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SUPPLIER QUALITY REQUIREMENTS

1.0 INTRODUCTION

1.1 POLICY

Our Company is committed to ensuring that all working conditions in its business operations are safe, that workers are treated with respect and dignity, and that customers receive the right parts at the right time, without compromising quality or cost. Suppliers are expected, in all their activities, to maintain high ethical standards, acting with integrity, trust, respect, honesty and teamwork and to operate in full compliance with applicable laws, rules and regulations of the countries in which they operate.

1.2 SCOPE

To define the minimum requirements for a supplier providing material or services to American Precision Assemblers, Inc.

1.3 CONFIDENTIALITY AGREEMENT

As required.

2.0 REQUIREMENTS

2.1 GENERAL

- A. All suppliers and sub-tier suppliers shall maintain a quality management system certified to an appropriate standard to their business. Aerospace product distributors are required to be AS9120 certified.
- B. Suppliers are expected to acknowledge receipt of each APA PO within 24 hours.
- C. Suppliers are also expected to provide competitive pricing & timely response to requests from APA, Quality, Engineering or Procurement representatives.



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- D. Expectations are that 100% Quality and Delivery performance is maintained. Suppliers not meeting our expectations or with an undesirable PPM metric will be issued a supplier corrective action, which may include a report to the end customer during regular business reviews.
- E. If a supplier is issued a Corrective Action Request by APA immediate containment of the discrepancy is expected to prevent further erroneous shipments. Investigation, root cause determination, and a corrective action plan (response to APA) is expected to occur within 10 working days unless requested otherwise. Permanent action is expected to occur within 30 days. Preventive action, where appropriate, is expected to occur within 3 months.
- F. Process control and training system shall be appropriate to maintain product conformity.
- G. When there are Key Characteristics on a drawing, it may be required for those dimensions to have a 30-pc capability study/data submitted prior to approval. (Key Characteristics are the features of a material or part whose variation has a significant influence on product form, fit, performance function, service life, or manufacturability as identified by APA, our customer or identified by the supplier.)
- H. Unless using certified tooling, a minimum required inspection for parts shall comply with level II, C=0 per ANSI/ASQ Z1.4, and comply with "0" defects equal accept, one defect equals rejection of the entire lot. If a rejection, one hundred percent of the lot must be inspected for the characteristic found not meeting the requirements.
- I. If special processes (where resulting output cannot be verified by subsequent monitoring or measurement) are required, Supplier shall establish appropriate procedures, process controls, equipment, personnel training, and records to demonstrate control. APA may specify special process providers when required by our end customers.
- J. Suppliers shall package parts appropriately to protect against damage to internal or external features, especially cosmetic items. This includes moisture protection where applicable.



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- K. The supplier is to provide Material Safety Data Sheets with each shipment, as applicable. Items with a shelf life shall be clearly marked and shall have no less than 50% of their shelf life remaining.

2.2 SUBCONTRACTORS

Subcontractors are expected to ship product following FIFO (first into stock is the first out) order.

Lot code assignment for product of the same top level PN shall not duplicate.

Subcontractors that are provided with APA generated documentation, test programs and tooling are expected to maintain revision and quality controls on these items. Subcontractors are expected to provide and inform APA of any changes required to these items.

Subcontractors are required to provide Production records for every lot to APA.

2.3 FIRST ARTICLE INSPECTIONS

Manufacturers of parts represented by an engineering drawing shall complete/submit an acceptable First Article Inspection Report, from production ready equipment (NOT from prototype tooling). FAIR data includes all drawing notes, dimensional characteristics, material, and functionality requirements, if applicable. It shall be completed in accordance with the AS9102, or applicable standard.

A FAIR is required for any of the following situations.

- Manufacturing a production or conforming part for the first time.
- A change in the design or configuration of the part.
- When the line or location of production changes.
- After a production lapse of 2 years or more.



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2.4 NOTIFICATIONS

Suppliers shall notify APA immediately If supplier becomes aware of released product that was nonconforming.

Supplier shall provide written notification to APA when any of the following occur.

- Intent to relocate production, manufacturing, repair or overhaul of parts and assemblies.
- Physical movement of critical manufacturing or inspection equipment which could affect production or inspection capability.
- Changes in the supply chain that affect the point of manufacture.
- Changes in ownership or key management positions.
- Changes in the Quality Management System that affects any third-party certifications or accreditations such as AS9100, ISO 9001, ISO 9120, ISO 17025, NADCAP, etc.

Supplier shall communicate issues to APA within 24 hours of awareness for any changes in manufacturing Lead Time and/or other exceptions that have the potential to disrupt the supply chain and cause stockouts at the customer level. It is understood that manufacturing conditions caused by pandemic, global or domestic shortages, market conditions, and acts of God may be out of the supplier's control. However, the expectation is the supplier will provide frequent communication and expedite appropriately until satisfactory resolution is completed.

2.5 OBSOLESCENCE / END OF LIFE CONTROL

Supplier shall offer a last time buy and provide written notification at least 6 months prior to obsolescence of any material that APA has purchased from the supplier.

2.6 COUNTERFEIT PARTS

Suppliers shall implement a Counterfeit Item risk mitigation process internally and with sub-tier suppliers. Suppliers are required to deliver products to APA that are: Obtained either from OEMs or authorized OEM resellers or distributors; Not Counterfeit; and authentically marked with OEM labels and other markings. Any items identified by supplier as counterfeit must be removed from shipments to APA. At any time, if APA has reasonable cause to believe supplier has provided counterfeit material, whether material remains in inventory, WIP, or in a finished good, the supplier will be responsible for all costs deemed necessary and reasonable to investigate and replace the



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counterfeit materials. These costs include, but may not be limited to, travel expense, legal expense, shipping costs, fines or penalties, labor, replacement materials, administrative expenses, and the like.

2.7 CERTIFICATE OF CONFORMANCE

Suppliers are required to provide a signed and dated Certificate of Conformance for the procured part when specified on the PO. This must include the Part number, PO number, suppliers name, and point of manufacture when applicable. The certificate statement shall assure the part is in conformance will all applicable requirements and specifications. The Statement of Conformity shall contain no ambiguous language such as 'We believe...' or 'To the best of our knowledge...'

2.8 SUPPLY CHAIN FLOW DOWN

Supplier is required to ensure its subcontractors or sub-tier suppliers adhere to any contractual, regulatory, statutory, and material flow down requirements as may be communicated to supplier by purchase order, specification, or other written notification.

Lot-by-Lot controls and traceability to raw material shall be maintained as applicable.

2.9 DOCUMENT RETENTION

Quality Records (C of C, Inspection/Test data, Identification as applicable) shall be maintained for a minimum of 5 years unless specified otherwise in a Contract or PO. Longer retention times may be flowed down depending on applicable end customer requirements.

2.10 ACCESS

APA, our customers, and applicable regulatory authorities shall be granted access to all facilities involved in our contracts/purchase orders and to all applicable records as necessary to ensure compliance and to verify the supplier's quality system is capable.

The supplier shall provide test specimens for inspection/verification, investigation, or auditing if requested by APA.



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2.11 SUPPLIER CONTRIBUTION TO CONFORMITY

It is the responsibility of the supplier to ensure all applicable persons are aware of their contribution to product safety and/or service conformity.

2.12 EXPORT CONTROL

Suppliers must notify APA immediately if products that are going to be supplied are ITAR controlled.

To ensure compliance with Export Administration Regulations, suppliers are required to provide the ECCN, Export Control Classification Number for all products provided to APA when applicable.