerals are considered “DRC conflict free.”

POLICY

M-CNC Limited is committed to conducting its business operations in a manner that complies with applicable laws and regulations regarding conflict minerals including but not limited to :

- Conflict Minerals (Compliance) (Northern Ireland) (EU Exit) Regulations 2020
- EU Conflict Minerals Regulation (EU) 2017/821
- The Dodd Frank Act 2010, Section 1502 ,1503 & 1504

To comply with these requirements, M-CNC is committed to:

- Inform direct suppliers about this Conflict Minerals Policy which is in the Supplier Quality Manual. Available on the website - <https://www.m-cnc.co.uk/>
- Take measures to source parts and components from its direct suppliers and sub-suppliers that are DRC conflict-free. These measures may include adopting, disseminating and incorporating this policy in related purchase orders, contracts and other appropriate agreements with suppliers.
- Comply with information requests on the source and origin of conflict minerals or suspected conflict minerals in the materials, parts or components supplied to M-CNC Limited. Chain of custody data shall be maintained for 25 (Twenty Five) years and be provided to M-CNC Limited upon request at no cost to M-CNC Limited.

COMPLIANCE

This policy applies to all M-CNC Ltd’s business operations. Employees whose responsibilities relate to the supply or sourcing of parts, components and materials should be informed and are expected to comply with these requirements and associated legislation or regulations.

NON-COMPLIANCE

M-CNC Ltd will work with its suppliers to seek remedies for non-compliance with this policy. These remedies may include suspension or discontinuing engagement with the supplier.

REPORTING VIOLATIONS

Violations or potential violations of this policy should be reported by the supplier to M-CNC Ltd Quality Manager within 96 hrs.

6 REACH

REACH is a European Union regulation concerning the Registration, Evaluation, Authorization and restriction of Chemicals. The latest candidate list of SVHC chemicals can be accessed from <https://echa.europa.eu/candidate-list-table>

It is the supplier’s responsibility to give a reach statement for each product that is supplied to M-CNC Limited at no cost to M-CNC Limited.

7 COSHH

It is the responsibility of the supplier to provide all necessary COSHH information in relation to any product being manufactured or service provided by the Supplier to M-CNC Ltd. The Supplier must ensure they have all the COSHH information including material safety data sheets they require at the commencement of any contract and forward it to M-CNC Limited at no cost to M-CNC Limited.

8 Bribery and Corruption

M-CNC does not condone bribery and corruption, nor tolerates such conduct and prohibits the offering, giving, solicitation or acceptance of any bribe (cash or other inducement):

- to or from any person or company (wherever they are situated and whether they are a public official or body or private person or company),
- by any individual employee, agent or other person or body acting on behalf of M-CNC,
- in order to gain any commercial, contractual, or regulatory advantage in a way that is unethical,
- or in order to gain any personal advantage (pecuniary or otherwise) for the individual or anyone connected with the individual.

9 Modern Day Slavery

M-CNC Limited is committed to acting in a responsible and ethical manner.

M-CNC Limited have a zero-tolerance approach to slavery and human trafficking.

Modern slavery is a crime and violation of fundamental human rights.

It takes various forms, such as:

- slavery
- servitude
- forced and/or compulsory labour
- human trafficking

All of which have in common the deprivation of a person's liberty by another to exploit them for personal or commercial gain. M-CNC Limited's prohibition on modern slavery applies to all person's working for or on its behalf in any capacity. M-CNC Limited will promptly and thoroughly investigate any claim or indication that a supplier is engaging directly or indirectly with human trafficking or slavery.

If a supplier is found in violation of this or any other policy or principle within M-CNC Limited's code of conduct, M-CNC Limited will take remedial measures to address the violation.

10. Requirements

10.1 Access

M-CNC Ltd reserves the right to itself, its agents, its customers, any Government Quality Assurance Representative (GQAR), regulatory authorities (FAA, CAA, MAA, MOD, DOD, this list is not exhaustive) and any other person/s or organization with a legitimate interest in the quality or conformity of the goods the right of access to all facilities and records involved to audit this system and verify compliance with any quality assurance systems, standards, laws or legislation at any reasonable time by mutual agreement with the supplier.

10.2 Information Supply

It is the responsibility of M-CNC Limited to provide all necessary information in relation to any product being manufactured or service provided by the Supplier. The Supplier must ensure they have all the information they require at the commencement of any contract. All products must be supplied with conformance to the defined M-CNC Limited specifications which are stated on the supplied drawing, model or specifications stated. It is the supplier's responsibility to have copies of the relevant specifications stated on the drawings.

Where ambiguity exists over any instruction, verbal or written, this should be taken up in the first instance with the buyer, who will either answer the question or give the contact details of the relevant authority. It is the Supplier's responsibility to clarify any ambiguities which may affect product quality or delivery prior to commencement of work.

10.3 Information Control

The supplier must document M-CNC Limited's requirements. Where copies of specifications and standards are used or required these must be controlled. All specifications and requirements used must be traceable to all work carried out.

The supplier must have systems/controls in place to ensure that the latest revisions of information documents e.g. drawings/standards and specifications are used.

10.4 Raw Material/ Parts Supplied to M-CNC

For all material used by M-CNC Ltd to manufacture products, the Supplier must ensure that it is in accordance with the requirements of the M-CNC Limited purchase order and terms and conditions of purchase. Substitute or equivalent materials must be agreed in writing with the M-CNC Ltd buyer before supply.

It is the responsibility of the Supplier to maintain records of all material received and supplied. The Supplier must maintain material certificates of conformance and have records/traceability to sample material conformance tests where applicable.

If test pieces are required it will be requested on the purchase order.

The Supplier's quality system must provide complete traceability of material used for all products manufactured (see section 10.6)

Split / Multiple batches of material can only be supplied with the agreement of M-CNC Limited. Where multiple batch numbers are used for a particular size, clear segregation and identification must be in place.

General Material Storage Requirements

- All material must be stored in a clean, dry location
- All material must be clearly labelled
- All material must be adequately segregated to prevent cross contamination of material

10.5 Parts Supplied by M-CNC Ltd to Suppliers

For all material/ parts supplied by M-CNC Ltd to a Supplier, the Supplier must ensure that it is in accordance with the requirements of M-CNC Limited purchase order and terms and conditions of purchase. Substitute or equivalent processes must be agreed in writing with the M-CNC Ltd buyer before supply of those services.

It is the responsibility of the Supplier to maintain records of all material/parts received.

The Supplier must maintain material certificates/ test certificates / process data / certificates of conformance and have records/traceability to conformance tests where applicable.

If test pieces are required, it will be requested on the purchase order.

The Supplier's quality system must provide complete traceability of material/ parts supplied by M-CNC Ltd throughout their processes (see section 10.6)

Split / Multiple batches from the Supplier processes can only be supplied with the agreement of M-CNC Limited.

Where multiple batch numbers are used, clear segregation and identification must be in place.

General Material Control

The following records must be kept on receipt of material:

- Process Specification
- Batch number
- Date of delivery
- M-CNC Limited Purchase Order Number

General Material Storage Requirements

- All material must be stored in a clean, dry location
- All material must be clearly labelled
- All material must be adequately segregated to prevent cross contamination

10.6 Traceability

Unless otherwise stated in writing M-CNC Limited requires full material and process traceability with regard to the manufacturing of all components for both batch and serial numbered parts. Full traceability is required to parts, heat treatment processing, surface finishing processing and all processing operations. Therefore, batch traceable components must ideally be made from one batch of material and all items must be processed as one batch if possible.

10.7 Process Documentation

All processes/process steps used to manufacture product must be documented to show sequence of events, operations, tasks and activities used. This documentation must be revision controlled and traceable to product/part level.

10.8 Standard Operating Procedures and Work Instructions

Where applicable for processes of sufficient complexity and importance suitable Operating Procedures and Work Instruction should be used to ensure the integrity and repeatability of process operations. Standard Operating Procedures and Work Instructions must be revision / date controlled documents.

10.9 Equipment Control

All equipment used during the process to manufacture and assure product must be suitable for function and capable of producing product to required specifications.

All equipment including all measurement and test equipment must be maintained, calibrated and inspected where applicable at suitable intervals to prevent equipment malfunction and degradation. All measurement and test equipment must be calibrated within established frequencies and be traceable to National Standards.

All records of equipment maintenance and calibration should be stored for a minimum of 5 years. Out of calibration equipment must be quarantined and prevented from being used.

10.10 Process Controls and Assurance

The supplier's quality system must provide adequate process control to assure product conformance.

It is the supplier's responsibility to implement suitable process control

Process control if requested by M-CNC Limited should include but is not limited to:

- Process routing
- Go/No Go Gauges
- Control Plans
- Check Sheets
- First Article Inspection Report
- Statistical Process Control
- In Process Statistical Sampling and measurement
- Gauge R&R

Any process control documents that are generated must be traceable to component level.

Any equipment process controls must be maintained and calibrated at suitable intervals.

10.11 Inspection and Testing

It is the Supplier's responsibility to ensure all product meets specification and requirements for the processes they supply. Where applicable the Supplier should implement suitable inspection and test capability to ensure that the parts conform to specification and to verify process effectiveness.

Independent first off, in process and final inspection must be traceable to staff with the appropriate scope of approval and competence to complete the task.

Where inspection and test activity is performed 100% inspection is preferable and methods used should be defined to ensure consistency.

Acceptance/reject criteria should be defined.

Appropriate equipment and a controlled environment should be used to ensure accuracy and repeatability of results. All equipment that measures or records the dimensions or compliance to the process (E.G PH meters, temperature controllers, ovens etc) must be calibrated and traceable to national standards. Preferably using a UKAS registered test house.

Any applicable data generated through inspection and testing must be recorded and stored in an easily retrievable format to provide for future data analysis when required. A copy of data generated through inspection and testing should also be sent in with the parts.

M-CNC Limited expect inspection reports to be provided with parts along with certificates of conformance and appropriate test documents.

10.12 Control of Non-Conforming Material

M-CNC Limited requires its Suppliers to have a documented process which describes how the organisation prevents the unintended use of non-conforming material. It is mandatory that:

- All non-conformances that are identified should be recorded.
- Non-conforming material must be clearly labelled.
- Non-conforming material should be segregated to prevent it from being mixed with conforming material.

Rectification of Non-Conforming Material

All processes and activity used in rectification of non-conforming material must be documented, recorded and traceable to the component.

10.13 Supplier Concession Process

M-CNC Limited does not generally accept non-conforming material or components. Suppliers who wish to provide parts that are knowingly non-conforming must in the first instance contact the M-CNC Limited Quality Manager and Buyer. This is also applicable for test results, etc. Suppliers that wish to ship parts without test results that are required must first contact the Quality Manager and Buyer at M-CNC Ltd and request this in writing and have acceptance by M-CNC Ltd before delivery.

The concession will be progressed once the non-conformance has been documented at the supplier on their concession form and the documentation forwarded to M-CNC Limited along with a completed form [FRM-17] 8D CAR and [FRM-20] A3 Problem Solving Sheet which the supplier must request when they first contact M-CNC Ltd about a concession.

10.14 Preservation of Product

M-CNC Limited requests that its Suppliers have suitable practices to ensure the integrity of product from receipt to shipment.

Suppliers must ensure that internal handling practices are suitable and consistent to prevent damage.

Suppliers must have adequate storage practices.

Suppliers must use appropriate packaging for logistics and shipment to prevent damage or deterioration of product. The supplier is responsible for damage during transit.

10.15 Output Measures

The Supplier should implement suitable product and process output measures to ensure and verify that the parts meet requirements/specifications and that processes are capable.

10.16 Corrective Action Process

M-CNC Limited requires its Suppliers to have a documented and effective Corrective Action Process that identifies the root cause of Non-Conformances using documented root cause analysis and implements suitable actions as to prevent the re-occurrence of such issues. The process must be equally applicable to Non-Conformances found internally as well as those reported by the Customer.

Supplier caused Non-Conformances found at M-CNC Limited will be documented using a Non-Conformance Report (NCR) which will be communicated to the Supplier.

M-CNC Limited will supply a [FRM-17] 8D CAR and [FRM-20] A3 Problem Solving Sheet which must be completed by the Supplier for each NCR.

10.17 Suppliers Control of Sub-Contractors

It is M-CNC Limited Supplier's responsibility to ensure that any subcontracted operations conform to requirements and specifications. The Supplier must use an effective quality system to assure product meets requirements and suppliers are approved through a process that leads to their addition to an Approved Suppliers List.

M-CNC Ltd refer to first tier Supplier as a Supplier that M-CNC Ltd sent the purchase order to.

M-CNC Ltd refer to a second tier Supplier as a Supplier that is being used to provide a service / parts/ materials / treatments by the Supplier that M-CNC Ltd has sent a purchase order to.

Where a second tier Supplier is to perform an operation, process or procedure which requires M-CNC Limited approval the first tier Supplier must contact the M-CNC Limited buyer to gain an approval in writing. It is the first-tier supplier's responsibility to confirm that the parts meet specification before shipping to M-CNC Limited by way of confirming process results through

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documentation and test results produced by the second tier supplier. Where parts do not meet specification, the supplier must follow the Supplier Concession process (see section 10.13). Any non-conformance associated with parts not meeting specification will be attributable to the supplier who is then responsible for getting this completed and the root cause analysis documented.

10.18 Scrap Policy

M-CNC Limited requires that Suppliers must render any scrap parts (Once agreed in writing with M-CNC Ltd) beyond use and supply a certificate of destruction from an external company on request.

10.19 Order Requirements

Before placement of any Purchase Order, M-CNC Limited will require a full quotation for the scope of work to be completed. The supplier quotation should include all costs associated with the completion of the proposed package of work, with any non-recurring costs quoted separately. The supplier quotation must clearly state anything that is required from M-CNC Limited, for example tooling or inspection equipment.

10.20 Delivery Requirements

The delivery date stated on the M-CNC Limited Purchase Order will be the delivery date committed by the supplier. Any variance identified should be reported to the M-CNC Limited buyer immediately.

All goods will be delivered on the due date specified on the Purchase Order, which is the date that the Supplier will be measured against (see section 10.25 below). If the date cannot be achieved after contract commencement, then the M-CNC Limited buyer must be informed immediately and a new date agreed in writing with M-CNC Limited.

All goods delivered to M-CNC Limited should be accompanied by a delivery note with the following information stated as a minimum.

- Supplier company name
- Supplier address
- Supplier contact telephone number
- Delivery note number (a supplier generated unique number)
- M-CNC Limited purchase order number
- The full part number / description / process description (As applicable for the services / materials / parts provided)
- The quantity delivered

Note that the quantity delivered should match each line number, for example if there are two purchase order lines for 12 units each and 14 units are to be delivered, 12 units should be shipped against the first line and 2 against the second line. Each batch of components should be segregated and will be receipted against the separate purchase order line to maintain traceability.

All delivered batches of components should be packaged and labelled separately; this applies whether delivering multiple batches of the same component or batches of different components.

Every delivery must have a physical copy of all associated Raw Material , Inspection Reports , Test Documentation, Certificates of Conformance (As agreed with the M-CNC Ltd Buyer). Where batches are split, the supplier is responsible to ensure that a complete set of documentation is sent with each batch.

Any non-conforming components being delivered under concession must be separately packaged and clearly labelled to include a copy of the completed concession.

All deliveries of multiple parts / bars or billets of material must be heaviest at the base of the stillage and lightest at the top of the stillage to avoid crush damage to the materials.

Labelling on packages should include part number and all other relevant information to identify the specific batch, including but not limited to PO number and PO line number.

Over delivery will only be accepted with prior approval from the M-CNC Limited buyer. Any over delivery sent without approval will be assumed to be free of charge and only the order quantity will be booked in and cleared for payment.

10.21 Product Identification

All items intended for delivery to M-CNC Limited must be identified in a suitable manner as to retain traceability.

10.22 Invoice Payment

M-CNC Limited will pay against the terms agreed at commencement of each contract, for all accepted goods (including items accepted on concession for all applications). In order for prompt payment all invoices submitted to M-CNC Limited must contain the following minimum information.

- Supplier company name
- Supplier address
- Supplier contact name (in the case of query)
- Supplier contact telephone number
- Invoice number (a supplier generated unique number)
- Invoice date
- Delivery note number
- M-CNC Limited purchase order number
- The full part number
- The quantity delivered (against each part number)
- The unit price (against each part number)
- The total part delivered value (against each part number)
- The total invoice value

Any invoice that features a variance to the M-CNC Limited purchase order must be accompanied with documented evidence to justify this variance.

10.23 Supplier Engagement – Criteria for selection

M-CNC Limited may engage with Suppliers who demonstrate the capability to complete a specified package of work. A number of factors have influence when selecting suppliers to carry out work for M-CNC Limited. The target is to achieve parts right first time on time at the required cost and lead time. The supplier will be evaluated against the criteria stated in section 10.25 below.

10.24 Supplier Evaluation – Criteria for assessment

M-CNC Limited has in place a standardised supplier assessment. The assessment is used to evaluate a Suppliers Quality System in accordance with the requirements of this document.

Criteria for performing a Supplier assessment may include:

- Key Supplier
- New Supplier
- Poor Performance (See Supplier Monitoring)

Suppliers will be notified in advance of M-CNC Limited's intent to perform a Supplier Audit. A mutually convenient date to carry out the Supplier Audit will be agreed. The Supplier will be sent a copy of the Audit Plan in advance.

10.25 Supplier Performance Monitoring – Scorecard Methodology

M-CNC Limited measures its Suppliers Quality Performance in order to aid decision making and continuous improvement. Performance is measured in two areas:

- Quality – this will be number of correct deliveries against incorrect deliveries This will be expressed as a %
- On Time In Full Delivery – this will be number of correct deliveries against incorrect deliveries expressed as a %

10.26 Supplier Re-Evaluation

Under certain circumstances M-CNC Limited may need to re-evaluate a Suppliers Quality System.

Criteria for Re-Evaluation:

- Change in ownership or change in share ownership % across the owners or
- Change of Premises
- Change in Senior Management – Operations / Production Manager, Quality Manager, Technical / Engineering Manager, Sales Manager or Any Director
- Poor Supplier Quality Performance
- Poor Supplier Delivery Performance
- Failed Supplier Audit
- Supplier not closing out NCR's or Repeat NCR's for the same issue.

10.28 Supplier Disengagement

If a supplier fails to perform against any of the criteria stated above then M-CNC Limited reserves the right to limit the supply or cease trading with the supplier (with the exception of any pre-defined contractual obligations). In the normal course of business the supplier will be offered the opportunity to rectify the situation without the need for disengagement. In the example of an unsatisfactory quality audit or unsatisfactory quality and delivery performance then the supplier will be given a period of time defined by M-CNC Ltd to propose and implement corrective actions to any findings identified.

It should be noted that the essence of any contract between M-CNC Limited and its Suppliers is on the basis of continued delivered quality, on-time in full delivery performance and competitive pricing.