



Supplier Quality Agreement

PURPOSE:

The purpose of this document is to define and communicate the AsteelFlash Group (AFG) basic quality expectations to the supplier. Should a supplier find these requirements outside their capability, it is expected that the supplier will notify AFG of the specific issue.

SCOPE:

Requirements defined in this document are applicable to Suppliers with an AsteelFlash Group purchase order for products and services used in the manufacture, assembly, integration and service of products for AsteelFlash Group customers. Signed contracts take precedence.

CONFORMANCE TO REQUIREMENTS:

It is expected that the supplier will deliver material that is certified to meet the requirements defined by the purchase order on time and in good condition.

It is the supplier's responsibility to ensure product meets quality requirements before product is shipped.

It is expected that AFG will supply all required documentation in the form of a certificate of conformance or compliance.

It is expected that the supplier will contact the AFG Buyer if the supplier does not have the documentation of requirements to satisfy the purchase order.

COST OF POOR QUALITY:

When supplied material fails to meet requirements, supplier agrees to compensate AsteelFlash for material costs PLUS \$150 administrative charge back per transaction.

AsteelFlash will provide a non-conforming material report (NCRM) that identifies material that fails to meet requirement in the form of:

SPECIFICATION or REQUIREMENT and ACTUAL FINDING or IS CONDITION.

When AsteelFlash notifies a supplier about material that has failed electrical testing, or about material that does not meet a mechanical requirement, the supplier will supply RMA within 24 hours of receipt of the request.

When AFG notifies a franchised distributor that material they represent has been found suspect, the supplier will provide RMA within 24 hours. If the manufacturer of the material requires failure analysis, the franchised distributor will facilitate the failure analysis and represent AFG. Financial compensation can be adjusted based on failure analysis.

NOTIFICATION OF PRODUCT QUALITY OR DELIVERY ISSUES:

If a potential product defect, yield, capacity or other problem/situation could negatively impact commitments to AsteelFlash, the supplier must take immediate containment and corrective actions, then notify the AsteelFlash Buyer of record.

Complete information concerning the effect on AsteelFlash sites or customers, schedules and cost must be rapidly determined and communicated. AsteelFlash will work closely with the supplier and provide all possible assistance in resolving the issue.

CHANGE NOTIFICATION:

Suppliers must notify AsteelFlash immediately of any changes that may impact form, fit, function, quality, reliability, safety, or agency requirements. Suppliers must also notify AsteelFlash of any change in location of manufacturing facilities. Suppliers must notify AsteelFlash as soon as possible when products are forecast to reach end of life and become obsolete. This requirement also includes



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timely notification to AsteelFlash of any quality alerts, field reliability issues, product recalls, or regulatory agency non-compliance events.

SUPPLIER QUALIFICATION:

AsteelFlash will have a current quality system certificate available or an approved Supplier Self Evaluation (105F8) on file.

QUALITY PLAN:

When requested, supplier will supply or develop a Quality Plan to meet the requirements of this specification within the timeframe agreed to. A typical quality plan is a comprehensive flow diagram of the overall process from receipt of purchased material to shipping finished product that includes:

- All operations,
- Incoming material into the process.
- Critical parameters defined to control quality of each process/part.
- Statistical Control techniques used to control each process/part.
- All inspection and test points along with samples size.
- Inspection or test methods with acceptance criteria.
- Equipment used for test, inspection and measurement.

Data taken by the supplier as a normal part of the defined processes must be available for review when required. Examples of this data would be supplier outgoing sample inspection results and out of the box quality audit results.

SUPPLIER FIRST ARTICLE INSPECTION (SFAI):

Supplier must perform and supply First Article Inspections Report with purchased parts or materials when:

- A custom or semi-custom part is ordered for the first time.
- A revision change or manufacturing process change that impacts form, fit or function has been made.
- New or a change to tooling is introduced.
- Manufacturing site is changed.
- Modification(s), other than routine maintenance, are made to tooling.

Every parameter, note, specification, figure dimension, etc. on the appropriate engineering specification shall be assigned a unique identifying number and shall be tested, measured, or verified. The ID number should be marked on the specification beside the dimension, note, etc. as well as on the SFAI form. Each requirement is to be inspected accordingly and the results RECORDED on the form. Each entry, detailing an out of tolerance, or an out of specification condition should be highlighted. Additional data sheets and supplemental information may be attached to the SFAI, as the supplier wishes; however, this type of information will not substitute for the SFAI.

The SFAI must be performed on at least one (1) production part or assembly selected at random. When a multi-cavity tool is used in making castings, metal or plastic parts, the SFAI must be performed on at least one (1) part from each cavity of the tool.

If a discrepancy is due to specification error and requires a specification change, AsteelFlash will take the lead in having Engineering Change Notices (ECN) generated and will notify the supplier in writing of approval to ship the product. The ECN or deviation number will be recorded on the SFAI when received to document that the discrepancy has been corrected. If no discrepancies, or non-conformances, are identified the supplier will ship the completed SFAI form and data with the material shipment. It is recommended that the SFAI be clearly marked and placed with the packing slip.



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SUPPLIER CORRECTIVE ACTION REQUEST (SCAR):

Effective and timely corrective and preventative action is required in the event of a purchased part or material discrepancy. When it is determined that the discrepancy is the responsibility of the supplier, the supplier shall respond to requests for corrective action with initial response within 24 hours and a final response within 14 days.

Actions will be:

- 1- Replace defective material with conforming material as soon as possible.
- 2- Contain the problem so further defective material does not escape the process or inventory.
- 3- Analyze and determine the root cause.
- 4- Define and implement cause removal and corrective actions.
- 5- Verify effectiveness of corrective action.
- 6- Define actions to prevent recurrence of the same or similar problem.

When SCAR is required by AsteelFlash, the supplier is to follow the process described above and submit documented actions and results via a SCAR form.

PACKAGING:

All parts that are shipped into AFG facilities must be efficiently and adequately packaged to protect the parts from damage that can be encountered in the distribution environment. Manufacturers know the specific fragilities of the parts they make. It is their responsibility to define and use packaging that will protect their parts while in transit, and minimize package size.

Shipments to AFG will be labeled as outlined in the AFG Packaging Requirements document.