



Supplier Quality Manual

**3530 West Garry Ave
Santa Ana, CA 92704**

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1.0 PURPOSE

This manual defines the requirements for approving Critical Suppliers, the procedures Critical Suppliers are required to follow, the performance standards that InsulTech Critical Suppliers are expected to meet. Our suppliers play a critical role in product conformity, product safety and mitigating InsulTech's risks. The following outlines InsulTech's supplier management expectations, procedures and standards.

2.0 SCOPE

This manual applies to all Critical Suppliers. Critical Suppliers are those who provide InsulTech with materials or products used in InsulTech's manufacturing process. All materials, products and services purchased for non-production uses are not controlled by this process.

3.0 DEFINITIONS

- 3.1 AS9100 = A widely adopted and standardized quality management system for the Aerospace and Defense industry.
- 3.2 FAI = First Article Inspection
- 3.3 SCAR = Supplier Corrective Action Report
- 3.4 C of C = Certificate of Conformance
- 3.5 QMS = Quality Management System
- 3.6 RMA = Return to Manufacturer Authorization

4.0 RESPONSIBILITY

- 4.1 InsulTech has committed to the principles of AS9100. InsulTech places the responsibility of the supplier development program within the Purchasing process. InsulTech's Quality Department has the responsibility of monitoring and developing the performance of suppliers.
- 4.2 Suppliers of products and materials must be approved according to the supplier approval process as described in section 6. Purchase orders are issued by InsulTech, and material releases are issued by buyers as noted on the release. Suppliers providing goods and services in conjunction with the descriptions and prices listed on the purchase order are doing so in accordance with the terms and conditions listed on the purchase order. It is InsulTech's responsibility to appraise the supplier's quality performance in a fair manner, and it is the supplier's right to be aware of this appraisal.

5.0 POLICY & OBJECTIVES

5.1 Quality Policy:

Our Quality Policy is to meet all applicable customer requirements by providing superior quality thermal and acoustical insulation products with 100% customer satisfaction and on-time delivery on every order. Furthermore, we strive to promote the company by conducting business with honesty, sincerity, a drive for continual improvement and the highest levels of integrity and safety.

5.2 Supplier Quality Objectives

InsulTech's Critical Supplier performance goals are as follows:

- 92.5% On Time Delivery

- 98% Quality Yield

Failure to consistently meet supplier performance goals may result in revocation of Critical Supplier Approval.

5.3 Statement of Continuous Improvement Principles

InsulTech considers continuous improvement to be of great importance in achieving sustainable Business Excellence throughout the Company. We are only as strong as our supply chain and we expect our suppliers to work towards improvement in the following areas:

- Lead time reduction
- Process improvements
- Improved process yield (Cpk)
- Reduction of scrap
- Reduction of labor, materials and logistics costs

6.0 SUPPLIER APPROVAL PROCESS

- 6.1 When procuring materials or products used in InsulTech's manufacturing process, InsulTech only purchases from approved Critical Suppliers, which are tracked via an Approved Critical Supplier List.
- 6.2 When approving new Critical Suppliers, the InsulTech validates ability to meet InsulTech's requirements.
- 6.3 InsulTech monitors Critical Supplier performance and may revoke approval based upon poor delivery or quality performance.

7.0 SUPPLIER ASSESSMENT

Any of the following methods are acceptable for the approval of Critical Suppliers:

- 7.1 Supplier Assessment Form (F7.4.1-1), signed by InsulTech upper management or authorized designee.
- 7.2 7.2 Supplier 3rd Party Quality Management System Certification (ISO 9001, AS9100, etc.).
- 7.3 Prior Supplier Performance

8.0 DEFECTS OR NON-CONFORMING MATERIALS

- 8.1 In the event defective material / parts are received at an InsulTech facility, the supplier shall be contacted by InsulTech Quality Department or Purchasing. Based on the severity and type of defect, the product may be returned, and/or a Request for Corrective Action will be issued.
- 8.2 At point of rejection, InsulTech Supplier Quality may require the supplier to:
- 8.3 Send someone from the supplier's facility to immediately sort the parts/material and ensure non-conforming product/material has been removed.
- 8.4 Send immediate replacement product / parts (if the product received was expected to be used for production immediately, the supplier may have to arrange to air ship new product to the facility) and

InsulTech, return the entire shipment, at the supplier's expense, issuing our receiving facility an RMA number.

- 8.5 Authorize InsulTech to sort product / parts, at supplier's expense, to assure continued production needs and arrange for credit and/or replacement parts.
- 8.6 Or any combination of the above if deemed appropriate by the InsulTech receiving facility.
- 8.7 Additionally, within 24 hours of that notification, the supplier is responsible to isolate and contain any product with a similar batch / lot number, and InsulTech Supplier Quality indicating the containment plan in detail.
- 8.8 Whatever the situation, communication and feedback to the InsulTech facility is vital.
- 8.9 If the material is to be returned to the supplier, the cost of transportation will be the supplier's responsibility. If the material must be sorted or reworked at the InsulTech facility, the cost of this work will be debited to the supplier. In almost all cases, InsulTech will contact the supplier before sorting/rework commences.
- 8.10 Individual parts which are discovered to be defective during processing at InsulTech Defense will be subject to return to the supplier for credit and / or scrapped at the individual plant with permission from the supplier.

9.0 SUPPLIER DEVIATION REQUESTS

9.1 General

The Supplier Deviation Request (SDR) system was established to address problems and nonconforming conditions detected by the supplier. The SDR system should be used for the following situations:

- Supplier nonconformance detected during the manufacture or inspection.
- InsulTech drawing or specification errors noted during initial contract review or during manufacturing and inspection activities.

9.2 Procedure

When a condition is observed which requires an SDR, the supplier shall submit SDR Form (F7.1.1-1) to InsulTech Buyer, specifying in appropriate detail:

- The Purchase Order, Item Number, Item Description, and lot, release or serial number range to which it applies.
- The nature of the nonconformity detected and potential impact on performance, price, and delivery schedule.
- A corrective action recommendation.

InsulTech will provide a written decision on acceptance/denial of SDR. An InsulTech approval of a deviation is specific to the products for which it has been submitted and approved and shall not to be construed as a permanent engineering change.

Any parts shipped to InsulTech that have been approved for deviation must be clearly identified as such externally on the box, container, or other packaging and on shipping documentation, and a copy of the InsulTech-approved deviation document must be attached to each product or included with each box.

10.0 PACKAGING

The Supplier must provide adequate packaging to prevent product contamination, deterioration or loss and shipping damage. Suppliers should provide expendable packaging or returnable containers, where appropriate. Expendable materials and packaging must meet local and national standards for safe disposal or recycling.

11.0 DOCUMENTATION & PRODUCT CONFORMITY

- 11.1 The following documents shall accompany each shipment to InsulTech:
- Packing Slip
 - Certificate of C Conformance (C of C)
- 11.2 C of C shall be authorized by the Supplier's Head of Quality (or authorized delegate) that all products and/or services delivered are compliant with contract requirements. Title of signatory must accompany signature. Electronic format with electronic signatures is acceptable. All C of Cs must be in English. The C of C shall include:
- Supplier name and address
 - Part number and drawing revision level
 - InsulTech PO number
 - Quantity delivered
 - Lot number (if applicable)
 - Serial number (if applicable)
 - Shelf life expiry date (if applicable)

12.0 SUPPLIER CORRECTIVE ACTION REQUESTS

InsulTech may issue a Supplier Corrective Action Request (SCAR) via Form #F8.5.2-2 to the Supplier based on quality issues or performance trends. Unless otherwise requested by InsulTech, the Supplier shall respond to a request as follows:

Required Action	Timeline
Acknowledge receipt of SCAR	<i>Within 24 hours</i>
Containment Plan	<i>Within 72 hours</i>
Completed SCAR w/ Action Plan	<i>Within 10 business days</i>

13.0 COUNTERFEIT MATERIALS PROGRAM

The supplier shall prevent and mitigate the use of counterfeit parts. The requirements of SAE AS 6174 apply. Supplier must be compliant to all Defense Federal Acquisition Regulation Supplement (DFARS) for government contracts.

14.0 FOD CONTROL PROGRAM

The supplier shall maintain a FOD control process based on NAS 412, AS9100 or similar, as applicable.

15.0 SUPPLIER CODE OF CONDUCT

At InsulTech, we believe that good ethics make great business, and we demonstrate that in everything we do. How we conduct business is fundamental to our success and achieving our results. We believe ethics and compliance are our shared responsibility that extends throughout our supply chain.

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- 15.1 Labor
- Forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery or trafficking of persons shall not be used.
 - Child labor (under 15 years old) is not to be used in any stage of manufacturing.
 - Suppliers should be committed to a workforce and supply chain free of inhumane treatment, harassment and unlawful discrimination.
- 15.2 Safety
- Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness.
- 15.3 Environmental
- All required environmental permits approvals and registrations are to be obtained, maintained and kept current.
 - Suppliers are to adhere to all applicable environmental laws, regulations and customer requirements.
- 15.4 Ethics
- The highest standards of integrity are to be upheld in all business interactions.
 - If there is a problem that will impact your ability to meet your commitments, be proactive about telling us.
 - Intellectual property is to be respected and safeguarded.
 - Suppliers shall have a policy to reasonably assure conflict minerals are not used.

16.0 PRODUCT SAFETY

Material safety data sheets containing all necessary safety-relevant information will be made available by suppliers for all hazardous substances and will be provided to InsulTech. Any concerns about product safety or quality must be reported to InsulTech immediately.

REVISION HISTORY

Rev	Date Revised	Description of Changes
0 (A)	Apr-12-13	Initial release
1 (B)	Aug-22-13	Revised performance measures criteria, scorecard addition Section 1.7.1
C	Feb-04-14	File Name was: I-SQM, Removed SCAR form, Removed Deviation form, various other minor changes
D	Mar-16-18	Revised Performance Goals, Eliminate SPAR, Streamline Verbiage/Requirements
E	Apr-27-20	Added documentation, NC, packaging, quality policy and responsibility, FOD prevention, counterfeit materials, supplier code of conduct, product safety.
F	Jul-22-20	Revised performance goals.