

APPENDIX A

Supplier Quality Requirements (SQR)

THESE REQUIREMENTS ARE CRITICAL. FAILURE TO COMPLY WITH ANY SPECIFIED CLAUSE IS CAUSE FOR REJECTION OF PRODUCT AND FOR WITHHOLDING OF PAYMENT FOR GOODS AND SERVICES.

SQR1 RIGHT OF ACCESS: Precision Plus, its Customers, and any regulatory agencies reserve the right of inspection to determine and to verify the quality of workmanship and materials at all stages of the manufacturing process at Suppliers facility. Review of proprietary information is not included in the right of access clause.

SQR2 DPAS Rated Order: This purchase order contains rated quantities certified for National Defense use and you are required to follow all the provisions of the Defense Priority and Allocation System regulations (15 CFR Part 70) only as it pertains to the related quantities. <https://www.bis.doc.gov/index.php/other-areas/strategic-industries-and-economic-security-sies/defense-priorities-a-allocations-system-program-dpas>

SQR3 Statistical Process Control (SPC): Statistical Process Control is required in processing items on this purchase order. If KEY CHARACTERISTICS are not identified on the drawing or specified on the purchase order, the Supplier, using their knowledge of the process involved, is to choose them. The supplier shall furnish with each shipment all control plans, measurement data, control charts and any other related documentation gathered during the process. A Cpk of 1.67 is required and if not achieved then a 100% inspection is required until a Cpk of 1.67 has been achieved.

SQR4 Non-Conventional Processes: The use of nonconventional machining methods (i.e. electro chemical, beam, discharge, abrasive jet, etc.) must also have prior written approval from Precision Plus.

SQR5 Certificate of Conformance (CoC): Material and/or processes to Precision Plus products, Customer and /or Government specifications are noted on the purchase order and/or drawing, for the material or processes on the order a CoC to these specifications is required. The specification must be reference on CoC and actual readings referenced. CoC must be legible and include lot traceability, quantity and signed by authorized personnel of the company. Certifications must be kept on file for 10yrs., and available upon request from Precision Plus.

SQR6 Raw Material Certifications: An actual copy of the mill test report for material identifying chemical and physical properties for each material must be submitted to Precision Plus. Failure to furnish the required report is cause for rejection and for withholding of payment for goods or services.

SQR7 Calibration System: The supplier shall control all inspection and test equipment used for acceptance of deliverable items covered by this PO in accordance with ANSI-Z540-1, ANSI-Z540-3 or ANSI/ISO/IEC 17025.

SQR8 Sampling Inspection: In addition to all other requirements specified, final inspection results on all characteristics applicable to work performed must accompany each shipment. Sample size to be determined by MIL-STD- 1916 (latest Rev) and/or ANSI/ASQ Z1.4 (latest Rev).

SQR9 DFAR Material: Material for this order **MUST** meet the requirements of DFAR252.225-7008, Restriction on Acquisition of Specialty Metals or DFAR 252.225-7701, Buy American statute. Material **MUST** be melted in the USA or a qualified country (225.003). In addition, all shipments to Precision Plus products **MUST** have the country of melt identified on the raw material certification or certificate of test and accompany the shipment. ***Not meeting this requirement of this clause will result in rejection of material/parts sent.***

SQR10 First Article Inspection (FAI): A First Article Inspection shall be performed by the seller in accordance with the requirements of AS9102. When documenting the FAI, the seller may use forms contained within AS9102 or their equivalent, so long as the forms contain all the information required by AS9102. FAI is required for all first time production runs, revision changes or lapse of 2yrs of manufacturing. An FAI can be requested at any-time by Precision Plus based on quality/performance issues.

SQR11 Frozen Process: Process documentation (e.g. Shop router, operation instructions) submittal is required with the FAI for approval. Once FAI approval is achieved, all processes associated with manufacture and/or processing of the part number(s) indicated shall be frozen. Changes in approved process shall not be made without written approval from Precision Plus prior to implementation.

SQR12 Source Inspection: US Government Source Inspection is required prior to delivery to Precision Plus. Upon receipt of this contract the Supplier shall promptly notify the US Government Representative who normally services the Supplier's Facility. If the Supplier can't locate the US Government Representative to arrange for the required source inspection, the Supplier is to notify Precision Plus immediately. Upon request, the Supplier shall make available to the US Government Representative any IMTA, facilities, records and personnel to facilitate the Government Source Inspection.

SQR13 Conflict Minerals: The SELLER agrees to comply with section 1502 of the Dodd-Frank Act regarding "Conflict Minerals". Seller shall immediately notify Precision Plus if material or manufactured product is affected by the requirement.

SQR14 Shelf Life/SDS: All material that have a shelf life must have a CoC accompany the product with a minimum of 75% life remaining. CoC will contain expiration date, lot traceability. When applicable a copy of the Safety Data Sheet (SDS) will also be included with product. ***Not meeting this requirement of this clause will result in rejection of material/parts sent.***

SQR15 ITAR / Export Control: This purchase order/agreement is associated with items and/or services controlled by US export control laws or regulations. Only US citizens and permanent resident aliens (green card holders) may have access to said items, data and/or services without the authority of a US Government export license, agreement or applicable exemption or exception. Seller agrees to comply with all applicable US export laws and regulations, specifically including, but not limited to the requirements of the Arms Export Control Act, 22USC 2751-2799, including the International Traffic in Arms Regulation (ITAR), 22 CFR 120-130; and the Export Administration Act, 50 QUSC app 2401-2420, including the Export Administration Regulations, 15 CFR 730-774, including the requirement for obtaining an export license or agreement, if applicable. Without limiting the foregoing, SELLER agrees that it will not transfer an export controlled item, data, or service, to include transfer to foreign persons employed by or associated with, or under contract to SELLER or SELLER's lower-tier supplier's, without the authority of a US Government export license, agreement or applicable exemption or exception. Seller shall immediately notify Precision Plus if SELLER is, or becomes, listed on any Denied Parties List or if Seller's export privileges are otherwise denied, suspended or revoked in whole or in part by any US Government entity or agency. If SELLER is engaged in the business of either exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, SELLER represents that it is registered with the Office of Defense Trade Controls as required by the ITAR, and maintains an effective export/import compliance program in accordance with the ITAR. SELLER shall be responsible for all losses, costs, claims, cause of action, damages, liabilities and expense, including attorney's fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of SELLER, it's officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this clause.

SQR16 Ethical Behavior and Contribution: All personnel must be aware of their contribution to product, or service conformity, product safety, and importance of ethical behavior.

SQR17 Counterfeit Parts/Materials Prevention: Suppliers shall establish and maintain a counterfeit prevention and control program using AS5553 and/or AS6174 to insure that no counterfeit work is delivered to Precision Plus products. Supplier shall provide chain traceability to the Original Manufacturer or authorized distributor upon request from Precision Plus.

SQR18 Foreign Object Debris/Damage (FOD) Prevention: Suppliers shall maintain a FOD prevention program in accordance with National Aerospace Standard NAS412 to insure that no parts and/or material contain any foreign contamination, embedded debris or other substances damage upon delivery to Precision Plus.

SQR19 Non-Disclosure Agreement (NDA): Supplier shall not disclose, publish or reveal any designs, specifications, or other informational material to any other party without written consent from Precision Plus.

SQR20 Non-Discrimination Employment: It is the policy of Precision Plus to provide equal opportunity to all qualified applicants and employees without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, age, protected veteran or disabled status, or genetic information.

SQR21 Notification Requirements: Supplier must provide notification of:

- Non-conforming product prior to shipment and/or released product subsequently found not to conform to the applicable design data.
- Obtain Precision Plus approval for non-conforming product disposition
- Provide written notification of changes in product and/or process changes of suppliers, changes of manufacturing facility location and, where required, obtain approval.
- Flow down to supply chain all applicable Precision Plus requirements including Precision Plus customer requirements
- Where required, maintain records for personnel that require qualification for special processing
- Provide written notification for change of controlled process status (i.e. suspension, disapproval or loss of quality management system or process certifications)
- Provide written notification of significant organizational changes such as company name, location or key personnel that would affect quality of Precision Plus product.

SQR22 Packaging When the drawing, specification, or purchase order lacks specific packaging instructions, the supplier shall use best commercial practices to ensure that the quality of the delivered part(s) is maintained and that damage, deterioration, and loss in transit are prevented. Any packaging supplied by Precision Plus shall be reused to the maximum extent possible. If supplied packaging is degraded or cannot be re-used, the material supplied on this order shall be packaged as specified elsewhere in this order. Damage to specially-fabricated shipping containers shall be reported to the buyer before any repair is attempted. Packaged items shall be free of dirt and other contaminants that would contribute to deterioration of the item or which would require cleaning by Precision Plus prior to use. Items susceptible to corrosion or deterioration shall be provided protection such as preservative coatings, volatile corrosion inhibitors, or a desiccated environment. Items requiring protection from physical and mechanical damage, or which are fragile, will be protected by wrapping, cushioning, or other means to mitigate shock and vibration, and to prevent damage during handling and storage. Cushioning or wrap can be any suitable, appropriate material; except newspapers may not be used when painted surfaces are involved. Partitions or divisions must be used when necessary. Items susceptible to damage by Electrostatic Discharge (ESD) shall be packaged in antistatic bags of conductive carbon (“black poly”) or antistatic bags per MIL-PRF-81705 Type III. All external and internal packaging shall be properly identified with “ESD Sensitive Item” labels.

SQR23 Quality Record(s) Retention: The supplier will maintain records necessary to show conformance with all requirements of the purchase order/subcontract. These records include dimensional inspection records, process control charts, temperature recorder charts, x-ray film, nondestructive testing records, personnel certification documentation, nonconformance reports, process qualification data, and certifications of material & special processes. These records shall be maintained for a minimum of ten (10) years, or as required by the contract.