AS9100 Rev. D

Supplier Quality Manual

Section I – Supplier Expectations

1.1 Introduction

This Supplier Quality Manual (SQM) document has been created for the purpose of communicating the quality requirements of The Cubbison Company, hereinafter "The Company" to those entities identified as external providers of products and/or services delivered to, and on behalf of The Company. This document will further expand on general expectations, procedures, acceptance criteria, etc. Adherence to the guidelines set forth by this manual are required of all suppliers and external service providers. Acceptance of The Company's purchase orders (PO) constitutes acceptance and commitment on behalf of the recipient to comply with this manual's content. This manual describes the minimum requirements for which a supplier has responsibility. Furthermore, this manual does not replace or negate any additional requirements set forth by The Company PO, applicable drawing specifications and/or documentation, and prior contractual purchasing agreements between the supplier and The Company.

1.2 On-Time Delivery

The Company requires all suppliers to adhere to strict on-time delivery performance guidelines as a condition of their approved vendor status. Delivery performance ratings are based upon the acknowledged dock date communicated to The Company at the time of the PO acceptance. Should the supplier not be able to meet their originally acknowledged dock date, then they are required to notify The Company in writing prior to the expected date of shipment. Shipments received after the originally acknowledged dock date without prior authorization, shall be recorded as unauthorized late shipments. Furthermore, shipments received early, in excess of 10 business days without prior authorization, will be recorded as unauthorized early shipments. Failure to adhere to these guidelines will be recorded in The Company's Supplier Scorecard Evaluations and could result in possible removal from The Company's approved supplier list.

1.3 Transportation/Shipping Costs

Unless otherwise instructed, all suppliers shall ship as directed per the ship method indicated on The Company PO. Any excess transportation costs incurred due to the failure of the supplier to meet the shipping instruction requirements, will be deducted from the purchase price of the delivered product and/or service. In the event that the original indicated ship method is not a viable source of transportation, written authorization shall be obtained by the supplier to use an alternative method of shipment.

Section II – Supplier Approval and Performance

2.1 Supplier Selection and Approval Process

The Company's approved supplier list is comprised of suppliers who have been identified as having the ability to meet the following criteria:

- On-time delivery per the acknowledged dock date on The Company's PO
- Cost-competitive products and/or services
- Delivery of products and/or services that meet the PO specifications and are free of cosmetic or quality related defects
- Delivery of genuine products and traceability documentation to Original Equipment or Component Manufacturers
- Respond appropriately to The Company's needs.

In the selection process of new suppliers, a Supplier Qualification Questionnaire shall be distributed to a representative of the potential supplier's sales staff. This document requests specific details about the potential supplier's Quality Management System (QMS), scope of work, production facilities, points of contact, supply chain management, environmental concerns, etc. Once completed and returned along with any other requested documentation, the Supplier Qualification Questionnaire is reviewed and evaluated by The Company's Purchasing Manager and Director of Quality and Safety. This process includes an audit (if required), risk classification, and official approval.

Once the questionnaire and accompanying documentation has been evaluated a recommendation shall be made as to whether the potential supplier can be added to the approved supplier list as a conditional supplier. Conditional suppliers are added to the approved supplier list for a period of 180 days or the duration of the first six+ deliveries, whichever occurs first. Conditional supplier performance is then reevaluated, and further recommendation can be made to remove the supplier's "conditional" status, extend their conditional status period, or remove them as a supplier altogether.

Supplier and tentative suppliers will be assessed for risk based upon a weighted rating that includes on-time deliver performance, quality performance, single source supplier status, country of origin, and conditional or directed status.

2.2 Supplier Evaluation

Suppliers shall be evaluated on a quarterly basis and supplier performance shall be monitored by the Purchasing Manager. Delivery performance ratings shall be based upon the suppliers ability to adhere to the PO delivery requirements in addition to the suppliers ability to meet the specifications, tolerance standards, customer flow-down requirements and other pertinent quality specifications per The Company PO and accompanying documentation. Instances in which a supplier fails to meet these requirements are recorded and will negatively affect their supplier quality rating on The Company's Vendor Scorecard Evaluations.

Suppliers are subsequently notified of their supplier rating when their rating shows a negative trend over the period of two consecutive quarters. Suppliers receiving this correspondence are given a period of one quarter to improve their performance, at which time a new evaluation can be performed and a recommendation can be made for any proposed changes to their approved supplier status.

2.3 Supplier Corrective Action

Instances of supplier nonconformance are monitored closely and recorded for accurate supplier evaluations. Supplier Corrective Action Reports are requested when there has been an ongoing or reoccurring trend in supplier nonconformance data. Suppliers subject to corrective action requests shall be required to submit a Corrective Action Report along with any additional accompanying documentation detailing the nonconformance data and the internal policies and procedures put in place to avoid further disruption of the supply chain.

Supplier documentation of the corrective action shall be submitted to The Company's Director of Quality and Safety as well as the Purchasing Manager for further review. Failure to submit this documentation will result in suspension of the supplier's approved supplier status until documentation has been received and reviewed.

Upon thorough review of submitted documentation, the Purchasing Manager and the Director of Quality and Safety shall make a determination as to whether the corrective action submitted by the supplier is satisfactory. Corrective Action Reports that are not found to be satisfactory, are rejected and the supplier is then notified that a new report must be submitted for review. Furthermore, rejected corrective action reports can result in suspension or removal of a supplier's approved supplier status and the offending supplier's approved status shall not be reinstated until acceptable corrective action documentation has been received and approved. If a supplier is removed from the approved supplier list pending corrective action rejection, they may not be used to source any materials unless mandated by The Company's customer.

2.4 Supplier Classification

All new suppliers must go through a supplier self-assessment audit prior to approval. As previously mentioned, the process of qualifying a new supplier involves the submission of a Supplier Qualification Questionnaire along with accompanying documentation regarding their Quality Management System and other pertinent company information. Initial authorization to utilize a new supplier must be received from both the Purchasing Manager as well as the Director of Quality and Safety prior to doing business.

Supplier Classifications are listed on the Approved Supplier list and suppliers shall be given one of four designations:

- **A** – Approved Supplier – An active supplier who has completed their initial audit process and who meets all requirements per The Company's specifications
- **C** – Conditional Supplier – A supplier who is currently still under review during their initial evaluation period of 6 months or the first 6 deliveries (whichever comes first), or a supplier who has pending Corrective Action requests.
- **N** – Non-Approved – A supplier who has failed to meet The Company's requirements and has been stripped of their Approved Supplier status.
- **AI** – Approved In-Active – Supplier who has not done business with Cubbison Company in at least 2 years.

Section III – Supplier Quality Requirements

3.1 Changes in Design or Processes

Suppliers must conform to the specifications set forth in The Company PO as well as in accordance with the PO Terms and Conditions provided upon receipt of the order. Any deviation from these specifications/conditions in terms of design, finish, special processes, procedures, or equipment used in the production of deliverable product or parts must receive written approval from the Cubbison Company Purchasing Manager prior to implementation of the change.

3.2 On-Time Delivery

Suppliers shall produce deliverable product or complete services with respect to The Company production schedule and PO requirements communicated at the time of order placement. Confirmations with PO specifications and ship dates are required upon receipt and acceptance of all POs. All supplier production delays shall be communicated in a timely manner prior to the date of shipment.

3.3 Quality Management System

The Company shall document suppliers' quality management systems, or lack thereof. Any changes to a supplier QMS shall be reflected in their supplier documentation retained for reference. The Company does not require suppliers to be certified to an international quality standard such as ISO 9001:2015 or AS9100 Rev D., but it is preferred. It is encouraged that all suppliers seek a third-party accreditation. It is also encouraged that risk management system is implemented by the supplier.

3.4 Inspection Criteria

All deliverable product is subject to inspection for compliance to the original PO and applicable quality requirements. All product shall be delivered with clearly identifiable part numbers, purchase order numbers, current revision levels, and all other part specific identification information to avoid delays in the receiving process which can negatively affect supplier performance data. Supplier packing slips shall serve as proof of delivery and all supplier packing slips are retained for future reference.

All quality documentation is required to be delivered at the time of receipt of product to The Company's facility. Quality inspections are performed referencing the PO specifications and requirements per The Company PO.

3.5 Material Traceability

Suppliers must provide material traceability documentation for all delivered product. Suppliers must have a system to identify material lots as they relate to The Company's shipments and their accompanying POs. All materials shall be clearly marked with The Company PO number, the material lot numbers, heat numbers, dates of manufacture etc. to avoid loss of material traceability. Material traceability data should be traceable back to the raw material lots used in the manufacture of the supplier's material or components delivered to The Company. Additional test requirements or supplementary documentation may be required per The Company's PO requirements and a need for such documentation shall be communicated prior to PO placement to ensure the supplier is willing and able to meet such requirements.

3.6 Nonconformance

Nonconforming product will not be accepted by The Company without prior written authorization from the Purchasing Manager. It is the responsibility of the supplier to notify The Company when it is not possible to meet PO specifications or if there have been

changes made to the product or processes that will affect product conformance to the PO specifications and customer flow down requirements.

Identified instances of nonconformance in the suppliers' processes must be monitored by the supplier to control and prevent nonconforming product from delivering to The Company. Delivered product that has been identified as nonconforming will be rejected and returned to the supplier at the supplier's expense and the instance of nonconformance will be recorded for use in future supplier evaluations.

3.7 Sub-Tier Suppliers

The Company's suppliers are solely responsible for the quality of their delivered products and/or services. This responsibility also extends to the quality of the raw materials or outside processes sourced from other sub-tier suppliers. The Company expects their suppliers to hold all sub-tier suppliers to the same quality standards to which they are held.

3.8 Record Retention

It is a requirement of The Company that all suppliers maintain and establish a process for record retention as it relates to The Company's POs and shipment information for a period of no less than five years.

3.9 Right of Access

Suppliers must be willing to submit to on-site quality audits by The Company and their customers as well as any regulatory authorities on behalf of The Company. On-Site quality audits shall grant access for these representatives to enter supplier production facilities to review processes and documentation in order to ensure quality of purchased products and parts as well as verify compliance to the manufacturing specifications per the PO. When applicable, this access requirement shall also be flowed down to the suppliers' sub-tier sources.

3.10 Calibration

Maintaining and calibrating precision measuring equipment is an additional requirement for suppliers and sub-tier supplier sources. Suppliers shall keep documentation regarding the regular calibration and maintenance of equipment used to produce parts delivered per The Company PO. Calibration methods shall be traceable to a recognized standard such as ISO/IEC 17025 or equivalent.

3.11 Liability – Foreign Object Debris/Damage

It is the responsibility of the supplier to preserve all products and parts during internal and external sub-tier processes while the product or parts are in the supplier's possession. Furthermore, all shipments should be packaged in a manner as to prevent all damage during transport by both physical and environmental factors. Delivered product must be clean and free from any debris or other foreign material as this is cause for rejection. Suppliers will be held responsible for any and all damage prior to and during transport if it is determined that poor handling procedures or packaging contributed to damaged product.

3.12 Shelf-Life

All materials that are subject to shelf life expiration are to be shipped with clear documentation stating the OEM/OCM date of manufacture and shelf life duration period. Materials that are shipped beyond their manufacture shelf-life based on the material certification provided, will be rejected, and returned to the supplier at the supplier's expense. Instances of receipt of expired materials will also be recorded as nonconformances and will reflect negatively in the supplier's scorecard evaluations.

Section IV – Additional Requirements

4.1 First Article Inspection Reports (FAIR)

When requested, First Article Inspection Reports (FAIR) must be approved by the supplier's quality assurance manager and first article(s) shall be produced on production equipment using the specified processes which will be utilized on production runs. First article inspections may not be performed on prototype articles or using processes other than those used intended for full production runs. .

4.2 Labeling and Packaging

Special labeling requirements may be requested per The Company's customer. All requests for special labels, barcodes, special packaging etc. shall be communicated per the PO at the time or order placement and shall be the responsibility of the supplier. Labeling requirements not met per the PO may disrupt the receiving process of delivered product and could negatively affect the supplier's on-time delivery performance.

4.3 Counterfeit Parts Prevention

It is the responsibility of the supplier to plan, implement and maintain a procedure for detecting counterfeit parts. Suppliers' plan shall include essential employee training, sub-tier supplier risk analyses, and procedures for mitigating the effects of counterfeit parts throughout their end of the supply chain.

Suppliers shall notify The Company in the event that suspected counterfeit parts may have been delivered. The Company will not return counterfeit parts or suspected counterfeit parts to suppliers, but rather report these instances to the appropriate parties affected as well as destroy and dispose of any and all remaining parts in The Company's possession. If counterfeit parts have been delivered to or used in the production of The Company's customer's finished parts, those customers will be notified immediately and all costs associated with the retrieval and disposition of counterfeit parts will be charged to the supplier.

The Company discourages the use of sub-tier sources which are not Original Equipment Manufacturers, Original Component Manufacturers, and Authorized Franchised Distributors when sourcing the materials used to produce The Company's parts or products. This is because the risk of receiving counterfeit parts is significantly higher among unregulated supply chain sources.

4.4 Certificate of Conformance (COC)

Each shipment of raw materials or outside purchased parts shall be accompanied by a Certificate of Conformance (COC) certifying that all PO specifications, requirements, and inspection criteria have been met. COC must contain the specific PO number, part number, purchase date, heat/lot numbers used in the manufacture of the product, expiration dates, and any other pertinent information specific to the deliverable product. COC shall show evidence of OEM/OCM lot numbers/batch numbers for lot traceability purposes.

4.5 Confidentiality

It is The Company's policy that all suppliers are held to strict guidelines when it comes to confidentiality as it pertains to the sensitive nature of purchased product identification components and printed electronics. Suppliers are subject to acceptance of a Confidentiality Agreement (CA), Non-Disclosure Agreement (NDA), or Mutual Non-Disclosure Agreement (MNDA) upon acceptance of The Company's POs depending on the level of information disclosed during the course of the quoting and order process.

Confidential information about The Company's purchases, parts, customers, production facilities, designs, processes, or inspection shall not be shared with any other person or

business entity without written consent from a member of The Company's top level of management.