



# **SUPPLIER QUALITY REQUIREMENTS AND CONTRACTUAL CONDITIONS**

**Document: SQR**

**Revision: 14**

**Date: January 14, 2016**

| REV LEVEL | DATE             | PAGE | DESCRIPTION OF CHANGE   |
|-----------|------------------|------|---|
| 0         | Apr. 21, 2003    | All  | Original Issue  |
| 1         | May 2, 2005      | All  | Reformat Document   |
| 2         | May 30, 2006     | All  | Add requirements for DFARS Clause 252.225-7014, <i>Preference for Domestic Specialty Metals</i> , in Paragraph 6.2.7.   |
| 3         | August 24, 2007  | All  | Add requirements for tracking effectiveness of corrective actions.  |
| 4         | Nov 18, 2010     | All  | Add that quality system be compliant to AS9100 for Type A and B, AS9120 for type C; add notification of nonconformance's within 24 hours, and notify of process changes within 3 days, add requirements for First Article Inspection.   |
| 5         | Dec 6, 2010      | All  | Add requirement that type A supplier have a documented FOD prevention process.  |
| 6         | Mar 23, 2011     | All  | Update to meet requirements of AS9100C. Add FOD requirement to type B supplier. Add right of access paragraph IAW AS9100C.  |
| 7         | Aug 29, 2011     | All  | Add specific Quality and Delivery goals used for supplier ratings. Specify which categories of suppliers are required to send C of C with shipments.  |
| 8         | Sept 24, 2012    | All  | Add Environmental Health and Safety Requirements. Add counterfeit parts mitigation, raw material traceability under quality requirements, clarify specific metals for DFARS specialty metals clause. Add specifics about DX and DO priority. Add supplier acknowledgement page 9. |
| 9         | Dec 4, 2013      | All  | Add C of C for Type B supplier. Clarify counterfeit material para 6.2.6. Remove acknowledgement page.   |
| 10        | Jan 22, 2014     | All  | Add that supplier is responsible for using latest revision of industry standards unless otherwise specified on Dearborn drawing, para 7 Add that and material composition confirmation is required as well as special process thicknesses.  |
| 11        | August 11, 2014  | All  | Added to Section 6.2.11, Requiring compliance to the Dodd-Frank Act governing "Conflict of Minerals" reporting. Change requirements for performance goals in section 5.6.   |
| 12        | October 13, 2014 | All  | Correct DFARS specialty Metal clause info to newest numbering scheme changed by DLA.  |
| 13        | March 3, 2015    | All  | Change frequency of mandatory performance review to quarterly, more often if necessary for underperforming suppliers. Remove type B suppliers and lump in that category with Type A. Add more specifics to C of C requirements para 6.2.3   |

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| 14 | Jan 14, 2016 | All | Correct Company logo/name. |
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**1.0 PURPOSE**

1.1 The objective of this document is to convey to Exxelia Group suppliers, and potential suppliers, the quality requirements and contractual conditions that must be met when providing goods and/or services to Exxelia Group.

**2.0 SCOPE**

2.1 This document is applicable to all Exxelia Group suppliers that provide products, processes or services that form part of, or contribute to, a deliverable end item.

**3.0 DEFINITIONS**

3.1 For the purpose of this document, a Supplier is a company or business that provides services, processing, or manufactured products to Exxelia Group.

3.2 Acronyms:

**P.O.:** Purchase Order                      **SCAR:** Supplier Corrective Action Request

**QAR:** Quality Assurance Representative

**FOD:** Foreign Object Debris: A substance, debris or article alien to a product which would potentially cause damage

Foreign Object Damage: Any damage or incident attributed to a foreign object that may degrade the product's required safety and/or performance characteristics

**DPAS:** Defense Priorities and Allocation System, used in a time of war or conflict to prioritize industrial requirements to meet current national defense requirements.

**DX:** Highest DPAS priority level "you MUST move order to front of the line, automatically", takes priority over other orders in house.

**DO:** High DPAS priority, listed in different levels (e.g. DO-A1, DO-A2, DO-A3 etc...) DO-A1 takes priority over DO-A2, DO-A3 etc. Order shall be given priority and worked as next in line. For more information [www.bis.doc.gov/dpas](http://www.bis.doc.gov/dpas)

**4.0 PROCUREMENT & COMMUNICATION**

4.1 Only Exxelia's Purchasing department is allowed to issue or modify purchase orders.

4.2 Only suppliers that are approved by Exxelia or are being evaluated for approval may be issued a PO for goods and services.

4.3 The Exxelia PO, together with referenced drawings, specifications and this document shall define Exxelia requirements.

4.4 As an Exxelia Supplier, it is your responsibility to ensure that all clauses, terms and conditions specified or referenced within the PO, applicable specification(s) and this document are understood and complied with.

4.5 Failure to meet all quality clauses and requirements defined or referenced may result in rejection of the items or services you supply and can affect your **Supplier Approval Status**.

4.6 All written and verbal communications with Exxelia are to be through the Exxelia Purchasing department.

- 4.7 When a material or process order has priority status under DPAS, either DX or DO status, this requirement will be flowed down on the purchase order. Suppliers **shall** prioritize these orders in accordance with regulations as directed by Bureau of Industry and Security under the Department of Commerce. See information under para 3.2 for specific information about DPAS, DX and DO acronyms.
- 4.8 In circumstances which relate to quality, you may contact Exxelia's Director of Quality Assurance directly at 407-695-6562, by fax at 407-695-6889 or e-mail at [quality@exxeliausa.com](mailto:quality@exxeliausa.com).

**5.0 SUPPLIER APPROVAL**

- 5.1 It is the policy of Exxelia to procure goods and services only from those Suppliers who are approved by Exxelia. If you are a new supplier, you will be provided a link to the Supplier Quality Questionnaire (SQQ) and must submit it to Exxelia for review before an order can be placed with your company. Note that suppliers with third party QMS certifications are approved without additional required information. Please supply Exxelia with a copy of your certificate with the SQQ. Suppliers without third party QMS certification are placed on probation.
- 5.2 In addition, or as an alternative, Exxelia may elect to conduct an on-site survey of your facility to ensure that the required quality system and process controls are in compliance with Exxelia quality requirements.
- 5.3 Suppliers that do not have third party QMS approval must supply at least one shipment on time and with the goods or services passing Exxelia Quality Requirements to become approved.
- 5.4 Upon completion of the above requirements, Exxelia shall determine your **Supplier Approval Status** as indicated below:
  - Approved: Your system meets Exxelia quality requirements for procurement of general or specific goods and services continued approval to be based upon supplier rating.
  - On Probation: Goods and services may be purchased from your company, but receipts must meet delivery and quality requirements in order for the supplier to achieve Approved status.
  - Not Approved: Your system or performance does not meet the minimum Exxelia quality requirements.
- 5.5 Following initial approval, Exxelia may elect to re-evaluate your system on a planned periodic basis to ensure continued compliance to quality requirements. This re-evaluation may be in the form of an on-site audit.
- 5.6 Your **Supplier Approval Status** is subject to review based on the quality and timeliness of delivered items, responses to Exxelia Supplier Corrective Action Requests, changes of administration or ownership of your company, and/or other quality related issues.
  - 5.6.1 **Supplier Quality Rating** goal is less than or equal to 3 quality rejects during a 6 month period based on POs and/or Line Item deliveries. A rejection at Exxelia Incoming Inspection will be communicated by Exxelia Purchasing to the supplier via Supplier Corrective Action Requests (SCAR).

5.6.2 **Supplier On-Time Delivery** goal is greater than or equal to 80% on time delivery based on POs and/or Line item deliveries for status of Approved. The on-time delivery date goal used will be the due date communicated by Exxelia Purchasing on a Purchase Order. Requested changes in the Due Date shall be communicated to Exxelia Purchasing within 5 business days of receipt of the Purchase Order and will not affect delivery performance.

5.6.3 Supplier Ratings are reviewed quarterly and calculated over the last 6-month period. If ratings fall below the goal than a SCAR will be generated to address the deficiency and **Supplier Approval Status** will be changed to On Probation pending successful corrective action(s) and improvement in performance.

5.6.4 Repeated low ratings can lead to **Supplier Approval Status** being changed to Not Approved.

5.7 In the case of a change in ownership or relocation of your company, Exxelia must be notified within 10 business days.

5.8 Exxelia suppliers are fully responsible for monitoring the work performed by their sub-tier suppliers and must also ensure a flow-down of Exxelia's quality requirements to their sub-tier suppliers to the extent applicable for the work performed.

**6.0 SUPPLIER CATEGORIES & QUALITY REQUIREMENTS**

6.1 Goods and services purchased by Exxelia are grouped into the categories identified below. Within each are specific quality requirements that must be met. As an Exxelia supplier, it is your responsibility to identify the category applicable to you and comply to all requirements defined:

6.2 Orders received without the proper paperwork will be rejected until the proper paper is received. Corrective Action will be required for multiple occurrences of missing paperwork.

Type A Suppliers (Certificate of Conformance required for all deliveries)

- a) Fabrication and Mechanical Assembly, Converted Raw Materials: Suppliers who provide machining, sheet metal fabrication, tool and die making, castings, extrusions and mouldings, fabricated hardware, mechanical assembly, or converted raw materials such as dielectric.
- b) Finishing and Coating: Suppliers who provide painting, electrostatic coating, anodizing and plating.
- c) Electric, Electro-mechanical Assembly: Suppliers who provide specialized connectors, cables and wiring harnesses or electro-mechanical assemblies.
- d) OEM Parts and Equipment Suppliers who provide original parts, components, subassemblies and/or complete assemblies, etc.

As a supplier for the above type of products and/or processes, you are required to have a quality system which meets those requirements defined within AS9100, excluding the design and development requirement. When required by Exxelia, you shall perform First Article Inspection using AS9102 as a guide. Type A suppliers shall have a documented FOD (Foreign Object Debris and Damage) elimination process and shall furnish it to Exxelia upon request.

Paperwork supplied with Type A suppliers shipments shall include confirmation of material used when a specific alloy or material is given on Exxelia specification. Any special process thicknesses (e.g. plating) shall be recorded and included as part of shipment data. If special processing is done by a sub-tier, a C of C from that sub-tier with thicknesses as applicable shall be provided with your shipment.

Type C Supplier (OEM Certificate of Conformance required for all deliveries)

- e) Distributors/Dealers: Suppliers who distribute or resell other manufacturers' products.
- As a distributor, you must have a system that ensures that material is stored, identified, packaged and preserved properly and be compliant with AS9120. You must also have a system of traceability that ensures that any product shipped to Exxelia is traceable to the original manufacturer including all batch or lot numbers applicable and includes a system to prevent the delivery of counterfeit parts to Exxelia.

Type D Supplier

- f) Construction and Installation: This category involves installation performed by third-party contractors.
- As a contractor, you must have a control system for ensuring that the defined Exxelia quality and specification requirements identified within the P.O. or contract will be met.

Type E Supplier

- g) Calibration Services: This category involves Suppliers who perform calibration of measuring, monitoring and testing equipment for Exxelia.
- As a calibration lab, you must meet the requirements of ISO 10012-1 or its equivalent and have a system of traceability to national or international recognized standards. A Certificate of Calibration must be included with each instrument calibrated.

Type F Supplier

- h) Outside Testing and Inspection Services: This category includes test laboratories and inspection services used to verify or validate Exxelia product and/or processes.
- Services provided to Exxelia from these suppliers are required to supply a report showing the results of the tests or inspections performed. Because the supplier provides a service, Exxelia cannot evaluate these suppliers using incoming inspection quality history. For these suppliers, on-time delivery is the primary evaluation tool used to judge performance.

6.2 General Quality Requirements:

- 6.2.1 Quality System Review: During the performance of a Exxelia contract, your quality system, procedures, manufacturing and test processes, equipment and personnel qualifications may be periodically reviewed and evaluated by Exxelia, or its customer representative, to the degree and frequency determined necessary by Exxelia or its customers.

6.2.2 Quality Records: Your quality records are to be maintained on file for a period of not less than ten (10) years from the date of the completion of the contract. These records are to be available at any time to Exxelia, Exxelia’s customers, or an applicable regulatory authority,

6.2.3 Certificates of Conformance: When a Certificate of Conformance is required to be furnished by your company; it must contain the following relevant information as applicable:

- a) Exxelia’s Purchase Order number;
- b) Exxelia’s Dwg. No. & Rev. Level to which items were manufactured;
- c) Exxelia’s part number;
- d) The part name and description;
- e) Your Dwg. No. & Rev. Level to which items were manufactured;
- f) Your part number;
- g) Special process descriptions as necessary
- h) Serial numbers as applicable;
- i) Cure date, date of assembly or manufacture;
- j) Manufacturer’s name.
- k) Compliance with DFARS clause 252.225-7014 (if applicable, see para 6.2.10)

C of C is required for all materials and special processes supplied to Exxelia. The C of C shall state that products and services meet requirements of Purchase Order and referenced drawing(s). When specific materials (e.g. 1010 steel) or processes (e.g. Mil-T-10727) are listed on drawings, C of C shall specifically state the materials and processes used in addition to the specification revision of industry or customer standards. Mill certs for raw materials will be required when a specific material is required by drawing.

6.2.4 Quality System: If you cannot meet all of the quality requirements specified within this document, you are to contact Exxelia’s Quality department and request a concession for the requirement(s) before shipment of an item or order.

6.2.5 Notification of product and/or process changes: Exxelia shall be informed of changes made to the product supplied or the process used to make the product before the change is effective. This includes changes in sub-tier suppliers of materials and change manufacturing location. When specified on the individual material specification provided by Exxelia, approval of these changes shall be required prior to acceptance of the product by Exxelia.

6.2.6 Counterfeit parts and Raw Material traceability: Exxelia suppliers shall have a system in place to ensure that materials and parts provided to Exxelia are not counterfeit. A counterfeit part is defined as:

A suspect part 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. Examples of counterfeit parts include, but are not limited to:

Parts which do not contain the proper internal construction (die, manufacturer, wire bonding, etc.) consistent with the ordered part.

Parts which have been used, refurbished or reclaimed, but represented as new product.

Parts which have different package style or surface plating/finish than the ordered parts.



Parts which have not successfully completed the Original Component Manufacturer's (OCM)'s full production and test flow, but are represented as completed product.

Parts sold as up-screened parts, which have not successfully completed up-screening.

Parts sold with modified labeling or markings intended to misrepresent the part's form, fit, function, or grade. Parts which have been refinished, up-screened, or up-rated and have been identified as such are not considered counterfeit.

Unless specified by Exxelia purchase order or material specifications, you are not required to use an Exxelia or Exxelia customer-approved material or special process source. Exxelia suppliers are responsible to implement the necessary controls on your suppliers to ensure compliance with the applicable provisions of Exxelia's POs, drawings, specifications and this document.

- 6.2.7 Notification of Nonconforming Material: You shall inform Exxelia of any nonconforming material within 24 hours and Exxelia will determine whether a concession of the non-conforming condition is possible. If material has already been delivered to Exxelia an RMA is required as part of initial communication. Repeated non-conformances can affect your **Supplier Approval Status**.
- 6.2.8 Right of access: In accordance with requirements of AS9100, Exxelia, Exxelia's customers and applicable regulatory authorities shall have right of access to applicable areas of all facilities, at any level in the supply chain involved in the order.
- 6.2.9 Environment, Health and Safety (EH&S)  
Exxelia is committed to supporting Environment, Health and Safety standards that protect the environment, our facilities, people and products. Exxelia and its customers have a joint effort to ensure that its suppliers meet five minimum EH&S expectations.
1. Provide safe working conditions for all employees, customer and contractors
  2. Adhere to all applicable national, regional, state and local laws and regulations governing Environment, Health and Safety
  3. Operate in a manner that minimizes the impact to the environment.
  4. Limit the use of natural resources and promote sustainable natural resource practices.
  5. Extend and communicate these EH&S requirements to their employees and suppliers.
- 6.2.10 DFARS Clause 252.225-7009: It is the responsibility of the supplier to be compliant with DFARS Clause 252.225-7009, *Restriction on Acquisition of Certain Articles Containing Specialty Metals*. This clause specifically limits that specialty metals must be melted in the United States or a qualifying country, or they can be melted anywhere but must be "incorporated in an article manufactured in a qualifying country." See below for specialty metal definition. See <http://www.acq.osd.mil/dpap/dars/dfars/html/current/252225.htm#252.225-7009>

A specialty metal means

(i) Steel

(A) With a maximum alloy content exceeding one or more of the following limits: manganese, 1.65 percent; silicon 0.60 percent; or copper 0.60 percent; or

\*B) Containing more than 0.25 percent of any of the following elements; aluminium, chromium, cobalt, columbium, molybdenum, nickel, titanium, tungsten or vanadium

(ii) Metal alloys consisting of nickel, iron-nickel and cobalt based alloys containing a total of other alloying metals (except iron) in excess of 10 percent;

(iii) Titanium and titanium alloys; or

(iv) Zirconium and zirconium base alloys

When the clause is applicable to material(s) supplied to Exxelia, a C of C stating compliance with the clause is required, along with copies of supporting documents from your material suppliers as applicable.

- 6.2.11 Dodd-Frank Act: The U.S. Dodd-Frank Act governs the “Conflict of Minerals” originating from the Democratic Republic of the Congo (DRC) or adjoining countries. The SEC has published final rules associated with the disclosure of the source of Conflict of Minerals by U.S. publically traded companies. The rules reference the Organization for Economic Co-Operation & Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, which guides suppliers to establish policies, due diligence frameworks and management systems per <http://www.eicc.info/extractives.shtml>. Exxelia and its suppliers are governed to meet the requirements of the Dodd-Frank Act. At times, Exxelia may ask for information about smelters used by its suppliers. Failure to provide this information is grounds for dismissal as an approved supplier.

## 7.0 EXXELIA SUPPLIED MATERIAL AND DOCUMENTATION

- 7.1 As an Exxelia supplier, you are responsible for evaluating damage due to transport at time of receipt of Exxelia supplied materials and for the appropriate controls and periodic inspection of Exxelia supplied material during storage, handling and processing.
- 7.2 Strict segregation and control of Exxelia material is required by your organization. No material substitution is permitted without prior Exxelia written approval.
- 7.3 It is your responsibility to ensure that the latest issue of Exxelia drawings and specifications as stated on the P.O. are available and maintained within your facility. Any missing or additional documentation you may require can be obtained through the Exxelia Purchasing Department upon request.
- 7.4 Exxelia suppliers are responsible for following the latest revision of industry standards as referenced in Exxelia drawings unless specific revisions are otherwise specified on the drawing.

**8.0 SOURCE & RECEIVING INSPECTION**

- 8.1 Exxelia may elect to conduct source inspection of items at your facility before shipping. Source Inspection may be applied to a greater or lesser degree at the discretion of Exxelia's Director of Quality Assurance. When source inspection is applicable, Exxelia will provide your organization with a 5-day advance notice. Source inspection may also be performed by Exxelia's customers if necessary.
- 8.2 Prior to Source Inspection by Exxelia, you are required to ensure that all items have successfully passed required inspections and/or tests and that all the supporting documentation is complete and available for review by the QAR.
- 8.3 As an Exxelia supplier you are to provide the facilities and the assistance that may be reasonably required by the Exxelia QARs in the performance of their functions.
- 8.4 Upon completion of Source Inspection, the Exxelia QAR will complete a Source Inspection Report. A copy of this report must be included with your shipment to Exxelia and you must retain a copy within your files.
- 8.5 Exxelia reserves the right to independently verify your suppliers.
- 8.6 The acceptance of an item at your facility by Exxelia is not to be interpreted as final acceptance by Exxelia nor does it relieve you of your responsibility for quality.
- 8.7 Products delivered to Exxelia are required to meet all applicable drawings, specifications and/or P.O. requirements. Workmanship standards are expected to be consistently high to meet Exxelia quality requirements.
- 8.8 Nonconforming material discovered at any stage of Exxelia manufacture will be returned to you for rework/repair/replacement, or, if mutually agreed upon, Exxelia may correct the nonconformities at your cost.

**9.0 NONCONFORMANCES & CORRECTIVE ACTION**

- 9.1 SCARs will be used by Exxelia as a means of advising you of an observed on-conformance and to request corrective action, as required.
- 9.2 Response to a SCAR is expected within fifteen (15) working days, unless otherwise specified on the SCAR. Should additional time be required, you are requested to inform Exxelia of the reason for the extension and the estimated date of completion.
- 9.3 Within your response you are to identify the corrective action taken to eliminate the cause of the discrepancy in addition to the repair or rework action required to resolve the item rejected. The effect on items already delivered must also be addressed within your response. Exxelia suppliers are responsible for tracking the effectiveness of the corrective actions taken in response to SCARs. You are to monitor subsequent manufacturing lots or batches for the specific defect raised. Exxelia recommends 100% inspection of the next three lots for the defective condition to track corrective action effectiveness.
- 9.4 Records of outstanding SCARs are maintained by Exxelia's Quality Department and shall be used in the process of evaluating suppliers. Failure to provide timely and effective corrective action to a SCAR can adversely affect your **Supplier Approval Status**.

**10.0 REQUESTS FOR CHANGE or DEVIATION**

- 10.1 If you require a change to or deviation from released Exxelia drawings, specifications, etc., these changes must be approved in writing from Exxelia.
- 10.2 Without an authorized change, you are expected to meet all requirements defined or referenced within the PO and applicable specifications.