



Supplier Quality Requirements Manual

Austal Australasia

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ABMS-500-184 Supplier Quality Requirements Manual

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Contents

1. PURPOSE, SCOPE, AND OBJECTIVE.....4

2. ABBREVIATIONS.....4

3. RESPONSIBILITIES.....5

4. SUPPLIER RESPONSIBILITIES.....5

5. SCOPE – AUSTAL AUSTRALASIA.....7

6. EXPECTATIONS OF AUSTAL SUPPLIERS.....7

7. ACCESS TO SUPPLIER FACILITIES FOR INSPECTION / AUDIT8

8. REQUIREMENTS REVIEWS / ISSUES CONTROL (PO/CONTRACT).....8

9. RECEIPT AND ‘IN-PROCESS’ ASSURANCE OF PRODUCTS OR SERVICES9

10. CONTROL OF SUB-TIER SUPPLIERS.....9

11. PURCHASE ORDER NOMINATED CRITICAL ITEMS.....9

12. INSPECTION AND TESTING PLANNING (ITP) APPLICABILITY/CONTROLS 10

13. NON-CONFORMING PRODUCT 10

14. CONTROL OF RETAINED INFORMATION (QUALITY RECORDS) 10

15. CONTROL OF CALIBRATED MEASUREMENT AND MONITORING EQUIPMENT (MME)..... 11

16. PRODUCT TRACEABILITY 11

17. HANDLING OF SUPPLIED MATERIALS..... 12

18. PRODUCT PRESERVATION 12

19. PRODUCT RECALLS..... 13

20. MONITORING SUPPLIER QUALITY PERFORMANCE 13

21. CUSTOMER/SUPPLIER RELATIONSHIP AND FEEDBACK..... 13

22. RELATED DOCUMENTS..... 14

ABMS-500-184 Supplier Quality Requirements Manual

1. PURPOSE, SCOPE, AND OBJECTIVE

The purpose of this Supplier manual is to provide guidance to Suppliers who supply goods or services to Austal for them to understand the Quality Assurance requirements placed on them by Austal Australasia's (AAa) Quality Management System (QMS).

The requirements of this manual are applicable to Suppliers engaged on terms and conditions by AAa through a Purchase Order (PO), or a contract, to supply products or services. Additional to requirements, this manual will outline compliance needs (objective evidence) and reasonable expectations placed on Suppliers by AAa.

Austal Australasia's Supply Chain meets, as a minimum, the requirements of the International Standard Organisation for Quality Management Systems *ISO 9001* therefore Suppliers to AAa are expected to comply with the intent of *Section 8.4 - Control of externally provided processes, products, and services*.

To the extent that there are any inconsistencies between this Manual and the terms and conditions of Austal Australasia's PO with a supplier, then the Austal Australasia PO/Contract terms and conditions shall prevail.

This manual shall be read in conjunction with the Project Specific Quality Management Plan.

2. ABBREVIATIONS

Term	Definition
AAa	Austal Australasia
BMS	Business Management System
CA	Corrective Action
Q	Quality
QMS	Quality Management System
ITP	Inspection and Test Plan
MME	Measuring and Monitoring Equipment
NATA	National Association of Testing Authorities
OQE	Objective Quality Evidence
PO	Purchase Order
SCAR	Supplier Corrective Action Report
SDRL	Supplier Data Requirement List

3. RESPONSIBILITIES

Role	Responsibility
Head of Quality	To approve this manual
Quality Manager – Australasia	To maintain this manual
Head of Supply Chain	To provide the requirements of this manual to contracted suppliers
Suppliers	To comply with this manual

4. SUPPLIER RESPONSIBILITIES

Suppliers shall maintain a working environment in which the Supplier, the Suppliers’ employees, sub-tier suppliers, as well as AAa personnel and customers are not exposed to uncontrolled risks and hazards.

This means that:

- The Supplier must maintain a Quality system that is certified to or compliant with the requirements of the relevant mandated standards for the product or services provided.
- The Supplier must maintain a safe system of work, so that all tasks are carried out as safely as possible.
- Where the Supplier is required to support Products or Services onsite as agreed by PO/Contract the Supplier shall have on the AAa Site(s), during all working hours, a representative/supervisor, thoroughly familiar with the work, who shall have full authority to receive, and act on, all instructions relating to the work;
- Any notice given to the Supplier's Representative by the AAa nominated Manager shall be deemed to have been given to the Supplier;
- The Supplier’s Representative shall ensure the potential Quality impact of the activities of the Supplier on site is managed as far as practicable;
- The Supplier shall be fully responsible for the actions of all its employees in relation to Quality of their work;
- The Supplier shall ensure that its supervisors and employees are familiar with and adhere to this manual;
- The Supplier shall ensure records of all applications made by relevant Authorities regarding their inspections and/or tests, and the results, relating to Quality requirements are provided to the AAa nominated Manager on request;
- The Supplier must ensure that plant, equipment, substances, and workplace activities are safe, and are maintained to meet Quality objectives of the services provided.

The Supplier must ensure that their personnel:

ABMS-500-184 Supplier Quality Requirements Manual

- Are suitably qualified to carry out the required services;
- Have a thorough understanding of the procedures necessary to carry out the required works and services competently and safely to agreed Quality standards;
- Exercise all reasonable care and diligence in the performance of the required services;
- Obey relevant instructions and directions given by AAa staff and any relevant authority; and

The Supplier is responsible for the provision of all equipment, tools, and consumables necessary or desirable to meet the Quality objectives of the required services.

The Supplier must ensure all works are completed and comply with project specifications, relevant legislation, ISO Standards, and codes of practice.

Suppliers are defined as any company, which through a contractual arrangement with Austal Australasia performs work on the contract site. Suppliers shall ensure:

- That their workers work in a safe and planned manner and that the area in which they work is safe.
- That their risk management methodologies are in consideration of AAa Risk Management Framework
- That they participate in contract management meetings.
- That subcontractor staff adopt similar responsibilities as the staff of AAa and report to the Project Manager on all matters relevant to the Contract.
- Submit and / or be involved with the development and review of project procedures and participate in inspections, audits, investigations etc. as required, in consultation with the AAa Management Team.
- Submit (where requested) non-conformance reports on related to Quality non-conformance events.
- Nominate a liaison officer to ensure communication on Contract matters is maintained between the supplier and the Austal Australasia Management Team.

5. SCOPE – AUSTAL AUSTRALASIA

For this manual, the term Austal Australasia applies to the following entities;

Purchase Order Terms and Conditions



Austal Limited, ABN 73 009 250 266

Austal Ships Pty Ltd, ABN 80 079 160 679

Austal Australasia Pty Ltd, ABN 64 074 406 269

Austal Service Darwin Pty Ltd, ABN 74 160 267 934

Austal Cairns Pty Ltd, ABN 32 153 468 627

Austal Brisbane Pty Ltd, ABN 26 104 531 991

Austal Philippines Pty Ltd, ABN 88 079 160 651

each of 100 Clarence Beach Road, Henderson WA 6166, Australia;

Austal Philippines Pty Ltd (Philippines Branch), 413-919-427-000

of A 1731 West Cebu Industrial Park, Balamban, Cebu, Philippines 6041;

Austal Viet Nam Co., Ltd, VAT/Enterprise No. 3502365708

of Road No. 12 Dong Xuyen Industrial Zone, Rach Dua ward, Vung Tau City, Vietnam

6. EXPECTATIONS OF AUSTAL SUPPLIERS

As a Supplier, Austal Australasia expects the Supplier to share our commitment to meeting our end customer's requirements for quality, technical performance, and on-time delivery.

This will be achieved by you sharing Austal values and working with AAa in delivering significant ongoing value through an integrated and collaborative approach to Supply Chain Management.

The Supplier shall be required to support AAa by providing (as required) evidence that Products or Services are offered where:

- The requirements identified in Specifications, PO's or Contracts have been understood, evaluated, and planned to be met.
- Requirements are validated through test/inspection/review.
- Regulatory body requirements are met and validated.
- The schedule of delivery is aligned to the Austal delivery date (DIFOTIS)
- Evidence is available as required of delegated authority, qualification, or license to perform work.
- Sub-tier contractors are effectively managed.
- They are approved for release by a delegated authority with appropriate qualification or license within the Suppliers organisation.
- Evidence of conformity to requirements are maintained (Objective evidence).
- There is effective change control throughout the period of engagement (i.e. changes to product or objective evidence such as drawings, certification, manuals etc.).

Note: A Supplier needs to proactively communicate with AAa supply chain and get acceptance for any changes in Supplier's process / material / sub-contractors which may impact on quality performance of AAa products.

- Traceability to requirements is maintained (through Identification).
- A system/process is in place to manage non-conformance / issue resolution (Zero defects).
- Suppliers openly engage in AAa Supplier performance management (Audit)
- Supplier are engaged in continuous improvement

7. ACCESS TO SUPPLIER FACILITIES FOR INSPECTION / AUDIT

During the contract between AAa and the Supplier, AAa may (with reasonable notice) require access to the supplier manufacturing/production areas for the purpose of quality audits and for assessing manufacturing/production processes capability to meet AAa's PO/contract requirements.

Where required through the Supplier management process AAa may (with reasonable notice) require access to the sub-tier supplier's facilities of the Supplier.

The requirement to conduct inspections/audits forms part of PO/contract with the Supplier unless specifically waived by Austal Australasia.

Prior to accessing the Supplier's facility for inspection / audit, AAa can reasonably request access to the Supplier's Quality Management System (QMS) documentation for assessment.

8. REQUIREMENTS REVIEWS / ISSUES CONTROL (PO/CONTRACT)

The Supplier is expected to have in place a PO "Requirements Review" procedure/process that complies with the intent of *ISO 9001 Section 8.2 Requirements for products and services*.

The Supplier will be expected, if audited, to be able to demonstrate how the requirements of an Austal PO/Contract have been understood and have been planned to be met.

If the Supplier is uncertain about any aspect of what AAa has ordered, the Supplier must immediately contact AAa and resolve this uncertainty prior to incurring any costs and committing to supply.

9. RECEIPT AND 'IN-PROCESS' ASSURANCE OF PRODUCTS OR SERVICES

The Supplier is expected to have in place adequate controls for the management of their products or services within their own supply chain organisation, including the control of their release of their goods or services. Controls are to include traceability to conformity of requirements, and approval for release. The Supplier is expected to be able to demonstrate receipt inspection and 'in-process' witness or hold points for quality assurance/ inspection activities (i.e. demonstrate a systematic approach to approval for product release).

The in-process control may take the form of a checklist, test, inspection, analysis or verification and validation activity.

The Supplier must ensure that products or services have undergone an adequate level of checking e.g. mandated Factory Acceptance Testing (if required), visual inspections, traceability checks, sample dimensional inspections and Chemical composition check (If Applicable) as applicable during production and prior to delivery to AAa.

10. CONTROL OF SUB-TIER SUPPLIERS

It is a requirement that the Supplier maintains effective control over their sub-tier suppliers.

The Supplier must (on request) provide to AAa the necessary Objective Quality Evidence (OQE) to confirm that their sub-tier suppliers have been adequately evaluated by them and have been approved to supply.

The Supplier must provide evidence on request of the flow down of AAa PO requirements (e.g. technical/OQE requirements) to their sub-tier suppliers.

11. PURCHASE ORDER NOMINATED CRITICAL ITEMS

Austal maintains a register of Supplied items considered critical for the successful delivery of a Project. This register is called the Equipment Order List (EOL), the Supplier will be advised through PO/contract that their products are considered critical.

When supplying critical items Suppliers are expected to:

1. Provide evidence as required that internal schedules align with the EOL delivery due date.
2. Reduce sub-tier supply chain risks by sourcing from manufacturers that are certified – or can demonstrate compliance with the intent – to the requirements of *ISO 9001:2015*.
3. Provide evidence – where required - that the Supplier has 'Material Manufacturer' approval, as certified by an independent certification body.
4. Plan for and monitor schedule compliance where a certified approval by an independent certification body of a Factory Acceptance or ITP requirements is required.

5. Provide evidence (on request) of product or service reviews conducted internally i.e. internal audit that considers risk to DIFOTIS for supply of goods to AAa.
6. Ensure that items are independently sample tested (by a NATA equivalent testing laboratory) in accordance with criteria defined by AAa, with test reports (OQE) provided to AAa.

12. INSPECTION AND TESTING PLANNING (ITP) APPLICABILITY/CONTROLS

This section applies, as necessary.

Where a PO or AAa contract requires the Supplier to submit to AAa an ITP, the Supplier's ITP document will be subject to AAa's approval and must be submitted prior to commencement of work.

1. As part of AAa's approval of the Supplier's ITP, AAa may add hold and witness points at its discretion. Where hold and witness points have been allocated the Supplier must inform AAa of the upcoming event with appropriate notice.
2. Hold points are not to be conducted without an AAa representative present unless the hold point has been formally waived by AAa.

The ITP document must contain sufficient information to identify what inspection and/or testing will be carried out to meet contract/PO requirements; the ITP must provide auditable OQE of acceptance criteria being met.

13. NON-CONFORMING PRODUCT

Austal will advise the Supplier of non-conforming product through direct contact in the first instance. Where a product cannot be rectified or repurposed Austal will advise the Supplier of the intention to return the product using the AAa form (*ABMS-901-3464 Goods Return Form*).

Note: where the Supplier provides products or services that are non-compliant with requirements – for any reason – at the first stage of resolution, AAa will endeavour to work with the Supplier to resolve the issue through agreed remedial actions. AAa reserve the right to also issue a Non-Conformance notice – recorded in the Austal Non-Conformance management tool- which requires the Supplier to provide documented Objective Quality Evidence (OQE) of actions taken to remediate a product or service.

14. CONTROL OF RETAINED INFORMATION (QUALITY RECORDS)

The Supplier is required to maintain effective control of the information that provides evidence (i.e. record) that the supplied product or service conforms to requirements. This requirement is stated in *ISO 9001 Section 7.5.3 Control of documented information*, i.e. demonstrate controls for the distribution, access, retrieval, and use; storage, preservation, change, retention, and disposition.

Unless otherwise stated on the purchase order/contract, records must be retained for a minimum period of seven (7) years after delivery of the products or services to AAa.

ABMS-500-184 Supplier Quality Requirements Manual

The Supplier shall provide documented evidence in a format standard that, as a minimum, meets the requirements of *ISO 9001 Section 7.5*.

The OQE (records) required to provide evidence of conformity – technical and/or contractual – for a product or service requirement is stated in the PO, or a contract. For complex Projects, the Supplier may be required to provide the OQE as a contract deliverable, as identified in a Supplier Data Requirement List.

If the Purchase Order has the list of SDRL Line items, then supplier is expected to provide the required SDRL in a timely manner, otherwise it will impact the payment timeline for that material delivery / Service.

Delivery of OQE to AAa

AAa OQE must be delivered in an electronic format (PDF preferred) directly to AAa Supply Chain with hard copies accompanying products or services unless otherwise agreed.

15. CONTROL OF CALIBRATED MEASUREMENT AND MONITORING EQUIPMENT (MME)

This section applies, as necessary.

The Supplier is required to maintain documented information that verifies that the MME used to produce products used in Austal vessels is compliant with AAa purchase order/contract requirements.

The supplier calibration system must be fully compliant with the requirements of *ISO 9001 Section 7.1.5.2 Measurement traceability*.

For Projects undertaken by Austal Australia MME calibration must be performed by NATA accredited laboratories and certificates must be NATA endorsed or other recognised ISO/IEC 17025 accredited laboratories. For Projects undertaken by Austal Phillipines / Austal Vietnam calibration activities must be performed by Suppliers with equivalent accreditation.

The MME calibration system/procedures of the Supplier must ensure that:

- MME is calibrated or verified at specified intervals prior to use.
- The MME's calibration status can be determined.
- Safeguards are in place that would not invalidate measurement results.

AAa must be notified in the event of actual or potential non-conforming products and services being supplied because of an out of calibration MME.

16. PRODUCT TRACEABILITY

The Supplier is expected to meet the requirements of *ISO 9001:2015 Section 8.5.2 Identification and traceability*.

The requirement for the Supplier to provide unique identifiers is flowed down to the Supplier through a Supplier Data Requirement List (SDRL), or as a PO/Contract for commercial Projects.

Where the traceability requirements are stated in a contract SDRL the Supplier must provide to AAa objective evidence prior or with delivery that the requirements are met.

Where traceability requirements are not defined on a PO / SDRL the Supplier shall provide delivery transaction records which must identify as a minimum the following information (where applicable):

- Purchase order/contract number and revision number
- PO line/item number
- Item description
- Part Identifier (i.e. model number)
- Quantity
- Manufacturer's part number, including identification of the original equipment manufacturer and country of origin

17. HANDLING OF SUPPLIED MATERIALS

This section applies, as necessary.

Where AAa supply materials to the Supplier for use as part of a labour hire PO/Contract, the Supplier is responsible for undertaking a level of quality assurance for the preservation, inspection, testing and traceability control of that material while in their facility /or onsite as agreed with AAa.

Where required the Supplier must provide evidence of inspections to verify the material remains compliant with end user requirements, inspections may that includes sample dimensional inspection, visual inspection, and marking/traceability checks (validated against the delivered certification/OQE).

Where the material provided by AAa is deemed 'not fit for purpose' by the Supplier, AAa Supply chain must be informed immediately, prior to incurring costs or commitment to supply.

Material traceability must be maintained until products are delivered or provided to AAa for approval. Unused material (including off cuts/remnants) must be marked and remain fully traceable up until the point of use in the Supplier's production or returned to AAa.

18. PRODUCT PRESERVATION

Goods or Services provided to AAa must be adequately protected by the Supplier prior to and during delivery, protection will be required to the extent that the product will meet customer quality requirements.

The Supplier is to segregate goods where it is agreed with AAa that segregation to prevent contamination within the Supply Chain is a risk or is a requirement of the PO or Contract.

19. PRODUCT RECALLS

Where the Supplier self-identifies the goods or services provided to AAa do not meet requirements – through for example subsequent internal product reviews - it is expected that the Supplier advise AAa immediately.

It is expected that the Supplier has a product recall process.

20. MONITORING SUPPLIER QUALITY PERFORMANCE

AAa Suppliers are actively managed, and relationships are developed and nurtured to ensure ongoing compliance to contract terms and to improve service delivery and innovation.

Supplier performance management is a key strategy to ensure Suppliers are delivering to their contract conditions, but more importantly to help drive innovation and a better working relationship.

AAa Suppliers, where appropriate, will be provided KPIs (key performance indicators) and SLAs that are contained in the contract; those performance indicators will be meaningful, category specific and measurable.

Measurement tools used by AAa may include:

- Regular Audits,
- Periodic Evaluations
- Supplier Self-assessment / 360 assessment,
- Survey & User feedback,
- Reporting data and analysis.

AAa will monitor supplier performance, AAa operates a rolling evaluation system where periodic evaluations are conducted:

- Where performance indicators identify a need
- Annually for Qualified Suppliers

The Supplier is expected to participate in reasonable AAa Supplier Quality performance management activities.

21. CUSTOMER/SUPPLIER RELATIONSHIP AND FEEDBACK

AAa Supply Chain management is fully committed to maintaining a good relationship with all Suppliers and subcontractors.

AAa believes that without the assistance and commitment of our suppliers the requirements specified in this manual cannot be adequately achieved.

The Supplier should contact AAa Supply Chain personnel if any requirements contained in the AAa contract/PO, or this manual is not fully understood.

22. RELATED DOCUMENTS

This procedure has been issued under, and is consistent with the following business management documents:

Title	Document ID
Goods Return Form	ABMS-901-3464
Periodic Supplier Evaluation Form (AP)	ABMS-901-6433
Supplier Corrective Action Report (SCAR)	ABMS-901-3816
Supplier Performance Procedure	ABMS-901-3454
Supplier Periodic Evaluation (AP)	ABMS-481-2
Supplier Periodic Evaluation Form	ABMS-901-3428
International Standard Organisation for Quality Management Systems	ISO 9001