

G.W. Lisk Co., Inc.

Quality Attachments and Procurement Specifications

PURPOSE:

This specification and subsequent quality attachments are provided to outline the general requirements of a supplier's Quality Control System which will assure the supplier's compliance with Engineering, Quality, and Procurement specification requirements applicable to G.W. Lisk purchase orders.

SCOPE:

This specification establishes the general requirements to which the sub-contractor shall conform during performance of manufacturing operations, processes and services as authorized by G.W. Lisk purchase orders.

The sub-contractor could be subject to disapproval as a G.W. Lisk source of supply upon refusal to comply with any portion of this document without written authorization.

1.0 GENERAL REQUIREMENTS

1.1 Sub-Contractor Organization

The responsibility for the quality and integrity of the sub-contractor's product shall be clearly assigned within the sub-contractor's organization. In no event shall quality be sacrificed for cost or schedule.

1.2 Sub-Contractor Procedures

All operations including inspection pursuant to the completion of a product supplied to G.W. Lisk shall be described in detail by written procedures. When written approval is required by G.W. Lisk, it will be so specified by the purchase order.

1.3 Surveillance of Sub-Contractor

G.W. Lisk reserves the right to conduct surveillance activities at any time during normal business hours to evaluate the degree of the sub-contractor's ability to comply with this and other applicable specifications.

The sub-contractor shall permit surveillance by G.W. Lisk, their Customer, or regulatory agency to verify sub-contracted work, records, and materials. Consent to the surveillance, through right of entry, is subject to the mutual agreement among all participants as to its purpose, need, and scope.

1.4 Vendor Approval Testing at G.W. Lisk

The sub-contractor is responsible for meeting all requirements reflected on this document as well as all documents referenced on the purchase order and all applicable specifications. The sub-contractor's product will be submitted to conformance testing, at the discretion of the G.W. Lisk Quality Assurance Department. Upon failure to conform to the specification requirements, the

sub-contractor shall be subject to disapproval and shall be held liable for testing and other costs as applicable by purchase order.

1.5 Records

The sub-contractor shall maintain adequate records of inspection, test, and all activities related to the production of the sub-contractor's finished product or service. The records shall be subject to review by G.W. Lisk. Records shall be maintained for a minimum of (3) years after completion of the order unless otherwise specified.

1.6 Specification Change Control

The sub-contractor shall maintain drawing and specification change control systems to insure compliance to purchase order amendments which may not reference a change in specification requirements.

1.7 Measurement and Test Equipment Standards

All measurement and test equipment shall have records and be subjected to a visual, dimensional, and operational inspection as applicable when initially received, and at periodic intervals thereafter. Each piece of equipment should be labeled and have a record of the date inspected or calibrated, and the date by which the next inspection/calibration is required including an inspection stamp. The necessity for and or the frequency of periodic inspection/ calibration shall be based on objective evidence of the stability and continued accuracy of the equipment. All inspection standards shall be traceable to the National Institute of Standards and Technology, and shall be of sufficient accuracy to verify conformance to the equipment manufacturers' tolerance.

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1.8 Inspection and Tests

The sub-contractor shall maintain a system for identifying the inspection status of all in-process materials, including raw materials necessary to produce the product. He shall maintain adequate equipment and perform sufficient inspection and tests assuring that his articles conform to applicable drawings and specifications in all respects, including meeting all regulatory requirements, prior to shipment.

1.9 Packaging and Shipping

The sub-contractor shall provide adequate inspection control of the preservation, packaging, packing and shipping processes to assure conformance with any applicable requirements. He shall assure that any required documents such as certificates, test reports, inspection data, and drawings have been included with each shipment. He shall control this operation to assure that the quality of manufactured or processed articles is maintained and that damage, loss, deterioration and substitution are prevented.

Supplier(s) shall comply with the packaging and packing requirements pertinent to products furnished to G.W. Lisk as stated by the Purchase Order , Packing Slip, or related specifications.

1.10 Rework and/or Replacement of G.W. Lisk Materials

Upon re-shipment of materials rejected by G.W. Lisk, the sub-contractor is required to state that the shipment contains reworked and/or replaced material and was returned against an MDR (Material Discrepancy Report). The MDR number shall be listed on the shipping document. If the material is being returned "as received" it shall be so stated.

1.11 Corrective Action

Sub-contractor will be notified through a Material Discrepancy Report when a non-conformance is identified by G.W. Lisk. When a root cause and corrective action response is required, the sub-contractor shall complete the Corrective Action Plan form (CAP) and submit the completed form within 30 days of receipt to the G.W. Lisk Quality Assurance Department for review. Failure to respond in a timely manner or submit a written request for extension may result in the disqualification of the sub-contractor from the Approved Supplier Listing.

1.12 Non-conforming Product-Request for Waiver

Product identified by the sub-contractor may be shipped to the Company with prior authorization. The sub-contractor shall contact the buyer or quality engineering representative and request a "Sourced Material Waiver", form QC 2053-1. The sub-contractor's form can be used provided it includes a complete description of the non-conformance, an analysis of root cause and corrective actions, and provision for authorization signatures. Upon approval, a copy of the waiver will be forwarded to the sub-contractor. A copy of the approved waiver must be sent with each shipment of associated product. The waiver number must be noted on each applicable packing slip.

1.13 Limited MRB Authority

The Supplier is authorized to conduct limited Material Review and disposition nonconforming products identified by the Supplier using the following disposition alternatives:

- a. rework to applicable requirements,
- b. scrap, or
- c. RTV – return to (the Supplier's) sub-tier source for rework or replacement.

Nonconforming products are defined as any products that fail to meet the requirements of the G.W. Lisk engineering drawing, specification, Contract or other approved product description, including products (such as products under the Supplier's proprietary design control) which fail to meet requirements established and controlled by the Supplier or the Supplier's sub-tier sources. The Supplier may propose and formally request a "use-as-is" or repair (salvage) disposition from G.W. Lisk by submitting the appropriate request to the G.W. Lisk Buyer. The Suppliers' Material Review and nonconforming product disposition records, as well as the Material Review records at the Supplier's sub-tier sources, are subject to on-site verification by G.W. Lisk, to ensure that the Supplier is in compliance with the requirements of this clause.

2.0 Purchase Document Quality Requirements

Upon initiation of a purchase document, the Quality Assurance Department of G.W. Lisk will review and list the applicable quality requirements by alphanumeric indication on the document. This indication will refer to one or more of the attached listed requirements. This specification will be distributed to each G.W. Lisk supplier with each

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initial purchase order. The quality clauses detailed herein are an integral part of the purchase order to the extent that they are referenced thereon.

The Sub-contractor shall flow down to its Suppliers the applicable Quality Requirements of G.W. Lisk Purchase Orders, including Special Characteristics where required.

3.0 Certification of Conformance and General Supplier Commitment

Seller's shipment to buyer against this P.O. shall constitute seller's Certification of Conformance to all P.O. requirements, including documentary evidence of inspection and test of items shipped which will be made available to buyer and/or Government on request for a period of one year from shipment.

4.0 REACH Requirements

European Union Regulation 1907/2006, known as REACH (Registration, Evaluation and Authorization of Chemicals) shall apply to all materials supplied to G.W. Lisk regarding SVHC's (substances of very high concern) such that the concentration shall not exceed 0.1% by weight.

(Reference:
http://echa.europa.eu/chem_data/authorisation_process/candidate_list_table_en.asp.)

G.W. Lisk requires immediate notification for any material supplied to us containing substances from the SVHC list that exceeds 0.1% by weight.

SUPPLIER QUALITY ATTACHMENTS

Q-1 First Article Inspection

The supplier shall complete and submit for approval a First Article Inspection Report (FAIR) for the item produced or processed against this purchase order, before subsequent production or processing is authorized. The FAI sample should be representative of the production process. The FAIR report should include all dimensional characteristics and notes on the G W Lisk drawing. The sample should be submitted to the Quality Department for review and approval. The supplier shall accept all risk for product or process completed prior to acceptance by G W Lisk. Neither acceptance of the FAIR, nor buyer's

authorization to proceed with the manufacturing production run, shall constitute acceptance of any subsequent item.

Q-2 G. W. Lisk Source Inspection

Items covered by this purchase agreement require inspection and/or test by G.W. Lisk at the supplier's plant. The supplier is responsible for providing a minimum of two working days notice to the cognizant buyer to permit scheduling of inspection and/or test at the supplier's plant.

At the time of such inspection and/or test, the supplier shall provide the source representative with verifiable quality evidence to assure that items meet the requirements of this purchase agreement. The inspection/test provided herein shall not constitute final acceptance of the items and shall not modify or limit any representations, warranties or commitments made elsewhere or in any way effect the obligation of the supplier to perform strictly in accordance with the provisions of the purchase agreement.

Q-3 Government Source Inspection

Government source inspection is required prior to shipment from your plant. Upon receipt of this order, promptly notify the Government representative who normally services your plant so that appropriate planning for government inspection can be accomplished. Each shipment against the purchase order shall include a copy of the seller's packaging sheet bearing evidence that government source inspection was accomplished prior to shipment. This evidence shall be an impression of the government inspector's stamp or signature. Government source inspection does not constitute final acceptance by either buyer or government and does not relieve the seller of any of the requirements of the purchase order.

Q-4 Government/Customer Review

During performance of this order, your quality control or inspection system and manufacturing processes are subject to review, verification, and analysis by authorized government representatives and/or G.W. Lisk customer. Inspection or release of product, prior to shipment, is not required unless you are otherwise notified. You shall provide a copy of this order to your government representative upon his request.

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Q-5 Fraud or Falsification

A. If a Government Prime Contract number appears on the face of this Order and all activities hereunder are within the jurisdiction of the U.S Department of Energy and/or the Department of the Navy. Any knowing and willful act to falsify, conceal or alter a material fact, or any false, fraudulent or fictitious statement or representation in connection with the performance of work under this Order may be punishable in accordance with applicable federal statutes.

B. The Seller agrees that all employees engaged in the performance of this Order shall be, if they have not been previously informed in writing prior to their commencing performance of work under this Order, that there is a risk of federal criminal penalties associated with any falsification, concealment or misrepresentation in connection with the performance of work under this Order. The Seller further agrees that a signed statement shall be, if it has not been previously obtained from said employees prior to their commencing performance of work under this Order that they have been so informed. Such statements shall be retained by the Seller for at least seven (7) years after final payment under this Order. An acceptable form for such written statement is substantially as follows:

“This company/division/department/branch performs work under contracts which are within the jurisdiction of departments or agencies of the United States Government. Some of the work performed under these contracts affects the national security of the United States and the requirements of these contracts are designed to insure that essential attributes of the work are carefully checked or inspected and that records accurately reflect the results of all work.

Any falsification, concealment or alteration of any fact or any false, fraudulent or fictitious, statement or representation in connection with the work under any contract within the jurisdiction of the Government is not only prohibited by company policy but may also be punishable under Federal Law. Please acknowledge by your signature that you have read and understand the above.”

C. The Seller agrees to include the following statement preprinted on each manufacturing, inspection or test record used in conjunction with this Order:

“NOTE: The recording of false, fictitious or fraudulent statements or entries on this document may be punished as a felony under Federal Statutes including Federal Law, Title 18, Chapter 47.”

D. The Seller agrees to include this Article, including this paragraph on every subcontract issued by the Seller in connection with this Order. However, if the subcontract is for parts or equipment to which manufacturing, inspection, or test has been performed prior to placement of the subcontract, then the requirements of paragraphs B and C need not be included in such subcontract.

E. Seller agrees to identify and list any Subcontractor(s) stating exceptions to this Article, prior to award of a subcontract under this Order. If any Subcontractor refuses to accept awards with this Article as part of the terms and conditions, the Seller shall request Buyer modification or deletion of this requirement from the subcontract in question.

Quality System

Q-6A The Supplier’s Quality System shall conform to the latest revision of TS16949.

Q-6B The Supplier’s Quality System shall conform to the latest revision of ISO 9001.

Q-6C The Supplier shall be Third-Party Registered to ISO 9001.

Q-7 Calibration System

The supplier shall provide and maintain a calibration system in accordance with [ANSI Z540-1](#), latest revision.

Q-8 Hand Soldering

The supplier shall provide and maintain processes for soldering in accordance with Lisk specification EPS-308-S as applicable per stated drawing specification.

Q-9 Approval of Process Sources

The suppliers’ special process procedure(s) and/or special processes pertaining to this order are subject to approval and/or certification by G.W. Lisk. The supplier shall be responsible for notifying G.W. Lisk of the appropriate special processes and associate procedures, prior to the start of work.

Q-10 Process Certification

Special processes are those that yield products which cannot be adequately evaluated for conformance to

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requirements through inspection or nondestructive testing alone. These include, for example: welding,

plating, heat treating, bonding, etc. The vendor shall, as a minimum, demonstrate a degree of control over these processes, which provides assurance that specifications

are met and complied with. As applicable, he shall provide adequate training for personnel, destructive testing of samples and detailed procedures for this purpose.

The vendor shall maintain records for the training of personnel, the testing of samples, travelers, inspection records and process control records to demonstrate controls over all parameters relevant to the special process being supplied in accordance with the specification assigned to this order. Records shall be forwarded to the Company upon request in a manner and time agreed upon between the vendor and Company.

Q-11 Certificate of Conformance

The supplier shall furnish a certificate of conformance with each lot and material, parts or services submitted to G.W. Lisk. The certificate must include reference to the G.W. Lisk purchase order and be signed and dated by an official responsible for the quality of the supplier's organization. The name of the person signing and their title should be printed or typed. The certificate must be legible and capable of producing a legible photo or electronic scanned copy. The supplier is responsible for assuring that all supplies and services, procured from outside sources, for use in performance on G.W. Lisk purchase orders, conform to all contract requirements.

Q-12 Inspection/Test Reports

The supplier shall furnish a copy of the final inspection/test report, signed by the Quality Control Manager or his authorized representative. This documentation will contain copies of actual in-process and final data to verify compliance to the purchase order and applicable specification. Reports will be identifiable to each item furnished.

Q-13 Initial Sample Inspection Report

All suppliers of tooling controlled parts must submit an ISIR sample inspection to G W Lisk Co. taken from new production ready tooling. The tooling will not be approved by G W Lisk for production, nor payment made,

until the ISIR sample has been approved. Detailed ISIR requirements are defined by G W Lisk document DOC 06-04 which shall accompany the applicable purchase order. Replacement or additional copies of DOC 06-04 may be obtained from the G W Lisk Quality Engineering or Purchasing department.

Q-14 Controlled Processing Applies

Items manufactured under this purchase order are under process control and require prompt notification to and approval by G W Lisk Quality Engineering of any process changes before implementing the change. Detail requirements for "Controlled Processing" are defined by document DOC 04-03 which shall accompany the applicable purchase order. Replacement or additional copies of DOC 04-03 may be obtained from the G W Lisk Quality Engineering or Purchasing department.

Q-15 Serialization

Each item furnished on the purchase order or contract will be individually identified with a non-recurring serial number. The serial number will consist of the type and number of alpha and numeric digits as specified in the purchase order or by the supplier if approved by G.W. Lisk. In cases where the size of the item furnished prohibits identification, the serial number will be marked on an identification tag or individual container.

Q-16 Record/Data Retention

The supplier shall be responsible for maintaining on file for a minimum of 7 years after completion of contract, all records/data pertaining to inspection, test, and processing. Such documentation shall be appropriately identified to permit ready traceability to items delivered to G.W. Lisk including G.W. Lisk part number and purchase order number. All documentation shall be readily available to G.W. Lisk for review.

Q-17 Deleted (See 1.9 - second para.)

Q-18 Reference for Domestic Specialty Metals-DFARS 252.225-7014 and Alternate 1.

Suppliers of raw material must assure that specialty metals as defined by the subject DFARS, have been melted in the United States, its possessions, Puerto Rico, or qualifying country. A list of qualifying

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countries may be obtained in DFARS 225.872-1 or by contacting the G W Lisk purchasing department. Suppliers of parts or product must assure that specialty metals incorporated into articles for delivery must be melted in the United States, its possessions, Puerto Rico, or qualifying country. A list of qualifying countries may be obtained in DFARS 225.872-1 or by contacting the G W Lisk purchasing department.

Suppliers of products made of stainless steel materials delivered to G.W. Lisk must comply with DFARS 252.225-7014.

Suppliers of ball, roller bearings and roller bearing components shall be manufactured in the United States, its outlying areas or Canada. (Ref. DFARS Clause 252.225-7016 and Alternate 1)

Deviations to these requirements must be approved prior to shipment by G W Lisk Co.

Q-19 Chemical/Physical Analysis of Raw Materials

Each shipment of parts or materials received by G.W. Lisk shall be accompanied by physical and chemical reports of analyses or tests conducted to assure that raw materials delivered and raw materials used in the parts delivered conform to the specification requested by the purchase order.

Q-20 Lot Identification

Each item of material shall have lot identification. Lot is defined as product of a single facility, produced at essentially the same process from essentially the same materials.

Q-21 Lot Test Coupon

A test coupon identifiable to the lot of material shall be furnished.

Q-22 Limited - Life and Special Storage Items

Materials shipped against this purchase order shall have not less than three-quarters of the shelf life remaining at time of shipment. Materials or containers shall be marked with the date of manufacture. Where storage at other than room condition would extend life in storage, recommended storage conditions shall be marked on the material or container.

Q-23 Mercury Free Notification

Materials furnished under the order shall be free from contamination by the presence of mercury. The supplier and sub-tier supplier shall certify compliance with this requirement.

Q-24 Quality System Improvement

One or more items covered by this purchase agreement are production Part Approved or subject to future approval. As such, G.W. Lisk is subject to the requirements set forth by ISO 9001 and AS9100. Therefore, we urge you, our sub-contractor, to develop your quality system so as to become compliant with ISO 9001 and AS9100 Quality System Requirements. At this time, registration is not required. However, this contract will be monitored for 100 % on time delivery performance without resorting to premium or excessive freight.

Q-25 Traceability Requirements

Items procured by this Purchase Order must be traceable to materials heat number, batch number, lot number, or other unique identifier to assure positive traceability to manufacturing lot, raw material, or special process lot. Each shipment must be accompanied by a Certification of Conformance stating records for traceability for the specific items shipped are on file and available upon request. Shipping documents and certifications must reference the traceability identifier. When G.W. Lisk provides a traceability number stated on their packing slip, the supplier shall record that same number on the supplier's packing slip, when returning to G.W. Lisk. Questions regarding this requirement should be addressed and resolved prior to shipping any product.

Q-26 ITAR Requirements

All items related to this purchase agreement are subject to International Traffic in Arms Regulations (ITAR) such that any G.W. Lisk drawings and other design information associated with this agreement are to be rendered inaccessible to foreign nationals employed by the Supplier.

Q-27 U.S. Government Rating Applies

This is a rated order certified for national defense use, and you are required to follow all the provisions of the Defense Priorities and Allocations System regulation (15 CFR Part 700). Contact the G.W. Lisk purchasing agent for further information.