

Subcontractors' Quality Requirements

P/N: 003-04-0013

1. General

This document constitutes an inseparable part of all purchase orders sent to the Supplier. The Supplier shall acknowledge compliance to all requirements specified in this document, which are relevant to his line of work. If he does not conform to a particular requirement, he shall notify this to the Company in writing.

2. Supplier Quality System Requirements

- The Supplier shall implement an effective total quality system, based on at least the standard ISO 9001:2015.
- In cases when the Supplier is required work only with approved subcontractors, the Supplier shall be required to prove that the work has been carried-out by the contractors which he was required to use. The Supplier shall submit the COC / COT / special procedures reports of these subcontractors.
- Alexander Schneider gives the Supplier power of attorney to approve the product about special processes, including those performed at his subcontractors.
- The Supplier shall not make use of alternative raw materials, or processes different to those specified in the documentation accompanying the order, without written permission from Schneider.
- The subcontractor shall purchase parts from the original part manufacturer (OCM), or from the manufacturer of the original equipment (OEM), or from a supplier approved by them – There shall be a traceable pedigree from the stage of the manufacture of the part at the original manufacturer. If an original part cannot be purchased, the authenticity of the part to be purchased shall be verified as well as its integrity, and written permission for the use of the part shall be obtained from Alexander Schneider.
- When the Supplier needs to use tools which must undergo calibration, the Supplier shall use tools calibrated in laboratories accredited Laboratory, or accredited by the tool manufacturer, or in accordance with the instructions of the tool manufacturer. Documentation pertaining to the last calibration shall be kept.
- The Supplier shall bring to the attention of Alexander Schneider any changes in the product, the production process, external suppliers of the Supplier, the production site, means of production, personnel critical to the production process (e.g. QA manager, quality control manager, production manager, engineering manager, or any personnel critical to the production of the said parts). Products which have not received written approval of the requested change from the Purchasing Department shall not be supplied to A. Schneider.

- The Supplier commits to employ workers who are suitably qualified and experienced for the work in hand.
- The Supplier shall pass-on to his subcontractors the requirements emanating from this present document and from the purchase order, including key characteristic. The Supplier shall be directly responsible for the quality of the products which he purchases from his subcontractors, including those specified in the Schneider purchase order. The Supplier shall be responsible for measuring the quality performance of his suppliers. The Supplier shall be responsible for passing-onward to his chain of subcontractors the quality requirements of the Schneider order.
- In cases where any change must be made to the original documentation issued to him, the Supplier shall not continue to perform the work until he receives updated documentation or written instructions. The Supplier shall communicate the implications of the changes (delivery date, costs, etc) to the Schneider Purchasing Department.
- The Supplier shall keep his quality-related records for at least 2 years, in such a way as to allow them to be accessed easily and fast – documents shall be retrievable within one workday.
- Schneider, its customers, and legislative authorities reserve the right to access all records and production sites connected to the order given to the Supplier.

3. Environmental Requirements

The Supplier shall fulfil all the requirements of the RoHS 2002/95/EC directive, and declare conformance of the products to this directive.

4. IN-PROCESS QUALITY CONTROL

Products manufactured by a subcontractor of the Supplier shall be examined for their conformance to specification, before they proceed to the next stage of production and/or are delivered to Alexander Schneider.

5. .5 FINAL INSPECTION

- The final inspection shall be on the basis of 100% of dimensions for at least one item, or according to the quantity specified in the order.
- Inspection shall be according to MIL-STD-1916 with an AQL of 2.5%, unless otherwise specified in the purchase order. The standard used for the inspection and the AQL used in the inspection shall be recorded in the inspection documentation.

- For critical components and dimensions, which shall be defined to the Supplier in the purchase order, and/or in the appendix to the order and/or in drawings, the Supplier shall perform an 100% inspection.
- Inspection results shall be submitted to Alexander Schneider.

6. Order Confirmation

- The Supplier shall examine the order – the requirements defined therein and in accompanying documentation and shall turn to Schneider's Purchasing Department if any clarifications are required. The order shall be approved only after all information is understood.
- The Supplier shall confirm the receipt of the order in writing and shall state a guaranteed delivery date for each item, after having checked that he is capable of conforming to the requirements of the order.
- Order confirmations shall be submitted to Schneider within 48 hours of receiving the order.
- If after the order was confirmed, the Supplier discovers that he cannot, for any reason, deliver on time, he shall notify Schneider in writing to seek their agreement on the matter. In such a case, Schneider shall have the right to cancel the order.

7. Materials Control

- The Supplier shall be responsible for verifying and confirming the receipt of raw materials within 24 hours, and before the commencement of work.
- Raw materials and finished products belonging to Schneider shall be managed, stored and labelled separately from products belonging to the Supplier's other customers, and from the Supplier's own products.
- Upon completion of production, arrangements shall be made with the Purchasing Department for the return of the remaining raw material. The raw material returned to Schneider shall be labelled with its catalogue number and quantity for each item. The raw material returned shall be accompanied by a waybill specifying catalogue numbers and quantities for each item.
- Accounting shall be made between the Purchasing Department and the Supplier for raw material deficits – in comparison to the quantities expected to remain.

8. Non-Compatible Product or Material

- The Supplier shall implement a system for identifying, segregating and documenting incompatible raw materials and products.
- The Supplier shall report to Schneider's Purchasing Department every non-compatibility discovered in raw materials and/or in finished products. The way to manage the said non-compatibilities shall be communicated to the Supplier in writing.
- Items supplied, with an incompatibility which has been approved by client, shall be marked and the approval document shall be attached to the batch.
- The Supplier shall implement MRB to analyse the reasons for non-compatibility and detail the findings. The report of the findings and the actions taken shall be communicated to Schneider.
- Agreement to accept non-compatible items does not imply removal of responsibility from the supplier of these items.
- When goods are returned from Schneider to the Supplier for repair or rework, the Supplier shall perform an acceptance inspection, and shall notify Alexander Schneider within 24 hours, if the raw material arrived incomplete and/or defective.

9. Documentation Requirements

- For every order, the Supplier shall provide Schneider with the following documentation:
 - COC
 - For manufactured products: COT and dimensions report
 - Validation reports for special procedures performed by his subcontractors
 - Verification reports for raw materials purchased by the Supplier
- The Supplier shall make sure that he submits, together with the shipment, all the documentation specified in the purchase order, in addition to the above-mentioned documents.
- Failure to submit all of the specified documentation shall be a reason for rejection of the batch received.
- For all documents submitted with the order, the order number and the catalogue number of the item to which the required report refers shall be recorded.

10. MARKING & PACKAGING

- Before packaging the product, the absence of foreign object debris (FOD) shall be verified.
- All products shall be marked on their outer packaging with the following: Catalogue number, quantity, purchase order number.
- The products shall be packaged in a suitable packages, so as to prevent any possibility of mechanical shock during transport and storage (shocks, scratches, corrosion, etc.) .

11. Shipment

- In cases where shipping is the responsibility of Schneider, the Purchasing Department shall be contacted when the product is ready. The Supplier shall communicate to Schneider the quantity of packages, their dimensions and weight.