

# International Water-Guard Industries, Inc

## SUPPLIER QUALITY REQUIREMENTS

The following are the terms and conditions for supplying parts to International Water-Guard Industries Inc. (IWG, the Buyer).

- 1. Packaging:** All products shall be packaged, marked and otherwise prepared for shipment in a manner that is in accordance with good commercial practice; acceptable to common carriers; and adequate to ensure safe arrival of the material/part. A Packing Slip must accompany every shipment to IWG.
- 2. Non-conforming product:** The Supplier shall advise the Buyer of any non-conforming product issues PRIOR to delivery, and obtain written authorization from IWG Quality personnel through a deviation Non Conformance Report (NCR). **Under no circumstances shall non conforming product be delivered to IWG prior to obtaining IWG's written authorization through an IWG deviation NCR.** Communication on any non-conforming product issues will be coordinated via the IWG Buyer. The Supplier will be notified of any non-conformances detected by IWG, either at the time of receiving or during use on the manufacturing floor. The Supplier shall be expected to provide a Supplier Corrective Action Report (SCAR) as to the cause and actions to correct the cause in a timely manner, when requested by IWG.
- 3. Notice of Escapement:** The Supplier shall notify the Buyer, within 2 business days of discovery, of any non-conforming product shipped (escapement) to IWG. In the event of an escapement, the Supplier shall send a "Notification of Escapement" in writing to the Buyer and shall contain the following as a minimum: **a.** Supplier name **b.** Description of non-conformance with a corrective action plan **c.** A list of all affected part numbers **d.** Part number and traceability number which identifies the non-conforming parts, if applicable **e.** All affected Buyer's purchase order numbers **f.** Certificate of Conformity (CofC) / Packing Slip numbers **g.** Quantities and dates shipped **h.** Information regarding quarantine of all related work-in-process and/or finished goods. The supplier shall be liable for the entire value of the product and shipping costs associated with the recall of their defective products plus any additional IWG notification of disclosure processing costs as determined by IWG.
- 4. Notification of Obsolescence:** The Supplier shall notify the Buyer immediately of any future obsolescence impacting open orders from IWG (components, sub-assemblies and/or assemblies). The notification of obsolescence shall contain the following as a minimum: **a.** End Of Life data (EOL) **b.** Last Order Date (LOD) **c.** Available supply at existing vendor/distributor and other sources **d.** Reliability data, if available, for electronic components **e.** Technical Data Sheets for any available alternative parts **f.** Gap Analyses for the obsolete part and alternative replacement, if available **g.** Quotes and lead times for the alternative replacement part.
- 5. Quality Assurance:** The Supplier **shall ensure that their subcontractors have a Quality Management System in place adequate to control their products and processes to the extent of fulfilling IWG's Quality and Design Technical requirements.** The focus is to ensure the consistency and reliability of the quality of the products and/or services supplied for IWG, as well as to ensure product safety during the entire product lifecycle.
- 6. Personnel:** All Supplier personnel and staff responsible for products delivered to IWG shall be trained or made aware of **a.** Their contribution to product and service conformity **b.** Their contribution to product safety **c.** The importance of ethical behavior. Evidence of this training or awareness shall be retained by the Supplier and be made available upon request by IWG.

7. **Delivery Performance:** The Supplier is expected to achieve **a.** On-time delivery **b.** Delivery of correct quantities that conform to the requirements of the PO **c.** Delivery of correct documentation as specified in the PO.
8. **Purchase Order (PO) Acknowledgement/Confirmation:** Upon receipt of a PO, the Supplier shall review and acknowledge receipt of the order confirming description, quantities prices, and delivery dates. The Supplier is expected to advise the Buyer of any problems or concerns, in writing.
9. **PO and Contract Review:** The Supplier shall immediately notify the Buyer when:
  - a. Technical data in the Supplier's possession does match with the revision and configuration data specified in a Purchase Order or Contract.
  - b. Any additional technical data is required to fulfil the quality requirements of the PO or Contract.
  - c. The PO or Contract requirements are unclear. The Supplier shall not start execution of the PO or Contract until all requirements are clarified at all sub-tier levels. The Supplier shall not make assumptions in order to proceed.
10. **Invoices to IWG:** Invoices being sent to IWG must be submitted via mail or electronic transmission. BY MAIL: send invoice to ATTN: Accounts Payable. ELECTRONIC INVOICES: contact [IWG-APayable@water.aero](mailto:IWG-APayable@water.aero) for initial set up and payments. Invoices sent by any other means will not be considered to have been "received" by IWG and will delay payment. For example, an invoice for payment that is included with the shipping documentation is not considered to have been received by IWG's Accounts Payable group.
11. **First Article Inspection (FAI):** At times, IWG may require the Supplier to perform a First Article Inspection and to send related documentation with the shipment. FAI requirement will be identified on the PO. AS9100 approved suppliers shall perform FAI in accordance with AS9102. Suppliers approved to other QMS Standards including ISO9001 can provide a First Off Inspection report in lieu of FAIs. In all cases, the supplier should provide a **Ballooned/Bubbled drawing identifying the dimensions with their corresponding item numbers on the FAI Report.**
12. **Certificates of Conformance/Compliance (CofC):**
  - A. **For Commercial-off-the-Shelf (COTS) parts:** As and when indicated on the PO, the Supplier shall supply a certificate that indicates that the parts supplied meet the PO requirements. This certificate may take the form of a Distributor's Packing Slip or release statement, as appropriate. Refer to Transport Canada CAR Part 1 Subpart 101.01 for definitions of a "commercial part". **The Distributor's Packing Slip shall provide clear identification of the IWG PO number, IWG PO revision number and the PO Line number under which the product is being delivered.**
  - **For Standard parts:** As and when indicated on the PO, the Supplier shall supply a certificate that indicates that the parts supplied meet the PO requirements. This certificate may take the form of a Standard Distributor's Packing Slip and shall include Original Equipment Manufacturer (OEM)/Original Component Manufacturer (OCM) CofC, as appropriate. Refer to Transport Canada CAR Part 1 Subpart 101.01 for definitions of a "standard part". **The Distributor's Packing Slip shall provide clear identification of the IWG PO number, IWG PO revision number and the PO Line number under which the product is being delivered.**

- **For Custom parts:** The Supplier shall supply a certificate that indicates the parts supplied meet the PO requirements. The IWG drawing and revision level, traceability to raw material certificates and, if applicable, outside processing must also be stated on the CofC. **The C of C shall provide clear identification of the IWG PO number, IWG PO revision number and the PO Line number under which the product is being delivered.**
13. **Supplier Subcontracting and Outsourcing:** If the Supplier subcontracts one or more processes in order to meet the requirements specified by the IWG Statement of Work ( PO, Drawings, etc), they shall obtain IWG’s approval prior to using the Subcontractor. This approval request should be submitted to IWG using the Supplier Subcontractor Approval Request form (Form 258). Once IWG’s approval is obtained, any changes to the subcontractor used or the work/process outsourced shall require subsequent approval prior to subcontracting the work/process. Suppliers shall pay special attention to any limitations in this approval. IWG will not be liable for parts rejected if prior approval was not obtained from IWG. Applicable certificates of the outsourced processes and evidence of the subcontractors being listed on the Supplier Approved Supplier List for IWG parts must be kept on file and be made available to IWG upon request. IWG must be notified of any changes to a subcontracted or outsourced activity. Suppliers shall only use subcontractors that are approved under the supplier’s Approved Vendor/ Supplier List and are in Active status at the time of subcontracting. The Supplier shall flow down all applicable IWG requirements to ensure that its external providers (3<sup>rd</sup> party subcontractors) of products and services are able to meet all IWG PO and contractual terms and conditions.
  14. **Right of Access:** If requested, the Supplier shall permit access to IWG (Note: IWG may be accompanied by regulatory authorities) for purposes of evaluating the Supplier’s facilities and processes. This Right of Access is also applicable to subcontractors of outsourced processes. The Supplier shall flow down Right of Access requirements to subcontractors.
  15. **Records:** The Supplier shall retain manufacturing, inspection and test records (e.g., job tickets, travelers, batch records) which can be reviewed as required by IWG for a minimum of 10 years. IWG shall be notified of any disposal of records after 10 years and may request shipment of records.
  16. **Purchasing:** For custom parts only, the Supplier shall have procedures to ensure that all procured items and raw materials used in the production of IWG-controlled parts meet requirements per IWG-supplied drawings. In addition, the Supplier shall flow down all information to ensure that its external providers of products are able to meet all IWG PO and contractual terms and conditions.
  17. **Change Notification:** The Supplier shall advise the Buyer of any changes which may impact the quality and/or delivery of parts supplied to IWG. This includes but is not limited to: change of facilities, change in ownership, change in subcontractors used on IWG products, changes in design that could impact IWG product, etc. Any design changes (except commercial-off-the-shelf i.e. COTS or Standard items) shall be communicated to IWG prior to approving the change for production.
  18. **Control of Production Process changes:** The Supplier shall document and record any changes affecting the manufacturing and/or inspection of IWG products and maintain traceability to the configuration of the validated production and inspection process. Any major changes affecting manufacturing processes and/or testing methods and equipment used shall be communicated to the Buyer prior to implementation.

19. **Supplier Sale or Relocation:** The Supplier shall provide the Buyer with written notification at least 90 days in advance of any sale, relocation, or transfer of the Supplier's manufacturing operations. The Supplier shall include in the written notification, as a minimum: **a.** Purpose of the relocation **b.** Address of the new location(s) **c.** Assessment of actual or potential impact to current POs **d.** Risk mitigation plan to ensure compliance to existing PO requirements **e.** Plan defining the identification, storage, protection, retrieval and retention of records **f.** Master schedule and timeline of relocation activities **g.** Relocation coordinator/point of contact **h.** Equipment relocation and re-calibration plan, if applicable **i.** First Article Inspection plan.
20. **Time- and temperature-sensitive items:** For time- and temperature-sensitive materials, also referred to as “shelf life” materials, items shall be labeled with date of manufacture and expiry date. Unless otherwise authorized in the contract or purchase order, the service life of delivered “shelf life” products shall not be less than 80% of their maximum service life with effect from the date of delivery, **unless otherwise specified in the PO from IWG.**
21. **Sampling and Statistical techniques:** When the Supplier uses sampling inspection, the sampling methods shall be in accordance with standard aerospace industry approved statistical techniques. **AS9138 is recommended as an acceptable guide to follow in complying with aerospace industry approved statistical techniques and requirements.**
22. **Key Characteristics:** When identified on the Engineering drawing, model, or documentation, all key & critical characteristics will require a statistical process control plan in accordance with AS9103. In cases where conformance to AS9103 is not feasible, the Supplier shall apply 100% inspection of all key characteristics on all products delivered to IWG. Sampling inspection will not be acceptable without prior approval of the sampling plan from IWG Quality personnel.
23. **Foreign Object Debris (FOD) control:** The Supplier will ensure that product manufactured and delivered to IWG is controlled in a manner that will ensure that no FOD is present in the final product. Delivered products shall be free of foreign material (e.g. loose fasteners, wire clippings, metal shavings, dust, grime, oil, loose solder, etc.). Parts found to contain Foreign Object Debris may be cause for rejection at IWG’s discretion.
24. **Calibration of Monitoring and Measuring Resources:** The Supplier shall control the calibration of all monitoring, measuring and test equipment against measurement standards that are traceable to international or national measurement standards (e.g. NIST). When no such standards exist, the basis used for calibration and verification shall be retained as documented information. Calibration records shall be retained for a period of no less than 3 calibration cycles. Labs performing calibration shall be certified to ISO17025 or equivalent. Suppliers shall take necessary containment and corrective actions to evaluate the impact and prevent recurrence when products have been accepted by out of tolerance measuring equipment. If non-conforming product has “escaped” to IWG, IWG shall be notified as per the Notice of Escapement clause in this document.
25. **Part-marking and Identification:** When a part-mark specification or direction is not provided by the drawings, specifications or Purchase Order, the part-mark shall include the following: **a.** The part number specified on the Purchase Order **b.** The manufacturing date (or date code) and inspection stamp **c.** The supplier’s name **d.** The number used by the Supplier to provide traceability of their quality records (e.g. serial number, lot number, control number, work order number) **e.** CAGE or NCAGE code, if assigned one. Items that are too small to allow for part number and serial number identification shall be bagged and tagged by an appropriate label.

26. **Counterfeit Part Prevention:** For the purpose of this section, Counterfeit Part means Material that has been confirmed to be a copy, imitation or substitute that has been represented, identified, or marked as genuine, and/or altered by a source without legal right with intent to mislead, deceive or defraud. Examples of a Counterfeit Part can include, but are not limited to, false identification of markings, labeling, grades, serial numbers, date codes, documentations or performance characteristics. A Suspect Part is Material, items, or products in which there is an indication by visual inspection, testing, or other information that it may meet the definition of Counterfeit Parts.

The Supplier/Distributor providing Electronic, Electrical and Electromechanical (EEE) assemblies, components, or containing electronic components to IWG shall have controls in place to support compliance to SAE AS5553 or SAE AS6174 or equivalent. .

All parts and materials shall be procured only through Original Equipment Manufacturers / Original Component Manufacturer (OEMs/OCMs), manufacturer-franchised distributors, or authorized aftermarket manufacturers. Appropriate incoming inspection test methods shall be instituted by the Supplier to detect potential Counterfeit Parts and materials. The Supplier shall not use unapproved or independent distributors or brokers (any company, person, or entity who is not an OEM/OCM, or not an OEM/OCM-authorized/franchised dealer or distributor) for the purchase of components/materials/parts for IWG unless written pre-approval has been granted by the Buyer. When required by IWG, the Supplier shall provide OEM/OCM documentation that validates traceability of the parts to the applicable OEM/OCM.

The Supplier shall notify IWG and obtain written pre-approval prior to delivering any product to IWG for which they are not an OEM/OCM-approved distributor.

In the event the Supplier becomes aware, or suspects, that it has delivered Counterfeit Parts, the Supplier shall immediately notify IWG as per the Notice of Escapement clause within this document. If eligible for Government-Industry Data Exchange Program (GIDEP) membership, the Supplier shall also utilize the GIDEP process to alert the industry of encountered Counterfeit Parts/materials.

The Supplier shall be liable for remedial costs including replacements, should any Counterfeit Parts be provided. Remedial costs may include but are not limited to charges for examining, shipping, and testing activities. IWG is not under any obligation to return Suspect or confirmed Counterfeit Parts, and may elect to scrap any known Counterfeit Parts. In the event Counterfeit Parts provided by the Supplier are subsequently incorporated into IWG products and/or sold to third party customers, the Supplier accepts responsibility for expenses related to the replacement of affected Parts/products, including any expenses related to removal of affected Parts/products from aircraft.

The Supplier shall flow down this clause to all sub-tier suppliers to prevent the inadvertent procurement, use and delivery of Counterfeit Parts and materials.

27. **Supplier Corrective Actions:** If the Supplier is issued a Corrective Action Request, also referred to as a CAPA, the Supplier's response shall be submitted to IWG Quality personnel within the deadline specified in the CAPA. Requests for an extension may be submitted to IWG Quality personnel for consideration. The Supplier must provide the following: **a.** Status of CAPA at the time of request **b.** Circumstance to justify the extension **c.** Proposed completion date(s) for the remaining section(s) of the CAPA. An extension for the CAPA request is not guaranteed and will be subject to the risk rating associated with the CAPA

assigned by IWG at the time of the CAPA initiation. Supplier corrective action shall identify any human factors associated with the root cause of the non-conformance, if applicable.

28. **Special Process:** When special processes are required on IWG products as specified in drawings, POs, models, etc such as a. Plating b. Anodizing c. Heat Treating d. Non-Destructive Testing e. Chromate/Alodine finishes and f. Welding, the supplier shall only use special process sources that have a QMS certified to AS/EN/JISQ 9100 , ISO9001 or equivalent. In certain cases, IWG may require that certain subcontracted tasks, including special processes, be carried out only at IWG-designated sources, in which case these sources will be identified on the PO or drawing. All Material Testing Labs shall have a QMS certified to ISO17025 or equivalent standard.

For Special Process Sub-Contractors who do not meet the above requirements, the supplier must compile a Quality Plan to demonstrate compliance to the applicable requirements of IWG Form 089 Supplier Terms and Conditions and submit it with the Supplier Subcontractor approval Form 258. Once the Quality Plan is approved, any changes to the scope of this Quality Plan shall also be submitted to IWG for additional approval.

29. **Risk Management:** The Supplier shall maintain a Risk Management process to periodically identify, evaluate and mitigate all risks liable to disrupt the processes, services and contractual obligations related to product quality and on-time delivery of products and services. Any risks that could impact product and/or service conformity and on-time delivery shall be communicated to the Buyer prior to the risk impacting IWG.
30. **Property belonging to IWG:** The Supplier shall protect and safeguard property provided by IWG at all times. This property includes IWG-supplied assemblies, tools, fixtures, gauges, test equipment, and any IWG intellectual property such as contractual and design documents. The Supplier shall record and report any lost or damaged IWG property and retain documented information on what has occurred, where applicable. Any tooling including gauges, fixtures, test rigs, stencils etc paid for by IWG during the product procurement process shall be the sole property of IWG, unless otherwise mutually agreed upon by both parties under a contract.
31. **Test Specimens for Design Approval:** When required by IWG, the PO will indicate test specimens to be retained or supplied by the Supplier for IWG design verification and validation activities.

32. **Additional Requirements for Suppliers of IWG FAA PMA / IWG TCCA PDA assemblies.**

- All Non Conformances raised on an IWG Final Assembly/Model part numbers or an equivalent Vendor Part number identified within the IWG Final Assembly drawing shall be submitted to IWG MRB for Use As Is or Repair Dispositions and approvals. NCRs raised on lower level vendor sub-assemblies will only require a courtesy notification to IWG. NCRs shall have a substantiation for why the deviation is Minor. Major deviations shall not be acceptable.
- All design changes to Final Assembly (FA) drawings and FA Acceptance/Functional Test Procedures (ATP/FTP) including any equivalent vendor design document identified within the IWG Final Assembly/Model drawing shall be forwarded to IWG Engineering with a justification for Minor/Major classification and for IWG Engineering approval. Minor Design changes on lower vendor sub-assemblies will only require a courtesy notification to IWG. All Major design changes on lower vendor sub-assemblies shall be forwarded to IWG for approval prior to implementation.

- All Manufacturing changes including Travelers and Standard Operating Procedures (SOPs) or Shop Floor Work Instructions (SFWIs) on IWG Final Assembly/Model part numbers or an equivalent vendor part number identified within the IWG Final Assembly/Model drawing shall be submitted to IWG Quality for review and approval.
- Travelers, ATP reports, and FAA/TCCA shipping documents shall be submitted to IWG for all IWG Final Assemblies/Models and equivalent vendor part number identified within the IWG Final Assembly/Model drawings.
- FAls shall be submitted to IWG Quality for approval for all IWG Final Assembly/Model part numbers or an equivalent vendor part number identified within the IWG Final Assembly/Model drawings.
- The supplier shall notify IWG Quality of any Audit findings from Internal, Customer or Regulatory audits that impact the products or services listed under the IWG DQR's scope of approval.
- PMA or PDA final assemblies will require Identification that these parts are FAA-PMA/ TCCA-PDA. Any sub-assemblies of a PMA or PDA shipped to IWG shall also be identified as such.

### 33. Additional Requirements for Suppliers with DQR status.

- A completed copy of the IWG DQR Product Release checklist including all shipping documents such as applicable Packing Lists, Sales Orders, C of Cs, Regulatory Conformity certificates i.e. Form Ones, 8130-3 etc. shall be included with every delivery to IWG.
- IWG approved Vendor DQRs with an "Active – Under Probation" status shall submit the IWG DQR Product Release Checklist and any applicable test records in advance to obtain approval from IWG Quality prior to delivery of products.
- DQRs are responsible for notifying the Director, Quality Programs at IWG for any training listed in the IWG DQR Training Matrix that has expired, prior to submitting an IWG DQR checklist.
- IWG DQRs are required to notify the Director of Quality, Programs should they not have access to any IWG controlled documents required to verify conformance and complete the IWG DQR Product Release Checklist.

### 34. Product and Service Documentation Conformity.

- The Supplier shall furnish all documentation required as indicated in the PO. Failure to provide all applicable documentation on time in full with no errors, with the shipment shall constitute a late delivery.
- When notified of any documentation issues (missing, incorrect, erroneous etc) by the IWG Buyer, the supplier shall resolve the documentation issue within 3 business days. Failure to do so may result in an NCR issued to the Supplier.

**35. Acceptance Authority Media.**

- Suppliers shall maintain a document that clearly links the identity of the individuals to the Acceptance Authority Media used on Quality Management System Records . i.e. Stamps, Electronic Signatures, Initials etc.
- Suppliers and subcontractors shall ensure that all employees are aware that the use of Acceptance Authority Media is considered as a personal warranty of compliance and conformity.
- Suppliers shall assess and take actions in their Manufacturing and inspection processes and documentation to ensure
  - Documentation is completed as planned and operators follow Stamp/Sign as you go.
  - The business prevents uncertified personnel from stamping/signing and falsification of QMS records.