

## PURCHASING QUALITY REQUIREMENTS REV B

### Purpose

This document establishes quality assurance requirements for all products and services ordered under the Purchase Order (Form 741), of which this document is part of, and to ensure that such products or services meet the required levels of quality.

### Applicability

The additional terms and conditions and Quality Clauses apply to all purchase orders.

### Definitions

The following definitions apply to this document:

- **Purchasing Document:**

The purchase order, subcontract or other written agreement with the Seller (Supplier) in which the requirements of this document are incorporated by reference.

- **Buyer:**

Nelgo Manufacturing purchasing agents.

- **Seller:**

Any legal party (supplier, vendor or sub-contractor) that is the contracting party with the Buyer with respect to the Purchase Order.

### Additional Terms & Conditions

The following additional terms and conditions apply to each Purchase Order:

- Nelgo monitors and evaluates all suppliers' performance, based on On-Time-Delivery and Rejections. Suppliers must maintain 80% or better On-Time-Delivery with a Rejection rate of less than 10%, quarterly. Failure to maintain performance requirements will result in a CAR or an on-site audit.
- All personnel performing processes need to be qualified or have been provided training.
- Seller is not allowed to outsource product or services without Nelgo's written approval.
- Nelgo's written approval must be obtained prior to work being performed if any of the following occur:
  - A. Any significant changes in any QMS processes used to manufacture the item(s).
  - B. Any changes in the materials used in the manufacturing of the item(s).
  - C. Relocation of the manufacturing or processing facilities.
  - D. Interruption of production for ninety (90) days or more.
  - E. Notification of nonconforming product.
  - F. Obtain approval for nonconforming product disposition.
  - G. Supplier to prevent the use of counterfeit parts and materials.
  - H. Supplier to ensure all personnel are aware of their contribution to product or service conformity, product safety and the importance of ethical behavior.

### Quality Assurance Requirements

The following Quality Clauses are a requirement of all purchases:

#### Q1. General Quality Assurance Requirements

(Includes paragraphs A-H)



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#### **A. Buyer Access**

The Seller shall provide the Buyer, our customers and/or regulatory agencies access to any applicable areas, including those of lower-tier suppliers, where work is being or scheduled to be performed under the Purchase Order. Seller is responsible to flow down all requirements in its purchasing documents to their sub-tier suppliers; including key characteristics.

#### **B. Supplier Corrective Action Request**

When, during the course of this Purchase Order, the Buyer determines that the Seller's quality control system is deficient or discovers discrepancies in Seller's material, hardware or services, the Buyer may forward to the Seller a Corrective And Preventive Action (CAPA) Report.

- The CAPA Report will be forwarded from the Buyer and shall be completed and returned to the Buyer in accordance with instruction provided on the CAPA Report.
- The Sellers response on the CAPA Report shall identify the cause of the discrepancy, the action taken to correct current discrepancy and the action taken to prevent recurrence on future orders.
- Failure to respond within required time frame can result in actions up to and including removal from Nelgo's Approved Supplier List.

#### **C. Responsibility for Conformance**

Inspection and/or test made by the Buyer or its authorized representative at either the Seller's or the Buyer's, nor the Seller's compliance with all Quality Assurance requirements shall relieve the Seller of the responsibility to furnish items which conform to the requirements of the Purchasing Document.

The buyer may refuse to accept items delivered under the Purchasing Document if the Seller fails to submit the certification, documentation, test data or reports specified in the Purchasing Document.

#### **D. Minimum Packaging**

All items delivered to the Buyer shall be packaged and protected from deterioration and physical damage. Damaged finishes, details, distortion, or internal damage shall be reason for rejection. The Buyer has the prerogative of returning all damaged items to the Seller. When multiple part types are shipped to the Buyer in one container, each part number shall be segregated and packaged into a separate internal container. The applicable part number and serial number shall appear on each individual package within the container.

#### **E. Workmanship**

Workmanship shall conform to the requirements stated on the Purchase Order and to the applicable requirements on the documents provided with the Purchase Order.

#### **F. ITAR**

This Purchase Order, as well as documents attached to and/or provided under this Purchase Order may contain, technical data, the use of which is restricted by the US Arms Export Control Act. This data has been provided in accordance with, and subject to, the limitations specified in paragraph 126.5 of the International Traffic in Arms Regulations (ITAR) and/or Export Arms Regulations (EAR). By accepting this data, the consignee agrees to the requirements of the ITAR and/or EAR. All provided data/information shall be returned to Nelgo Manufacturing after the quotation process or contract duration.

#### **G. Foreign Object Debris (FOD)**

Supplier shall have a procedure in place to control and prevent the introduction of foreign materials. These procedures shall assure that the final product is free of any debris of foreign objects.

#### **H. Counterfeit Part Control**

Supplier shall provide non-counterfeit parts/material as defined in SAE AS5553 and AS6174 Appendix D.



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### Q2. Inspection System

The Seller shall maintain a Quality Management System adequate to assure that items shipped on this order meet all of the applicable requirements. The system shall also provide for the maintenance of records and data of all inspection and tests performed and shall make these records available for examination and verification by the Buyer or QA personnel upon request.

### Q3. Proof of Inspection

Seller shall supply proof that processes were performed per purchasing document and the drawing instructions upon request by the Buyer. This proof can be in the form of a test coupon, dimensional inspection result reports, or any other document that will provide evidence the part was made to requirement.

### Q4. Certificate of Conformance

With each shipment of items covered by the Purchasing Document, Seller shall submit a certificate of conformance that will constitute a representation by the Seller that:

- Materials used are those which have been specified by Buyer, and that the items delivered were produced from materials that Seller has on file, reports of chemical or physical analysis and any other applicable specification.
- Items produced from more than one heat/lot of material will be kept separate and material certs for each heat/lot will be provided with the items.
- Processes used on items delivered were in compliance with applicable specification forming a part of this Purchasing Document.
- The items as delivered comply with all specification and other requirements of the Purchasing Document.

### Q5. Record Retention

The Seller and Seller's subcontractors shall maintain verifiable objective evidence of all inspections and tests performed, results obtained, dispositions of non-conforming articles and all related documents.

These records are to be made available to Nelgo, our customer or regulatory authorities upon request at Seller's location for a period of 10 years unless otherwise stated on the Purchase Order. After the 10 year retention period, documents may be shredded or returned to Nelgo for disposition.

## CONFLICT METALS POLICY

As a manufacturer of metal products, Nelgo Industries, Inc. may use certain metals in the products we produce.

Some of these metals, such as Tin(Sn), Gold(Au), Tungsten(W), Cobalt(Co) and Tantalum(Ta), are mined in a variety of regions including the eastern region of Democratic Republic of the Congo (DRC) which has been determined to be a Conflict Region; and the mines, Conflict Mines. Thus the metals mined from the DRC are deemed Conflict Metals and their use is to be avoided.

The supply chain for these metals is complex and Nelgo Industries, Inc. is undertaking reasonable due diligence in our supply chain to ensure these metals are not sourced from this Conflict Region/Conflict Mines.

Nelgo Industries, Inc. and our suppliers do not knowingly use any metals originating from Conflict Mines. We will regularly question our supply chain to ensure these Conflict Metals are not used.