QUALITYMACHINE

# External Provider Flow Down Requirements – AS9100, ISO9001

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 notify QMP of manufacturing facility location changes.

External Provider is required to retain all related quality control documentation for a period of 15 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 Provider 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.

## 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 nonconforming product according to established QMP or customer procedures.

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.

External Provider will prevent the use of counterfeit parts or materials.

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 | | | | |

External Providers of calibration services or calibrated devices 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) EU RoHS (Directive 2011/65/EU) including RoHS phthalates (EU Directive 2015/863) and Exemptions information for each part and material.
  - 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.
> 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.

INSURANCE

Sellers, subcontractors/suppliers performing manufacturing and/or processing services are required to provide a Certificate of Insurance and Additional Insured Endorsement (on ISO form CG 20 10 11 85 or a substitute form providing equivalent coverage).

Coverage shall apply as primary insurance with respect to any other insurance afforded to Owner and Sub-Contractor. Subcontractors to Quality Machine Products, Inc. shall provide insurance as follows:

GENERAL LIABILITY:

Commercial General Liability (CG 00 01) Occurrence Form

| | |
|---|---|
| General Aggregate | $2,000,000 |
| Products & Completed Operations Aggregate | $2,000,000 |
| Personal Injury | $1,000,000 |
| Each Occurrence | $1,000,000 |
| Damage to Rented Premises | $ 100,000 |
| Medical Payments | $ 5,000 |

Coverage must provide the following:

- General Aggregate Limits Per Project
- Primary and Non-Contributory
- Waiver of Transfer of Rights of Recovery Against Others
- Additional Insured Endorsements – Naming the Owner & Contractor as additional insured for ongoing and completed operations per ISO form CG 2010 (10-1) and CG 2037 (10-1) or using substitute forms that provide equivalent coverage
- Contractual per Commercial General Liability "Insured Contract"

There shall be no endorsement or modification of the Commercial General Liability form arising from pollution, explosion, collapse, underground property damage or work performed by subcontractors. All coverage shall be placed with an insurance company duly admitted in the State of Idaho and shall be reasonably acceptable to Quality Machine Products. All Subcontractor insurance carriers must maintain an A.M. Best rating of "A-" or better. Coverage shall be afforded to the Additional Insureds whether or not a claim is in litigation.

The insurance coverage as described above shall be of sufficient type, scope, and duration to ensure coverage for the Sub-Contractor or Owner for liability related to any manifestation date within the applicable statutes of limitation and/or repose which pertain to any work performed by or on behalf of the Sub-Contractor or Owner in relation to the work being provided to Quality Machine Products. Subcontractor agrees to maintain the above for a period of ten years, or the expiration of the Statute of Limitations, whichever is later.

Each Certificate of Insurance shall provide that the insurer must give the Sub-Contractor at least 30 days' prior written notice of cancellation and termination of the Sub-Contractor's coverage thereunder. Not less than two weeks prior to the expiration, cancellation or termination of any such policy, the Subcontractor shall supply Quality Machine Products with a new and replacement Certificate of Insurance and Additional Insured endorsement as proof of renewal of said original policy. Said new and replacement endorsements shall be similarly endorsed in favor of Sub-Contractor and Owner as set forth above.

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.