QUALITYMACHINE

External Provider Flow Down Requirements

External Providers include *suppliers, vendors, service providers, subcontractors, original equipment manufacturers, original component manufacturers, etc*. who are providing parts and/or services to Quality Machine Products, Inc. (QMP).

General Requirements

External Provider is required, and agrees to flow down to the supply chain any applicable requirements, including customer requirements, to ensure QMP customer requirements are communicated to all responsible suppliers.

External Provider agrees to meet all flow down requirements as listed in this document and agrees to abide by Quality Machine Products customers' External Provider approval requirements identified in QMP Purchase Orders or in other written statements of requirement. External Provider will flow down information and requirements specified on this purchase order to sub-tier vendors, subcontractors, etc., paying particular attention to key characteristics and requirements.

External Provider agrees to implement a quality management system and must use special process sources that are approved by Quality Machine Products (QMP) customers, as required, including process sources (e.g., special processes).

External Provider is required to notify QMP of changes of suppliers affecting product for which QMP is responsible. QMP's Vice President/General Manager must approve in writing proposed supplier changes where required by QMP customers.

External Provider is required to notify QMP of changes in product and/or process impacting the quality of products of processes for which QMP is responsible. QMP's Vice President/General Manager must approve proposed process changes in writing before they are implemented, where required by QMP customers.

External Provider is required to maintain all applicable product identification and traceability information.

External Provider utilizing shelf life material subject to degradation or deterioration over time, the External Provider will establish a shelf life and storage control program to ensure that no material which has exceeded its shelf life is used in the assembly or production of QMP products.

External Provider is required to notify QMP of manufacturing facility location changes.

External Providers is required to retain all related quality control documentation for a period of 10 years. Once the retention period has passed, hard copy records must be commercially shredded and electronic records must be deleted from active systems and electronic storage.

External Providers is required to provide right of access by QMP management, QMP's customers, and regulatory authorities to all applicable areas of facilities involved in the order, at any level of the supply chain, and to all applicable records at any level of the supply chain. QMP management, customers or customer representatives are granted, with reasonable notification, the right to verify at suppliers' premises (and at QMP's premises) that subcontracted product conforms to specified requirements.

External Provider, upon request, is required to provide test specimens for design approval, inspection/verification, investigation, or auditing.

External Provider agrees to ensure that persons involved in QMP related processes are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.

External Provider Flow Down Requirements

Nonconformance & Corrective Action

External Provider is required to notify QMP of nonconforming processes, product, or services when discovered at suppliers' location(s), and in cases where release to QMP has occurred, if applicable. QMP's Vice President/General Manager and/or affected QMP customer representative must review and provide written disposition of nonconforming product according to established QMP or customer procedures. External Provider will return all nonconforming material to QMP (for example part is damaged in testing or processing will be returned to QMP). External Provider must account for every item they received from QMP and will document on External Provider pack list Items lost in processing.

In cases when it is determined that External Provider is responsible for root cause discrepancies, External Provider is required to take corrective actions to fully remedy the discrepancy to the full satisfaction of QMP and QMP's customers. Corrective Actions may be documented using the supplier forms. External Provider is required to respond, in writing to Corrective Action requests in a timely manner. Corrective Actions must demonstrate cause analysis, action implementation, and verification of action effectiveness. Should External Provider's Corrective Actions prove ineffective, alternate actions may be requested, or suppliers may be disqualified from use.

Foreign Object Debris/Damage (FOD)

External Provider will take all precautions to preclude introduction of Foreign Object Debris/Damage (FOD) into any deliverable items. External Provider will maintain a documented FOD prevention program appropriate to the specific parts. The External Provider's FOD prevention program will include operations designed to verify removal and accountability of all items and material used for masking (e.g. tape, cap, or other masking material) in their work sequence/planning processes. The External Provider's FOD prevention program will include FOD preventative practices for packaging. The External Provider's will ensure that there are no foreign objects received in packaging and packaging containers. Foreign objects in packaging may include staples, foam peanuts and Styrofoam.

Packaging, Preservation and Storage

Finished parts will be adequately protected in accordance with best commercial practices to prevent damage during handling, shipment and storage. Parts will be individually wrapped, bagged or otherwise protected to prevent part-to-part contact/damage when packaged within a larger pack. Special handling, shipping and storage requirements will be delineated on Purchase Order. When applicable, electro static device precautions will apply.

Counterfeit Parts

External Provider will prevent the use of counterfeit parts or materials and maintain a Counterfeit Part risk mitigation process internally and with any sub-tier suppliers.

Prohibited and Conflict Minerals

Unless otherwise specified, use of the following are expressly prohibited: zinc, cadmium, mercury or pure tin (>97%). External Provider will communicate these restrictions to Sub–tier suppliers as required.

External Provider Flow Down Requirements

External Provider, including finishing services, in compliance with the Wall street reform and Consumer Protection Act, also known as the Dodd-Frank Act, are not allowed to use the following ***conflict minerals*** in any materials, items, or processes purchased by QMP: Tin including Cassiterite, Columbite-tantalite (tantalum), Tungsten including Wolframite and Gold. These minerals are commonly described as 3TG and there is no minimum acceptable 3TG content amount.

International Traffic in Arms Regulations (ITAR)

QMP is an ITAR (International Traffic in Arms Regulations) Registered company. It is our duty to ensure that our customer's ITAR-controlled items or technical data are protected. Approved suppliers are required to formally agree to the following:

- External Provider agrees to have controls in place that prevent individuals from ITAR proscribed countries (see below) from coming in contact with QMP provided technical data and items.
- External Provider agrees to return or shred all technical documents provided by QMP.
- External Provider agrees to return all items and parts, damaged, un-usable or otherwise provided by QMP.
- Non-ITAR registered suppliers who receive technical data or items from QMP must confirm that they do not engage in the export of technical data to proscribed countries (see below):

ITAR List of Proscribed Countries:

Afghanistan	Angola	Belarus	Burma	China (PRC)
Cyprus	Cuba	Haiti	Iran	Iraq
Liberia	Libya	Nigeria	North Korea	Rwanda
Somalia	Sudan	Syria	Vietnam	Yemen
Zimbabwe				

Calibration

External Providers of calibration services, calibrated devices and QMP External Providers utilizing calibration equipment are required to provide certificates of calibration bearing traceability to the National Institute of Standards and Technology (NIST), and reporting "as found" information and "adjustment" information, as applicable.

Defense Priorities and Allocations System (DPAS)

External Provider may receive QMP purchase orders containing DPAS rated quantities and non-rated quantities. DPAS rated parts/quantities are certified for National Defense use and External Provider is required to follow all of the provisions of the Defense Priorities and allocations Systems Regulations (15 CFR Part 700). The rated quantities are to be those first delivered to QMP followed by any non-rated quantities; any government referenced clauses on the purchase order apply only to the DPAS rated quantities. The DPAS rating will be listed for each applicable purchase order line item.

Declarable Substances

All parts and materials provided by External Provider or External Provider's supply chain shall meet, at a minimum, the applicable version of the following regulatory requirements:

- European Union

  - REACH (Registration, Evaluation, Authorization and Restriction of Chemicals).
  - RoHS (Restriction of Hazardous Substances)
  - BPR
- United States
  - Conflict Minerals (Dodd-Frank Wall Street Reform and Consumer Protection Act)
- Equivalent or similar laws regarding product substance content requirement in other jurisdictions as they apply.
- Others as designated by Quality Machine Products in updates to this guidance or in other communications with External Providers.

For all parts and materials supplied to QMP External Provider will maintain and be able to supply upon request by QMP all documentation necessary to support compliance with the above listed regulations. All necessary documentation must be maintained and kept current. Upon request External Provider will provide documentation within a reasonable time period. It is the External Provider's obligation to ensure declaration of regulated substances to QMP and to ensure regulatory requirement is passed along to External Supplier's supply chain from tier to tier.

Pertaining to external providers of special processes (e.g., welding, heat treating, plating, finishing, etc.)

QMP requires External Providers of special processes to provide evidence of process validation according to the requirements of AS9100D 8.5.1.2. Evidence of validation could include a third-party registration to ISO 9001, AS9100, Nadcap or similar standard that requires validation of special processes. Alternatively, suppliers of special processes may provide a letter or other evidence of process validation (e.g., from aerospace customers). *(A response written in the space provided below may also be acceptable; please sign, date, and return via fax.)*

Evidence of process validation must demonstrate conformity to the following requirements (excerpted from AS9100D, 8.5.1.2):

> For processes where the resulting output cannot be verified by subsequent monitoring or measurement, QMP shall establish arrangements for these processes including, as applicable.
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> a) definition of criteria for review and approval of the processes;
> b) determination of conditions to maintain the approval;
> c) approval of facilities and equipment;
> d) qualification of persons;
> e) use of specific methods and procedures for implementation and monitoring the processes;
> f) requirements for documented information to be retained (records);
> g) revalidation;
> h) return of all items and parts, damaged, and un-usable or otherwise provided by QMP.

The above terms and requirements pertain to each QMP's Purchase Order and purchasing contract; acknowledgement and acceptance of the above terms and requirements will be evidenced by External Provider's acceptance of QMP's Purchase Orders or purchasing contracts.