NOTICE: The supplier is responsible for the flow down of all applicable requirements outlined in this manual and in the purchase order, including key characteristics, to the sub-tier supplier.

1 QUALITY MANAGEMENT SYSTEM:

1.1 The supplier must maintain a quality management system that is compliant with SAE AS 9100, ISO 9001, and/or ISO 17025 standards latest revision. These requirements can be satisfied by having either:

1.1.1 Certification from accredited registrar.

1.1.2 Approval from KAE quality management as qualified supplier.

1.2 The supplier must establish, implement, and monitor an effective quality plan. The quality plan shall include, at a minimum:

1.2.1 Quality objectives to be attained.

1.2.2 Steps in the process that constitute the process sequence and interaction, specific documented standards; practices; procedures; and work instructions to be applied, allocation of authority; responsibilities; and resources on each phase of the process. As necessary, production plan with run quantities and inspections/test check points as well as inspection/test description.

1.2.3 The quality assurance representative shall be clearly designated within supplier's organization. The responsible individual shall have sufficient authority to assure the quality is not compromised.

1.2.4 The supplier must immediately notify KAE in writing for any changes to the QMS that might affect the provision of products/ services. This includes but not limited to changes to the quality manual, quality plan, personnel in charge, and gaining or losing any quality certification.

1.2.5 The supplier shall develop a communication strategy to ensure all personnel are aware of their contribution to the quality objectives, quality of the products/services, and product safety.

2 AUDIT:

2.1 KAE, KAE's customer, and regulatory authorities have the right to access all facilities, processes, and all documented information of the supplier and supplier's sub-tiers.

2.2 An on-site evaluation may be performed to assess the supplier's quality management system and capabilities to comply with these and other applicable requirements, or assist in the resolution of quality problems.

2.3 KAE will notify the supplier if an on-site evaluation is required. It shall be scheduled to minimize any interruptions in the supplier's production processes.

2.4 A supplier quality survey shall be completed by the supplier and returned to KAE for periodic evaluation and documentation purposes.

3 CONFORMANCE RESPONSIBILITY:

3.1 The supplier shall establish, implement, and monitor a system that addresses the control of non-conforming material. This system shall include, but not be limited to: prompt identification, segregation, documentation, and disposition of the nonconforming material.

3.1.1 The supplier shall not deliver any nonconforming production KAE without prior approval.

3.1.2 In the event that any nonconformity is found after the materials have been shipped, the system shall provide KAE with prompt notification (**within 72 hours**). The immediate corrective and preventive action is to be submitted to KAE in writing within ten working days.

a) Failure to provide immediate corrective and preventive action within 10 working days will result in a Supplier Corrective Action Request (SCAR). A response to the issue must be received within 10 working days from receipt.

b) Failure to provide a formal SCAR response, will result in escalation of the issue to the Supplier's Management Team. Through this, KAE will pursue one or more of the following:

- Conduct a Vendor Risk Assessment
- Status reviews with the supplier until the issue has been resolved
- Conduct a supplier audit
- Implement a temporary block for new orders
- Cancel order(s) and initiate change of supplier

3.2 The supplier shall provide a certificate of analysis along with each shipment, and safety data sheet (SDS) with initial shipment or first shipment if a SDS is updated.

3.2.1 The COA shall contain the following information at a minimum: date of production / manufacture; test data / results; specification ranges and indication of pass or failure of a lot.

3.2.2 The supplier shall notify KAE if there is a shift in a quality characteristic trend even if the results are within the stated specification.

3.2.3 Test results / data shall be stored for a minimum of ten (10) years.

3.3 Sample Retains:

3.3.1 Retained sample size shall be adequate to retest material quality, if necessary.

3.3.2 Retained samples shall be maintained long enough to ensure shelf-life of product.

3.4 KAE reserves the right to use an equivalent test for the acceptance or rejection of the received material. The entire lot would be rejected if a lot is rejected by the test procedure.

3.5 Surveillance, inspection/test conducted by KAE shall not release the supplier from their responsibilities in meeting all requirements specified in the order.

4 PROCESSING:

4.1 The supplier shall review the requirements prior to acceptance of the order to determine whether it can be satisfactorily met. If the requirements are not completely clear, or where special assistance is needed, KAE will provide qualified personnel to consult with the supplier.

4.2 FOD program: The supplier shall establish, implement, and monitor a foreign object prevention strategy that effectively detects and eliminates foreign object debris during all processes.

4.3 Shelf Life/ Age Control: The supplier shall provide products with more than 75% of the shelf life remaining at the time of receipt; the shelf life shall be communicated, preferably, written in the certificate of analysis.

4.4 Inspection/ Testing: Appropriate inspection/testing activity shall be established to adequately verify the conformance of the material, product, and process at incoming, in-process, and final production activities.

4.5 Counterfeit Parts:

4.5.1 The supplier shall establish, implement, and monitor a counterfeit part identification and prevention strategy to ensure *NO* counterfeit part or suspected counterfeit part is used in a process and delivered to the customer.

4.5.2 According to AS 9100 rev.D, counterfeit part is defined as "an authorized copy, imitation, substitute, or modified part (e.g., material, part, component), which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer. Examples of counterfeit parts can include, but are not limited to: the false identification of marking or labeling, grade, serial number, date code, documentation, or performance characteristics."

4.6 Management of Changes:

4.6.1 The suppliers shall not use or relocate any processing facilities, related to the products/services specified in the order document, that differ from previous approval by KAE and KAE's customer without first notifying KAE and affording KAE an opportunity to evaluate such facilities for compliance with order quality requirements.

4.6.2 Similarly, the supplier shall not make any changes to materials, parts, processes, or procedure without KAE prior notification.

4.6.3 Any proposed change, temporarily or permanently, prior to or during performance of the process specified in the order must be requested in writing detailing the proposed change, the reason, and evidence that the change will not negatively affect the performance and product safety.

4.6.4 For significant process changes, the supplier agrees to notify KAE six (6) months prior to the change's implementation so that KAE may evaluate the impact of the change on KAE's products / processes.

4.6.5 A significant change is defined as the following:

a) a change in raw material including supplier

b) introduction of new technology that could impact the products final performance

c) significant change in process conditions that could impact the products final performance

d) a change in manufacturing location

5 PRESERVATION AND PACKAGING:

5.1 In handling and storing the material, the supplier shall provide adequate protection from material damage, loss, contamination, or degradation.

5.2 All packaging shall be accompanied with documentation indicating the manufacturer or distributor's name, part number, lot number, quantity, and any other identification number.

5.2.1 Product delivered to KAE shall have the agreed shelf-life upon arrival. No lot shall be delivered to KAE with less than the agreed shelf-life without prior written approval by KAE.

6 MEASURING AND TEST EQUIPMENT:

6.1 All tooling and testing equipment (including instrumentation) shall be inspected, calibrated, and controlled, whether it is owned by the supplier, on loan, or personally owned or provided by KAE, to demonstrate the conformance of the product/service to the specified requirements.

6.2 All tooling and testing equipment (including instrumentation) removed from the calibration control system shall be appropriately identified and not used in determining acceptability of the material, product, or process.

6.3 If the calibration is performed by the supplier's internal technical services, the standards used shall be confirmed by reference to National Bureau of Standards or equivalent certified standards.

7 COMPETENCE:

7.1 The supplier is responsible for ensuring that those who have responsibilities are competent on the basis of education, experience, and training.

8 COMMUNICATION:

8.1 When an unexpected situation arises where a customer requirement cannot be satisfied, it is important to directly and immediately communicate the issue to KAE.

9 DOCUMENTS AND RECORDS:

9.1 The supplier shall maintain all documents and records related to product, process, calibration, and inspection/testing data for 10 years unless otherwise indicated by KAE.

9.2 All documents shall be titled, dated, and the owner is identified. Revision level shall be indicated by revision date.

9.3 All documents and records shall be made available to KAE upon request.

10 CONFIDENTIALITY:

10.1 All information disclosed to the supplier by KAE or its representative shall be considered proprietary information and shall not be disclosed to others unless first approved by KAE in writing.

11 SUPPLIER PERFORMANCE:

11.1 KAE conducts periodic evaluations on Quality, On-Time Delivery, and Clerical/Administrative Compliance to establish an overall performance score. The performance score rating serves as an objective measure to determine if KAE expectations are being met. The Supplier is responsible for complying with quality system requirements noted in this document and meeting performance expectations.

11.1.1 KAE evaluates supplier performance in Quality, On-Time Delivery, and Clerical/Administrative Compliance. KAE expectations:

a) Quality (Product and Packaging): ≥ 90%

- Supplier shall monitor Conformance Responsibility (Section 3 & 4)
- Supplier shall monitor Preservation and Packaging (Section 5)

b) On-Time Delivery: ≥ 95% On-Time delivery performance

c) Clerical/Administrative: ≥ 90%

- Supplier shall provide a certificate of analysis along with each shipment, and Safety Data Sheet (SDS) with initial shipment or first shipment if a SDS is updated. (Section 3.2 – 3.2.3)
- Supplier will provide proactive response to meet the needs for quality, service, and technical support.

12 OTHERS:

12.1 In the event that a discontinuation becomes inevitable and unavoidable, in addition to providing 6 months advance notice, the supplier shall allow KAE the opportunity to make a last time purchase prior to the date of the actual discontinuation.