

ESSNER MANUFACTURING ("Purchaser")

QUALITY ASSURANCE REQUIREMENT AND HEREIN TERMS & CONDITIONS TO BE COMPLIED WITH IN THIS ORDER

NOTE: These conditions are based on the Aerospace Quality Standard AS9100 Latest revisions and Customer Quality Alerts.

Essner Manufacturing shall communicate to its external provider the requirements for:

A) Flow Down Requirements: Essner Manufacturing shall include relevant technical data such, but not limited to specifications, drawings, process requirements, and work instructions.

NOTE: Document Order of Precedence:

- 1) Text of the Purchase Order
- 2) Drawings referenced on the purchase order
- 3) Documents or specifications referenced on the drawing

B)

- 1) **Customer Approved Sources of products and services:** If the contracted external provider is a customer-approved source, the external provider shall identify the expiration date of the source's approval in the certification of conformance. Any changes in an external provider's certification status, such as loss of certification or change in scope, shall be reported immediately to Essner Manufacturing and processing stopped on any jobs until written approval is supplied by Essner Manufacturing.
- 2) **External Provider Special Process Approval of methods, processes, and equipment:** If the contracted external provider is performing a certified special process, shall have a process in place for the proper qualification, methods, processes, and equipment. Any changes in an external provider's certification status, such as a loss of certification or change in scope, shall be reported immediately to Essner Manufacturing and processing stopped on any jobs until written approval is supplied by Essner Manufacturing.
- 3) **Guarantee of Quality through the release of products and services:**
 - External provider's name
 - Traceability identifier used by external provider for material traceability such as lot #, batch #, or heat #
 - Amount/quantity
 - Any required hazardous material labeling
 - Conformance statement as to completeness
 - Essner Manufacturing's purchase order number, part number and revision, when applicable
 - An authorized signature and this name also need to be typed or printed
 - The assigned LMA "vendor code" when applicable
- 4) **Due to Quality Alerts from our customers:** Essner Manufacturing will not accept any products manufactured with materials received from **AP Alloys, Kobe Steel (Kobelco), SAPA Aluminum & Western Titanium/Mach 2, and do not use AMS5666 Heat# VX6934AY13.**

C) Essner Manufacturing's External Provider shall control and review employee competence:

Including any required qualification/certification of employees, especially those who are performing special processes that mandate the use and control of certified personnel

D) All correspondence and official interactions:

Shall be conducted through either Purchase Order Nomenclature or via written script by either Fax or Email conduits.

E) Essner Manufacturing's control and monitoring of the external provider approval status:

Is provided upon review of submitted External Provider Survey and maintained per Essner Manufacturing external provider rating process.

F) Verification or validation of conformance of product or processes:

Can be completed by Essner Manufacturing or its customer through inspection, internal or laboratory review, testing or inspection as deemed necessary by its customer's quality organization or standard.

G) Design and Development Control:

Product or service provided by a Essner Manufacturing external provider where the external provider is the design authority. The external provider shall maintain an adequate management system to control any changes that could affect, intended or otherwise, the design, development, or functional use of said product or process.

H) Special Requirements, critical items "Key Characteristics":

Purchase order requirements, drawings, industry specification/standard including their revision shall be identified and adhered to prior to submittal by Essner Manufacturing external provider.

NOTE: Standard/Specification/Government Flow-Down:

Standard Specifications: (i.e. AS, AN, AMS) All applicable specifications not identified with a revision shall be to the latest revision published, which shall be verified through independent means.

Customer Owned Specifications:

All applicable specifications not identified with a revision shall be verified with the Essner Manufacturing Buyer.

Government Flow-Down:

When a Government Branch customer is listed on an Essner Manufacturing PO, the FAR/DFAR flow down must be reviewed and adhered to.

I) Essner Manufacturing reserves the right to approve or specify any test, inspect and verify product and/or production processes, by any standard aerospace practice as it deems necessary.

1. **Guarantee of Quality, Warranties, and Indemnity:** External Provider warranties that its products shall be new, merchantable, free from defects in material and workmanship, complies with the required design and specifications, fit for the intended use, will not violate the intellectual property rights of other parties and will employ the use of statistical techniques for product acceptance and related instructions for acceptance by Essner Manufacturing.
2. External Provider agrees to indemnify Essner Manufacturing and its customers for all damages arising from a breach of warranty, breach of contract, negligence, strict liability or any tort which causes personal or property damage.

J) Essner Manufacturing shall also utilize the use of statistical techniques and any other related instructions for product acceptance of external provider product, process, or services

K) Essner Manufacturing mandates upon the contracted external provider the need to:

- 1) **Maintain Quality System Requirements:** Essner Manufacturing external providers shall minimally meet the requirements of a documented Industry Standard Quality Management System (i.e. AS9100, ISO 9001, ISO 17025, NADCAP, etc.)
- 2) **Sub-tier Approval:** Essner Manufacturing external providers who out-source special processes to sub-tiers, SHALL only use customer approved sources as identified by purchase order, or if the print is a customer designed print or mandated by specification. If approved sources are not mandated per the purchase order/print or the specification, Essner Manufacturing external provider **SHALL** use **NADCAP** approved sources to perform the special processes as required.
- 3) **Distributors** that provide products to Boeing must be certified to AS9120 by June 20,2014.
- 4) **Non-Conforming Material:** Immediate notification to Essner Manufacturing is mandatory upon the identification of suspect product previously supplied to Essner Manufacturing.
 - a. Essner Manufacturing external suppliers do NOT have Material Review Board authority, approval for non-compliant product shall be documented and submitted for approval to Essner Manufacturing prior to shipment or disposal.
 - b. Essner Manufacturing reserves the right to return, at the external provider's expense, any or all quantities of a lot received in which product has been identified as non-compliant to the purchase order requirements, and reserves the right to assert its rights under the applicable state Uniform Commercial Code, and any other applicable laws.
 - c. Essner Manufacturing external providers SHALL take appropriate correction and corrective actions without undue delay. All Corrective Actions (Product and Systematic in nature) shall be completed and submitted on or before the documented due date.
- 5) **FOE, FOD:** Essner Manufacturing's external provider SHALL have a documented, established and trained FOE (Foreign Object Elimination), FOD (Foreign Object Detection) procedure. Procedure shall be in accordance with national and internationally recognized standards (i.e.: NAS412, AS9146, Boeing D6-85622, etc.)
- 6) **CP (COUNTERFEIT PART)** Essner Manufacturing external provider SHALL have a documented, established and trained Counterfeit Part procedure to identify counterfeit parts detection and prevention using SAE AS6174 as a guideline. For the purpose of this clause counterfeit parts/work are defined as a suspect part/work that is a copy or substitute without legal right or authority to do so or one whose material, performance, or characteristics are knowingly misrepresented by a supplier in the supply chain. DFARS 252.246-7007 shall apply.
 - a. External providers performing work under an Essner Manufacturing purchase order agrees and shall ensure that counterfeit work and/or parts are not delivered to Essner Manufacturing
 - b. External providers shall only purchase products to be delivered or incorporated as work to Essner Manufacturing directly from the Original Component Manufacturer (OCM) Original Equipment Manufacturer (OEM) or through an OCM/OEM authorized distributor chain. Work/parts

ESSNER MANUFACTURING

Appendix A

shall not be acquired from independent distributors or brokers unless approved in advanced in writing by Essner Manufacturing

- c. External provider shall immediately notify Essner Manufacturing with the pertinent facts if the external provider becomes aware or suspects that it has furnished counterfeit work/parts. External providers shall provide full traceability documentation that authenticates traceability of the affected items to the applicable OCM/OEM.
 - 7) **Configuration Management and Transfer of Work:** Essner Manufacturing external provider shall not make any changes in design, materials, processes, services, or location of facility that could affect the part without documented written permission from Essner Manufacturing.
 - 8) **Sub-Tier External Provider Flow-Down:** Essner Manufacturing external providers who utilize their own external providers shall flow down any and all requirements including Essner Customer Requirements as applicable.
 - 9) **Design Approval:** Essner Manufacturing external providers shall provide test specimens (when applicable) for design approval, inspection/verification, investigation, or auditing purposes as requested.
 - 10) **Documented Information Retention:** Documentation considered to be a "Quality Record or Documented Information" as defined by AS9100 standard, including but not limited to documents that substantiates certification of product or services, shall be maintained on file for a minimum of ten (10) years after completion of the Purchase Order. These records (i.e. material certifications, test coupons, manufacturing, inspection records, etc.) may be subject to review and audit, and shall only be disposed of per AS9100 requirements or Essner Manufacturing's customer mandates.
 - 11) Ensure when sampling is used as a means of product acceptance, the sampling plan is justified on the basis of a recognized statistical principle and appropriate for use (i.e. matching the sampling plan to the criticality of the product and to the process capability).
- L) Essner Manufacturing, its customer representatives and regulatory authorities shall have the right of access to all facilities,** for potential verification or validation activities at the external provider's premises and to review applicable quality records, involved in the order including all subcontractors or sub-tiers or any level of its supply chain.
- M) Essner Manufacturing external provider shall ensure that persons employed and performing functions considered to be integral to product conformity are aware of:**
- Their contribution to product or service conformity
 - Their contribution to product Safety
 - The importance of Ethical Behavior
- M1) Traceability:**
Essner Manufacturing external provider shall ensure traceability throughout manufacturing, inspection, and testing processes, including traceability of materials to the heat or batch lot number. To maintain lot traceability, Essner Manufacturing requests that when possible, only one lot heat number of material be sent under one purchase order number. This is not to be considered as a requirement but would be appreciated if this request could be met. Different heat numbers of materials shall be kept physically separated.
- M2) External provider Conflict Mineral Certification:**
The external provider shall ensure materials supplied to Essner Manufacturing per contract shall be free of **Conflict Minerals** as defined by the Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502. This section imposes Security and Exchange Commission (SEC) reporting requirements (17 CFR Parts 240-249(b)) upon manufacturers if their product(s) contain metals derived from minerals defined as "**Conflict Minerals**".
- M3) Other requirements:**
1. Form QF SCM 005 Proprietary Information Agreement must be completed and returned to Essner Manufacturing
 2. FAR/DFAR clauses by Customer End User are identified and must be adhered to per this website link: <https://www.acquisition.gov/dfars>
 3. **DPAS:** If purchase order calls for a DPAS rated need, you are required to follow the provision of priority as defined in the "Defense Priorities and Allocations System, 15CFR350"
 4. **RoHS (Restriction of Use of Hazardous Substances):** When directed by the Customer's Engineering, articles delivered under this Purchase Order must be in compliance with RoHS regulations limit or ban specific substances.
Also, compliance to REACH regulations.
 5. **EAR/ITAR Regulations:** No proprietary information will be transmitted to any sub-tier external providers without written approval from Essner Manufacturing.
 6. Material will be assigned an item or part number and a revision level reflecting the agreed upon product specifications. This will appear when placing a purchase order.
 7. All invoices and packing slips shall clearly document the Essner Manufacturing purchase order number for traceability purposes. Invoices will be held until the delivery date shown on the purchase order.
 8. Essner Manufacturing shall take responsibility for products when received. Material/Items delivered within 10 days early or 5 days after promised delivery date, will be considered on-time. Material/Items delivered outside of the specified time limit, without prior notification and approval by **Essner Manufacturing**, will be considered nonconformance. All overdue deliveries will ship overnight at the external providers' expense and the tracking number is to be emailed to the email address specified on the Purchase Order. **Overdue receipts are subject to additional charges/fees.** External providers are rated quarterly based on quality and delivery which is sent quarterly. All corrective actions require a written reply by the due date provided.
9. The plus or minus variance on delivery amount is 5% of expected delivery total. Anything exceeding the variance, without prior notification and approval, will be subject to return and may include a process fee.
 10. **Q214 Government Clause DFARS 252.204-7012 (NIST SP 800-171) Applies:**
 - o External Provider shall work to the requirements defined in Government DFARS clause 252.204-7012 "Safeguarding Covered Defense Information and Cyber Reporting"
 - o When an External Provider receives a PO noting the Q214 Clause, External Provider must notify Essner Manufacturing of any non-compliance to the requirements in National Institute of Standards and Technology (NIST) Special Publication (SP) 800-171 "Protecting Controlled Unclassified Information (CUI) in Nonfederal Information Systems".
 - o Any External Provider that is currently unable to comply with NIST SP 800-171, must provide a date when they plan to complete the Compliance Program.
 - o When External Provider discovers a cyber incident that affects CUI, External Provider must rapidly report such incident to DoD @ <https://dibnet.dod.mil> and additionally must immediately notify their Essner Manufacturing Buyer of such incident, within 24 hours.
 11. **The External Provider may be subject to additional costs;** due to discrepant material rejections, additional material testing at independent labs, repercussions due to material/items being late, including overnight freight, late charge/fee, any additional charge due to the external provider not performing as agreed. Essner's end customer penalty/assessment fees may be passed onto external providers who are late or have quality issues which are deemed to be the cause of the end customers penalty/assessment.
 12. Orders must NOT be filled at higher prices than last quoted or charged, without written authorization from Essner Manufacturing.
 13. Essner Manufacturing reserves the right to cancel the order, without charge, if not filled as specified.
 14. Materials will be packaged from the external provider as to protect against damage during transit to Essner Manufacturing. All materials will be subject to acceptance at Essner Manufacturing.
 15. External Provider shall NOT charge for boxing, packaging or other charges not specifically listed on the purchase order.
 16. Material is subject to our inspection, notwithstanding prior payment. All returns will be shipped at external provider's expense and a minimum charge for handling will be debited.
 17. If noted on the purchase order "First Article Required, first articles shall be performed per AS9102 Requirements. Essner also reserves the right to perform First Articles in-house as needed.
 18. **PO Instructions:** Specific instructions shall be documented in one of the following places on the purchase order: 1) The description section, 2) The PO Header Comment section, or 3) The PO Line Comment section.
 19. When stated on the purchase order "Boeing End Customer", or the print is a Boeing designed print, external providers must use Approved Process Sources per Boeing D1-4426
 - a. website: <http://active.boeing.com/doingbiz/d14426/index.cfm>
 20. When producing Special Tools (i.e., fixtures and mylars) for Boeing Defense Systems, subcontractor must adhere to Boeing Document D950-11059-1 (most current revision). Customer indicated by blueprint.
 21. When stated on the purchase order "Rolls Royce End Customer" or the print is a Rolls Royce designed print, external providers must comply with Rolls Royce's Sabre requirements. Website: Global Supplier Portal -Guest Desktop (rolls-royce.com)
 22. DMS in the description of the item signifies a Douglas/Boeing end product, which requires all non-domestic metallic formed material to meet DMS2201.
 23. When stated on the purchase order "Hamilton Sundstrand, or Collins Aerospace (formerly UTC) or Pratt & Whitney end customer", external providers must meet and flow-down UTC, ASQR-01, Aerospace Quality Requirements as applicable.
 24. Comply with Executive Order 13224 "blocking property or prohibiting transactions with persons who commit or threaten to commit, or support terrorism" and any subsequent changes of the order – and agrees to include this requirement in each lower-tier subcontract or purchase order issued.
 25. When the purchase order states, "Sikorsky End Customer" (SAC), certification must follow SSQR-01 and executed in accordance with process specification(s) on this purchase order and the revision in effect as of the date of this PO of Sikorsky Aircraft Corporation. All Sikorsky / Lockheed Rotary Mission Systems (RMS) terms and conditions are located at :
 - a. <https://www.lockheedmartin.com/en-us/suppliers/business-area-procurement/rms/documentation.html#sikorskyterms>
 26. When the purchase order states, "Lockheed Martin End Customer" (LMA), certification must include the following information: The Seller's unique LM Aero identification number (vendor code) and a statement with the words, "Processing to be accomplished in performance of this purchase order is directly related to a Lockheed Martin Aeronautics Company purchase order and must be accomplished in accordance with process specification(s) on this purchase order and the revision in effect as of the date of this PO of Lockheed Martin Aeronautics Company Appendix QJ and QX. All requirements of such Appendix QJ shall be accomplished. Appendix QJ and QX are located at

ESSNER MANUFACTURING

Appendix A

a. <https://www.lockheedmartin.com/en-us/suppliers/business-area-procurement/aeronautics/quality-requirements/quality-appendices.html>

27. When the purchase order states "Goodrich SIS" as end customer in item name, external provider shall contact Essner Manufacturing for approved special processors and the UTC Qualified Distributor List for materials that must be used. Per MSD601 (latest revision), External Provider's certification must show their NADCAP accreditation and expiration date.
28. When the purchase order states "Albany Engineered Composites" as end customer in item name, external provider shall contact Essner Manufacturing for approved special processors and Form 7400 "External Provider Manual" that must be used.
29. When the purchase order states "Bell Helicopter" as end customer in item name, external provider shall contact Essner Manufacturing for approved special processors that must be used per SQRM-001
30. When the purchase order states "Rohr/UTAS" as end customer in item name, external provider shall contact Essner Manufacturing for approved special processors and the UTC Qualified Distributor List for materials that must be used per ASQR-01 and ASQR-01-AA
31. External Providers must communicate their annual NADCAP accreditation and expiration date if unavailable through 3rd Party methods.
32. If "LCS REQ" on the PO – use approved Pratt Sources, the following flow-downs apply: PWA300, ASQR-01, and PWA-QA-6088.
33. If "Wood Group Pratt" end user is on the PO, flow down WPWENG103 applies.
34. When the purchase order states "GE Aviation" as end customer in item name, external provider shall contact Essner Manufacturing for approved special processors that must be used per S1000, S1001, and S1002
35. When the purchase order states "Gulfstream Aircraft Corp" as end customer in item name, external provider shall contact Essner Manufacturing for approved special processors that must be used per SQAR-0001
36. When the purchase order states "MOOG" as end customer in item name, external provider shall contact Essner Manufacturing for approved special processors that must be used per SQR-1
37. When the purchase order states "GKN Aerospace" as end customer in item name, external provider shall contact Essner Manufacturing for approved special processors, GKN Approved Mills, and GKN Stockiest List that must be used per SQA-01
38. External Providers shall provide proof that Worker's Compensation Insurance is in effect at external providers facility.
39. These terms shall be governed by the laws of Texas and all disputes shall be resolved exclusively in the courts of the State of Texas.
40. Standard Purchasing Terms and Conditions for Goods and Services ("Conditions") apply: www.essner.com

M4) CODE OF CONDUCT CLAUSE: Essner Manufacturing is committed to conducting its business ethically and lawfully, Essner Manufacturing expects that each external provider will also conduct its business ethically and lawfully, Essner Manufacturing's Code of Business Ethics establish minimum standards for ethical conduct. These Codes are available upon request. Essner Manufacturing reserves the right to discontinue a business relationship with any Supplier if any of its officers, directors or employees is found to have violated our Supplier Code of Business Ethics. Essner Manufacturing reserves the right to conduct enquiries and investigations into the external provider's conduct to satisfy itself that these minimum standards are being met.

Acceptance of Essner Manufacturing's Purchase Order acknowledges the approval and acceptance of this document. If you have any issues with the above-mentioned conditions, please contact the Essner Manufacturing Purchasing Department at (817)551-5511 or fax copy of issues to (817)551-5556.