SUPPLIER QUALITY ASSURANCE CLAUSES

LIST OF EFFECTIVE PAGES

This is to certify that this document has been reviewed and found to accurately represent the current quality requirements for suppliers wishing to do business with CASP Aerospace.

05 APR 2021 — A. Famira – QA Manager — Date

5 APR 2021 — A. Templeton – President — Date

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RECORD OF REVISIONS

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1. Purpose and Scope

This document contains the minimum quality requirements that apply to CASP purchase orders or other contract documentation. This document shall govern the Supplier's Quality Management System for products manufactured or sold to CASP Aerospace.

2. Applicability

This document shall apply when incorporated by reference into any contract to all suppliers performing the work or supplying products to CASP. In the event of a conflict between the contents of this document and any supplier documents, the terms of this document for the referenced procurement shall apply unless specifically negotiated and accepted in writing by CASP Quality Assurance.

3. CASP Audits, Surveys & Inspections

Prior to the award of a procurement contract, a supplier Quality Assurance evaluation will be carried out to evaluate the supplier's ability to comply with the requirements of this document prior to the potential supplier being added to CASP's Approved Vendor List. If required, CASP reserves the right to conduct audits, evaluations and inspections of the supplier's Quality Management System and the products to be furnished to CASP. In addition, CASP reserves the right to conduct audits, evaluations and inspections of supplier's subcontractors and products to be supplied to CASP. These audits are in addition to the primary supplier's approved Quality Assurance system and does not relieve the primary supplier of the responsibility to maintain a system for the control of quality products and services from their subcontractors. All approved vendors shall at a minimum be re-evaluated by CASP every two years, including product quality and on time delivery.

4. Access

CASP suppliers shall permit access and provide facilities and assistance, as necessary to CASP, government and/or CASP customer representatives to enable them to evaluate supplier's facilities and to review procedural and process controls, records, and products at all times and places during manufacture, in accordance with government regulations and applicable specifications. Verification by CASP/Customer/Government does not absolve the supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by CASP/ Customer/Government.

5. REQUIREMENTS - Management Responsibility

The supplier's management must establish, document and maintain a Quality Management System in the form of a Quality Manual, which clearly defines quality objectives and a commitment for a Quality Management System to the requirements of this document. The Quality Manual shall assign/define specific authorities, duties and responsibilities in addition to defining all functions and activities that have a direct impact on product Quality. The manual shall depict the company's organization in chart form, and a current copy shall be made available to CASP and Government representatives upon request. The supplier's management shall establish a procedure for the approval and maintenance of its subcontractors. A list of all approved subcontractors shall be established, maintained and available to all personnel, primarily those with Quality, Procurement, and Shipping/Receiving functions. In addition, the supplier shall regularly evaluate the quality and on-time delivery performance of its subcontractors. A procedure for Corrective Actions (CA) shall be established for system and product non-conformances from a subcontractor. The Quality Management System shall include as a minimum, provisions to address the following:

5.1 Contract Review

The supplier shall establish and maintain documented procedures for the review of customer contracts. Before accepting a contract or amendment, the supplier shall assure the following are assessed:

a. A review of the customer's contract to determine that the quality requirements are clearly defined and documented.
b. Assure the availability of capacity and capability to meet the contract requirements to include any subcontracted operations.

5.2 Design and Development Control

Design changes shall be approved by CASP Engineering in accordance with the requirements of the contract.

The supplier shall notify CASP of any proposed changes to design, parts, materials, fabrication methods, or processes, and obtain written approval from CASP prior to change incorporation. The supplier shall immediately notify CASP of changes to ownership, manufacturing or processing location. The supplier shall notify CASP as soon as it is apparent that an interruption of 90 or more days is anticipated in the production of an item.

When required by contract, the supplier shall provide test specimens to CASP for design approval, inspection and validations activities, investigation or auditing purposes.

5.3 Document and Data Control

The supplier shall control and maintain required documents and data to assure only approved, released and pertinent revisions are available. These documents may be in electronic format. The supplier shall have as part of the system a process to ensure the timely review, distribution, implementation and maintenance of the approved data. Approved Data includes but is not limited to drawings, standards, specifications, planning and any revisions. The supplier shall maintain a record of change incorporation.

5.4 Purchasing

The Supplier shall have procedures to ensure that all procured items and raw materials meet specified customer requirements. In addition, the procedures shall make mandatory as a minimum a Certificate of Compliance from all subcontractors, which shall include the following:

- Part Number with Description -or - Description of Service
- Serial Number (if applicable)
- Manufacturer's or Processor's Certification (if applicable)
- Supplier's Name and Address
- Name and Signature of Supplier's Quality Control Representative
- A Statement of Conformity

  (Typical Statement -"It is certified that item(s) comply with annotated specifications and that the inspection/test records are maintained and available upon request. ")

Procurement documents shall clearly define the product ordered, including the applicable drawings and specifications with appropriate revision levels, processing requirements and other relevant data.

Procured products shall be verified for conformance upon receipt through a Receiving Inspection or by a Supplier Representative at the subcontractor's facility prior to shipment. A formal system for subcontractor approvals may be used if acceptable to CASP Quality Assurance. All necessary provisions shall be made for First Article Inspections, where applicable. The supplier shall include right-of-entry provisions in any subcontract. These provisions shall grant the supplier, its customers and regulatory agencies appropriate access to verify the quality of work, records, materials and processes. The supplier shall ensure the use of customer approved/requested Special Process sources when necessary. Supplier subcontracted products and services shall also be reviewed for the use of customer approved/requested Special Process sources.

5.5 Product Identification I Traceability

The supplier shall establish and maintain documented procedures for the identification and traceability of the product upon receipt, and through all manufacturing operations, to delivery. This may be by product or lot using a suitable means that will be maintained through all processes. The final product shall be identified per the engineering requirements and will bear an acceptance stamp.

5.6 Process Control

The supplier must establish a documented system defining and controlling production manufacturing, assembly and installation processes to meet the requirements of applicable drawings, specifications and purchase orders. A method to document and control split order quantities must be included. The supplier shall prepare, maintain and monitor manufacturing plans, work instructions, route cards, and travelers. The supplier must use special process facility sources approved by CASP for items manufactured to CASP Drawings. Special Processes (e.g. Heat treat, NOT, Platings, Coatings, Welding, Special Cleaning) performed or subcontracted by the supplier require certification in accordance with the applicable specification. Suppliers are responsible to assure such processes are in accordance with the applicable specifications. Suppliers using sub-contracted processes must maintain objective evidence of the capabilities and performance of sub-tier facilities. CASP reserves the right to disqualify those facilities considered unsatisfactory.

5.7 Inspection and Testing

The supplier shall establish and maintain documented procedures for inspection, test and verification activities for both product and processes that can confirm the product's compliance with the approved data. The supplier shall inspect the product to ensure it conforms with the required purchase order, contract, drawing and/ or specifications. When certified test reports are used to accept material, the supplier shall assure the data in the reports is acceptable to the applicable specifications. The supplier shall perform the final inspections and verify that all required inspections and tests have been completed.

When specified by purchase order or Contract the supplier shall provide a process for First Article Inspection to include inspection, verification and documentation of the new or changed article. Any changes in the product, tooling or process used to manufacture the product shall constitute a First Article Inspection requirement.

The First Article Inspection documentation shall be maintained for seven years and shall include a list of characteristics required by the design data and any required tolerances, the actual results, any required testing and the actual results. (Note: Guidance for the performance of First Article Inspection is provided in the SAE AS9102, First Article Inspection.)

5.8 Control of Inspection, Measuring & Test Equipment

The supplier shall establish and maintain documented procedures to control the equipment calibration system. The system requires all measuring and test equipment used for product or process acceptance be calibrated at defined intervals based upon type of equipment, frequency of usage and calibration history of out-of-tolerance conditions. The system shall provide for the control, calibration, and recall of all inspection, measuring, and test equipment. The system shall provide for the use of equipment of the required degree of accuracy in order to assure the characteristic being measured is in conformance. The calibration system shall also address recall of product in the case of significantly out-of-tolerance measuring equipment found during calibration. Calibrations shall be traceable to a nationally or internationally recognized standard such as the National Institute of Standards and Technology. There shall be records of the equipment denoting its status through calibration. The records shall reflect the required tolerances, actual measurements, adjustments, equipment acceptance, and actions taken on out-of-tolerance equipment. The equipment should either reflect the calibration status or be traceable, by a control or serial number, to an acceptable calibration record.

5.9 Inspection & Test Status

The supplier shall establish and maintain a documented process for the identification of a product's inspection or test status. The process shall provide for the identification by suitable means in regard to conformance or non-conformance of the product as inspected or tested to the design data requirements. The process shall provide for the traceability of the inspection or test to the individual performing the acceptance.

5.10 Control of Non-Conforming Products

The supplier shall establish and maintain documented procedures for the identification, documentation, segregation, evaluation and disposition of nonconforming products. The procedures shall have provisions for notification of all concerned parties. The supplier procedures shall clearly define the acceptable terminology used to represent the status of the nonconforming product following disposition.

NOTES: A disposition of "Rework' or "Repair" may only be used if the nonconformity does not result in a departure from customer specified requirements. A "Reworked" or "Repaired" product shall be re-inspected in accordance with documented instructions.

A supplier designed product that is controlled by means of a customer specification may be dispositioned by the supplier as "Use-As-Is" or "Repair", provided the nonconformity does not result in a departure from a customer-specified requirement, or affect form, fit, function, reliability or maintainability. Records that support a transaction of this nature must be retained and available upon request.

A supplier shall not return previously rejected material to CASP as; "Returned as Received" or "No Cause for Rejection" without written authorization from CASP Purchasing. In all cases when returning material as "Returned as Received," a statement is required on the shipping document defining why the material is being returned as received. A copy of the CASP authorization shall accompany the shipping document.

When a Nonconformance Report has been issued by CASP, the NCR number shall be referenced on all accompanying documentation.

Materials that are dispositioned as "Scrap" shall be conspicuously and permanently identified and segregated from all production material. The material shall then be physically destroyed to preclude its use. All corresponding transactions logged and auditable. The Supplier's documented procedures shall provide for the prompt notification of all customers, when it is discovered that a discrepant product has already been delivered. Notification shall include a description of the discrepancy, parts and serial numbers affected, lot numbers, delivered quantities and ship dates.

5.11 Corrective Action

The supplier shall establish and maintain documented procedures for corrective action for all products, manufacturing and test operations supplied to CASP. Each type of nonconformance shall be documented, investigated, and the appropriate corrective action implemented.

A. The supplier shall have a method for positive identification, recall, and replacement of parts in the event of a nonconformance.

B. Corrective Action items to be addressed:

- The discrepancy, part number(s), part name, serial numbers
- Cause of the discrepancy
- Root cause analysis
- Any interim fixes to the system to assure conforming products
- Extent of the discrepancy, with justification
- The final system or product changes that were implemented to prevent reoccurrence

To maintain effective control of quality throughout all phases of the program, the supplier shall be responsible for performing analysis of rejection data forwarded by CASP Quality Assurance via the CASP Nonconformance Report, and/or other CASP Quality Assurance initiated correspondence. Failure to respond in writing to such correspondence within the prescribed time period will have a direct impact on the supplier's overall quality standing.

5.12 Handling and Storage - Including Preservation, Packaging and Delivery

The supplier shall establish and maintain documented procedures for the handling and storage of products and materials to prevent damage or deterioration.

5.13 Control of Quality Records

The supplier shall establish and maintain documented procedures for identification, access and storage of quality records. Records may be in any form, such as hard copy or electronic media. Records shall be secured to prevent unauthorized access and maintained to verify conformance to specified requirements and the effective operation of the quality system. Quality records from a subcontractor shall be included. All quality records shall be legible and shall be retained for 7 years or longer as specified by contract and the supplier is responsible to assure a system to prevent damage, deterioration and loss. Quality records shall be made available to CASP representatives and/or Regulatory authorities upon request.

5.14 Internal Quality Audit

The supplier shall establish and maintain a procedure to periodically audit the effectiveness of the Quality Management System as they relate to CASP contract requirements. The audits shall be performed by personnel autonomous to the area or function being audited.

5.15 Training

Vendors are required to have a training program for their personnel and shall ensure that each employee is properly trained for the work the individual is to perform. The training program shall define training responsibilities, initial and recurrent training, including frequency, documentation and retention of records.

Personnel performing specific assigned functions shall be qualified by the supplier or by means acceptable to CASP Quality Assurance. Basis for this qualification may be appropriate education, formal or on-the-job training and/or previous experience. Records of training affecting decisions on product quality shall be maintained.

Training Records shall be kept for a minimum of two years after the employee has left the company.

5.16 Statistical Techniques

Statistical methods of control shall be utilized when specifically required by the contract. When used, a mutually agreed upon plan for reporting the data will be established, and become part of the contract. Acceptance sampling shall have a customer-approved plan that provides for a zero acceptance of defects in the lot. Implementation and application of statistical control methods shall be documented and the agreed upon documentation, forwarded to the customer.

5.17 Business Relationships and Ethical Standards

CASP strives to maintain and improve its reputation for operational excellence, quality and customer service. We begin with an unwavering conviction that safety - always the first concern of our customers - can never be compromised. We are equally committed to honoring all other legal and ethical standards that apply to our vendors and the marketplace. All CASP external providers are expected to understand their contribution to product or service conformity, product safety and the importance of ethical behavior in their business relationship with CASP.

5.18 Suspected Unapproved and Counterfeit Parts (SUP)

The FAA defines suspected unapproved parts as "A part, component, or material that is suspected of not meeting the requirements of an "approved part". A part that, for any reason, may not be 'approved.'

Reasons may include findings such as a different finish, size, color, improper (or lack of) identification, incomplete or altered paperwork". (Ref. FAA AC 21-29)

In accordance with FAA AC 21-29, repair stations shall have procedures in place to identify and report SUP during receiving inspection and prevent their acceptance. CASP requires all suppliers of aircraft parts to have similar procedures in place. Suggested areas to be addressed include the following:

- Confirm the packaging of the part identifies the vendor or distributor and is free from alteration or damage.
- Verify that the actual part and delivery receipt reflect the same information as the purchase order regarding part number, serial number, and historical information, if applicable.
- Verify that the identification on the part has not been tampered with (e.g., serial number stamped over, label or part/serial numbers improper or missing, vibro-etch or serial numbers located at other than normal locations).
- Ensure that the shelf life and/or life limit has not expired, if applicable.
- Conduct a visual inspection of the part and supporting documents to the extent necessary to determine if the part is traceable to an FAA-approved source. For detailed guidelines on the identification of replacement parts, refer to FAA AC 20-62.
- Evaluate any visible irregularities (e.g., altered or unusual surface, absence of required plating, evidence of prior usage, scratches, new paint over old, attempted exterior repair, pitting or corrosion.
- Conduct random sampling of standard hardware packaged in large quantities in a manner which corresponds to the type and quantity of the parts.
- Segregate parts of questionable nature and attempt to resolve issues regarding questionable status of parts (e.g., obtain necessary documentation if inadvertently not provided, or determine if irregularities are a result of shipping damage and handle accordingly.
- A closed loop system shall exist to implement corrective action following the detection of substandard or otherwise nonconforming parts. The system shall include a method of notifying customers within 24 hours of any part that was shipped that does not conform.

The following are positive forms of identification:

- FAA Form 8130-3, Airworthiness Approval Tag
- European Aviation Safety Authority (EASA) Form One
- Maintenance records or release document with approval for return to service
- FAA TSO markings

- FAA PMA markings
- Shipping ticket/invoice from PAH (Production Approval Holder)
- Direct ship authority letter from PAH
- Canadian equivalent 24-0078 or Form One

5.19 Management of Changes

The supplier shall notify CASP of any changes to processes, products or services, including changes of their external providers or location(s) of manufacture, and shall obtain approval from CASP for such changes.

5.20 Flow Down of Contract Requirements

All requirements specified on the Purchase Order or Contract issued by CASP shall be flowed down to any external providers used by the vendor in the execution of the Contract or Purchase Order.