STANDARD OPERATING PROCEDURE

Title: **Clayens Atlanta - Supplier Quality Requirements**

1.0 OBJECTIVE

The purpose of this procedure is to describes Clayens Atlanta general and special product assurance requirements for suppliers.

2.0 SCOPE

These requirements are specific to all current Quality Critical Level 1 and 2 suppliers listed on Clayens Atlanta's Approved Suppliers List and any new Quality Critical Level 1 or 2 suppliers added.

3.0 RESPONSIBILITY

The Quality Manager, Business Manager and Manufacturing Manager are responsible for the proper administration and implementation of this procedure.

4.0 GENERAL

4.1 Supplier qualification will follow the guidelines established in Clayens Atlanta's Business System Manual Section 6.4.

4.2 Acknowledgment of receipt and acceptance of these requirements will be documented (see Exhibit A. for sample letter). Any Exceptions will be documented and sent to Atlanta for review and acceptance. Atlanta will work in conjunction with the supplier to resolve any exceptions that are customer related.

4.3 Supplier is required to be in compliance with all Ethic Laws and Regulations.

5.0 RITE OF ACCESS

Clayens Atlanta reserves the right to perform audits and/or inspections at the supplier’s facility and/or the supplier’s subcontractor’s facility on the manufactured parts and/or services provided. Supplier material, records, process and routing sheets, manufacturing and test and inspection facilities are subject to review by Clayens or their customers. The supplier will provide the necessary equipment, facilities and personnel for the Clayens representative to verify compliance.

6.0 LANGUAGE REQUIREMENTS

All quality records, data or correspondence to Clayens Atlanta are required to be in the English language. The supplier will maintain an English Language translation of its Quality Manual. Any translation fees will be the responsibility of the supplier.

7.0 QUALITY MANAGEMENT SYSTEM

Manufacturing suppliers will establish and maintain a Quality Management System that is 3rd party certified to ISO-9001 at a minimum. If the supplier is providing parts or services that are automotive and/or aerospace, the Quality Management system must be in compliance with the current version of IATF-16949 and AS-9100 requirements in the areas agreed upon between the supplier and Clayens Atlanta. Calibration suppliers must be 3rd party certified to ISO-17025. Clayens expectations for a supplier are for Quality 0 PPM and 100% On-Time Delivery, however the supplier will only fall into a "Needs Improvement" category if in Quality gets more than 1000 PPM and for OTD less than 90%. Supplier assessments are performed quarterly by Clayens

8.0 FACILITYAND/OR PROCESS CHANGES

8.1 The supplier will provide Clayens Atlanta formal notification before relocating any production, inspection or processing facilities; or, transferring work between different facilities; or, when applicable prior to initiating any changes in the source of major components procured by the supplier and designated for use in or for installation on products scheduled for delivery to Clayens Atlanta; or, making any other changes which may affect product quality, reliability or integrity. Such changes are subject to approval or disapproval by Clayens Atlanta. A change in ownership or a change in the individual designated as the management representative with respect to the suppliers quality system shall be construed as a facility change and requires the supplier to notify Clayens Atlanta.

8.2 The supplier may not make any changes or substitutions to any products or services required by the purchase order, drawing, specification, standard or other applicable document without prior written authorization by Clayens Atlanta. Authorization may be contingent on Clayens Atlanta an on-site review or the proposed product or service changes at the suppliers facilities, or the facilities of the supplier's sub-tier sources.

9.0 DOCUMENT SOURCES

Copies of Clayens Atlanta proprietary documents, or Clayens Atlanta's customer proprietary documents, required by the supplier to comply with purchase order requirements will be furnished to the supplier by Clayens Atlanta. The supplier is responsible to assure requirements are flowed down to their sub-tier suppliers.

10.0 EMPLOYEE QUALIFICATION AND TRAINING

The supplier will have an employee qualification and training program in place that will assure only qualified employees perform the function(s) required to produce products and/or services on Clayens Atlanta's purchase orders. Qualification and training records will be made available to Clayens Atlanta upon request.

11.0 INSPECTION AND TEST REQUIREMENTS

Supplier will employ receiving, in-process and final inspection and testing to the extent necessary to verify product conformance to applicable requirements. Inspection records, certifications, test reports and technical data statement of quality will be maintained by supplier as objective evidence of product quality required by purchase order. Inspection measuring and test equipment, when used to verify product conformance, will be controlled and periodically calibrated in accordance with known standards to the extent necessary to maintain required levels of accuracy. All products found to be nonconforming during suppliers inspection operations will be properly identified and segregated pending disposition. Suppliers inspection system shall provide for prompt notification to Clayens Atlanta if it is determined that nonconforming product may have been shipped to Clayens Atlanta. Statistical Process Control techniques should be utilized whenever possible for in-process and final inspection. A minimum of 1.33 Cpk is required for all key characteristics unless otherwise stated on purchase order or other formal means from Clayens Atlanta.

12.0 NONCONFORMING PRODUCT AND MATERIAL REVIEW

12.1 All products found by the supplier to be nonconforming to drawings, specifications, purchase order or other applicable requirements, either by the supplier or the supplier's sub-tier sources, will be identified, segregated and reworked or replaced with conforming products prior to delivery to Clayens Atlanta. The supplier will notify Clayens Atlanta of any non-conforming product for disposition prior to shipping to Clayens Atlanta.

12.2 Clayens Atlanta will notify the supplier of any nonconforming product received. Clayens Atlanta will work in conjunction with the supplier in determining responsibility, cause and corrective action.

12.3 Unless the supplier is granted Material Review authority by Clayens Atlanta on the purchase order or other formal document, all nonconforming material will be submitted to Clayens Atlanta for disposition

12.4 When the supplier determines that nonconforming product(s) have been delivered to Clayens Atlanta, the supplier will notify the Clayens Atlanta Logistics Department within twenty-four (24) hours of the initial discovery. The supplier will use receipt acknowledged e-mail or other positive notification method. The notification will include the following minimum information:

1) Clayens Atlanta Purchase Order Number
2) Part Number and Description
3) Affected quantity
4) Expected delivery date
5) Brief description of the nonconforming condition

12.5 Clayens Atlanta will provide disposition and instructions to the supplier within 5 days of the initial notification. PPI reserves the right to participate in the nonconforming product investigation at the facilities of the supplier or its sub-tier sources.

13.0 CONTROL OF CONTAMINATION AND FOREIGN OBJECT DETECTION (FOD)

The Supplier shall establish, document and maintain a program to control and eliminate Foreign Object Detection (FOD) and/or contamination during the Supplier's manufacturing, assembly, test and inspection operations. When applicable, the Supplier's FOD control program shall include controls to preclude FOD or contamination at the Supplier's sub-tier sources. MIL-STD-980 may be used as a guide to establish and implement the Supplier's FOD program.

14.0 RECORD REQUIREMENTS

14.1 Records must be stored in a manner that prevents loss, damage or deterioration. All data stored by electronic means will be secure with back-up procedures. The supplier will contact Clayens Atlanta Logistics Department for disposition of records upon termination of business activity.

14.2 Changes or corrections to records, regardless of the media will be made as follows: draw a single line through the old data, enter the correct data, date and initials or signature of individual making the correction. No erasures, covering, or “white-out” allowed.

14.3 All quality records related to product manufacture and/or service will be retained fifteen 15 years for the Aerospace Suppliers, 10 years for Automotive and 3 years for all of the rest, after the last delivery of products and/or services on the contract. In the case where a specification or purchase order requires a greater retention period, the more stringent requirement will apply. Records that have a retention time of “Indefinite” do not mean that the records must be retained permanently. Record’s that have a retention period of “Indefinite” should be reviewed periodically to determine if they have surpassed their useful legal and business life. Destruction of records with “Indefinite” retention period must be authorized by Clayens Atlanta.

14.4 Clayens Atlanta reserves the right to access records at the supplier, or its sub-tiers, involved in the manufacture of Clayens Atlanta products. The supplier will make the records available within 48 hours, or 2 business days, of the request for access.

15.0 REGULATORY REQUIREMENTS

15.1 All materials or services supplied to Clayens Atlanta must comply with all regulatory requirements, including but not limited to federal, state, environmental, and registration bodies. Suppliers are required to certify that materials or services are not counterfeit or modified. If changes should occur see section 8.0 of this procedure.

16.0 RISK ASSESSMENT

Suppliers are required to complete a Supplier Self Risk Assessment (Exhibit B) initially and every time they fall into the "Needs Improvement" category for three consecutive quarters. Parkway will review and monitor supplier performance to determine if any response plan is needed.