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Supplier Quality Agreement

I. Purpose & Scope

Customer satisfaction is IVEK's number one priority and depends upon collaboration across the supply-chain to ensure quality at the source. IVEK is committed to developing long term supplier relationships and the purpose of this document is to provide information and clarify expectations to ensure a successful partnership between IVEK and its suppliers. This document applies to all items (parts, components, materials, and services) received from suppliers for use in IVEK production.

The initial contact for any questions and communication is the IVEK Buyer noted on the purchase order.

II. Conformance to Requirements

It is essential that all supplied items are in full conformance with the requirements of the purchase order (including revision level, referenced drawings, specifications, and notes), standard terms & conditions of purchase (QF-445), and this document. Furthermore, the requirements flow down and must be communicated by the supplier to any sub-tier suppliers. Acceptance of the PO confirms that the supplier understands and commits to comply with all requirements. Technical requirements (e.g., Drawing specifications) must be strictly observed and any clarification or request for deviation needs to be resolved prior to PO acceptance. In no case shall the supplier furnish items that deviate from requirements without IVEK's prior written consent.

Nonconforming Items: Reference Appendix A for expectations related to recovery and corrective action if nonconforming items are received or detected at IVEK or its customer.

III. Product & Process Change Notification

IVEK requires advanced written notification of any design, material, or process changes that affect the ability of the purchased item to meet specified requirements. The supplier is not permitted to implement any changes to IVEK designed items without obtaining prior written approval from IVEK engineering.

IV. Delivery Requirements

The delivery schedule and order quantity are critical requirements of the PO. If problems or delays occur, the supplier is expected to take, at its expense, every reasonable action to recover so supply is not interrupted. Timely communication of delays or issues potentially impacting delivery is essential.

- Written purchase order acceptance should be provided within 72 hours
- The full quantity ordered is expected to arrive at the *Ship-To* location on the *Requested* date as specified in the purchase order. The *Requested* date is the expected date of arrival at the *Ship-To* location (not the date of departure from the supplier's facility).
- Orders shall not be shipped to arrive more than 5 business days early without approval
- Items are expected to be delivered in the quantity ordered and any quantity discrepancy should be brought to the attention of the Buyer prior to shipment. In all cases, the shipment documents must accurately reflect the quantity shipped. Count discrepancies found subsequent to receipt will be submitted for credit.
- Invoices should be submitted by email to ap@Ivek.com.

V. Documentation/Certification Requirements

All required documentation should be included with the shipment and contain identification of: Supplier Name, Item #, Revision Level, Mfg Lot # and PO #

- Every item requires documentation that supplied items comply with European Union Directive 2015/863 for Restriction of Hazardous Substances (RoHS-3)
- Every shipment of product produced to an IVEK drawing requires:
  - submission of IVEK form QF-345 acknowledging conformance to the IVEK design
  - certificate of conformance for surface finishing operations (e.g. anodizing, passivation, electropolish, etc.)
- Additional documentation/certification requirements (if any) are referenced in the purchase order, through:
  - Notes on the PO
  - Notes on referenced drawings, specifications, or standards
  - Additional line items on the PO – *Reference Appendix B for a description of line item requirements*
- The supplier is expected to maintain records demonstrating conformance to all order requirements and to make those records available upon request

VI. Packaging and General Condition Requirements

- Each shipment shall contain identifying paperwork including: Item #, PO #, Qty
- All items shall be packaged in such a manner that no damage occurs during shipping
- Items are expected to be free of rust; burrs or other sharp edges; dings, scratches or handling damage; visible dirt, chips or other debris

- Unless otherwise specified, or required to prevent rust, or ensure proper function of the product, items shall be free of residual oil and fluid
- Appearance is expected to be uniform and consistent including color and texture
- Required item markings need to be clear and legible
- Reference IVEK General Condition Guideline (QI-624) for additional clarification and reference photographs

VII. Supplier Evaluation and Development

IVEK is committed to continuous improvement and development of the supply base and growing the business relationship with top performing suppliers. IVEK evaluates suppliers based on capability and performance (Quality and On-Time Delivery) as well as assessing customer service and cost competitiveness - Suppliers are expected to demonstrate continuous improvement in all areas.

Site Visits/Audits: Upon reasonable notice IVEK expects the supplier to make its facility available for site visits and/or participate in quality system audits.

Performance Rating: Supplier performance is measured and routinely monitored. A composite performance score is calculated using a weighted rating as follows:

- 50% Quality Events requiring corrective action
- 20% Quality Events not requiring corrective action
- 30% On-Time Delivery

Appendix A - Nonconforming Product

All product is expected to be supplied in full conformance with the requirements of the purchase order, any exceptions need to be addressed prior to order acceptance - nonconforming product represents any items that don't fully meet requirements

If nonconforming product is produced, the Supplier shall have procedures to identify, control and correct product before it reaches IVEK – in no case shall nonconforming materials be used in production or nonconforming product shipped without prior written consent of IVEK.

If nonconforming product is supplied to IVEK and discovered upon receipt inspection, during subsequent production activities, or after shipment to IVEK's customer it will be dispositioned as follows:

1. Product will be contained (isolated) for disposition and the nonconformance will be verified
2. The supplier will be notified of the nonconformance and, within 48 hrs, is expected to provide a credit memo and one of the following disposition instructions:

    a. Instruct IVEK to scrap the product
    b. Issue a return authorization (RMA) to ship at supplier's expense

    Failure by the supplier to provide disposition within 48 hrs will constitute authorization to scrap the product and take a corresponding credit

3. Regardless of disposition, IVEK will apply or take credit for the nonconforming product
4. At IVEK's discretion, a product replacement purchase order may be issued

Supplier Corrective Action (SCAR)

Suppliers are expected to take corrective and preventative action in response to any nonconforming product and IVEK may request a formal supplier corrective action report (SCAR) with the following expectations:

- Supplier shall investigate the cause of the nonconformity and provide to IVEK a root cause and corrective action plan within 30 days of receiving a SCAR request
- Supplier shall provide records to IVEK demonstrating implementation of corrective action and verification of effectiveness

Appendix B – Line Item Documentation Requirements

The following additional documentation requirements only apply when the report is listed as a a separate line item on the PO.

Certificate of Conformance Report – (PO Line Item CERT)

When CERT is called out on the PO, supplier shall complete IVEK form QF-362 and submit with the shipment

Inspection Reports – (PO Line Item FAIR or IR)

When FAIR or IR is called out on the PO, supplier shall submit an inspection report using IVEK form QF-300 or an equivalent report that contains the following information:

a) Supplier Name
b) Clear designation that the report is a First Article Inspection Report or Process Control Inspection Report
c) Item Number & Revision
d) Purchase Order (PO) Number
e) Manufacturing Lot Number and Lot Quantity
f) Authorized & Traceable Signature and Date of Signature
g) List each feature and indicate upper and lower limits as applicable. Repeated feature callouts (e.g., 2X or 6X) shall be listed on the inspection report multiple times.
h) Sample # of each inspected piece
i) For each sample – Record the measured dimensional result of each feature in the units of measure as dictated by the drawing/specification.
j) Pass or Fail designation (for each feature) – Do not ship product if any features do not pass specification
k) Description and ID # of measurement equipment used
l) Test results (where applicable)
m) Comments column (not required for IR)

Additional instructions:

FAIR – First Article Inspection Report

A report generated following a process of measuring and evaluating all the properties and geometry of an initial sample from a lot/batch to verify that is conforms to all the specifications of the drawing.

- The report must document 100% of the dimensions, specifications, tolerances, notes, material, and finishes that describe the features of the part as defined by the drawing

- A balloon diagram of the released drawing shall be provided with numbered features corresponding to the inspection report.
- The sample used for the FAIR should be clearly identified/designated when shipped
- For equipment that can generate multiple parts at once (e.g., multi-cavity molds), data needs to be submitted from each individual cavity, and the samples marked accordingly

IR – Process Control Inspection Report

A sample size inspection report from each production lot using, at minimum, a Squeglia C=0, AQL 1.0 sampling plan (ref. Figure 1) with inspection of all designated features identified on the drawing. Supplier shall note the sample quantity inspected on the inspection report.

Lot Size	Sample Size
1 to 13	All parts
14 to 150	13
151 to 280	20
281 to 500	29
501 to 1,200	34
1,201 to 3,200	42
3,201 to 10,000	50
10,001 to 35,000	60
35,001 to 150,000	74
150,001 to 500,000	90
500,001 and over	102

Figure 1