



SUPPLIER QUALITY REQUIREMENTS Manual

PCIQAMP004

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1 Introduction

Paterson Composites recognizes the important role of its Suppliers have in the value offered to its customers. As an addition of PCI's operations, PCI depends on its Suppliers to provide material, products and services which meet all the requirements of PCI contracts and purchase orders, applicable specifications and quality management requirements defined within this document.

This manual applies to all Suppliers including sub-tier suppliers providing PCI with materials, products and related services directly connected to the quality of products.

2 Purpose

The purpose of this document is to inform PCI Suppliers of the requirements needed for the purpose of doing business with PCI. This manual established the expectation of its Suppliers to ensure that all obligations have been met.

The following obligations outlined in each section are required by all Suppliers. It is the responsibility of the Supplier to ensure compliance. Any questions related to this manual should be addressed to the Quality Manager.

3 Definitions & Acronyms

3.1 Definitions

In this manual, the terms "shall" and "must" means that the described action is mandatory. The term "should" means that the described action is necessary and expected with some flexibility allowed.

3.2 Acronyms

PCI	Paterson Composites Inc
CofC	Certificate of Conformance
COTS	Commercial Off the Shelf
FAI	First Article Inspection
NCR	Non-conformance report
QMS	Quality Management System

4 Supplier Approval Process

Paterson Composites requires all potential Suppliers go through an approval process to be listed on its Approved Supplier List prior to a purchase order. The Suppliers will be identified as "preferred", "approved", "conditional" or "unacceptable".

The supplier approval process may include the following:

Supplier initial assessment: Upon request, the Supplier shall provide a copy of its certification(s) and complete a Quality Survey

Documentation assessment: A Supplier Quality System Audit Checklist may be required with a copy of the Suppliers QMS and any supporting procedures to meet PCI's requirements

On-site assessment: In extraordinary circumstances, PCI may require an on-site assessment to determine capability to comply, and to verify continuing compliance, with the requirements

4.1 Certifications

To obtain a status of an Approved Supplier, the Supplier must achieve and provide evidence of an accredited certification, as required, outlined below:

- Calibration Supplier: ISO 17025
- COTS: QMS Compliant
- Distributor: QMS Compliant with ISO 9001 or AS9100
- Special Processes: QMS Compliant with ISO 9001 or AS9100

A Supplier without a third-party certification may be authorized, conditional of additional evidence of compliance. This may include a self-assessment completed by the Supplier or a second-party audit completed by PCI.

5 Supplier Code of Conduct

The Supplier shall ensure operations are being performed in a manner that is appropriate, as it applies to its ethical, legal, environmental and social responsibilities.

Confidentiality: The Supplier shall ensure the confidentiality of PCI contracted products and projects under development and related product information, as well as intellectual property shared as a result of the working relationship.

Compliance: The Supplier must maintain and operate its facilities and processes in accordance with applicable local, provincial and state laws and regulations.

Awareness: The Supplier is required to ensure persons are aware of their contribution to product or service conformity and product safety and the importance of ethical behaviour.

6 Overall Requirements

6.1 Compliance

All purchase orders received from PCI shall be reviewed by the Supplier's organization. Upon accepting the PO, the Supplier is responsible for compliance to all purchase order requirements. All documents, drawings and specifications, are applicable to the Supplier when specified in the PO.

Neither surveillance, inspection and/or tests completed by PCI or applicable Government Authority at either Supplier (or at any sub-tier facilities) or upon receipt at PCI shall relieve the Supplier of the responsibility to furnish an acceptable item or services that conforms to the requirements of the procurement document.

7 Product & Process Control Requirements

The following obligations outlined in section 7 have been divided into distinctive supplier requirement tiers. It is the responsibility of the Supplier to ensure compliance as outlined below.

Tier I: This product has been identified as item(s) not affecting products or services supplied to the customer. An example of this tier would be items that fall into the COTS category.

Tier II: This product has been identified as item(s) that will be used in products or services supplied to the customer. In addition to Tier I requirements, the item(s) require additional certifications and/or additional testing. See Tier II conditions summarized below.

Tier III: This product has been identified as item(s) that will be used in products or services supplied to the customer and has been identified as an obligation with AS9100 requirements. In addition to Tier II requirements, the item(s) requires additional controls. See Tier III conditions summarized below.

7.1 Tier I Requirements

7.1.1 Receiving, In-Process and Final Inspection

The Supplier shall be responsible for the conformance of all raw material, components, assemblies, test and processes including those purchased from sub-tier suppliers.

The Supplier shall also have a process to ensure that all products are inspected during production as appropriate and upon completion of the products/services.

7.1.2 Packaging, Labeling and Delivery

In order to detect deterioration, the condition of product in stock should be assessed at appropriate intervals. The Supplier should use a system to ensure proper stock rotation, such as “first-in-first-out” (FIFO). The Supplier must adequately package product to prevent contamination, deterioration or loss to eliminate shipping damage. All packages shall have clear identification. The Supplier shall inform PCI of any delay in delivering product and provide status as needed.

7.2 Tier II Requirements

7.2.1 Quality Management System

The Supplier and their sub-tier(s) should maintain a QMS appropriate for the product or services supplied to PCI. This document shall be supplied to PCI upon request. Any changes to the Supplier QMS that could impact the quality or services delivered should be notified to PCI Management.

7.2.2 Non-Disclosure

Documents provided by PCI to the Supplier are provided solely for the purpose of doing business with PCI. The Supplier is responsible for controlling and maintaining these documents to prevent improper use, loss, damage, alteration and/or deterioration.

Unless authorized by PCI in writing, the Supplier cannot transmit any PCI supplied documents or copies of these documents, to anyone outside the Supplier’s business organization. The Supplier shall return or purge electronic copies of all proprietary documents with the last delivery of products or services of the Purchase Orders. PCI may request evidence that documents have been destroyed or purged. This requirement shall be flowed down to sub-tier sources as required.

7.2.3 Special Characteristics

The Supplier shall demonstrate conformity to Special Characteristics specified by PCI through documentation and appropriate control methods. The Supplier shall review, identify and document applicable critical items to achieve quality products and/or services.

7.2.4 Measuring and Test Equipment

The Supplier shall be responsible for validating the accuracy and stability of tools, gauges and test equipment used to demonstrate conformance specified in the provided documentation. As a minimum, measuring equipment shall comply with paragraph 4.1. The equipment shall be calibrated or verified prior to use and the status of the equipment shall be identified to determine the status.

7.2.5 Shelf-Life

The Supplier shall ensure that every delivery of materials or products that have a limited or specified shelf life must be received with a minimum of 80% shelf life remaining. The Supplier will provide documentation that shows:

- The manufacture date
- The expiration date or shelf life
- Lot or batch number
- Special handling or storage requirements as applicable

7.2.6 Non-Conforming Material/Product

The Supplier shall not knowingly ship any products or services that deviate from the drawing specification limits without prior written notice from PCI. In this occurrence, the Supplier must get written authorization from PCI to authorize shipment. Any decision to accept non-conformance items that has been submitted will be made by PCI Management. The item(s) shall be clearly identified and noted on all documentation.

For any items that were found to be non-conforming after they were shipped to PCI, the Supplier shall complete a Corrective Action Request that will include containment actions, analysis of the root cause, and action taken to prevent recurrence.

7.2.7 Rework vs Repair

Rework: is characterized as additional operations that are not part of the basic production process which will bring the product into full compliance with applicable drawings and specification. The Supplier should notify PCI if rework is required. All rework shall be documented and accepted by the Supplier.

Repair: is characterized as using alternative methods, materials or processes which may not bring the product into full compliance with the applicable drawings and specifications. Repairs are not allowed to be completed by Supplier without written approval by PCI.

7.2.8 Certificate of Conformance

The Supplier shall provide a CofC providing a statement that the items furnished, per the purchase order, have been manufactured, tested and inspected in accordance with the requirements of the applicable drawings and specifications which shall be signed by an authorized representative. All CofC's must be in English and shall include but is not limited to:

- Supplier Name and address
- PCI purchase order number and line item (if applicable)
- Part number
- Quantity
- Serial number or batch number (if applicable)
- Drawing and/specification revision
- Sub-tier process (if applicable)

PCI may refuse to accept item(s) if Supplier fails to submit certifications, documentation, test data or reports specified by the procurement document.

7.2.9 Right of Access

The Supplier shall allow access to PCI and its customer as well as Regulatory Authorities to the facilities and records of the Seller and the Seller's sub-tiers regarding the purchase order requirements. Right of Access will be coordinated in a timely manner between Buyer and Seller.

7.3 Tier III Requirements

7.3.1 FAI Requirement

The Seller is required to provide a First Article Inspection if any of the following events occur:

- The first production run parts of new programs based on a contract with the customer(s).
- A lapse in production for two years or as specified by the customer
- Design change that affects the configuration or function of the parts
- Change of a supplier, processes, location, tools or material that may affect the configuration or function of the parts

Actual measured values shall be recorded. Unless otherwise required by the Purchase Order, all FAI's shall be documented in accordance with AS9102.

7.3.2 Counterfeit Parts

The Supplier shall certify that only new and authentic materials are used in products or goods delivered and that the products/goods delivered contain no Counterfeit Parts.

7.3.3 Source Inspection

Supplier products or services may be subject to source inspection by PCI, representatives of the customer or applicable government or regulatory agencies. If a source inspection is required prior to shipment of items, Supplier shall provide necessary access, equipment and resources required to effectively accomplish the source inspection. Source inspection will be included on the purchase order and may apply to any or all operations performed by the Supplier and their sub-tiers.

7.3.4 Record Retention

Unless otherwise specified by PCI, the Supplier shall maintain all records that provide objective evidence of compliance to PCI purchase order requirements for a minimum of seven (7) years after the last delivery of products and/or services. These records shall be made available to PCI upon request. Prior to discarding, transferring or destruction of such records, the Supplier shall notify PCI in writing and give PCI the opportunity to gain possession of the records. These requirements are also applicable to records generated by Supplier's sub-tier sources.

8 Performance

PCI's evaluation system uses a number of factors such as quality and delivery to develop an overall Supplier performance evaluation. This evaluation serves as an objective measure to determine whether PCI expectations have been met.