



precision

MACHINED PRODUCTS

SUPPLIER QUALITY REQUIREMENTS MANUAL



**SUPPLIER QUALITY REQUIREMENTS MANUAL
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SECTION I
GENERAL QUALITY STANDARDS FOR PURCHASED MATERIAL

SQM-1.0 PURPOSE

The purpose of this Supplier Quality Requirements Manual (Manual) is to define the supplier quality requirements for Precision Machined Products, LLC (PMP) to ensure that the purchased product conforms to specified purchasing requirements.

SQM-2.0 SCOPE

This Manual applies to suppliers who directly provide material (*raw materials, production services, component parts, and assemblies*) to PMP, unless otherwise exempted by Contract, Purchase Order, or noted in this Manual. Facility/building MRO items and general services are excluded from this process, except for the Purchase Order terms and conditions.

In the event a Purchase Order or Contract conflicts with the requirements of this document, the Purchase Order or Contract requirements will supersede.

SQM-3.0 SUPPLY CHAIN

The supply chain is an entire network of entities, directly or indirectly interlinked and interdependent in serving the same customer. It comprises of suppliers that supply raw material and/or services, organizations who convert the material into products, and customers who ultimately consume and/or deliver the product and/or services to end users.



SQM-4.0 SUPPLIER CONTACT INFORMATION

All suppliers must provide PMP with the contact information for their Sales, Customer Service, Material Control, and Quality Departments. Updates to the contact information must be submitted every year and/or when any changes occur.

SQM-5.0 QUALITY SYSTEMS

Requirements shall be in effect for all suppliers who directly supply materials, items, services, and/or special processes to PMP. This includes those suppliers identified as distributors (*see SQM-11.0*), special process suppliers (*heat treating, plating, welding, etc.*) (*see SQM-9.0*), calibration laboratories (*see SQM-5.1*), and raw material suppliers (*see SQM-8.0*).

- SQM-5.1 Supplier must have established, documented, implemented, and maintained a quality management system in accordance with the requirements of ISO 9001 and/or AS9100. Calibration suppliers shall have a quality system that is compliant to ISO/IEC 17025 or ANSI/NCSL Z540.

- SQM-5.2 A supplier must have an Environmental, Health and Safety (EHS) program that meets all statutory and regulatory requirements appropriate to their business.

- SQM-5.3 A supplier not meeting the above Quality System Requirements may be approved in accordance with QPM 7.4 Section 3.0 Supplier selection, evaluation and approval status.

SQM-6.0 RIGHT OF ACCESS

Supplier shall provide PMP, its customers, and/or a specified third party (*statutory/regulatory agency*) right of access to its facilities and all records related to product ordered by PMP or its customers. PMP, its customers, representatives, and/or a specified third-party reserve the right to perform an audit or inspection at supplier's facilities to verify that supplied product conforms to specified requirements. This verification does not absolve supplier of the responsibility to provide acceptable product and does not preclude subsequent rejection by PMP or its customers.

SQM-6.1 NASA CONTRACTS (SIERRA SPACE, BALL AEROSPACE, APPLIED COMPOSITES, OR OTHERWISE INDICATED): RELEASE OF SENSITIVE INFORMATION

(a) As used in this clause, "**sensitive information**" refers to information, not currently in the public domain, that the Contractor has developed at private expense, that may embody trade secrets or commercial or financial information, and that may be sensitive or privileged.

(b) In accomplishing management activities and administrative functions, NASA relies heavily on the support of various service providers. To support NASA activities and functions, these service providers, as well as their subcontractors and their individual employees, may need access to sensitive information submitted by the Contractor under this contract. By submitting this proposal or performing this contract, the Contractor agrees that NASA may release to its service providers, their subcontractors, and their individual employees, sensitive information submitted during the course of this procurement, subject to the enumerated protections mandated by the clause at 1852.237-72, Access to Sensitive Information.

(c)(1) The Contractor shall identify any sensitive information submitted in support of this proposal or in performing this contract. For purposes of identifying sensitive information, the Contractor may, in addition to any other notice or legend otherwise required, use a notice similar to the following:

Mark the title page with the following legend:

This proposal or document includes sensitive information that NASA shall not disclose outside the Agency and its service providers that support management activities and administrative functions. To gain access to this sensitive information, a service provider's contract must contain the clause at NFS 1852.237-72, Access to Sensitive Information. Consistent with this clause, the service provider shall not duplicate, use, or disclose the information in whole or in part for any purpose other than to perform the services specified in its contract. This restriction does not limit the Government's right to use this information if it is obtained from another source without restriction. The information subject to this restriction is contained in pages [*insert page numbers or other identification of pages*].

Mark each page of sensitive information the Contractor wishes to restrict with the following legend:

Use or disclosure of sensitive information contained on this page is subject to the restriction on the title page of this proposal or document.

(2) The Contracting Officer shall evaluate the facts supporting any claim that particular information is "sensitive." This evaluation shall consider the time and resources necessary to protect the information in accordance with the detailed safeguards mandated by the clause 1852.237-72, Access to Sensitive Information. However, unless the Contracting Officer decides, with the advice of Center counsel, that reasonable grounds exist to challenge the Contractor's claim that particular information is sensitive, NASA and its service providers and their employees shall comply with all of the safeguards contained in paragraph (d) of this clause.

(d) To receive access to sensitive information needed to assist NASA in accomplishing management activities and administrative functions, the service provider must be operating under a contract that contains the clause at 1852.237-72, Access to Sensitive Information. This clause obligates the service provider to do the following:

(1) Comply with all specified procedures and obligations, including the Organizational Conflicts of Interest Avoidance Plan, which the contract has incorporated as a compliance document.

(2) Utilize any sensitive information coming into its possession only for the purpose of performing the services specified in its contract.

(3) Safeguard sensitive information coming into its possession from unauthorized use and disclosure.

(4) Allow access to sensitive information only to those employees that need it to perform services under its contract.

(5) Preclude access and disclosure of sensitive information to persons and entities outside of the service provider's organization.

(6) Train employees who may require access to sensitive information about their obligations to utilize it only to perform the services specified in its contract and to safeguard it from unauthorized use and disclosure.

(7) Obtain a written affirmation from each employee that he/she has received and will comply with training on the authorized uses and mandatory protections of sensitive information needed in performing this contract.

(8) Administer a monitoring process to ensure that employees comply with all reasonable security procedures, report any breaches to the Contracting Officer, and implement any necessary corrective actions.

(e) When the service provider will have primary responsibility for operating an information technology system for NASA that contains sensitive information, the service provider's contract shall include the clause at 1852.204-76, Security Requirements for Unclassified Information Technology Resources. The Security Requirements clause requires the service provider to implement an Information Technology Security Plan to protect information processed, stored, or transmitted from unauthorized access, alteration, disclosure, or use. Service provider personnel requiring privileged access or limited privileged access to these information technology systems are subject to screening using the standard National Agency Check (NAC) forms appropriate to the level of risk for adverse impact to NASA missions. The Contracting Officer may allow the service provider to conduct its own screening, provided the service provider employs substantially equivalent screening procedures.

(f) This clause does not affect NASA's responsibilities under the Freedom of Information Act.

(g) The Contractor shall insert this clause, including this paragraph (g), suitably modified to reflect the relationship of the parties, in all subcontracts that may require the furnishing of sensitive information.

SQM-7.0 CONFIDENTIALITY/NON-DISCLOSURE AGREEMENT

By accepting the terms of a Purchase Order and/or Contract from PMP, supplier agrees to adhere to the confidentiality provisions stated herein. Information considered confidential may include, but is not limited to:

- Customer-supplied documentation/records.
- Customer-supplied product/property.
- Customer furnished data used for design, production, and/or inspection.
- Intellectual property.

SQM-7.1 No Use. Supplier agrees not to use Confidential Information in any way, or to manufacture, test, and/or distribute any product embodying Confidential Information, except for the purpose set forth in the Purchase Order.

SQM-7.2 No Disclosure. Supplier agrees to use its best efforts to prevent and protect the Confidential Information, or any part thereof, from disclosure to any person other than Supplier's employees having a need for disclosure in connection with Supplier's authorized use of the Confidential Information and production/process activities.

SQM-7.3 Cyber Security. Suppliers are required to follow policies and procedures for cyber security based on industry standards (e.g. ISO 27001, NIST 800-53, SOC2 and/or Cybersecurity Framework guidelines) when sensitive information is shared.

SQM-7.4 Protection of Secrecy. Supplier agrees to take all steps reasonably necessary to protect the secrecy of the Confidential Information, and to prevent the Confidential Information from falling into the public domain or into the possession of unauthorized persons.

SQM-7.5 Term and Termination. These obligations shall continue until the Confidential Information disclosed to supplier is no longer confidential.

SQM-7.6 Separate Agreement. Supplier agrees to execute a separate Confidentiality/Non-Disclosure Agreement immediately upon request. Supplier further agrees to obtain a Confidentiality Agreement/Non-Disclosure Agreement, in form and content acceptable to PMP, from any sub-tier supplier or third-party whom supplier deems disclosure of Confidential Information necessary, it being

understood that no disclosure of Confidential Information shall be made without the prior written consent of PMP.

SQM-8.0 RAW MATERIAL SUPPLIERS

Unless otherwise specified, all raw material suppliers shall provide material certifications/test reports with all shipments. PMP will periodically validate supplier reports for raw material to verify the data in said reports is acceptable per applicable specifications. Precision Machined Products prefers domestically produced Raw Materials.

Unless specifically authorized by the Purchase Order, conversion of a raw material (i.e. heat treat to change the temper or condition of the material) constitutes material substitution of the condition provided by the manufacturer.

- **Metallic Raw Materials** – The purchase order may refer to obsolete or superseded specifications covering several forms, thicknesses, widths, etc. of the alloy or alloys. The required characteristics of these materials are defined not only by the objective test standards of the specification, but by the processes/methods by which this final form is achieved. These requirements are often captured in the definitions of the required material forms and may not be explicitly called out in detailed requirements. The raw material certification results from both the process used to make it and the tests to verify basic properties.

Supplier shall ensure that metallic materials covered by current or obsolete/superseded specifications are produced using the standard industry practices designed strictly for the production of stock to the specified thickness, diameter, width or cross-sectional area, achieved by thermo-mechanical processing or casting process. Chemical, electrochemical and mechanical methods used for the removal of surface scale or contamination or the production of the required surface finish, in accordance with the material specification are acceptable. Raw material must not be re-certified with respect to thickness, diameter, width or cross-sectional area or product form. Machining or cutting of thicker product or other product forms shall not be supplied in lieu of specified product unless specifically authorized by Precision Machined Products. Raw material certifications for material or parts shall reflect the form and size of the raw material as originally manufactured by the raw material producer.

For government specifications and standards canceled after June 1994, Supplier 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.

- **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.
- **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.

The substance of this requirement shall be flowed into all subcontracts at every tier.

SQM-9.0 SPECIAL PROCESSES SUPPLIERS

All special process suppliers shall have a quality system that is compliant with ISO9001 or AS9100 or accredited to AC7004 (NADCAP/PRI). All suppliers shall use only end user approved suppliers unless otherwise specified by the Purchase Order. PMP participates in the NADCAP special process accreditation

program administered by the Performance Review Institute (PRI). Unless specifically authorized by the Purchase Order, all special process suppliers (Non-Destructive Testing, Heat Treating, Chemical Processing, Coatings, and Material Testing Labs) must comply with end user NADCAP accreditation requirements.

SQM-10.0 SUB-TIER SELECTION/CONTROL

PMP reserves the right to specify and/or approve sub-tier suppliers chosen by its suppliers. Direct suppliers shall flow down to all sub-tier suppliers all relevant quality requirements imposed by this Manual, purchasing documents and applicable contract requirements, and PMP customer requirements such as DPD, including government and Department of Defense (DoD) requirements.

SQM 11.0 DISTRIBUTORS

A distributor is defined as a supplier that procures parts, materials, or assemblies and sells such products to a customer without affecting product characteristics or conformity. Distributors must ensure that only approved, conforming parts make their way into the supply chain (*See SQM 12.0*). The constant concern of "black market" or "counterfeit" parts has reached heightened levels and this SQM includes requirements that when effectively implemented, shall assist PMP in minimizing the risk of such activity. Definitions of counterfeit parts may include, but not by way of limitation: unauthorized copies or substitutes of OEM or OCM parts that are not traceable to an OEM sufficient to ensure authenticity in OEM design and manufacture; parts that do not contain proper external or internal materials or components required by the OEM and are not constructed in accordance with OEM design; and parts that have been re-worked, re-marked, re-labeled, repaired, and/or refurbished and are represented as OEM authentic or as new or parts, but have not successfully passed all OEM required testing, verification, screening, and quality control processes.

Distributors of aerospace commodity items must employ a documented quality system that is compliant to (AS/EN/JISQ) 9120 Aerospace Requirements for Stockist Distributors or (AS/EN/JISQ) 9100 Quality Management Systems – Aerospace – Requirements. Copies of the AS standards can be purchased from SAE International at www.sae.org.

A Manufacturer Certificate of Conformance is required for each item delivered to ensure that the product provided is as specified in the PMP procurement document.

SQM-12.0 PREVENTION OF COUNTERFEIT PARTS

All raw material suppliers, special processes suppliers, and distributors shall have a plan in place to prevent counterfeit parts. Said Plan shall document the necessary avoidance, detection, mitigation, and disposition processes to prevent counterfeit parts and/or materials from entering our customers' supply chain. The prevention processes shall include:

- Training of appropriate persons in the awareness and prevention of counterfeit parts.
- Application of a parts obsolescence monitoring program.
- Controls for acquiring externally provided products from original or authorized manufacturers, authorized distributors, or other approved sources.
- Requirements for assuring traceability of parts and components to their original or authorized manufacturers.
- Verification and test methodologies to detect counterfeit parts.
- Monitoring of counterfeit parts reporting from external sources.
- Quarantine and reporting of suspect or detected counterfeit parts.

SQM-13.0 FIRST ARTICLE PRODUCTION APPROVAL

When required by contract, First Articles shall be performed by suppliers per AS9102 requirements or other similar/proven methods. The designated quantity of components, randomly selected from a significant production run, must be produced utilizing production tooling, processing, and cycle times. This approval must include dimensional and performance requirements and, in some cases, may also include specific visual and functional approvals.

SQM-14.0 PURCHASED PART CONTROL

Suppliers must certify, as part of sample submission, compliance with current constraints on restricted substances as specified by purchase order or contract, especially toxic and hazardous substances.

SQM-15.0 PROCESS CONTROL FOR KEY CHARACTERISTICS

When required by Purchase Order and/or Contract, suppliers must implement a process compliant with AS9103.

SQM-16.0 MATERIAL IDENTIFICATION

Supplier is required to establish a documented system for the control of all materials. The inspection and test status of all materials must be easily identifiable by the system, and documentation must include a description of any applicable containment areas and/or devices. Parts or products removed from the normal process flow must be segregated and clearly marked.

SQM-17.0 SAMPLING

Supplier may use sampling plans when historical records indicate that a reduction in inspection can be achieved without jeopardizing the level of quality. Suppliers may employ sampling inspection in accordance with nationally accepted or customer required standards. Sampling may not be used to justify the existence of known defectives or discrepancies in a lot. Supplier shall maintain quality records in sufficient detail to establish evidence that any sampling was representative, the required tests and verifications were properly performed, and only material meeting specified requirements has been accepted for production and delivery to PMP. These records shall be available for review by PMP or a PMP authorized representative as required, and copies of individual records shall be furnished to PMP upon request.

SQM 18.0 DRAWING CHANGE AND CONTROL

Supplier's quality management system must ensure that the latest engineering drawings and specifications are available at the manufacturing, test, and/or inspection locations. Written procedures should indicate the methods utilized for receipt, review, or distribution of all changes and the methods of recalling and disposing of an obsolete item. A review process, conducted at least once each calendar year, must be established in the system for confirming that specifications are at the latest revision level with the issuing source.

Supplier must coordinate and document all changes with PMP's Order Processing personnel. This may involve customers and/or regulatory authorities in accordance with contract or regulatory requirements.

SQM 19.0 RECORDS

Supplier must retain adequate quality system records, including all production planning documents, process guidelines, laboratory test instructions, gauge/test equipment verification and calibration, and

performance test methods. In addition, suppliers must retain quality performance records, including control charts, and inspection and test results, where appropriate. At a minimum, Supplier must retain records for the periods indicated and make such records available for review as required:

- Quality System Records / 20 calendar years
- Quality Performance Records / 20 calendar years

In the event Supplier discontinues business operations, Supplier shall agree to transmit to PMP those records maintained in support of PMP's contract agreements.

SQM-20.0 CHANGE IN MANUFACTURING PROCESS CONTROL

PMP's continuous improvement philosophy encourages process improvements both internally and at our Supplier's facilities. However, prior to any such "*modification*" to a process being implemented, Supplier must complete all required/necessary verifications and tests to ensure that any new process continues to yield product/services that meet PMP's specifications. First Article requirements per AS9102 apply.

SQM-21.0 FOREIGN OBJECT DEBRIS/DAMAGE (FOD) PREVENTION PROGRAM

Supplier shall assure cleanliness of products/services provided. When designated in the Purchase Order, delivered product must be clean and free from any debris such as machined chips, burrs, grinding dust, forming materials, corrosion, oil, and other foreign material on surface to prevent F.O.D. entrapment. It is preferred that supplier/vendor has a FOD policy and/or follows a FOD prevention internal or external standard (e.g NAS412 or NASA-STD-6016/MSFC-STD-3598).

SQM-22.0 NONCONFORMING MATERIAL

All products or processes found to be nonconforming by the Supplier to the engineering drawings, specifications, or Purchase Order shall be identified, segregated, and reworked or replaced with conforming products or processes prior to delivery to PMP. In the event Supplier deems it necessary to submit a deviation request for approval, Supplier shall submit such request to PMP's Purchasing Department. Supplier is responsible to segregate nonconforming product to prevent delivery to PMP until the deviation is processed and disposition has been given. A copy of the Supplier Deviation Request will be returned to Supplier showing final material review disposition. A "*Use As Is*" or "*Repair*" disposition by the material review process does not relieve Supplier of the legal responsibility and liability for such products/processes.

Nonconforming products identified: (1) at Supplier's facility; (2) returned from PMP's facility; or (3) through performance testing and/or field failures must be systematically analyzed to determine the root cause(s) of the nonconformance. Failure to respond to a Corrective Action Request may result in punitive action up to and including removal and/or suspension from PMP's Approved Supplier List/Register.

SQM-23.0 NOTIFICATION OF ESCAPES

It is the responsibility of Supplier to notify PMP immediately of any items that were provided and later discovered by Supplier to be defective. This notification shall include, at a minimum, Purchase Order number, part number, suspected quantity, and discrepancy/issue. Immediately following the receipt of Supplier's notification, a complete Root Cause Analysis, including containment action, corrective action, and preventive action with completion dates shall be provided to PMP.

SQM-24.0 CERTIFICATION OF CONFORMANCE

Each shipment shall include a Certification of Conformance unless otherwise specified by Purchase Order. The Certificate of Conformance must contain a statement that all inspections, processing, and tests have been performed as required by the drawing requirements and/or Purchase Order. Products controlled by heat numbers, certification numbers, batch numbers, or cure dates must be linked to the Certificate of Conformance by the controlling number and show physical and chemical values when applicable.

SQM-25.0 DEFENSE AND FEDERAL ACQUISITION REGULATION SUPPLEMENT (DFARS)

Unless otherwise specified by the Purchase Order, materials shall comply with all U.S. Government, Defense Federal Acquisition Regulation Supplement (DFARS) 252.225-7008 and 252.225-7009 requirements, including Country of Origin and Cybersecurity policies and procedures 204.7304 and 252.204-7000.

SQM-26.0 EXPORT CONTROL

Unless otherwise specified by the Purchase Order, Supplier is responsible for ensuring that Supplier and all related transactions conform to the requirements of the U.S. Arms Export Control Act, including the International Traffic in Arms Regulations (ITAR), the Trade Agreements Act (TAA), the Military Lending Act (MLA), the federal (MA) regulations, the U.S. Export Administration Act, including the Export Administration Regulations (EAR), and/or export restrictions of any other relevant jurisdiction (*collectively "Export Control Regulations"*). The supplier acknowledges its continuing obligation to be fully compliant with, and knowledgeable of all such Export Control Regulations, as may be amended or modified from time to time. Supplier shall immediately provide PMP with documentation or information requested to evidence Supplier's compliance with all Export Control Regulations.

SQM-27.0 SHIPMENT AND PACKAGING REQUIREMENTS

Supplier shall comply with all requirements for shipping, packaging, and labeling. In the absence of specific requirements, suitable protection from corrosion, contamination, and handling damage during transit is required (*see SQM-33.3*).

SECTION II
SUPPLIER APPROVAL

SQM-28.0 INTRODUCTION

The approval process is an ongoing, comprehensive, supplier-monitoring and feedback procedure that optimizes total cost and quality and minimizes process variation. It requires performance measurements and reporting and communicating with the supply base and features a method of recognizing high-performance suppliers. Suppliers that are currently on an approved suppliers list of a PMP customer may automatically be added to PMP's Approved Suppliers List/Register.

SQM-29.0 SUPPLIER QUALITY MANAGEMENT SYSTEM REQUIREMENT

Suppliers must maintain an approved quality management system and acceptable performance levels to retain active status as a PMP Supplier.

SQM-30.0 SUPPLIER PERFORMANCE REQUIREMENTS

While the key metrics below are targeted goals for qualification, it is expected that PMP Suppliers will strive for continuous improvement to meet zero defects for quality and 100% on-time delivery.

- Quality* 2% or less rejects
- Delivery 95% on-time or greater
- Cost** Price compared to market benchmark.

*Other factors such as number of NCRs and responsiveness to quality issues will be taken into consideration.

** *Optional and subjective criteria determined by Purchasing and/or Quality Assurance.*

In addition to these performance metrics, Supplier is also responsible to provide timely corrective action response and demonstrate commitment to continual improvement through improving performance trends. A Supplier causing product quality escapes to PMP customers may be placed in a conditional or disapproved status regardless of performance trends. A Supplier exceeding either of these limits may be placed on conditional status. Conditional status requires the Supplier to submit a Corrective Action Plan acceptable to PMP. Once accepted, Supplier must show significant improvement toward meeting the required measurable within a reasonable period as defined by PMP. A Supplier that fails to show improvement may be removed from PMP's Approved Supplier List/Register.

SQM-30.1 Calculating Performance Levels.

Product quality may be calculated using the following formula:

$$\frac{\text{Number of Defective Parts}}{\text{Total Number of Parts Received}}$$

Percentage on-time delivery may be calculated as follows:

$$\frac{\text{Purchase Order Line-Item Quantity On-Time*}}{\text{Total Purchase Order Line-Item Quantity Due}}$$

* *Partial deliveries arriving after the original due date will be considered late shipments.*

SQM-30.2 Scoring Criteria

SCORING		TOTAL SCORE	RATING	STATUS
5	Fully Meets	10	Excellent (E)	Approved
4	Meets Most	8 - 9	Satisfactory (S)	Approved
3	Meets Some	<7	Unsatisfactory (U)	Conditional/Unapproved
2	Barely Meets			
1	Does Not Meet			

SQM-30.3 Supplier Evaluation. Critical Supplier annual performance evaluation will commence Q1-2018 (*Supplier performance for Year 2017*).

SECTION III
PURCHASE ORDER TERMS AND CONDITIONS

SQM-31.0 FORMATION: OFFER, ACCEPTANCE, EXCLUSIVE TERMS

SQM-31.1 Except as otherwise provided herein, each Purchase Order, together with these terms and conditions, is an offer by PMP to enter into the agreement it describes and shall be the complete and exclusive statement of such offer and agreement.

SQM-31.2 A contract is formed when Supplier accepts the Purchase Order and the terms and conditions of PMP by shipment of goods, performance of services, commencement of work on goods, written acknowledgement, or any other conduct by Supplier that recognizes the existence of a contract.

SQM-32.0 QUALITY

SQM-32.1 Supplier shall meet all quality requirements of PMP and its customers, including, but not limited to, the applicable quality management system requirements (*ISO 9001, AS9100, etc.*) and any other customer specific requirements.

SQM-32.1.1 Supplier shall meet the quality requirements of D6-51991, when Boeing is the end user as indicated by Boeing Q codes, print authority, or as notified on the purchase order.

SQM-32.2 Supplier must maintain adequate documentation, implementation, and maintenance of a functioning quality management system while continually improving its effectiveness in accordance with contract requirements to ensure that all goods provided to PMP and its customers conform to all specifications, drawings, quality, and performance requirements under the terms of the Purchase Order.

SQM-32.3 Supplier may be held responsible for any and all costs associated with nonconforming product or services provided by Supplier, including, but not limited to, PMP's raw material cost, added value cost, quality issue investigation, administrative costs, containment, and remedial actions, including third-party activities identified by PMP and/or its customers.

SQM-32.4 PMP or its customers may reject and return, at Supplier's risk and expense, or retain and rework goods received that fail to conform to the requirements of the Purchase Order or any other specifications within the Purchase Order. Supplier shall replace any nonconforming goods with conforming goods unless otherwise notified, in writing, by PMP's Purchasing personnel.

SQM-33.0 DELIVERY

SQM-33.1 Deliveries shall be made both in quantities and at the times specified on the Purchase Order. Supplier shall adhere to all shipping directions from PMP Purchasing personnel and/or directions on the Purchase Order.

SQM-33.2 Premium shipping expenses and/or other related expenses necessary to meet delivery dates set forth in the Purchase Order shall be the sole responsibility of Supplier unless the delay was solely caused by PMP or its customers and Supplier provides notice within ten (10) days of the occurrence.

SQM-33.3 Supplier agrees to properly pack, mark, and ship goods in accordance with the Purchase Order requirements and/or the requirements of PMP or its customers. Markings on each package and identification of the goods on the packing slips, bill of lading, and invoices shall be sufficient to easily identify the goods purchased.

SQM-34.0 CHANGES

SQM-34.1 Without prior approval from PMP, Supplier shall not make any changes to any PMP Purchase Order, including goods and/or services covered by Purchase Order and/or Contract, such as, but not limited to:

- Any third-party supplier to the supplier of services, raw materials, or goods used by Supplier.
- The facility from which Supplier operates.
- The price of any of the goods or services.
- The nature, type, or quality of any goods or services, raw materials, or goods used by Supplier or its sub-tier suppliers.
- The fit, form, function, appearance, or performance.
- Changes in product, specifications, and/or any process in the manufacture of any goods.
- Partial shipments are not accepted without prior approval.

**SECTION IV
MISCELLANEOUS PROVISIONS**

SQM-35.0 CONFLICT MINERALS

In the Democratic Republic of Congo and neighboring countries, conflict materials may serve as funding sources from mines that finance militia groups committing human rights abuses. PMP is committed to meeting all legislative and regulatory requirements that seek to eliminate conflict minerals from the supply chain. PMP's policy is not to purchase conflict minerals, materials, or products using metals made from conflict minerals. PMP requires that its Suppliers and their suppliers acquire minerals only from responsible sources.

Supplier represents and warrants that it and its supply chain are currently in compliance, and covenants that it and its supply chain shall continue to comply with existing and future laws relating to conflict minerals as defined by the Dodd-Frank Wall Street Reform Act. Supplier shall be responsible for, and shall release, defend, indemnify, and hold PMP harmless from and against any liability of any kind or nature resulting from the breach of this representation and warranty and covenant.

SQM-36.0 APPLICABLE LAWS

Supplier shall comply with all local, state, federal, and international laws, rules, and regulations, both generally and as they affect the price, production, sale, and/or delivery of the goods, materials, and/or services under PMP's Purchase Order and Supplier shall indemnify and hold PMP harmless from and against any and all liability, expense, or loss, including actual and reasonable attorney fees, resulting from Supplier's failure to do so.

SQM-36.1 RESTRICTIONS ON CERTAIN FOREIGN PURCHASES

(a) Except as authorized by the Office of Foreign Assets Control (OFAC) in the Department of the Treasury, the Contractor shall not acquire, for use in the performance of this contract, any supplies or services if any proclamation, Executive order, or statute administered by OFAC, or if OFAC's implementing regulations at 31 CFR Chapter V, would prohibit such a transaction by a person subject to the jurisdiction of the United States.

(b) Except as authorized by OFAC, most transactions involving Cuba, Iran, and Sudan are prohibited, as are most imports from Burma or North Korea, into the United States or its outlying areas. Lists of entities and individuals subject to economic sanctions are included in OFAC's List of Specially Designated Nationals and Blocked Persons at <http://www.treas.gov/offices/enforcement/ofac/sdn>. More information about these restrictions, as well as updates, is available in the OFAC's regulations at 31 CFR Chapter V and/or on OFAC's website at <http://www.treas.gov/offices/enforcement/ofac>.

(c) The Contractor shall insert this clause, including this paragraph (c), in all subcontracts.

SQM-37.0 LIABILITY

Supplier shall indemnify and hold PMP and its officers, agents, servants and employees, or any of them, harmless from any and all loss, damage, liability, or expense, including actual and reasonable attorney fees for: (1) any breach of any representation, warranty, covenant, or agreement herein, in the Purchase Order, or in any related agreement; and (2) any damage to or loss of property or injuries, including death, to all persons, including employees of Supplier and its subcontractors and all other persons performing any part of the work, which may arise in the performance of any of Supplier's obligations or otherwise under the Purchase Order. Supplier shall defend, at its own expense, any suits or other proceedings brought against PMP and its officers, agents, servants or employees, or any of them, on account thereof,

and will pay all expenses and satisfy all judgments which may be incurred by or rendered against any of them in connection therewith. PMP shall have the reasonable right of approval with respect to any legal counsel selected to defend a claim. Supplier shall be excused from liability for failure to deliver, and PMP from failure to accept deliveries hereunder when such failure is due to acts of God, fire, war, public enemy, strikes, civil commotion, transportation or other embargoes, acts of civil or military authority, governmental priority, or other similar causes beyond their control.

SQM-38.0 AMENDMENT

PMP reserves the right to amend, update, or revise this Manual at any time.

SQM-39.0 LIENS (SIERRA SPACE ONLY)

Seller shall immediately discharge or cause to be discharged any liens or the right in rem of any kind, other than in favor of Buyer which at any time exists or arises in connection with Works furnished under the Agreement. In the event that any such lien or right in rem is not immediately discharged, or Seller or any of Seller’s suppliers or subcontractors assert a mechanics lien, or any other labor or material lien, against any property owned by or in the care, custody or control of Buyer, Buyer at its election may immediately satisfy such lien and charge all amounts (including reasonable attorneys’ fees) associated with satisfying such lien to Seller and/or offset such amounts against payments owed to Seller. Seller shall insert this clause in any subcontracts issued hereunder.

Revision	Description of Changes	Author	Date	Approver	Date
1	Updated section 8.0 to align with Boeing raw material sourcing requirements	C Graham	11/21/2024	M Permenter	11/21/2024
2	Updates to Cyber/Special processes and FOD sections for clarification purposes and to address industry and technology trends.	D. Quintero	02/05/2026	C Graham	02/09/2026