

Puch

Manufacturing

Supplier Quality Manual

Revision A

Issued 11/30/19

Conforms to AS9100 Rev. D and ISO 9001:2015

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0.0 Revision History and Approval

Rev.	Nature of changes	Approval	Date
A	Original issue.	Dale Puch	11/30/19

Section I – Supplier (same as External Provider) Expectations

1.0 Introduction

This Supplier Quality Manual (SQM) has been created to assist our suppliers in understanding the purchasing expectations and quality requirements for products and/or services supplied to Puch Manufacturing. This Supplier Quality Manual will communicate the operating principles, general expectations, and procedures of Puch Manufacturing. Adherence to the guidelines described in this manual is required by all Puch Manufacturing suppliers. Acceptance of any and/or all purchase orders constitutes acceptance and commitment on behalf of the recipient to comply with this manual's content. These guidelines are provided as supplement to, and do not replace or alter, any purchase agreement terms and conditions which are included as requirements of applicable drawings, specifications and other contractual documents. This manual describes the minimum requirements for which the supplier has responsibility. However, system improvements that exceed the requirements specified within this manual are always encouraged.

1.1 On-Time Delivery

Puch Manufacturing requires all suppliers to meet their on-time delivery requirements. To further clarify this, we consider unauthorized early (more than 10 business days) and unauthorized late and partial deliveries (more than 2 business days) or over shipments to be unacceptable. The quantity shipped per order or release cannot vary from specified quantity without prior written (or Email) consent.

1.2 Transportation Costs

Unless otherwise instructed, a supplier shall ship, as directed by Puch Manufacturing Any excess transportation costs, due to the supplier not meeting the shipping instruction requirements, will be deducted from the purchase price.

Section II - Supplier Selection and Performance

2.0 Supplier Evaluation and Selection

Puch Manufacturing will send any new potential suppliers a Supplier Survey which is to be returned within two weeks of receipt. The Survey will be reviewed by the Quality Manager and the determination will be made whether to add said supplier to the Approved Supplier List or not. Puch Manufacturing supply base will consist of organizations supportive of our business needs. Criteria for evaluation and selection of suppliers for placement on Puch Manufacturing's Approved Supplier List is based on the suppliers' abilities to consistently deliver defect free products and/or services, meet our delivery requirements, be cost competitive and be responsive to Puch Manufacturing's needs.

2.2 Supplier Corrective Action Report Criteria

All Suppliers to Puch Manufacturing will be subject to provide Supplier Corrective Action Reports (SCAR) when they are deemed necessary by Puch Manufacturing or any customer of Puch Manufacturing. Supplier Corrective Action Reports shall be critiqued, and reviewed with the Supplier until a satisfactory Supplier Corrective Action Report is submitted or the supplier is removed from the Approved Supplier List. Any supplier who is not on the Approved Supplier List will not be awarded new orders or possibility of new business. If a supplier is determined to be unacceptable, the President will initiate the appropriate actions to find other qualified resources prior to the removal of the supplier from the Approved Supplier List. In the event a supplier is a mandated source by a Puch Manufacturing customer, customer's approval will be required.

2.3 Supplier Classification

Suppliers who are on the Approved Vendor list will be classified as Approved. This would be (Active) in our ERP system. Suppliers who have a status of Non-Approved will be classified as Not Active in our ERP system. Of course any vendor can go through the approval process. Vendors on the Not Allowed list may have the opportunity to re-apply for approval based on a case by case basis if they wish to conduct any future business with Puch Manufacturing.

Section III - Supplier Quality Requirements

- 3.0 Suppliers are expected to have the resources necessary (personnel, property, facilities, equipment and materials) to supply the products and/or services required to accommodate Puch Manufacturing's production schedule and/or PO requirements. The supplier should provide for fluctuations in requirements due to scheduling changes.
- 3.1 Supplier quality systems shall be formally documented, implemented and maintained to ensure suppliers' products and/or services conform to the identified purchase specifications, engineering or material specifications and/or contract requirements. The suppliers' quality documentation shall be made available to Puch Manufacturing upon request. In some cases Suppliers will be required to have certain quality designations and to maintain these certifications up to date. Suppliers of Puch Manufacturing are requested to be compliant to the ISO 9001:2015 international quality standard or a comparable industry specific quality certification.
- 3.3 Each article delivered under a purchase order must be identified with a part number or other identification. All purchased materials and services are subject to inspection for compliance to the purchase order and all applicable quality requirements. No material or process substitutions, quantity variations or splits from the purchase order may be made without prior written authorization from Puch Manufacturing. Information concerning the identification and revision status of specifications, drawings, process requirements, inspection/verification instructions and there relevant technical data will be communicated to the supplier when they quote the job, on the purchase order and/or on the supplementary documents from Puch Manufacturing.

- 3.4 All suppliers to Puch Manufacturing must have a lot identification system that distinguishes one lot from another when shipping finished product. Each lot of material should be clearly identified on the product (where applicable) and/or on the product packaging. All material lots should be traceable to raw or component material lots as identified by the supplier's supplier.
- 3.5 The supplier must conduct a review of all the purchase order requirements to ensure their product or service conforms to those requirements.
- 3.6 The supplier must maintain and calibrate precision measuring and test equipment with a method that is traceable to a recognized standard.
- 3.7 The supplier shall ensure that nonconforming product is identified and controlled to prevent unintended use or delivery. The supplier shall not ship nonconforming materials without prior authorization by Puch Manufacturing. The supplier is responsible to notify Puch Manufacturing of any changes in product and/or process, any changes of manufacturing facility location and receive approval of such change. Suppliers of Puch Manufacturing are required to communicate all information related to the job to any supplier they use to produce Puch Manufacturing's products.

3.7 Record Retention

Records are those which provide evidence of conformity to requirements and the effective operation of the quality management system. Records include documents that indicate the quality requirements on which the suppliers final acceptance of the product is based and those documents that record completion and / or results of inspections / tests which satisfy each of the quality requirements. Inspection records shall as a minimum indicate the nature of the observations together with the number of observations made, the number and type of deficiencies found, the acceptability of product and the action taken on deficiencies.

Suppliers and sub-tier suppliers shall establish and maintain records to provide evidence of conformity to requirements.

Records shall remain legible, readily identifiable and retrievable. Product history records shall be maintained for a minimum of 10 years or as required by the purchase order. The supplier shall not discard or destroy records following the ten (10) year period without written approval from Puch Mfg. The supplier shall retrieve and make available records requested by Puch Mfg. within twenty four (24) hours of request.

3.8 Right of Entry

Puch Manufacturing and its customers or any applicable regulatory authority shall have the right To enter the suppliers' facility to perform inspections or surveillance audits to verify the quality of work, records and to ensure compliance to the contract. When applicable, the access requirement shall be flowed-down by the supplier to the suppliers' sub-tier sources.

3.9 Foreign Object Damage Debris (FOD) Prevention:

The supplier shall establish and maintain an effective Foreign Object Damage / Debris Prevention Program (FOD). The program shall be proportional to the sensitivity of the design of the products(s) or services to FOD, as well as to the FOD-generating potential of the manufacturing or processing methods. The supplier shall establish methods and facilities for identifying, handling, and storing articles to ensure against damage, deterioration or substitution during manufacture, processing, storage and shipment. For components, sub-assemblies and assemblies susceptible to foreign object debris / damage, the supplier shall ensure articles are free from foreign objects and foreign object damage resulting from supplier processing. The supplier shall establish and maintain an effective Foreign Object Damage / Debris prevention program to reduce FOD using AS9146 as a guideline.

3.10 ITAR Compliance

Puch Mfg is a manufacturer of articles that are controlled for export under the International Trade in Arms Regulations (ITAR). This purchase order may contain technical data, export of which is restricted by the International Trade in Arms Regulations (ITAR) or Export Administration Regulations (EAR). Disclosure to Foreign persons without prior US Government approval is prohibited. Violations of these export laws and regulations are subject to sever civil and criminal penalties.

3.11 Counterfeit Materials Avoidance Program

The supplier shall maintain a written and active counterfeit materials avoidance program to accomplish this requirement. The following shall be accomplished as control:

Establish a Parts Control Program that includes:

- Verification of purchased product through inspection or testing means
 - Perform sample inspections
 - Perform sample functional testing
- Material control & certificates of conformance from original manufacturer
- Reporting counterfeit discoveries (i.e., internal, customers, government, GIDEP organization)
- Obsolescence management for awareness of EOL dates from manufacturers
- A register of approved suppliers to minimize risk
- Awareness training for employees

Suppliers are requested to declare the authenticity of the raw materials they use. Suppliers shall enter a statement in their Certificate of Conformance stating that all raw materials used in the manufacture and/or processing of parts for Puch Mfg. are authentic, not counterfeit, traceable to the original manufacturer and suitable for use.