



QUALITY OPERATING PROCEDURE Q0501

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Area	Quality	Rev #: C
Title	General Supplier Quality System Requirements	Effective Date: 12/8/2017
Document Owner	Michelle Foss	Page 1 of 10

1.0 PURPOSE:

This document establishes requirements for flow down of quality management system requirements to suppliers. This document establishes requirements for supplier's quality control systems. These requirements are in addition to those set forth in specific purchase orders or any other contractual documents. Excluded are suppliers of stationary and janitorial supplies.

2.0 SCOPE:

This procedure applies to all suppliers of UltraSource, Incorporated. Allowance to depart from the UltraSource's quality requirements is at the sole discretion of UltraSource. Authorized departures will be managed under UltraSource's waiver process and noted in the supplier's file.

The quality management system requirements are reviewed regularly to ensure that all customer requirements and expectations are incorporated and that our suppliers satisfactorily comply with these requirements. In addition, it is our goal to regularly identify and incorporate improved quality systems or industry practices.

3.0 APPLICABLE DOCUMENTS:

USI Purchase Order
 Associated Drawing(s)
 Q1026 Quality Assurance Procedure for Raw Material Specification
 Q0501-XX Addendum to Document outlining Customer Specific Purchase Order Requirements to flow down to Suppliers "Q" Notes

4.0 APPLICABLE EQUIPMENT:

This section is not applicable.

5.0 DEFINITIONS:

Quality Records - All relevant forms, documents, and/or electronic media used by UltraSource®, Inc. to demonstrate achievement of the required quality, and the effective operation of the documented Quality Management System.

Material Records - Records providing evidence that all raw material used in the production of the finished product has been purchased or manufactured, identified, inspected or tested in accordance with, and compliant to, current approved specifications.

(SQR) Supplier Quality Requirement

UltraSource®, Inc.; may also be referred to as UltraSource, USI or "the company".

CONTROLLED DOCUMENT

Procedure #	Q0501	Rev: C
Title:	General Supplier Quality System Requirements	Page 2 of 10

6.0 RESPONSIBILITIES:

The supplier shall follow the requirements as outlined in this procedure during the fabrication of all parts, sub-assemblies, and tooling involved in the manufacturing, distribution, and shipping of USI products or when performing and providing a service for USI. The supplier must retain on file evidence of conformance. By shipping the product to USI, suppliers confirm that the product meets or exceeds all applicable USI engineering and / or purchase agreements, purchase orders, functional test requirements, and / or supplier design control documents. The supplier is also responsible for ensuring sub-tier supplier-produced parts, components, or services conform to USI approved design data. Certification with ISO 9001, or AS9100 standards is preferred for all suppliers. However, as a minimum, suppliers must meet USI's requirements to the extent further imposed by the provisions of applicable drawings, specifications and Purchase Orders.

6.1 DISTRIBUTORS

Distributors as the direct supplier to USI Inc. and the representative manufacture are responsible for compliance with all procurement action requirements. The applicable requirements of all quality clauses and technical requirements listed on the procurement action will apply to both the distributor and the manufacture of the product.

Note: Distributors, if a manufacture's Certificate of Conformance is not provided with each shipment of product, USI reserves the right to request at the time of, or after receipt of product, a manufacturer's Certificate of Conformance to ensure that the product provided is as specified in the USI Inc. procurement document.

6.2 QUALITY AUDITS

The supplier's Quality System may be subject to initial and/or periodic audits, at a frequency determined by USI or its customers, to determine compliance to these or any other contractually imposed requirement.

6.3 RIGHT OF ACCESS

USI, its customers and applicable regulatory agencies shall be granted access to the facilities involved in a specific purchase order and all applicable records pertaining to that order.

7.0 STANDARD FLOW DOWN OF QUALITY REQUIREMENTS FOR SUPPLIERS

The supplier shall flow down all applicable quality requirements to any subcontractors used in the performance of any contract received from USI. This includes key characteristic(s) where required.

CONTROLLED DOCUMENT

DT7007 Revision A Released per ECO 12891	UltraSource, Incorporated 22 Clinton Drive Hollis, NH 03049
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Procedure #	Q0501	Rev: C
Title:	General Supplier Quality System Requirements	Page 3 of 10

7.1 SUPPLIER RESPONSIBILITY – PRODUCT / PROCESS CHANGES

The supplier shall maintain a system for the control of quality that complies with the standards as listed above. This system shall be subject to USI Inc. approval and shall include, but not be limited to, the following:

- The quality system shall assure that all services and product offered for acceptance has been subject to all examinations and tests required proving conformance to contract or purchase order requirements.
- The supplier shall notify USI Inc. of organizational changes affecting quality management, supply chain management, or ownership within 10 business days of the change. A change in location or certification status, as well as significant organizational changes, may result in an on-site visit from USI.
- Supplier must notify UltraSource in advance of product or process changes that could impact Form, Fit, Function, Interchangeability, or Reliability. Changes of this nature shall not be made without prior approval from USI Quality Manager.

7.2 DOCUMENTATION

Supplier is responsible to obtain all referenced documents. Documents not provided with the purchase order are available upon request from USI Inc. Purchasing. In the event a purchase order does not have a revision listed, it is the responsibility of the supplier to obtain this information from the buyer.

7.3 RECORDS

Records and other objective evidence of inspection testing, assembly, processing, and fabrication shall be retained by the supplier for a minimum of 7 years after the final contract shipment unless otherwise specified. These records shall be identified and stored to enable the records to be readily located and retrieved.

7.4 CESSATION OF OPERATIONS

If the supplier ceases operations, the supplier is responsible for notifying USI within ten business days and arranging for transfer of all applicable records to USI custody. If the supplier is sold or merges with another company it is the responsibility of the supplier to notify USI within ten business days and to ensure that all records are transferred to the new company and that USI is notified of the new storage location.

7.5 RECORD TYPES

Types of records to be retained include as applicable, but are not limited to: First Article inspection reports; Inspection and test procedures; Laboratory and other test records; Non-Destructive Testing techniques and records; X-Ray techniques and records; Inspection history (route cards or record cards); Traceability information; Supplier drawings and specification change history; Calibration records; Quotation/procurement documents; Receipt inspection records and Supplier approval documents. Other records may be required and will be noted accordingly on the purchase order.

CONTROLLED DOCUMENT

DT7007 Revision A Released per ECO 12891	UltraSource, Incorporated 22 Clinton Drive Hollis, NH 03049
--	--

Procedure #	Q0501	Rev: C
Title:	General Supplier Quality System Requirements	Page 4 of 10

7.6 CORRECTIVE ACTION

Requests for Corrective Action shall be answered and returned by the due date given on the Corrective Action Request (CAR). The supplier is responsible for determining and implementing corrective action and for performing follow-up actions to verify the effectiveness of corrective action.

7.7 MEASURING AND TEST EQUIPMENT

The supplier shall provide and maintain sufficient gauges and other measuring and test devices that are accurate enough to assure product conformance. As appropriate to the scope of the activities performed, the supplier shall maintain a calibration system that complies with or meets the intent of any of the following: ISO 10012, ISO/IEC 17025 or ANSI/NCSL Z540.

7.8 ULTRASOURCE SUPPLIED MATERIAL

When USI furnishes material, the supplier’s procedures shall include, as a minimum,

- Examination upon receipt to detect damage in transit,
- Periodic inspection and precautions to assure adequate conditions and to guard against damage from handling and deterioration during storage,
- Functional testing, either prior to or after processing, or both, as required by contract or specification to determine satisfactory operation.
- Identification and protection from improper use or disposition.
- Verification of quality.
- Notification/Reporting of any discrepancies/concerns to the USI. Quality department.

7.9 RECEIVING INSPECTION

Unless otherwise stated within the purchase order, purchased material, product and processes will be subject to inspection at USI Inc. as necessary to assure conformance to contract or purchase order requirements. Initial acceptance of the order at USI does not relieve the supplier of any responsibility to produce acceptable product for which they are contracted.

7.10 NON-CONFORMING MATERIAL

The supplier shall establish and maintain an effective and positive system for controlling non-conforming material, product and processes, including procedures for the identification, segregation, presentation and disposition of reworked product. All non-conforming products shall be positively identified to prevent use, shipment and intermingling with conforming product. Nonconforming product shall not be submitted without prior notification and authorization / approval from USI Purchasing.

CONTROLLED DOCUMENT

DT7007 Revision A Released per ECO 12891	UltraSource, Incorporated 22 Clinton Drive Hollis, NH 03049
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Procedure #	Q0501	Rev: C
Title:	General Supplier Quality System Requirements	Page 5 of 10

7.11 CERTIFICATE OF CONFORMANCE

Each shipment of material, product and / or processed parts shall be accompanied by a legible and reproducible copy of a Certificate of Conformance with the signature of an authorized company representative stating that the material, process or product being shipped meets the requirements of applicable drawings or specifications cited in the purchase order. The certificate must list each special process that appears on the drawing such as: non-destructive examination, and plating or coating, etc. Perishable products controlled by batch number or cure date and products controlled by heat number will have applicable controlling number on the individual certificate. The supplier shall include the date of manufacture and the USI purchase order number and USI part number with its revision (as it appears on the PO) on the C of C with a statement of conformity of the product shipped. Evidence/records substantiating the C of C must be on file and available upon request in accordance with the records clause of this document. **In addition, a copy of the Original Manufacturer (OEM) C of C shall be included with raw substrate material (as applicable to raw substrate material sourced from a manufacturer other than the supplier providing the material).**

7.12 CHEMICAL AND / OR PHYSICAL TEST REPORTS

When required, legible and reproducible copies of all chemical and / or physical test reports, identifiable with the furnished materials, must accompany each shipment. These reports must contain the signature and title of the authorized representative of the agency performing the test. The reports shall be identified with the specification number, revision and lot identification (heat, run, batch, and/or cure lot number as applicable to the product). Chemical and Physical test reports shall include the actual numerical values for each property tested in accordance with the applicable specification. When more than one specimen is required, a test result of each is required on the report.

7.13 PROCESS CERTIFICATION REQUIREMENTS

A legible and reproducible copy of special process certifications (i.e. testing, assembly, nondestructive testing, plating, etc.) shall accompany each shipment of material or parts for which such processing has been accomplished. Special processes shall be performed by customer (process specification owner) approved sources. Certifications are to include all specifications listed in the order of sequence and date performed.

7.14 DOMESTIC MATERIALS

Specialty metals, such as Titanium and Stainless Steel, must be of a domestic origin as defined by DFARS Clause 252.225-7014, Preference for Domestic Specialty Metals.

7.15 COUNTERFEIT PARTS / MATERIALS

- a. Seller shall not furnish to Buyer any Goods under this Contract that are “Counterfeit Goods,” defined as Goods or separately-identifiable items or components of Goods that:
 - (i) are an unauthorized copy or substitute of an Original Equipment Manufacturer or Original Component Manufacturer (collectively, “OEM”) item;
 - (ii) are not traceable to an OEM sufficient to ensure authenticity in OEM design

CONTROLLED DOCUMENT

DT7007 Revision A Released per ECO 12891	UltraSource, Incorporated 22 Clinton Drive Hollis, NH 03049
--	--

Procedure #	Q0501	Rev: C
Title:	General Supplier Quality System Requirements	Page 6 of 10

and manufacture; (iii) do not contain proper external or internal materials or components required by the OEM or are not constructed in accordance with OEM design; (iv) have been re-worked, re-marked, re-labeled, repaired, refurbished, or otherwise modified from OEM design but not disclosed as such or are represented as OEM authentic or new; or (v) have not passed successfully all OEM required testing, verification, screening, and quality control processes.

b. Seller shall implement an appropriate strategy to ensure that Goods furnished to Buyer under this Contract are not Counterfeit Goods. Seller's strategy shall include, but is not limited to, the direct procurement of items from OEMs or authorized suppliers, conducting approved testing or inspection to ensure the authenticity of items, and, when items are to be procured from non-authorized suppliers, obtaining from such non authorized suppliers appropriate certificates of conformance that provide one or more of the following: (i) the OEM's original certificate of conformance for the Item; (ii) sufficient records providing unbroken supply chain traceability to the OEM; or (iii) test and inspection records demonstrating the item's authenticity.

7.16 ITAR

UltraSource is considering awarding your firm a work order, PO or contract involving defense articles, which are under the jurisdiction of the International Traffic in Arms Regulations (ITAR). These are unclassified items, but effective control over these goods must be kept from "foreign persons", defined as anyone who is neither a US citizen nor a permanent resident (Green Card holder). Likewise, any technical data (if any) that UltraSource sends along with the hardware would have to be similarly kept so that foreign persons could not access the data.

7.17 AGE SENSITIVE MATERIALS

The supplier shall identify all materials that are age controlled or life limited with the date of manufacture and the date at which the useful life is expended (shelf life or cycle life). A signed statement regarding the commodity on company letterhead stating the shelf life conditions of the particular product is acceptable. When environment is a factor in determining useful life, the identification shall include the storage conditions required to achieve the stated life. Unless otherwise stated in the body of the purchase order, product supplied to USI Inc. shall have a minimum of 70% of its life expectancy remaining at time of delivery.

7.18 PACKAGING

Unless otherwise specified by the purchase order, the supplier is responsible for assuring that all items are delivered without damage or deterioration. Packaging and verification of the packaging will cover the prevention, detection and removal of foreign objects. Unit and intermediate packaging shall be employed as necessary to prevent damage or deterioration.

7.19 SHIPPING DOCUMENTS

Every shipment shall be accompanied with a detailed Certificate of Conformance and packing slip listing purchase order number, USI part number with its revision, quantity, and description written as shown on the purchase order. Failure to provide this

CONTROLLED DOCUMENT

DT7007 Revision A Released per ECO 12891	UltraSource, Incorporated 22 Clinton Drive Hollis, NH 03049
--	--

Procedure #	Q0501	Rev: C
Title:	General Supplier Quality System Requirements	Page 7 of 10

information will be just cause for withholding payment without loss of discount privileges until such documents are made available.

7.20 CONFIDENTIALITY ISSUE

All documents provided for the purpose of submitting a quotation or fulfilling purchase order requirements, are Customer property and should be considered of a strictly confidential nature. These documents must be returned to USI upon request.

7.21 FIRST ARTICLE REQUIREMENT – only if specifically called out on Purchase Order

Compliance to requirements shall be verified by performance of a first article inspection. First article inspection reports shall include a work order number, all drawing dimensions, general notes, and tolerance range along with actual measurement results, and where physical testing is required, the results of the tests. First Article parts shall be identified as "First Article" by tagging, separately packaging them or by other suitable means. If required by contract or purchase order, the first article shall be in accordance with AS9102 latest revision.

7.22 SOURCE SURVEILLANCE

When this SQR is imposed, the USI’s Quality Representative, USI’s Customer, and applicable regulatory authority shall perform evaluation / acceptance of product at the supplier’s facility. This will include surveillance of the products and supplier's systems, procedures, and facilities. The supplier shall furnish, at no cost, the necessary facilities and equipment, supply data, and perform tests / inspections as required by applicable drawings, specifications, or USI Inc. directed Inspection Instructions under surveillance of USI Supplier Quality Representative, USI’s Customer, and / or applicable regulatory authority. The supplier is to notify USI Inc. Buyer, requesting source surveillance at a minimum of 48 hours in advance of desired inspection date.

CONTROLLED DOCUMENT

DT7007 Revision A Released per ECO 12891	UltraSource, Incorporated 22 Clinton Drive Hollis, NH 03049
--	--

Procedure #	Q0501	Rev: C
Title:	General Supplier Quality System Requirements	Page 8 of 10

7.23 MATERIAL SUBSTITUTION PROHIBITION

A. Unauthorized Material Substitution (General)

Unauthorized material substitutions are not permitted on Buyer's Goods. Unauthorized material substitution includes any deviation from the engineering definition of a raw material. Engineering definition includes Buyer design drawing and applicable specifications, product specification, form, size, shape, chemistry, melt method, origin, temper/condition, product testing or surface finish. Alternate materials specified in the engineering definition (and often described as approved material substitutions therein) do not constitute unauthorized material substitution.

Contact Buyer's Authorized Procurement Representative for details regarding deviations to authorized materials. Seller agrees and understands that such deviations only apply to this purchase contract, and only as indicated in the Buyer's authorized document.

B. Specification Supersession:

For government specifications and standards canceled after June 1994, Seller and subcontractors at all tiers shall use the last active revision of the canceled specification and standard until an acceptable replacement is included in the requirements of this Contract. Contact the Buyer's Authorized Procurement Representative in the event of any inconsistency in applicable specification or standard.

C. Reports

(Full Pedigree from melt to final product) - Raw material certifications shall show clear traceability to the manufacturer(s) of the raw material including ingot source, all thermo-mechanical processing (i.e. forging, rolling, drawing, etc), heat treatment, chemical processing and inspections as required by applicable raw material specification requirements.

D. Chain of Custody (Disguising intermediate ownership)

Suppliers shall not disguise the pedigree of material or chain of ownership by removal of a previous supplier's name, nomenclature or identification.

E. Source of Additional Information - Addition information and guidance may be found through Buyer's Supplier Portal or Buyer's Authorized Procurement Representative.

F. The substance of this Article shall be flowed in all subcontracts at every tier.

7.24 EMPLOYEE COMPETENCE AND AWARENESS:

A. Suppliers shall ensure the competency of personnel, including any required qualification, is adequate for the processes being performed.

B. Records of training shall be maintained.

C. Suppliers shall ensure that personnel is aware of:

- a. Their contribution to product or service conformity
- b. Their contribution to product safety, as applicable. (Product safety is defined as: The state in which a product is able to perform to its designed or intended purpose without causing unacceptable risk of harm to persons or damage to property).
- c. The importance of ethical behavior.

CONTROLLED DOCUMENT

DT7007 Revision A Released per ECO 12891	UltraSource, Incorporated 22 Clinton Drive Hollis, NH 03049
--	--

Procedure #	Q0501	Rev: C
Title:	General Supplier Quality System Requirements	Page 9 of 10

7.25 DFARS 252.204-7012 SAFEGUARDING COVERED DEFENSE INFORMATION AND CYBER INCIDENT REPORTING

Suppliers shall ensure the security of their systems, products and services and, to the extent applicable comply with the mandatory U.S. federal government cyber clauses, including DFARS 252.204-7012, Safeguarding Covered Defense Information and Cyber Security Incident Reporting. This DFARS clause requires contractors' internal systems that contain certain covered information to be compliant, at a minimum, with National Institute of Technology and Standards (NIST) Special Publication (SP) 800-171 as soon as practicable but in no event later than December 31, 2017

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DT7007 Revision A Released per ECO 12891	UltraSource, Incorporated 22 Clinton Drive Hollis, NH 03049
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Procedure #	Q0501	Rev: C
Title:	General Supplier Quality System Requirements	Page 10 of 10

8.0 REVISION HISTORY:

Date	Rev.	Description	Approved per ECO #
1/30/2014	-	Initial Release	ECO-15224
2/17/2014	A	Revised paragraph 7.1 – bullet 3 to require suppliers not only notify, but seek the approval of USI prior to implementing changes that may have an impact on fit, form, or function	ECO-15292
5/4/2017	B	Added paragraph 7.24 –Employee Competence and Awareness, to implement requirements of AS9100D; removed reference to revision -1 for standard ISO10012, document revised; removed reference to revision -1 for standard ANSI/NCSL Z540, document revised. Removed requirement for C-TPAT (para 7.20), participation is voluntary not mandatory.	ECO-18058
12/8/2017	C	Update to 7.11 for Supplier to provide OEM cert for raw substrate material. New paragraph 7.25 DFARS 252.204-7012 to ensure compliance for cybersecurity. This will close IDR 17-398 & 17-399	ECO-18606

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DT7007 Revision A Released per ECO 12891	UltraSource, Incorporated 22 Clinton Drive Hollis, NH 03049
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