

<p align="center"><b>Vermont Aerospace Industries, LLC.</b></p>	<p align="center"><b>QMSD-1086 SUPPLIER FLOW DOWN REQUIREMENTS</b> Rev. 1.1 Effective date: 05/10/2019 Page 1 of 6</p>
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**1.0 INTRODUCTION**

Vermont Aerospace Industries LLC. recognizes the important role our SUPPLIERS have in the on-time delivery of quality products we offer our customers. As an extension of our own operations, we rely on our Suppliers to provide material, products and services which meet all the requirements of Vermont Aerospace Industries LLC. contracts to include Customer requirements, applicable specifications and the quality management requirements outlined herein.

**2.0 PURPOSE**

The purpose of this document is to provide our supply base with the guidelines that have been established for Purchasing, Shipping and Quality for Purchase Orders issued to all Suppliers. Vermont Aerospace Industries LLC. Suppliers shall comply with all Purchase Order requirements and flow down any applicable requirements to their Sub-Tier/Subcontractors.

**2.1 SCOPE**

These requirements apply to all Vermont Aerospace Industries LLC. Suppliers and their Sub-Tier/Subcontractors.

**3.0 QUALITY SYSTEM**

The Supplier shall have and maintain a documented Quality Management System which is acceptable and appropriate for the items or services supplied or an Vermont Aerospace Industries LLC. approved equivalent that provides adequate inspection to verify that the product or service supplied are in full compliance with the Purchase Order requirements, all applicable drawings and specifications. Preference shall be given to Suppliers who have a QMS certified to the current revisions of ISO:9001 AS9100, NADCAP. The Supplier's QMS shall be subject to audit and approved by Vermont Aerospace Industries LLC. or its customers. Vermont Aerospace Industries LLC. measures Supplier performance on an ongoing basis.

Suppliers that provide calibration services are required to have a QMS certified to ISO/EC17025 quality standard and provide calibration certificate that meet NIST Standards.

**4.0 PROCUREMENT REQUIREMENTS**

The Supplier shall manufacture product or provide service to applicable drawings, specifications and/or standards stipulated on the Purchase Order. The Supplier shall flow down to Sub-Tier/Subcontractors the applicable requirements in the purchasing documents, including key characteristics where required. The Supplier shall notify Vermont Aerospace Industries LLC. prior to the acceptance of the Purchase Order if any of the requirements stipulated cannot be met.

The Supplier shall notify Vermont Aerospace Industries LLC. immediately of any changes to the characteristics or configuration of the product and/or processes used to manufacture the product. When required, the Supplier shall obtain written approval of changes from Vermont Aerospace Industries LLC. and /or its Customer.

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**5.0 PERSONNEL QUALIFICATION**

The Supplier shall ensure personnel performing work under this Purchase Order, are qualified to perform the functions required to produce the desired results. This would include any specific training and/or certifications as described within the applicable specifications related to this order. Vermont Aerospace Industries LLC. requires its suppliers to promote a culture of employee awareness of their contribution to product and service quality, their contribution to product safety, and the importance of ethical behavior.

**6.0 RAW MATERIAL TRACEABILITY**

All items manufactured under the Purchase Order shall be traceable to raw materials used. Traceability and inspection records shall be available upon request. Identification of all material used shall include, but not limited to; lot number, material type, specification, heat treat number as well as all other information necessary. These materials are to be purchased from qualified suppliers that are identified as "PREFERRED DOMESTIC SUPPLIERS" in conjunction with DFARS 252.225-7009. Additionally, parts are to be ITAR controlled. All deviations MUST be approved in writing by the Company purchasing personnel.

**7.0 CERTIFICATION OF COMPLIANCE**

Certification documentation is required from the Supplier and Sub-Tier/Subcontractors and shall be identified with and include the following information at a minimum:

- Vermont Aerospace Industries LLC. Purchase Order Number and Item Number
- Quantity, Lot and/or Serial Numbers
- Date of Manufacturing (D.O.M.) / Expiration Date (if applicable)
- Part Number and Revision as specified on the Purchase Order
- Signature, Title and Date by an authorized representative of the issuing organization
- Applicable Specifications and Standard information
- Material types, sizes, color etc. (where applicable)

**8.0 CALIBRATION SYSTEM**

The Supplier shall maintain a calibration system in full compliance with all the requirements of ISO/10012-2003 or ANSI/Z540-1 and ISO 17025:2005 Standards. All inspection measuring and Test equipment used by the Supplier during in-process and final inspection, to make a compliance evaluation, shall be calibrated and traceable to the standard used for calibration of the National Institute of Standards and Technology (NIST). The Supplier's calibration system is subject to audit and approval or disapproval always by Vermont Aerospace Industries LLC. Quality Manager.

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**9.0 APPROVED SOURCES**

When the contract, drawing, purchase order or Bill of Materials (BOM) identifies “Approved Sources”, only approved sources shall be used. When required on Military and Department of Defense (DOD) contracts, only parts from Qualified Product Lists (QPLs) or Qualified Manufacturers Lists (QML’s) may be used. There are no part deviations or substitutes allowed unless written approval is obtained from Vermont Aerospace Industries LLC.

**10.0 SPECIAL PROCESSES**

When the drawing, Bill of Material or Vermont Aerospace Industries LLC. contract requires subjecting the product(s) to a defined “Special Process”, the Supplier shall only utilize approved special process sources as directed by Vermont Aerospace Industries LLC. or as otherwise directed by Vermont Aerospace Industries LLC. customer.

This is to include, but not limited to; Heat Treat, welding, brazing, soldering, organic and inorganic coatings, plating, Magnetic Particle and Penetrant Inspection, Ultrasonic and Radiographic examination and other conditioning and finishing that may be required by the Purchase Order. If due to geographical location or for other reasons deemed necessary, the Supplier shall contact Vermont Aerospace Industries LLC. for an alternate specific source(s) to be used.

**11.0 RIGHT OF ENTRY**

Vermont Aerospace Industries LLC. reserves the right to review control methods and inspect material, included in this Purchase Order, at the Supplier’s facility and at any Sub-Tier/Subcontractor plant. Access rights shall also be extended to our customer and Government or Regulatory representatives.

**12.0 SOURCE INSPECTION**

If a “Source Inspection” is a requirement of this Purchase Order, the Source Inspection will include surveillance of the products, data, quality system, procedures and facilities. The Supplier shall furnish the necessary equipment and facilities, supply data and perform any tests required by Vermont Aerospace Industries LLC. source inspector to show conformance to the Purchase Order requirements and reference documents. Vermont Aerospace Industries LLC. shall be notified at least 3 days in advance of the required inspection. Final acceptance of any product will be performed at Vermont Aerospace Industries LLC. facility.

**13.0 FIRST ARTICLE INSPECTION/TEST DATA**

When required by Purchase Order or contract, the first piece of each configuration shall be fully inspected for all dimensions, characteristics and notes listed on the drawing and/or specification. Each reading shall be recorded along with the associated requirement. The first piece shall be tagged or identified and submitted to Vermont Aerospace Industries LLC. Quality along with the applicable data for review. AS9102, Aerospace First Article Inspection and format may be used to satisfy this requirement.

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When required by Purchase Order or contract, Certified Test data shall be supplied for each item shipped. The test data shall reflect all test parameters specified in the applicable Purchase Order, specification(s) and/or drawing. This documentation must contain the test/inspection stamp or name of the individual performing the test, or the signature and title of the authorized representative of the agency performing the test.

**14.0 QUALITY RECORDS**

All quality records are to be legible, reproducible and identifiable to the Purchase Order. Quality Records shall be stored and maintained in such a manner that they are readily available, retrievable and stored in an environment to minimize deterioration or damage to prevent loss; this applies to Sub Tier/Subcontractors as well. Retention period for Quality Records are for a minimum of 10 years unless otherwise specified on the Purchase Order. Vermont Aerospace Industries LLC., our customers, the Government or Regulatory Agency representatives shall have access to review quality records as they pertain to this order.

**15.0 CONTROL OF DRAWING AND SPECIFICATIONS**

The Supplier shall ensure that all drawings and specifications are at their relevant revision status and/or as specified on the Purchase Order. The Supplier shall comply with any special requirements requested by Vermont Aerospace Industries LLC. regarding the control of drawings and specifications to include confidentiality clauses and ITAR Compliance.

**16.0 FOREIGN OBJECT DEBRIS CONTROL (FOD)**

The Supplier shall maintain a FOD program/process that shall ensure work is accomplished in a manner preventing foreign object debris and damage to deliverable items. The Supplier shall maintain good work area housekeeping practices, parts protection, hardware and tool accountability and parts and material storage and handling in a manner adequate to preclude the risk of FOD incidents. The Supplier's FOD program shall be subject to audit always by Vermont Aerospace Industries LLC. Quality.

**17.0 AUDITS**

The Supplier shall conduct internal audits to ensure processes are being complied with. The Supplier may be subject to audits by Vermont Aerospace Industries LLC. on an annual basis or as deemed necessary.

**18.0 PERISHABLE MATERIAL**

Materials shipped against this Purchase Order must be labeled indicating the expiration date and any environmental conditions that would adversely affect the item's intended use. No materials shall be supplied to Vermont Aerospace Industries LLC. which have less than 75% of useful life remaining, or one year, whichever is less.

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**19.0 CONTROL OF NON-CONFORMING PRODUCT**

The Supplier shall identify, segregate and determine appropriate disposition of non-conforming product and advise Vermont Aerospace Industries LLC. within 24 hours. The Supplier shall have an effective corrective action system in place.

**20.0 COUNTERFEIT PARTS/MATERIALS PREVENTION AND CONTROL**

Suppliers shall ensure through their processes and/or a formal program against the receipt of counterfeit parts/materials into their inventory, against their use in manufacturing, and against their being sold to other suppliers. Suppliers processes and/or formal program shall be similar to, and meet the intent of SAE AS6174, Counterfeit Material; Assuring Acquisition of Authentic and Conforming Material.

Counterfeit work - (a) For the purposes of this clause WORK consists of those parts delivered under this purchase order that are the lowest level of separately identifiable items (e.g., articles, components, goods, and assemblies). "Counterfeit Work" means Work that is or contains items misrepresented as having been designed and/or produced under an approved system or other acceptable method. The term also includes approved Work that has reached a design life limit or has been damaged beyond possible repair, but is altered and misrepresented as acceptable. (b) Supplier shall not deliver Counterfeit Work under this purchase order. (c) Supplier shall only purchase products to be delivered or incorporated as Work directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Work shall not be acquired from independent distributors or brokers unless approved in advance in writing.

(d) Supplier shall immediately notify the Company with the pertinent facts if supplier becomes aware of suspects that it has furnished Counterfeit Work. When requested, supplier shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM. (e) This clause applies in addition to any quality provision, specification, statement of work or other provision included in this purchase order addressing the authenticity of Work. To the extent such provisions conflict with this clause, this clause prevails. (f) Supplier shall include paragraphs (a) through (e) and this paragraph (f) of this clause or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as work to the Company.

Knowingly supplying material deemed or suspected as counterfeit will be considered unethical business practice and would result in a supplier investigation, reporting and possible removal from Vermont Aerospace Industries LLC. approval suppliers listing.

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**21.0 RESTRICTION OF HAZARDOUS SUBSTANCES**

Vermont Aerospace Industries LLC. is required to comply with an increasing number of substance regulations (REACH, RoHS, Conflict of Minerals) around the world in order to sell our products. We ask that our Supplier's and their Sub-Tier/Subcontractors be observant and fully comply with these relevant regulations. The Supplier shall have in place a Supply Chain Policy to undertake reasonable inquiries into the country of origin of conflict minerals incorporated into product/services it provides to Vermont Aerospace Industries LLC. The Supplier shall also notify Vermont Aerospace Industries LLC., without delay, should substances contained in deliverables to Vermont Aerospace Industries LLC. be considered substances of very high concern (SVHC).

**22.0 PACKAGING AND LABELING**

Unless otherwise specified in the Purchase Order, the Supplier shall package all material in a manner that will ensure protection against corrosion, oxidation, deterioration and physical damage during shipment to Vermont Aerospace Industries LLC. The Supplier shall comply with any special packaging and labeling requirements requested by Vermont Aerospace Industries LLC. and/or by its customer.

The Supplier shall mark the product (as applicable) and the packaging so that it can clearly be identified. Hazard Warning Labels from the manufacturer, importer, distributor or Supplier shall be affixed to each individual container of toxic substances or hazardous chemical delivered to Vermont Aerospace Industries LLC. and shall include at a minimum; the chemical name and hazard warning as defined by OSHA Hazard Communications Standard 29 CFR 1910-1200.

**23.0 SHIPPING CONTROLS**

The Supplier shall ensure that all materials shipped against the Purchase Order to Vermont Aerospace Industries LLC. are handled, labeled, packaged and shipped in accordance with the Purchase Order, applicable specifications and/or customer requirements. In the absence of specific shipping instructions, shipments shall be routed via the most economical mode. All required shipping documentation must accompany all shipments.

All product/services must be delivered on-time as specified on the Purchase Order; time is of the essence with respect to delivery of product/services. The Supplier must immediately notify Vermont Aerospace Industries LLC. if any product/service cannot be delivered as ordered by the stated date. Vermont Aerospace Industries LLC. reserves the right to cancel the Purchase Order, or any portion thereof, if delivery is not made as specified and charge the Supplier for any loss sustained because of such cancellation.

If the Supplier elects a more expensive shipping method to meet delivery requirements, the Supplier shall be responsible for any increased shipping expenses.

At the option of Vermont Aerospace Industries LLC. in the event of shipment or receipt of less than all products/services ordered, Vermont Aerospace Industries LLC. may either accept shipment and pay only for the product/services received, based on unit price, or reject the entire shipment; early shipments are most often accepted.