

Handling of orders from FLS

28031-10

Operation

<u>The text refers to the following instruction manuals etc.</u>	
General workshop instruction manual.....	520530 - E
Packing of machine goods	12951
Shipment of goods	19691

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Created by:	NRJ	Sort code:	W1	Translated by:	
Approved by:	AA	Approved date:		Pages:	13

NOTE !

The present instruction manual is concerned with the situations which, according to the experience of F. L. Smidth, are the most likely to occur. An exhaustive enumeration of all conceivable situations, which may occur during manufacture, installation, operation and maintenance of the equipment, cannot be provided.

Consequently, if a situation should arise, the occurrence of which **is not** foreseen in the instruction manual, and which the operator is/or feels unable to handle, it is recommended that F. L. Smidth is contacted without undue delay for advice on appropriate action.

1 Order and confirmation of order**1.1 Order handling****1.1.1**

FLS orders to the supplier are always forwarded in duplicate called:

- Purchase order
- Confirmation of order

respectively.

The approved and copy marked "Confirmation of Order" must consonant with current practice be returned to FLS as soon as possible. However, at the latest in the week which is specified "Conf. week" in the purchase order.

Consequently the supplier must not forward an order confirmation on his own letter-paper

1.1.2

It is the responsibility of the supplier to ensure that all documentation specified in "Purchase Order" is available.

1.2 If FLS components are part of the order

If the agreed time of delivery for goods depends on a component supply from FLS, the time for the component supply must have been agreed upon in advance and must be specified in the FLS Purchase Order.

1.3 EC directives

If the goods (the supplies) are of the supplier's own design, and the final user is registered in an EC or EFTA country, the supply of goods must comply with the EC directive regulations, including, but not limited to, the Machinery Directive.

1.4

Devices for switching off for the prevention of unexpected start-up shall be provided (e.g. where, during maintenance, a start up of the machine may create a hazard).

2 General condition of purchase

Unless otherwise specified the FLS "General conditions of purchase" shall apply.

3 Times of delivery

FLS purchase orders normally specify several delivery times, e.g. delivery time for goods and for documentation.

3.1 Delivery time for goods

The delivery time (week) for goods = the week in which the goods must have been checked and finish-packed at the supplier's place ready for shipment.

That is, the supplier must have set aside time for:

- His own internal quality control.
- FLS and/or third party inspection, if any.
- Dismantling, if required.
- Painting.
- Packing and marking.
- Forwarding of packing list(s) to FLS.
- Preparation of shipping documents.

3.2 Delivery time for documentation

The delivery time (week) for documentation = not later than 4 weeks prior to the delivery of goods (unless otherwise specified in the purchase order) - packing lists may however be forwarded during the same week as the goods.

However, depending of the kind and scope of the documentation, one or several delivery times for same are often specified in the purchase order:

- Instruction manuals.
- Dimensioned sketches.
- Directions for use.
- Spare parts catalogues/offers.
- Certificates and test reports.
- Any preliminary packing lists (if required).
- Shipping specifications specifying:
 - Gross weight and dimensions per package.
 - Total gross weight and volume of delivery.
- Insurance documents.
- EU-related documents (if required).
- Miscellaneous

3.3 Compliance with delivery times

The delivery times are those specified in the purchase order or in the FLS "General conditions of purchase". The delivery times must be strictly adhered to.

3.4

Non-compliance with the specified delivery times may give rise to penalties.

3.5

In case of any delay in the delivery of goods or documentation, the supplier must immediately inform the FLS Purchase Department in writing, at the same time stating the reason for the delay.

At the same time the supplier must state which actions will be taken to remedy the delay and notify when the delivery will take place instead.

FLS must accept the proposed change and the new delivery time in writing.

If the proposed change cannot be accepted by FLS, FLS may choose to have the job done in a different way at the supplier's expense - however, without affecting the validity of FLS's claim for any damages, or without necessarily affecting other delivery times within the frame of the purchase order.

4 Technical specifications etc.

4.1 Confidential documentation

All technical specifications and other order documentation submitted to the supplier remain the property of FLS and must only be used for fulfilment of the contract with FLS.

The documentation must consequently not be used for any other purposes, neither by the supplier nor by any third party without prior written consent from FLS.

It is the responsibility of the supplier to ensure that the same claims and conditions are transferred to the supplier's sub-suppliers, if any.

4.2 Conditions

All technical documentation such as, but not limited to, technical specifications, drawings, standards, data sheets and instruction manuals form an integral part of each order and must be strictly adhered to by the supplier.

Prior to manufacture, the supplier is, however, liable to scrutinize the submitted technical documentation and to inform FLS instantly in writing (e.g. telefax or e-mail) about any ascertained faults or shortcomings in or relative to the documentation and await to FLS's likewise written instructions so as to avoid unnecessary manufacturing faults.

Supplier's documentation

Unless otherwise specified, all documentation to be submitted by the supplier according to the agreement is covered by the FLS "General conditions of purchase".

4.3 Drawings, parts lists, etc.

4.3.1

The supplier must only use valid drawings and parts lists, and the supplier must to ensure that this is complied with.

In case of doubt, the supplier must consult FLS.

The supplier will normally receive only 1-3 copies of drawings, parts lists, instruction manuals, etc. If agreed, any additional copies can be supplied or forwarded as microcard.

4.3.2 Re-use/filing

Unless otherwise agreed, the supplier must file drawings and parts lists in a safe manner after use, because in case of future orders, FLS will only forward any drawings, parts lists, etc. which have not previously been forwarded to the supplier.

4.3.3 Change and cancellation

- If a drawing or parts list sheet is changed, the supplier will receive a new copy together with a covering letter or an actual change of the order. The changed and now valid copy has the same number, but a new Rev. No. and the date the change was made is specified in the revision column.
- To avoid misapplication, it is the supplier's responsibility to cancel and remove all existing "old" drawings and/or lists from internal as well as external workplaces, workshops, offices and files.
- Changed drawings, etc. are automatically sent to the registered supplier and need not be related to a current order. When the registration is cancelled, forwarding to the supplier will cease automatically.

5 Patterns

5.1

Patterns which are sent to the supplier, or are manufactured by the supplier at FLS's expense, remain the property of FLS.

Patterns left with the supplier must be insured and stored in a safe manner ensuring optimum durability and re-use of the patterns.

5.2

Questions relating to patterns are answered by the Purchase Department in the relevant FLS Division and sometimes by the Pattern Administration of PSD (Parts & Services Division). (In case of doubt, consult the Purchase Department concerned).

6 Special tools

In certain cases the FLS drawings and instruction manuals specify the use of special templates, gauges, jigs, etc. Tools of this kind are either made by FLS or manufactured by the supplier. The tools remain the property of FLS and must be available stored safely and be insured as long as they are left with the supplier.

7 Rating plates and labels

If agreed, FLS forwards labels or rating plates to the supplier for mounting on machines or components.

If there is no stamping on the rating plates, same must be made by the supplier in compliance with the parts list.

8 Inspection and approval

8.1 Quality requirements

In general it is the responsibility of the supplier to comply with the quality requirements according to the order and the appertaining documentation, such as, but not limited to, technical specifications, drawings, standards, data sheets and instruction manuals.

To ensure that the quality required by FLS is complied with, the supplier must continuously subject the produced material to the necessary quality control.

8.2 Reporting ready for delivery

When the supplier's in-house final check has been made, the supplier forwards packing lists or, if agreed, only delivery notes, and reports the delivery ready to the Expediting Department/follow-up of delivery in the relevant FLS Division, unless otherwise agreed.

8.3 Inspection

8.3.1

In case of an FLS inspection, if any, the supplier must make sure that relevant specifications, such as parts lists, drawings, etc. are available. Furthermore, available and/or possibly required material certificates and test and inspection forms must be presented and completed.

(If FLS inspection forms exist, they must be completed).

It rests with the supplier to check that certificates, test and inspection forms comply with the requirements and to draw attention to deviations, if any.

If the supplier has been granted exemption from a manufacturing fault, same is only valid after written confirmation by FLS.

8.3.2

The supplier must place the following items at the disposal of the FLS inspection or a third party authorised by FLS or chosen by our client as inspector:

- necessary measuring tools
registered, marked, calibrated and traceable, all according to internationally accepted standards.
- auxiliary tools
- personnel
-

The supplier must ensure that environmental conditions, that is temperature of component and surroundings, air humidity and dust content in the air permit correct performance of measurement, inspection, calibration, etc. and that the measuring tools are protected against interference which may invalidate the calibration.

If NDT tests are to made, e.g. ultrasonic, radiographic/magnetoflux examinations, it rests with the supplier to make available the necessary equipment and a certified operator.

Expenses in connection with all the above are paid by the supplier, unless otherwise agreed.

8.3.3

The FLS inspectors must at any time have the possibility of attending the manufacture in all its phases, at the supplier's, in his workshops, as well as in the workshops of sub-suppliers, if any. The same right applies to third parties chosen by our client, an Authority or by FLS. However, only after the supplier has been informed to this effect by FLS.

8.3.4 Inspection, faults or shortcomings

If FLS estimates that it is required to repeat an inspection after the supplier has corrected ascertained faults/shortcomings, the supplier is charged with all expenses in this connection.

8.3.5 Responsibility

Inspections made by FLS or a chosen third party does not exempt the supplier, neither from the contractual, the generally accepted nor the responsibility derived from the branch of trade.

8.3.6 Matters of dispute

Should matters of dispute or problems arise concerning manufacture or packing, FLS may be contacted via the Inspection or Purchase Department of the relevant FLS Division.

8.4 Checking of packing and marking

8.4.1 At the supplier's

Apart from the actual machine inspection, FLS reserves the right to check packing and marking at the supplier's, and whether the contents of the individual packages complies with the respective packing lists. The supplier must place the necessary assistance at FLS's disposal without charge.

8.4.2 At the place of shipment.

In some cases the packing and marking is checked when all packages for a shipment have arrived at the harbour/warehouse. Furthermore, it is checked here that the shipping notes are completed correctly. If there are faults, e.g. wrong marking of order or package number, such faults are, if possible, corrected in the harbour/warehouse at the supplier's expense.

If it is impossible to correct faults or shortcomings there for some reason or other, the supplier must, following notification from FLS, himself and free of charge for FLS, immediately correct the conditions complained of.

If the packages cannot be shipped as planned due to faults/shortcomings, the supplier will be held responsible for the economic loss which FLS may suffer due to the delay.

9 Pre-Shipment inspections

In agreement with FLS, our customer or an inspection company appointed by our customer shall have the right to carry out a pre-shipment inspection at your (and/or at your approved sub-suppliers') workshop or at the place of packing.

The Pre-Shipment inspection will consist of the following:

1. General visual inspection of the relevant equipment. (No technical inspection must be carried out).
2. General inspection of quantities as per packing list submitted by you.
3. General inspection of quality of the packing and packing materials according to the FLS guidelines for packing.
4. General inspection of tagging and marking of the relevant equipment according to the FLS guidelines for tagging and marking of equipment.

All boxes must be open for the appointed inspector to physically check the contents. The appointed inspector will check the quantities, marking, etc. against the detailed packing list provided by you and differences might cause the appointed inspector to reject the goods.

The appointed inspector must only be given the detailed packing list of the equipment to be inspected and assembly drawings must be at his disposal during the inspection for identification but no copy to be handed over to the appointed inspector.

The appointed inspector will contact the supplier directly to make an appointment for carrying out the inspection at the location advised by you, at which time the goods must be ready for inspection. The cost in connection with the necessary assistance to the inspection will be carried by you.

If the goods are not ready for inspection or if the appointed inspector during the inspection, according to the above mentioned points, find that the equipment will not be ready for shipment a re-inspection fee will be for the suppliers account.

Final packing and shipping/transport must not take place before a pre-shipment inspection has been carried out successfully and final instructions have been received from the Shipping Department of the relevant FLS Division.

Should matters of dispute or problems arise concerning the above inspection, the supplier should contact the Shipping Department of the relevant FLS Division.

Inspections made by the supplier, FLS or a chosen third party does not exempt the supplier, neither from the contractual, the generally accepted nor the responsibility derived from the branch of the trade.

10 Invoice

10.1 Contents of invoice

Invoices must be sent to FLS at least in duplicate and must as a minimum contain the following information:

- FLS order number and order date (an invoice must not refer to more than one FLS order number).
- Supplier's order number and date of invoice.
- Amount of invoice (in agreed currency).
- Declaration of goods (as specified in the text in our Purchase Order).
- Date of dispatch and destination. (In individual cases and only subject to agreement, specify instead: Date for "Ready for dispatch").
- Packing list forwarded.
- Manner of packing.
- Terms of delivery (e.g. FOB, CIF, CPT, CIP or DDP - always according to the latest edition of Incoterms).
- Terms of payment agreed upon.
- VAT (if required), packing and shipping costs must be specified separately (if this has been agreed or it is required by Law).
- Supplier's SE export number (VAT export number) and our import number DK 15028882 (the VAT number for goods must only be specified for trade between EU countries).
- Information about the scope of delivery: Complete, partial, remaining or replacement delivery.
- Country of origin.

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