

XCEL POWER SYSTEMS LIMITED

VENDOR CONTROL

QUALITY ASSURANCE PROCEDURES NO. 034

SECTION 3 Supplier and Sub-Contractor Quality Requirements

a) Application

Clauses 3a to 3q. shall apply to suppliers and sub-contractors to Xcel Power Systems Limited (XPS) in so far as the goods and services could be reasonably considered to have a direct impact on XPS manufactured product quality.

The degree of application of this procedure shall be appropriate to the degree of complexity or level of perceived risk attributable to a supplied product, process, material or service. "Supplier" in the following text includes sub-contractors.

b) Quality Management System

The supplier shall ideally establish a Quality Management System certified to at least BSEN9001 or EN9100 by an accredited third party assessor
Where this is not the case, the supplier shall periodically complete section 2 of XPS form QAP 034.

c) Right of Access.

With provision of reasonable notice, the supplier shall grant access to XPS representatives (including its customer's regulatory authorities) for the purpose of audit surveillance or inspection of relevant tools, materials or processes. Such representatives
Shall remain under the supplier's guidance and control at all times.

d) Production Documentation

Production documentation shall show manufacturing operation sequences and provide for recording of the date of processing, personnel involved, batch identity and quantities processed. Product acceptability criteria shall be defined where appropriate.

e) Identification and Traceability.

All the products manufactured within a defined batch or from the same raw material lot must be traceable, as must be the destination and disposition of all parts in the batch.(Including scrap)/
Individual serialisation of supplied parts shall be conducted by the supplier when requested by XPS.

f) Process Control and Calibration.

The supplier shall maintain retrievable records to demonstrate that manufacturing processes were within limits at the time of product processing or manufacture. Measuring devices and gauges shall be calibrated as defined by the supplier.

g) Training and Competence

The supplier shall maintain records based on objective evidence of the training provided to employees and verification of understanding of the training provided.

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h) Delivery Documentation

Manufactured or processed product shall be certified with a certificate of conformance confirming adherence of the supplier to the terms and requirements of the XPS order.

i) Packaging

Supplied materials and manufactured product shall be packaged in a manner that prevents damage and deterioration during transit.

j) First Article Inspection Report

Were requested, Product manufactured to a XPS supplied or reference drawing shall be accompanied by a First Article Inspection Report confirming adherence to the drawing requirements

k) Corrective and Preventative Actions

The supplier shall maintain retrievable evidence of actions taken to correct or prevent defect conditions.

l) XPS Supplied Product.

The quality of product or material supplied by XPS shall be preserved whilst at the supplier. Product or materials shall be handled and stored in a manner that prevents damage or deterioration.

m) Quality Records

The supplier shall define and maintain records necessary to demonstrate product quality. The minimum retention period shall be 10 years.

n) Non- Conforming Product

The supplier shall notify XPS of any non-conforming product which shall not be supplied without prior XPS written approval.

p) Changes in Product/Processes.

The supplier shall advise XPS of changes to product/processes and were required shall obtain XPS written approval

q) Flow Down.

The supplier shall 'flow down' XPS purchasing conditions to sub-tier suppliers.

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r) Counterfeit Parts Prevention

“Suspect Counterfeit Supplies” means any Supplies that are suspected by testing, visual inspection or other information to be Counterfeit Supplies.

“Counterfeit Supplies” means any material, component, part, assembly, sub-assembly, product and any other item forming part of the Supplies (together referred to as “Items” and separately as “Item”) in which there is an indication by visual inspection, testing, or other information that it may be a copy or substitute made without legal right or authority or one whose material, performance, Identity or characteristics have been misrepresented by the Supplier, manufacturer or a Supplier in the Supplier’s supply chain.

“Identity” means any information which related to the properties or characteristics of the Supplies including but not limited to the original manufacturer or suppliers, trademarks or other intellectual property rights, part numbers, date codes, lot numbers, applied testing methods and results, inspections performed, documentation, warranties, origin, alterations, tampering, salvage, recycling, ownership history, packaging, physical condition, previous use and rejection.

The Supplier warrants that Counterfeit Supplies shall not be supplied to the Purchaser or installed in the Purchaser’s products by the Supplier.

The Supplier warrants that only new, unused, authentic, genuine and legitimate Items shall form part of the Supplies supplied to the Purchaser.

The Supplier may only purchase or source Items directly from Original Component Manufacturers (“OCM”), OCM authorised (eg. Franchised) distributors or aftermarket manufacturers. Use, purchase or the sourcing of Items from non OCM authorised independent distributors or brokers is not permitted unless first approved in writing by the Purchaser.

The Supplier shall maintain a method of traceability that ensures tracking of the supply chain back to the manufacturer of all items included in the Supplies being supplied.

This traceability method shall clearly identify the name and location of all supply chain intermediaries from the manufacturer to the direct source of each Item for the Supplier and shall include the manufacturer’s batch identification for the Item such as but not limited to date codes, lot codes, serializations, or other batch identifications. Full supply chain traceability documentation includes but is not limited to OCM, original Equipment Manufacturer (“OEM”) and authorised (e.g. franchised) Supplier certificates of conformity, purchase orders and test/inspection data and/or certificates. The order shall specify any such additional documentation (other than as specified in this condition) required by the Purchaser.

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This condition applies in addition to any quality provision, Specification, Statement of Work or other provision included in the Order addressing the authenticity of Supplies. To the extent that such provisions conflict with this condition, this condition shall prevail.

The Supplier shall flow down these requirements contained in this condition to the Supplier's supply chain for any items that are intended for supply to the Purchaser.

The Supplier shall notify the Purchaser as soon as it becomes aware of any Counterfeit Supplies or Suspected Counterfeit Supplies which arise in relation to any Supplies,.