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| WI No. 188 | Title: MME Supplier Quality Assurance Requirements |
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PURPOSE:

This document establishes a set of flowdown Quality Assurance and Customer Requirements for all approved suppliers to Modern Manufacturing & Engineering, Inc. (MME). This procedure applies to the procurement of all products and services for use in MME manufactured products.

RESPONSIBILITY:

All approved suppliers are responsible for complying to the requirements stated herein. The supplier shall ensure that products and services completed conform to specified purchase requirements.

The type and extent of controls applied to the supplier and the purchased products and services shall be dependent upon the effect of the purchased product and services on subsequent product realization or the final product.

The supplier's Quality Management System shall establish the necessary level of controls to assure that products meet their intended requirements.

SCOPE:

The scope of this document is to establish the minimum Quality Assurance Requirements for all suppliers in the manufacture and delivery of product to MME. This document also contains other customer requirements and regulations MME and its suppliers must comply with and flow down to sub-tier suppliers as needed. This information applies to all suppliers of production components, assemblies, materials, and services for MME.

NOTE: This document is accessible via the Internet at <http://www.mmeincmn.com/suppliers>

REQUIREMENTS:

Approved Supplier Status

Any supplier used by MME is required to be on the Approved Supplier List (ASL). A supplier's approved status is contingent on receipt of satisfactory responses on the MME Supplier Quality Management System Self-Assessment and the acceptance of the first shipment of parts. (A supplier's certification to ISO9001 and/or AS9100 is also acceptable to demonstrate an adequate Quality Management System to MME standards.)

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Supplier performance will be monitored on a periodic basis. A supplier is required to maintain 95% quality acceptance and 95% on-time delivery performance in order to remain an approved supplier. Failure to meet these requirements may require the supplier to submit a process improvement plan which will be reviewed by MME management for approval or the supplier may be removed from the ASL.

Quality System Requirements

Suppliers shall implement and maintain a Quality Management System that complies with the Quality System standard ISO9001 and/or AS9100, as applicable to the products/services being provided to MME. Suppliers shall complete the MME Supplier Quality Management System Self-Assessment and/or forward a copy of their latest Quality Management System certifications to MME. Certifications must clearly and accurately contain the name, address, city and state of the business under registration. Any changes to the certification such as a change of the Certification/ Registration body, update, withdrawal, or revocation must be forwarded to MME immediately. Certification expiration dates must be clearly stated and any renewals promptly forwarded to MME.

Standards of Business Conduct and Ethics

Modern Manufacturing & Engineering, Inc. is committed to conducting its business with the highest standards of ethics and in accordance with the laws of the United States, and all who conduct business with MME are expected to operate in the same manner and with the highest standards of integrity. MME's further expectation is that all suppliers have or will promptly develop and adhere to a code of business conduct that ensures the importance of ethical behavior and flow this to all personnel and sub-tier suppliers. The supplier, its personnel, and its sub-tier suppliers shall immediately notify MME of any instance in which it believes that the Standards of Business Conduct or any law may have been violated in the performance of any purchase agreement with MME.

Product Safety

Critical/Key features may be noted on drawings or purchase orders where product safety is concerned. The supplier shall make all efforts to ensure these features are controlled through planning, implementation and controlling of processes to ensure product safety. All critical/key features must be flowed down through training of employees and identified on all applicable documents or process travelers, as well as flowed down to all sub-tier suppliers.

The supplier must ensure that all personnel and sub-tier suppliers are aware of their contribution to product or service conformity and their contribution to product safety. **The supplier must ensure that all personnel are appropriately trained,**

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demonstrate competence and are authorized to perform applicable processes to ensure product/process compliance.

Purchase Order Requirements

The requirements for products, processes and services to be provided, will be communicated through the MME Purchase Order (PO). A thorough review of PO requirements must be conducted at the time of purchase order receipt. The purchase order may include technical requirements (i.e. drawing, parts lists, specification requirements and revision level), customer requirements, special processing requirements, first piece approval instructions, special handling requirements, certification requirements, packaging instructions, etc. Test specimens may be requested for masking or design approval, inspection/verification purposes, investigation, or auditing. Plating or process coupons may be required by the specification and/or purchase order requirements. Special process certifications such as ROHS, Nadcap, etc. may be required.

MME customers have design authority and any deviations to the design or requirements must be approved by the customer. Customer-designated or approved sub-tier suppliers may also be required.

It is expected that all purchase order requirements are flowed down to the supplier's employees and processes through job travelers and internal communication, as well as flowed down to sub-tier suppliers to ensure compliance.

A review of the unit or lot price, as well as the delivery date must be completed to ensure accuracy of the order details and ability to meet the delivery schedule as requested.

If any of these requirements cannot be met, the supplier must notify MME as soon as possible and prior to performing the requirements of the purchase order.

Inspection/Test Equipment

Suppliers are expected to maintain a level of inspection equipment that can be used to test, inspect, and verify product acceptance (i.e thread gauges, pins, measuring equipment, etc.) All inspection equipment must be included in the supplier's calibration system and the calibration shall be traceable to a national standard (NIST).

MME may at times supply special gauges to the supplier to validate product/process conformity. MME gauges must be controlled, handled with care

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at all times, protected against damage and degradation, and returned promptly after use. Failure to protect and control MME gages may result in charges to the supplier.

It is the responsibility of the supplier to validate the conformity of product and processes after performance of the purchase order is completed. Statistical inspection techniques (SPC) and inspection of samples in accordance with MIL-STD-1916 may be required.

Features designated as “critical” or “key” on the drawing or purchase order shall be inspected by the supplier and/or tested in accordance with applicable documents and requirements.

MME reserves the right to verify or validate the conformity of the product or processes as necessary.

Lot Control and Traceability

A Lot is defined as a group of parts or materials of the same part number, material, type, grade, or size and shape, processed at the same time, using the same processing materials, under the same conditions and presented for inspection as one group

The supplier shall have an internal lot number to control the records related to the order. The supplier shall have the MME Purchase Order number referenced on the work order, labels and certifications. Parts or components from different lots must remain separated and controlled by unique lot numbers for traceability. Suppliers shall not combine parts from different lots for processing.

For raw materials, the test reports and certifications from the supplier must be traceable with the manufacturer lot/batch/heat lot number as well. Material type, specification and applicable revision letter or number, manufacturer lot number, heat number, etc. shall be traceable to all certifications, test reports and records of inspection/acceptance.

Required Certifications

A Certificate of Conformance or Process Certification may be required by the purchase order. The certification shall be included with the shipment of the product and include at a minimum:

- Part number and part revision level
- MME Purchase Order Number
- Quantity processed
- Processor name and address

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- The specification number and specification revision level the product meets or was processed to
- A description of the process or product
- The processing date
- The processing batch or lot number
- Signature of the quality representative
- Conspicuous mention of specific certifications such as “Nadcap”, “ROHS”, “DFARS”, etc.

Nonconforming Material

Any departures from drawings, specifications, or other purchase order requirements must be reported to and approved by MME before shipping nonconforming material. All nonconforming material must be segregated and properly identified as nonconforming with a red reject tag or Non-Conformance form (See exhibit A Figure 1, MME Form PD-015, Nonconforming tab.) Any rework procedure at the supplier must be approved by an MME Quality Representative ***prior*** to rework.

The supplier does not have MRB Authority. The supplier must contact MME to review nonconforming material and determine disposition. MME will contact its customer for approval where necessary.

NOTE: Under no circumstances shall discrepant materials be shipped to MME without prior approval.

Suppliers who discover a nonconformance related to the requirements of products or processes after delivery are to immediately notify the MME Quality Department with the following information:

1. MME part number and quantity (and serial numbers or lots) affected
2. MME purchase order number
3. Date of shipment (shipper number)
4. Description of the nonconformance
5. Root Cause and any other relevant information to assist MME in making a determination with respect to recall of product.

Upon receipt of nonconforming material, MME reserves the right to reject the product or services and issue a Rejected Material Notice/Nonconformance Report and/or SCAR.

Supplier Corrective Action Requests (SCAR)

When material is found to be discrepant, or a nonconformance is discovered, a SCAR may be sent to the supplier. The return of this SCAR must be completed

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within the time specified. The root cause of the discrepancy must be correctly identified and the corrective action must be effective and permanent in preventing the cause of the defect. Failure to respond satisfactorily or within a reasonable time may be cause for revocation of the Supplier's Approved Supplier status and may result in MME's refusal to issue future purchase orders, until resolved.

Rework Approval

Any rework procedures at the supplier must be approved by an MME Quality Representative ***prior*** to rework. All parts that have been reworked must be segregated, packaged and identified separately as such. Parts shall be identified with the Supplier Rework Form (See exhibit A Figure 1, MME Form PD-015, Rework tab.)

Change in Product or Process

The supplier shall notify MME of any changes to processes, products, or services, including changes of their external/subtier suppliers, or location of manufacture using the attached Supplier Change Notice Form (See Exhibit A, Figure 2, Form IF-109).

Suppliers are required to obtain written approval from MME prior to making any changes that will affect the product form, fit, or function. Additionally, the supplier may need to complete a full first-article inspection or delta first article, and have records readily available for review by MME.

DPAS Rated Orders

Certain MME purchase orders may be prioritized by the US Department of Defense and Defense Priorities and Allocations System Regulation (15CRF Part 700) and include this statement:

"This is a rated order certified for national defense use, and you are required to follow all the provisions of the Defense Priorities and Allocations System regulation (15CFR Part 700)."

In order to ensure the effectiveness of the Defense Priorities and Allocations System (DPAS), it is essential that the supplier, its employees and subcontractors should be thoroughly familiar with, and must comply with, the provisions of the DPAS regulation.

The primary purpose of the DPAS regulation is to ensure the timely availability of industrial resources to meet national defense and emergency preparedness requirements.

The DPAS is used to prioritize national defense-related contracts/orders

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throughout the U.S. supply chain in order to support:

- military programs
- energy programs
- homeland security
- emergency preparedness
- critical infrastructure

Where a DPAS rated order is at risk of being late to the promised delivery date on the purchase order, it must be prioritized ahead of non-DPAS rated orders.

Counterfeit Material Risk Avoidance

The supplier shall have in place, policies and procedures that effectively mitigate any risk of counterfeit product from entering the supply chain. Relevant personnel, including those involved with procurement, quality assurance, inspection, receiving, manufacturing and engineering activities shall be trained as appropriate to their function, in the awareness, avoidance, detection, mitigation and disposition of suspect or confirmed counterfeit parts. The supplier shall only supply items and components that have been sourced from the original equipment manufacturers (OEM), the original component manufacturer (OCM), or their authorized distributors, unless authorized by MME or its customers, where applicable. The supplier shall immediately notify MME of any suspect counterfeit goods within 24 hours of discovery, and segregate and remove any suspect counterfeit goods from the supply chain.

Foreign Object Debris (FOD)

The contamination of goods by foreign material or objects is not acceptable as it could adversely affect product performance or appearance. The supplier shall document and implement a program for the prevention, detection, and removal of Foreign Object Damage/Foreign Object Debris (FOD).

Retention of Records / Right of Access

All suppliers must retain records related to MME purchase orders for a minimum of 15 years after the last shipment of product to MME is made against the purchase order. Records shall be available for review by MME representatives, our customers and regulatory authorities as needed.

MME, our customers, and pertinent regulatory agencies reserve the right to perform surveillance and/or inspect any or all of the materials, processes and procedures used for the production and processing of items for MME at the supplier's facility and/or supplier's sub-tier suppliers' facilities. Advance notification of such a visit will be provided. Reasonable facilities and assistance for the safety and convenience of such inspectors shall be provided at no charge.

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All items purchased by MME may be subject to inspection at the supplier's facility by an MME Source Inspector prior to shipment at the discretion of MME (if source inspection is required, MME shall notify the supplier via the purchase order). At the time of source inspection, the supplier shall make its inspection records available to the MME Source Inspector. The Supplier shall also be prepared to verify any dimension and/or drawing requirement upon request by the MME Source Inspector. Evidence of acceptance by the Source Inspector must accompany materials on each source-inspected shipment.

Proprietary Information Agreement

The supplier must not disclose to any third-party or use any information whatsoever concerning this purchase order, MME-supplied drawings, specifications, samples, and any other material intended for use herein, or with respect to any article without first obtaining the written consent of MME.

ITAR and Export Law Compliance

The technical data provided herein is subject to International Traffic in Arms Regulations (ITAR) and the Arms Export Control Act. The supplier acknowledges its obligations to comply with these regulations and control access of its personnel and sub-tier suppliers to technical data and product under US export laws and regulations and agrees to adhere to such laws and regulations with regard to any technical data or items received.

No drawings, product, or technical data may be transmitted over the internet/email or transferred to any person or country foreign to the United States of America without the prior written approval of the Office of Defense Trade Controls, U.S. Department of State, the Bureau of Industry and Security, or U.S. Department of Commerce. All technical data supplied by MME must be controlled and returned to MME where applicable. Unauthorized copies are prohibited.

References: www.pmddtc.state.gov/regulations_laws/itar.html
www.pmddtc.state.gov/regulations_laws/aeca.html

Conflict Minerals

MME is required to comply with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, also known as the Conflict Minerals rule. This requires manufacturers and suppliers to disclose whether their products contain gold, tin, tantalum or tungsten regardless of where they are sourced.

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MME is committed to complying with this Act, the aim of which is to stop funding of violent conflict in the Democratic Republic of Congo and surrounding countries. We ask our suppliers to monitor their supply chain and periodically we may ask the supplier to fill out forms confirming origination of such materials to be reported to our customers and the SEC.

Cyber Security

As a supplier to the US Department of Defense, MME is required to comply with DFARS 252.204-7012, Safeguarding Covered Defense Information and Cyber Reporting and flow these requirements to all suppliers.

MME suppliers shall implement the fifteen Basic Safeguarding NIST SP 800-171 security controls contained in FAR 52.204-21. NIST SP 800-171 contains guidelines for minimum security requirements to comply with these DFARS/FARS requirements as they relate to Cyber Security.

In the event of a network or information systems compromise or cyber incident, the supplier shall notify the Department of Defense within 72 hours, as outlined in the DFARS 252.204-7012 requirements.

The NIST SP 800-171 can be found at:

<http://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-171.pdf>

The DFARS 252.204-7012 can be found at:

<https://www.acq.osd.mil/dpap/dars/dfars/html/current/252204.htm>

Human Trafficking

In compliance with FARS/DFARS Combatting Trafficking in Persons regulations, MME requires all suppliers to confirm they monitor their supply base to ensure they do not engage in human trafficking.

Flow-down Requirements

The supplier is responsible for ensuring flow-down of all related documents and requirements to their employees and sub-tier suppliers. Sub-tier suppliers are required to comply with all quality provisions outlined in this document, including notifications and approval of changes to their processes or product. Compliance with the provisions of this clause in no way relieves the Supplier of the final responsibility to furnish acceptable product or services as specified. This system shall be subject to approval and audit by MME.

Shipping and Handling

The supplier must handle product with care at all times and package product adequately to prevent any damage or degradation. Where product is damaged

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due to poor handling or insufficient packaging to protect product during shipment, the supplier may be held financially responsible for product value.

Exhibit A



Supplier Rework
Approval and Noncon

Figure 1- [Supplier Rework Approval and Nonconformance Form \(PD-015\)](#)



IF-109 Supplier
Change Notice Form

Figure 2 – [Supplier Change Notice Form \(IF-109\)](#)

Revision History

| REV DATE | Description of Change | APPROVER |
|----------|--|-------------------|
| 9/17/10 | Release | Quality Manager |
| 11/28/11 | Updated Approved Supplier and Non-Conforming Material information | Quality Manager |
| 4/26/13 | Added rework approval instructions and updated record keeping minimum to 13 years. Embedded "Supplier Rework Approval Form" as Exhibit A. | Quality Manager |
| 8/31/17 | Added paragraph to Nonconforming Material, stating "the supplier does not have MRB authority...." For clarification. | Quality Manager |
| 10/1/17 | Updated/added the following sections: Counterfeit Risk Avoidance, Code of Business Ethics, Product Safety. Added Supplier Change Notice form. Updated ITAR compliance. | Nancy Lien Berndt |
| 7/22/20 | Added the following sections: Purchase Order Requirements, Inspection/Test | Nancy Lien Berndt |

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| | Equipment, Required Certifications, DPAS Rated Orders, Foreign Object Debris, Conflict Minerals, Cyber Security, Human Trafficking. Minor updates to the following sections: Approved Supplier Status, Quality System Requirements, Standard of Business Ethics and Conduct, Product Safety, Change in Product or Process and ITAR and Export Law Compliance. Changed record retention requirements from 13 years to 15 years. | |
| 5/4/23 | Added "The supplier must ensure that all personnel are appropriately trained, demonstrate competence and are authorized to perform applicable processes to ensure product/process compliance" to the Product Safety section. Added section for lot control and traceability requirements. Added MME Purchase Order to the list of requirements for the Certificate of Conformance. | Nancy Lien Berndt |
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