

EXTERNAL PROVIDER FLOW DOWN REQUIREMENTS

1.0. INTRODUCTION

ACTRON recognizes the important role our SUPPLIERS have in the on-time delivery of quality products we offer our customers. As an extension of our own operations, we rely on our Suppliers to provide material, products and services which meet all the requirements of ACTRON contracts to include Customer requirements, applicable specifications and the quality management requirements outlined herein.

2.0 PURPOSE

The purpose of this document is to provide our supply base with the guidelines that have been established for Purchasing, Shipping and Quality for Purchase Orders issued to all Suppliers. ACTRON Suppliers shall comply with all Purchase Order requirements and flow down any applicable requirements to their Sub-Tier/Subcontractors.

2.1 SCOPE

These requirements apply to all ACTRON Suppliers and their Sub-Tier/Subcontractors.

QA1 QUALITY SYSTEM

The Supplier shall have and maintain a documented Quality Management System which is acceptable and appropriate for the items or services supplied or an ACTRON approved equivalent that provides adequate inspection to verify that the product or service supplied are in full compliance with the Purchase Order requirements, all applicable drawings and specifications. Preference shall be given to Suppliers who have a QMS certified to the current revisions of ISO:9001 AS9100, NADCAP and ASA100. The Supplier's QMS shall be subject to audit and approved by ACTRON or its customers. ACTRON measures Supplier performance on an ongoing basis.

Suppliers that provide calibration services are required to have a QMS certified to ISO/EC17025 quality standard and provide calibration certificate that meet NIST Standards.

QA2 PROCUREMENT REQUIREMENTS

The Supplier shall manufacture product or provide service to applicable drawings, specifications and/or standards stipulated on the Purchase Order. The Supplier shall flow down to Sub-Tier/Subcontractors the applicable requirements in the purchasing documents, including key characteristics where required. The Supplier shall notify ACTRON prior to the acceptance of the Purchase Order if any of the requirements stipulated cannot be met.

The Supplier shall notify ACTRON immediately of any changes to the characteristics or configuration of the product and/or processes used to manufacture the product. When required, the Supplier shall obtain written approval of changes from ACTRON.

QA3 PERSONNEL QUALIFICATION

The Supplier shall ensure personnel performing work under this Purchase Order, are qualified to perform the functions required to produce the desired results. This would include any specific training and/or certifications as described within the applicable specifications related to this order.

QA4 RAW MATERIAL TRACEABILITY

All items manufactured under the Purchase Order shall be traceable to raw materials used. Traceability and inspection records shall be available upon request. Identification of all material used shall include, but not limited to; lot number, material type, specification, heat treat number as well as all other information necessary to adequately identify material in such a manner that full traceability of raw materials used is included.

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QA5 CERTIFICATION OF COMPLIANCE

Certification documentation is required from the Supplier and Sub-Tier/Subcontractors and shall be identified with and include the following information at a minimum:

- ACTRON Purchase Order Number and Item Number
- Quantity, Lot and/or Serial Numbers
- Date of Manufacturing (D.O.M.) / Expiration Date (if applicable)
- Part Number and Revision as specified on the Purchase Order
- Signature, Title and Date by an authorized representative of the issuing organization
- Applicable Specifications and Standard information
- Material types, sizes, color etc. (where applicable)

QA6 CALIBRATION SYSTEM

The Supplier shall maintain a calibration system in full compliance with all of the requirements of ISO/10012-1 or ANSI/Z540-1 Standards. All inspection measuring and Test equipment used by the Supplier during in-process and final inspection, to make a compliance evaluation, shall be calibrated and traceable to the standard used for calibration of the National Institute of Standards and Technology (NIST). The Supplier's calibration system is subject to audit and approval or disapproval at all times by ACTRON Quality.

QA7 APPROVED SOURCES

When the contract, drawing, purchase order or Bill of Materials (BOM) identifies "Approved Sources", only approved sources shall be used. When required on Military and Department of Defense (DOD) contracts, only parts from Qualified Product Lists (QPLs) or Qualified Manufacturers Lists (QML's) may be used. There are no part deviations or substitutes allowed unless written approval is obtained from ACTRON.

QA8 SPECIAL PROCESSES

When the drawing, Bill of Material or ACTRON contract requires subjecting the product(s) to a defined "Special Process", the Supplier shall only utilize approved special process sources as directed by ACTRON or as otherwise directed by ACTRON customer, this is to include NADCAP accredited suppliers and sub-tier suppliers when specified. This is to include, but not limited to; Heat Treat, welding, brazing, soldering, organic and inorganic coatings, plating, Magnetic Particle and Penetrant Inspection, Ultrasonic and Radiographic examination and other conditioning and finishing that may be required by the Purchase Order. If due to geographical location or for other reasons deemed necessary, the Supplier shall contact ACTRON for an alternate specific source(s) to be used.

QA9 RIGHT OF ENTRY

ACTRON reserves the right to review control methods and inspect material, included in this Purchase Order, at the Supplier's facility and at any Sub-Tier/Subcontractor plant. Access rights shall also be extended to our customer and Government or Regulatory representatives.

QA10 SOURCE INSPECTION

If a "Source Inspection" is a requirement of this Purchase Order, the Source Inspection will include surveillance of the products, data, quality system, procedures and facilities. The Supplier shall furnish the necessary equipment and facilities, supply data and perform any tests required by ACTRON'S source inspector to show conformance to the Purchase Order requirements and reference documents. ACTRON shall be notified at least 3 days in advance of the required inspection. Final acceptance of any product will be performed at ACTRON'S facility.

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QA11 FIRST ARTICLE INSPECTION/TEST DATA

When required by Purchase Order or contract, the first piece of each configuration shall be fully inspected for all dimensions, characteristics and notes listed on the drawing and/or specification. Each reading shall be recorded along with the associated requirement. The first piece shall be tagged or identified and submitted to ACTRON Quality along with the applicable data for review. AS9102, Aerospace First Article Inspection and format may be used to satisfy this requirement.

When required by Purchase Order or contract, Certified Test data shall be supplied for each item shipped. The test data shall reflect all test parameters specified in the applicable Purchase Order, specification(s) and/or drawing. This documentation must contain the test/inspection stamp or name of the individual performing the test, or the signature and title of the authorized representative of the agency performing the test.

QA12 QUALITY RECORDS

All quality records are to be legible, reproducible and identifiable to the Purchase Order. Quality Records shall be stored and maintained in such a manner that they are readily available, retrievable and stored in an environment to minimize deterioration or damage to prevent loss; this applies to Sub-Tier/Subcontractors as well. Retention period for Quality Records are for a minimum of 7 years unless otherwise specified on the Purchase Order. ACTRON, our customers, the Government or Regulatory Agency representatives shall have access to review quality records as they pertain to this order.

QA13 CONTROL OF DRAWING AND SPECIFICATIONS

The Supplier shall ensure that all drawings and specifications are at their relevant revision status and/or as specified on the Purchase Order. The Supplier shall comply with any special requirements requested by ACTRON regarding the control of drawings and specifications to include confidentiality clauses and ITAR Compliance.

QA14 FOREIGN OBJECT DEBRIS CONTROL (FOD)

The Supplier shall maintain a FOD program/process that shall ensure work is accomplished in a manner preventing foreign object debris and damage to deliverable items. The Supplier shall maintain good work area housekeeping practices, parts protection, hardware and tool accountability and parts and material storage and handling in a manner adequate enough to preclude the risk of FOD incidents. The Supplier's FOD program shall be subject to audit at all times by ACTRON Quality.

QA15 AUDITS

The Supplier shall conduct internal audits to ensure processes are being complied with. The Supplier may be subject to audits by ACTRON on an annual basis or as deemed necessary.

QA16 PERISHABLE MATERIAL

Materials shipped against this Purchase Order must be labeled indicating the expiration date and any environmental conditions that would adversely affect the item's intended use. No materials shall be supplied to ACTRON which have less than 90% of useful life remaining, or one year, whichever is less.

QA17 CONTROL OF NON-CONFORMING PRODUCT

The Supplier shall identify, segregate and determine appropriate disposition of non-conforming product and advise ACTRON within 24 hours. The Supplier shall have an effective corrective action system in place.

QA18 COUNTERFEIT/SUSPECT PARTS

The Supplier shall not use or supply counterfeit/suspect parts identified as a copy or substitute part whose material, performance or characteristics are knowingly misrepresented.

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QA19 RESTRICTION OF HAZARDOUS SUBSTANCES

ACTRON is required to comply with an increasing number of substance regulations (REACH, RoHS, Conflict of Minerals) around the world in order to sell our products. We ask that our Supplier's and their Sub-Tier/Subcontractors be observant and fully comply with these relevant regulations. The Supplier shall have in place a Supply Chain Policy to undertake reasonable inquiries into the country of origin of conflict minerals incorporated into product/services it provides to ACTRON. The Supplier shall also notify ACTRON, without delay, should substances contained in deliverables to ACTRON be considered substances of very high concern (SVHC). Furthermore, the Supplier shall ensure all goods comply with the requirements on restrictions and use of certain hazardous substances in electrical and electronic equipment (RoHS).

QA20 PACKAGING AND LABELING

Unless otherwise specified in the Purchase Order, the Supplier shall package all material in a manner that will ensure protection against corrosion, oxidation, deterioration and physical damage during shipment to ACTRON. The Supplier shall comply with any special packaging and labeling requirements requested by ACTRON or by its customer.

Electrostatic sensitive product (ESD) shall be handled, packaged, identified and shipped in accordance with ANSI/ESD S20.20 requirements.

The Supplier shall mark the product (as applicable) and the packaging so that it can clearly be identified.

Hazard Warning Labels from the manufacturer, importer, distributor or Supplier shall be affixed to each individual container of toxic substances or hazardous chemical delivered to ACTRON and shall include at a minimum; the chemical name and hazard warning as defined by OSHA Hazard Communications Standard 29 CFR 1910-1200.

QA21 RECEIVING CONTROLS

The Supplier shall identify received material and maintain traceability records to ACTRON'S lot number, part number, Purchase Order number, Serial Number and date code for all electronic and electrical parts, raw materials, machined components, hardware, consumables etc.

QA22 SHIPPING CONTROLS

The Supplier shall ensure that all materials shipped against the Purchase Order to ACTRON are handled, labeled, packaged and shipped in accordance with the Purchase Order, applicable specifications and/or customer requirements. In the absence of specific shipping instructions, shipments shall be routed via the most economical mode. All required shipping documentation must accompany all shipments.

All product/services must be delivered on-time as specified on the Purchase Order; time is of the essence with respect to delivery of product/services. The Supplier must immediately notify ACTRON if any product/service cannot be delivered as ordered by the stated date. ACTRON reserves the right to cancel the Purchase Order, or any portion thereof, if delivery is not made as specified and charge the Supplier for any loss sustained as a result of such cancellation.

If the Supplier elects a more expensive shipping method to meet delivery requirements, the Supplier shall be responsible for any increased shipping expenses.

At the option of ACTRON, in the event of shipment or receipt of less than all products/services ordered, ACTRON may either accept shipment and pay only for the product/services received, based on unit price, or reject the entire shipment; early shipments are most often accepted.

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QA23 CODE OF ETHICS EXPECTATIONS:

ACTRON expects its external providers to meet ethics expectations. ACTRON will only do business with external providers that comply with applicable and controlling laws, rules and regulations. It is ACTRON's expectation that external provider's their employees, sub-tier contractors and any other parties involved with the execution of ACTRON's work, similarly comply with applicable laws, rules and regulations. ACTRON expects the following, without limitations, including respecting the human rights of employees from all its external providers.

QA24 DFARS REQUIRED MATERIAL

For Purchase Orders specified as DFAR or DFARS (Defense Regulations Acquisition Regulation System), the following Clauses are incorporated in their entirety:

DFAR 252.225-7008 – Restriction and Acquisition of Specialty Metals

DFAR 252.225-7009 – Restriction and Acquisition of Certain Articles

DFAR 252.225-7010 – Commercial Derivative Military Article – Specialty Metal Compliance Certificate

DFAR 252.225-7012 – Quality Country Sources and Subcontractors

All applicable Clauses above are incorporated into the Purchase Order and must be flowed down to all sub-tier external providers that supply articles delivered under the Purchase Order that include Specialty Metals. All such Clauses provide the same definition of Specialty Metals and prohibit Actron and all of its external providers, at every tier, from incorporating Specialty Metals into US Military parts, components and/or end deliverables unless the Specialty Metals have been smelted or produced in the United States, its outlying areas, or a qualifying country as listed in DFARS 252.225-7012.

If material is found not to be compliant with DFARS, the material will be returned to the external provider at their expense and Actron will be reimbursed for the entire cost of the material even if the material is in a machined state.