



Requirements for Suppliers

1.0 INTRODUCTION

This document establishes requirements designed to ensure Park Engineering & Manufacturing Inc. (PEM) suppliers produce product that meets PEM's quality expectations and terms. Only suppliers who demonstrate and maintain compliance with these requirements will remain eligible to receive Park Engineering Purchase Orders. This document is referenced and invoked in all applicable Purchase Orders.

By accepting and providing work or services to a PEM purchase order (which refer the supplier to this document) the supplier acknowledges and accepts the requirements of this document.

- **Section 4.0, General Requirements, is applicable to all Suppliers.**
- **Section 5.0, Specific Requirements, contains additional requirements applicable to specific types of suppliers according to the service or product they perform.**

2.0 DEFINITIONS

Purchase Order (PO) is a contract to provide any of the services described in this document.

Supplier is defined as a facility or individual accepting a PEM PO to provide:

- raw material
- hardware
- machining
- special processing
- engineering / programming / consulting
- calibration services.

Customer is defined as Park Engineering's Customer.

3.0 ASSOCIATED DOCUMENTS

Park Engineering Procedure 7.4, *Purchasing* (for internal use only).

4.0 GENERAL REQUIREMENTS (*applicable to all suppliers*)

4.1 INTERNATIONAL TRAFFIC IN ARMS REGULATIONS (ITAR). By accepting a PO from PEM, the supplier understands that they may be provided with technical data that is controlled under the International Traffic in Arms Regulations (ITAR), 22 CFR 120-130. (*Such data is identified as such by PEM or the Customer.*) Supplier further understands that among these regulations is the requirement that such data may not be released or disclosed (including oral or visual disclosure) to persons other than US citizens or nationals, or lawful permanent residents of the US (Green Card holders).



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Violations of these regulations carry severe criminal penalties. Once in their care, supplier accepts all legal responsibility for any violation of ITAR regulations they commit pertaining to ITAR data provided by Park Engineering. Supplier is also obligated to notify us of any ITAR violation that subsequently occurs.

- 4.2 RESPONSIBILITY FOR CONFORMING PRODUCT & QUALIFICATION OF PERSONNEL, PROCESSES, & EQUIPMENT. Initial acceptance of the product or service by PEM in no way diminishes or relieves the supplier from their responsibility to produce acceptable products or services for which they were contracted, or for any liabilities resulting from the failure to meet PO requirements. Supplier must ensure they /their personnel performing the processes are qualified as required (by governing specification, etc.).
- 4.3 CRITERIA FOR ACCEPTANCE & RESPONSIBILITY FOR INSPECTION. Product is only acceptable if meets all the requirements of the PO (including any and all documents, specifications, etc., to which it refers). The supplier is responsible for verifying that they have meet the requirements of the PO (& drawing, specification, etc., as applicable).
- 4.4 PARK ENGINEERING AUDITS. The supplier's Quality System may be subject to initial and periodic audits at a frequency determined by Park Engineering or its Customers for the purposes of determining compliance to this or any other contractually imposed requirement.
- 4.5 PARK ENGINEERING, ITS CUSTOMERS, OR REGULATORY AGENCY ACCESS. Supplier acknowledges PEM, its Customers, or any applicable government agency has the reasonable right of access to the supplier's facility for the purposes of retrieving work placed at the facility or witnessing any or all contracted processing performed. This right of access includes the supplier providing reasonable facilities, the equipment and applicable quality records related to the work, and assistance in the course of the visit.

Quality records (certifications and inspection & test reports) must be retained for a minimum of 10 years.

- 4.6 CERTIFICATE OF CONFORMANCE. Supplier will provide a Certificate of Conformance (CofC) or similar document with each delivery of product or service. The CofC shall acknowledge conformance to the PEM PO and carry, as applicable the:
 - *Job Number* (listed on the PO).
 - PO Number.
 - Processes performed.
 - Part number and revision.
 - Specification and revision level worked to. Note that when not specified otherwise, the supplier is required to work to the latest specification revision level.
 - Signature of an authorized supplier representative.

All certification requirements, records, reports and other applicable documentation MUST be in English.



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Even if is not explicitly stated on the supplier's CofC, PEM considers the supplier's CofC as the supplier's acknowledgment that the CofC serves as their warranty that the goods or services were processed or provided in good faith compliance with the PEM PO requirements and this document. In addition, the supplier's CofC is a warranty that:

- material supplied by PEM is the same lot of material processed or used to produce the parts delivered.
- any and all lot by lot or periodic testing required for the process being performed has been or is (periodically) performed in accordance with the controlling specification(s).
- the supplier still retains any applicable Customer approval (with no applicable limitations) for the processes being performed (otherwise no work is to be performed and PEM is to be immediately contacted).

- 4.7 **QUALITY SYSTEM & CAPABILITY.** Suppliers must possess a Quality System appropriate to the type of process or product they are providing. Special Processing suppliers (heat treat, and plating & finishes, etc.) must meet the applicable requirements of either ISO9001, AS9100, or other applicable standards (i.e., NADCAP accredited) or have obtained approval from the PEM Quality representative. By accepting a PO, supplier also ensures that they are capable of performing the contracted processes and have the adequate resources necessary to perform the work being contracted.
- 4.8 **CORRECTIVE ACTION.** Supplier is responsible for determining and implementing the corrective action and for performing follow-up actions to verify the effectiveness of corrective actions related to nonconforming product. All corrective action requests shall be answered by completing the form supplied by Park Engineering or by completing a form of their own design which completes the same requirements (root cause, corrective action, verification, follow-up activities and effectivity), and returned by the due date requested.
- 4.9 **SUPPLIER SUBCONTRACTING.** Subcontracting by a Park Engineering supplier is *not permitted* unless approved in writing by PEM and is a risk solely assumed by the PEM supplier. Note: When required by PEM's Customer, the supplier's subcontractor must be Customer-approved prior to beginning the work.
- 4.10 **HANDLING, PACKAGING, STORAGE, AND DELIVERY.** Supplier ensures PaEM's supplied product is protected from damage, loss, and deterioration during processing and shipment.
- 4.11 **CALIBRATION.** Calibration of Inspection, Measuring, and Test Equipment (IMTE) is performed in accordance with normal, acceptable practices.
- 4.12 **CONTROL OF NONCONFORMING PRODUCT.** Nonconforming product is positively identified & controlled to preclude intermingling with acceptable product.
- 4.13 **COUNTERFEIT MATERIEL PREVENTION.** Suppliers must have and maintain a Counterfeit Material / Part Prevention process in accordance with SAE latest standard AS6174 (Counterfeit Materiel: Assuring Acquisition of Authentic and Conforming Material, reference elements of Section 3).



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- 4.14 FOREIGN OBJECT AND DEBRIS PREVENTION. Suppliers must have and maintain a Foreign Object and Debris Prevention process in accordance with National Aerospace Standard latest standard NAS412 (Foreign Object Damage/Foreign Object Debris (FOD) Prevention).
- 4.15 CONFLICT MINERALS. When applicable, the suppliers must comply, abide and observe due diligence to Conflict Minerals Act (Dodd-Frank Act).
- 4.16 CHANGES TO SUPPLIER'S OPERATIONS. Suppliers must notify PEM, in writing
 - within 30 changes in their quality system certifications and accreditation, including customer, Government, FAA or CAA certification status or action taken against suppliers.
 - within 48 hours of any changes in NADCAP accreditation and or personnel certification and
 - within 5 days (normal work days of any personnel changes

5.0 SPECIFIC PROCESSING REQUIREMENTS (*applicable to specific suppliers*)

In addition to the requirements in section 4.0, the following sections apply according to the type of subcontracting being performed.

5.1 MATERIAL & HARDWARE SUPPLIERS

- Material suppliers shall ensure material 'mill heat lot number', alloy, or type of material is positively controlled & identified on delivered material.
- In addition to the C of C (para. 4.6), provide legible copies of the material producer's certification of physical & chemical properties upon material delivery, also listing the applicable (ordered) material specification and the material lot identity, and bearing evidence of the approval (usually signature & title) of the cognizant authority.
- For Hardware (pins, screws, nuts, etc.): supplier must provide in addition to the C of C (para. 4.6), all / any legible and approved certifications of material and testing applicable to the product / specifications. Fastener Quality Act requirements (and any/all other regulatory statutes) apply to applicable hardware.
- Forging and Casting suppliers must supply an inspection report for each lot delivered.
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5.2 MACHINING SUPPLIERS

- No welding or repairing processes shall be performed on PEM's parts without the written approval of the Park Engineering.
- No substitution of material or deviation from agreed dimensions & tolerances, methods, processes, etc., are permitted without *written* instruction or approval from Park Engineering.
- Actual inspection readings must be supplied for each job.

5.3 HEAT TREATING, PLATING & FINISHES, & OTHER SPECIAL PROCESSING SUPPLIERS

- Processes that alter the physical / chemical properties of the product are monitored and controlled in accordance with any applicable specification requirement and have any lot by lot or periodic testing required by the governing processing specification performed (refer to para. 4.5).



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- In addition to the C of C (para. 4.6), provide legible and approved certifications of material and inspection/testing applicable to the product / specifications.
- Park Engineering must be immediately notified of the failure of any such tests affecting our product.
- Environmental Regulations: All applicable local, state, and federal environmental regulations must be observed, including any stated in the PO.

5.6 CALIBRATION SUPPLIERS

- Provide certifications for each serial number / device calibrated.
- Suppliers must be certified and approved to ISO 17025.
- Equipment used for calibration must be traceable to the National Institute of Standards and Technology (NIST) and calibration practices must comply with ISO 10012-1 unless otherwise required by PO.

PROCUREMENT QUALITY CLAUSES

To the extent specified in the Purchase Order, the following quality requirements become an integral part of the Purchase Order. See face of Order for applicable Clauses.

1. **Quality Management System** – the supplier shall maintain a Quality Management System that meets the requirements below. The QMS shall be employed by the supplier throughout all purchase order/contract phases and may be subject to review and approval by Park Engineering and Manufacturing.
 - A. ISO 9001:2000
 - B. AS9100 Rev. B
 - C. MIL-I-45208
 - D. NADCAP
2. **SPC Requirements** – this order contains items which have features that have been identified as Key Characteristics and/or processing variables that have been identified as Key Process Parameters. The supplier is required to perform statistical analysis of the indicated item(s) and submit results to Park Engineering and Manufacturing. When included with the Purchase Order, supplier is to complete Park Engineering supplied SPC datasheets.
3. **Quality Assurance Surveillance** – during the performance of this purchase order, the supplier's quality program, inspection system, and/or manufacturing processes are subject to review, verification, analysis, or problem investigations by the cognizant government, regulatory agencies, PEM customer representatives, and/or PEM representatives.
4. **Source Inspection** – work performed on this order is subject to Source Inspection at the supplier's or the sub-tier of supplier's facilities. Notify Park Engineering's quality



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assurance representative three (3) days in advance of delivery. Drawings, inspection equipment and relevant data, which may be required, shall be made available to Park Engineering's quality assurance representative.

5. **First Article Inspection** – the supplier shall perform a successful first article inspection on all characteristics/features generated at the supplier. The supplier must use AS9102 form or equivalent form meeting the requirements of AS9102 to document the First Article information.
6. **DELETED (See Clause 3)**
7. **Government Source Inspection** – government inspection is required prior to shipment from your plant. Upon receipt of this order, promptly notify the Defense Contracts Management Area Office (DCMAO) and/or government representative who normally services your plant so that appropriate planning for government inspection can be arranged. If your facility does not have a government representative please notify Park Engineering purchasing representative immediately.
8. **Furnished Tooling, Gages, and Test Equipment** – PEM tooling, gages, and/or test equipment furnished with this order are subject to a calibration program per ISO 10012 or equivalent. It is the responsibility of the supplier to monitor the calibration due date of the tools furnished. Arrangements shall be made through PEM purchasing representative to have the item calibrated prior to the calibration due date. The supplier may elect to have the item calibrated by an approved outside laboratory. The laboratory's calibration report must be forwarded to PEM for review and approval.
9. **Certificate of Compliance** – a certificate of conformance is required for all deliverable items on this purchase order. The C of C must state that the item(s) meet all drawing, specifications, and all other applicable purchase order and documentation requirements. This certificate shall specify that the process and material specifications, chemical and test reports on a per lot basis are on file and may be inspected by PEM quality assurance and/or its customers. This certificate shall be signed by an authorized representative of the supplier's quality assurance department and must accompany each shipment. Furthermore, supplier shall maintain on file all quality data/records such as certificates of material and/or processes, inspection records, etc, as applicable. These records shall be retained by the supplier for a minimum of ten (10) years, unless otherwise specified on the purchase order, and must be readily retrievable and made available to PEM and/or its customers upon request.
10. **Material Traceability** – each shipment shall be accompanied by at least one legible copy of material certification which identifies the producer/manufacturer of the furnished material. The certification shall also include the heat lot number and/or melt number which shall be traceable back to the raw material manufacturer.



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- 11. Raw Material Origin** – unless otherwise specified on the purchase order, specialty metals raw material (sheet, plate, bar, etc) as listed in Table I of DFAR clause 252.225-7014, furnished to PEM or procured by the supplier for the production/fabrication of item(s) on this purchase order must be of domestic origin or melted in one of the countries listed in Table II of clause 252.225-7014. Non-specialty metals may be of any origin unless otherwise stated on the purchase order.
- 12. Special Process Certification** – each shipment shall be accompanied by at least one legible copy of the certification for special processes performed under this purchase order. Special processes included, but are not limited to, heat treatment, NDT, plating, etc. The certification shall list all applicable specifications, including the revision letter or number to which the process conforms, the type or class as applicable, the date, PEM's purchase order number, part number, quantity, material traceability (i.e. serial number, work order number, etc) as a minimum.
- 13. Chemical Test Reports** – materials furnished under this purchase order must be accompanied by at least one legible copy of the certified test reports for the chemical properties of the material. The Producer/Mill test data is preferred. Certified test data from an approved independent laboratory is acceptable. Test reports must be traceable back to the material heat lot number.
- 14. Physical Test Reports** – materials furnished under this purchase order must be accompanied by at least one legible copy of certified test reports of the physical properties of the material. The Producer/Mill test data is preferred. Certified test data from an approved independent laboratory is acceptable. Test reports must be traceable back to the material heat lot number.
- 15. Inspection Reports** – items furnished under this purchase order shall be accompanied by test and/or dimensional inspection reports as applicable.
- 16. Deleted**
- 17. Nonconforming Product Notification** – a system shall be in place for the control of material nonconforming to drawings, specifications, and/or other purchase order requirements. Such material shall be withheld from shipment until authorized by PEM purchasing department. The supplier shall provide PEM purchasing with a detailed description of the nonconformance(s) in order for PEM quality assurance to make arrangements for disposition of the nonconforming product. PEM reserves the right to issue corrective action to the supplier to preclude recurrence of the nonconformance. If supplier discovers that nonconforming material/product has been shipped to PEM, the supplier shall notify PEM within 48 hours of discovering the nonconformance. Such disclosure will be made to PEM purchasing department.
- 18. Notification of Changes** – the supplier shall notify PEM of any changes in product and/or process definition and, where required, obtain PEM approval of such changes.



Park Engineering & Manufacturing, Inc.

Work Instructions 7.4

Rev: G

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19. Right of Access – the supplier shall allow right of access to PEM, its customers, government, and regulatory authorities to all facilities involved in the order and to all applicable records.

20. Approved Special Process Sources – special processes (i.e heat treatment, NDT, plating, etc) to be performed under this purchase order must be performed by applicable Approved Process Sources. The supplier shall contact PEM purchasing to obtain approved source listing.

21. Sub-tier Supplier Flowdown – the supplier shall flow down to any sub-tier suppliers used the applicable requirements as listed in this purchase order and its clauses. This includes the flowdown of Key Characteristics as well as the use of approved special process sources as required.

REVISION RECORD

Rev. F: 8/27/14; complete rewrite of Procurement Quality Clauses (Form QAC-1 REV. E)
Rev. G: 3/09/15: added Counterfeit Materiel Prevent, FOD, Conflict Minerals & Changes Clauses and Calibration suppliers certified to ISO17025.

Table with 3 columns: Approved By, Signature, Date. Row 1: Jeff Tenney, President, [Signature], 3/10/15