
 3151 KENWOOD STREET, BURBANK CA 91505-1052	<b>Title: External Provider Product Requirements</b>	
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<b>Approved:</b>		
<b>Supply Chain Manager:</b>	<u><i>Maya Berlin</i></u> Maya Berlin	<u>06/02/2021</u> Date
<b>Management Representative:</b>	<u><i>Karineh Gharib</i></u> Karineh Gharib	<u>06/02/2021</u> Date

### Change Record


Rev.	Date	Description of Change	Name
1	10/15/01	1.1.1 Revised.	<i>S.D.B.</i>
2	02/28/03	3.1.4, 3.1.5, 4.2, 10.4 Revised.	<i>S.D.B.</i>
3	05/12/04	1.1.3.3, 3.1.4, 4.1, 10.4 revised. 1.1.3.4 replaced 1.1.3.5.	<i>H.P.A.</i>
4	07/14/04	10.4 Revised	<i>H.P.A.</i>
5	02/17/05	1.1.1 General Requirements Revised.	<i>H.P.A.</i>
6	10/10/06	2.1.8, 2.1.8.1, 2.1.8.3 Revised	<i>H.P.A.</i>
7	03/16/07	10.2.1 Production Order Inspection at Buyers Facility Added	<i>H.P.A.</i>
8	07/16/09	3.1.4.1, 3.1.4.2, 3.1.5 Quality System Requirements & 5.3 Control of Fasteners Certification	<i>J.J.B.</i>
9	12/4/09	Added Section 11 – FOD prevention program, Revised Para 7.1 to flow down NADCAP requirements.	<i>J.J.B.</i>
10	1/26/12	Para. 1.1.1: New performance requirements for Key Suppliers.	<i>J.G.M.</i>
11	7/08/12	Para. 1.1.1: Clarification on Key Suppliers, and how they are selected.	<i>J.G.M.</i>
12	1/03/13	Para. 4.2: Added right of entry to all applicable supplier facilities and supply chain levels.	<i>J.G.M.</i>
13	11/15/13	1.1: raised performance requirements for suppliers and added the use of a risk assessment to identify critical suppliers. Para 8. Added First Article Requirement, PCB & Machined Parts	<i>S.M.</i>
14	12/23/13	Added 12; Counterfeit Parts Program. Section 3.1.4 – changed reference to the ISO and AS 9100 to latest revision instead of	<i>S.M.</i>

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Rev.	Date	Description of Change	Name
		referencing an actual revision. 2.1.6 changed record retention requirement to 15 y	
15	5/2/14	1-12 revised, added 13: Conflict Minerals	<i>H.L.</i>
16	7/13/15	Revise para 1.1 Supplier On-time Delivery to 75%, para 1.1 Add Critical Risk Assessment Criteria, para 2.1.6 Added Supplier Survey Reference and add para 14, Supplier Exception Clause.	<i>George Caraza</i>
17	12/8/15	Revise para 1.1.1 to clarify Critical Suppliers On Time Delivery requirement	<i>George Caraza</i>
18	1/15/16	Added subsection 15, Transfer Plan	<i>George Caraza</i>
19	07/21/16	Added §2.1.11 Second Sourcing	<i>George Caraza</i>
20	11/29/17	Updated to AS9100D requirements. Added par 16. – Parts Obsolescence or End of Life. Added supplier awareness objectives to §1, clarified §1.1.1, reformatted throughout	<i>Maya Berlin</i>
21	3/13/18	Clarified supplier corrective action issuance in §1.1.1.	<i>Joshua Pomeroy</i>
22	5/20/18	Renamed Supplier/Seller to External Provider. Added AS9100D requirement of Ethical Behavior/Trade Transparency – par. 2.1.12. Revised par. 2.1.7.2 – NCR number of shipping documents.	<i>Oscar Escalante</i>
23	09/21/18	Revised supplier delivery score from 75% to 85%	<i>Karim Gharib</i>
24	11/25/20	Added 2.1.5.1a Certification Discrepancy Added 3.1.5.1 Testing Services requirements Added 17.0 Special Process Supplier Evaluation	<i>Maya Berlin</i>
25	06/02/21	Added 1.1.1 Supplier Evaluation Survey, NADPCAP questionnaires, On-site supplier audit survey, Conditional approval Added 2.1.3.2 Class II changes Supplier must notify Hydra via email	<i>Karim Gharib</i>

**Distribution List:**

ALL DEPARTMENTS

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## 1. PURPOSE

This work instruction establishes general and special product assurance requirements, which are part of the Terms and Conditions on the Purchase Order. It is intended to clearly define all requirements for the External Provider to ensure that all products delivered by External Provider on the Purchase Order conform to Buyer specified requirements for quality, reliability and integrity.

MRO supplier are excluded.

External Provider must be aware of the critical nature of components that are manufactured for Hydra-Electric Company and committed to maintain the highest quality to support products and services provided to Hydra-Electric Company and its Customers. All External Provider personnel must be aware of their contribution to product or service conformity, to product safety and the importance of ethical behavior.


### 1.1 Applicability

#### 1.1.1 General Requirements

Unless expressly excluded on the Purchase Order, the general product assurance requirements apply to all orders, and External Provider's compliance to these requirements is subject to verification by Hydra-Electric Company. Hydra-Electric Company monitors critical External Provider's performance. Critical (Suppliers) The Critical Risk Assessment criteria are Received Quantity, Count of parts at each Supplier, and Single/Sole Source. See ASL for complete Criteria definition. Critical Suppliers/External Providers must maintain a minimum Quality rating of 95% based on quantity accepted versus quantity received. These Critical Suppliers/External Providers must also maintain a minimum On-Time delivery of 85% based on quantity received on-time versus quantity delivered. Critical Suppliers/External Providers are advised of their performance on an annual basis; however, they are monitored on a monthly basis. Hydra also, monitors the critical Suppliers/External providers on a quarterly basis. When a Critical Supplier/External Provider's rating falls below the minimum standard for three consecutive quarters, a formal corrective action is issued and tracked through the Corrective Action Log. The Customer Approved Suppliers/External Providers are exempt from this requirement.

The Quality System requirement will be an approval to AS9100 or equivalent from a recognized Accreditation Agency or a Hydra Electric Quality Approved and acceptable completed survey for Suppliers/External Providers or the Suppliers/External Providers don't have ISO/AS certification.

In addition, to approve a Supplier/External Provider without certifications on the ASL; requires a Supplier Survey & special process audit, (such as on-site

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or remote audit) if performing a special process. Existing Supplier Surveys, On-site Supplier Audit Survey and Special Process Audits (it is acceptable to use NADCAP questionnaires' audit check list for special process audit) are reviewed every 3 years or at Quality and Supply Chain discretion.

A Supplier Survey does not need to be issued to the suppliers if they have a NADCAP, AS/ISO active/accredited certifications. Unless they are a new supplier.

If the active Suppliers certificates have recently expired, their status on the ASL will change to conditional until their certificates have been obtained and on-file.

### **1.1.2 Special Requirements and Flow-down Requirements**

To ensure conformance to all Purchase Order requirements, External Provider flows down applicable requirements to External Provider's sub-tier sources, when External Provider uses such sources for procurement of products and/or services scheduled for delivery to Hydra-Electric Company.

### **1.1.3 Reference Documents**

#### **1.1.3.1 Applicability**

All documents, including drawings and specifications, whether Hydra-Electric Company, Industry or Government, are considered part of the Purchase Order requirements when specified directly on the Purchase Order or in documents referenced by the Purchase Order.


#### **1.1.3.2 Document Revision Status**

Unless otherwise specified on the Purchase Order, or referenced documents, the revision status of all applicable documents in effect on the date of issue of the Purchase Order, apply to the order.

#### **1.1.3.3 Document Sources**

Hydra-Electric Company shall furnish copies of Hydra-Electric Company proprietary documents, and any special documents not generally available from commercial sources, required by External Provider to comply with Purchase Order. External Provider is responsible for obtaining Industry/Government documents. Any problems experienced by External Provider in obtaining required documents should be brought to the attention of the Purchasing Agent at Hydra-Electric Company.

#### **1.1.3.4 Special Forms Applicable to Subcontractors**

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Special form(s) applicable to sub-contractors are described in this instruction.

## 2. SUPPLIER CLAUSES

### 2.1 General Practice

The External Provider is responsible for meeting all requirements of Paragraphs 2.1.1 through 2.1.11

#### 2.1.1 Prohibited Practices

The following acts and practices are prohibited, and any violation not approved by Hydra-Electric Company in writing may result in disqualification of the External Provider.

##### a. Unauthorized Facility Changes

During performance on the Purchase Order, External Provider gives Hydra-Electric Company written notice before relocating any production, inspection or processing facilities or transferring the work between different facilities, or making any other changes that may affect product quality.

##### b. Unauthorized Product Changes or Substitutions


External Provider makes no changes or substitutions to any product(s) or service required by the applicable drawing, specification or document without prior written authorization by Hydra-Electric Company. Authorization may be contingent on Hydra-Electric Company representative's review of proposed changes at the facilities of External Provider or External Provider's sub-tier sources.

#### 2.1.2 Responsibility for Product Conformance

Neither audit, surveillance, inspection and/or tests made by Hydra-Electric Company relieve the External Provider of the responsibility to furnish product(s)/service(s) that conform to all of the requirements of the Purchase Order.

#### 2.1.3 External Provider Designed Products

When the Purchase Order is for Hydra-Electric Company approved product(s) under External Provider's engineering design control, External Provider notifies Hydra-Electric Company in writing, of any changes in the approved product description. Hydra-Electric Company reserves the right to disapprove any and all changes.

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### 2.1.3.1 Class I Changes

Any change in design, fabrication, methods, or processes that result in a Class I change (as defined in Mil-Std-973) must be submitted to Hydra-Electric Company for written approval prior to affecting such change.

### 2.1.3.2 Class II Changes

External Provider may incorporate Class II changes and send a notification via email to Hydra Electric Supply Chain department. External Provider maintains a copy of the revised product description on file for "on site" review, or subsequent request by Hydra-Electric Company.

## 2.1.4 Buyer Initiated Changes


### 2.1.4.1 Effectivity

External Provider incorporates on product(s) at the specified Effectivity points, all changes to drawings, specifications, tests, inspections and fabricating methods, or any other change initiated by Hydra-Electric Company through a formal Purchase Order change and/or amendment. External Provider's system includes appropriate controls and records, including records at External Provider's sub-tier sources, showing the date, lot, serial number, revision letter or other positive identification that provides objective evidence of incorporation of all changes. Such records are subject to verification by Hydra-Electric Company.

## 2.1.5 Certification Requirements

### 2.1.5.1 Certifications

External Provider furnishes all certifications, issued by External Provider or External Provider's sub-tier source, required by the Purchase Order or the clauses herein, with the initial delivery of the product(s) on the Purchase Order. On subsequent deliveries of the product(s) from **the same lot**, External Provider may, in lieu of providing additional copies of certifications, reference on their shipping documents, the date and Purchase Order on which the certifications were initially supplied. External Provider is responsible for verifying certifications furnished by External Provider's sub-tier sources for their adequacy and compliance to the Purchase Order and requirements therein. To ensure the adequacy and authenticity of all certifications furnished by the External Provider, the certifications must include the name of the issuing organization and be signed by an official of the issuing organization.

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**2.1.5.1a Certification Discrepancy:** such as missing certifications with the shipments, missing and or incorrect information on the documents/certification, the corrections must be provided within three (3) working days upon receipt of the order, otherwise a Non-Conforming Report (NCR) will be generated against the supplier. In the meantime, the receiving inspectors will notify the planner immediately.

#### **2.1.5.2 Acceptance Signatures**

Only actual signatures tendered in ink by the signing official, an electronic attachment with an actual signature such as a rubber stamp, or a machine or computer graphics generated are acceptable. External Provider may use a quality or inspection stamp in lieu of a signature providing that such stamp(s) identify the External Provider, and the External Provider's authorized individual to who the stamp is assigned.

#### **2.1.6 External Provider's Records**


Unless otherwise specified on the Purchase Order, External Provider retains all required records as objective evidence of conformance to Purchase Order requirements, including External Provider 's records and certifications of inspections and tests performed in the course of procurement, manufacturing, testing, processing, preserving, packaging and shipping products(s) on the Purchase Order, for a minimum of fifteen (15) years after completion of the order, as state in Supplier Survey QA-005, unless otherwise provided by Purchase Order or regulatory requirement. Records shall remain legible, readily identifiable and retrievable. Such records are made available to Hydra-Electric Company and Hydra-Electric Company's customer for review upon request.

#### **2.1.7 Control of Non-Conforming Products and Material Review**

##### **2.1.7.1 Submittal of Non-Conforming Material**

External Provider notifies Hydra-Electric Company's Purchasing Agent of any products(s) found to be non-conforming to Hydra-Electric Company's drawings, specifications, Purchase Order or other applicable documents prior to shipment. External Provider must submit written documentation of the observed non-conformity to Hydra-Electric Company's Purchasing Agent, for disposition by Hydra-Electric Company's Material Review Board (MRB). Submission may be on External Provider's formats if discovered at External Provider's facility.



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### **2.1.7.2 Re-submittal of Rejected Products**

Products rejected by Hydra-Electric Company and resubmitted by External Provider are clearly identified as resubmitted product(s). External Provider must reference the NCMR/NCR (Non-conformance Report) number on shipping documents.

### **2.1.8 Corrective Action**

When a quality (system or product) non-conformance is identified, Hydra-Electric Company may request a formal corrective action response from the External Provider. Such requests require a timely and documented response (within 30 calendar days) by External Provider and shall include the following information:

**2.1.8.1** External Provider's analysis of the root cause of the non-conformance, including a statement explaining why External Provider's inspection/quality system failed to detect the non-conformance. The External Provider may submit their own RCCA form. The containment action response must be within 48 hours.

**2.1.8.2** When applicable, a statement that External Provider's stock or inventory has been re-inspected and that the non-conforming product(s) have been removed.

**2.1.8.3** Description of the corrective action taken by External Provider to preclude recurrence.

**2.1.8.4** The effectivity (date, serial number, lot etc.) of the corrective action implemented by the External Provider.


### **2.1.9 Hydra-Electric Company's Furnished Property**

External Provider is responsible for maintaining the accuracy and stability of Hydra-Electric Company's furnished equipment used for product acceptance. Hydra-Electric Company's furnished equipment requires periodic re-inspection and calibration as indicated on the calibration stickers on the furnished property. It is the External Provider's responsibility to ensure continued accuracy while in the External Provider's possession.

### **2.1.10 Product Identification**

All products are identified in accordance with drawing, specification, and/or Purchase Order requirements. Unless permitted by drawing, steel stamping and vibro-engraving, identification methods are prohibited, except on attached metal tags.



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### 2.1.11 Second Sourcing

Where possible, External Provider will identify and secure a second source for all materials and components identified in the bill of materials, which are used to fulfill purchase orders.

### 2.1.12 Ethics and Trade Transparency

Hydra is committed to maintaining the highest trade integrity and fair competition levels in its relationship with Customers and External Providers. Therefore, all Hydra External Providers and employees are expected to comply with this commitment, working at all times with honesty, fairness and personal integrity. “External Provider” means any trading company, firm or other legal entity or natural person who sells, offers or provides goods or services to Hydra. The concept reaches all individual actions of its representatives, employees, agents or leaders on behalf of a company.


To ensure that our relationship with external providers meet these standards at all times, they are expected to willingly comply with the requirements of trade transparency, and apply them in any exchange with Hydra.

**2.1.12.1** External Providers shall comply with trade and ethical rules as applicable to their organization and transactions with Hydra, including knowledge, consideration and respect for statutory and regulatory requirements as well as internal regulations and policies of the respective organizations.

**2.1.12.2** External Providers, their representatives, employees, agents or leaders are strictly forbidden to offer bribes, favors, gratuities, social activities or anything of value or benefit to members of Hydra in order to obtain favorable treatment. Similarly, members of Hydra are also forbidden to ask for or accept such favors. This prohibition applies to relatives of external providers and members of Hydra as well.

**2.1.12.3** External providers and members of Hydra shall not engage in financial, trade or any similar economic relations which could create a conflict of interest to the detriment of the company.

**2.1.12.4** A conflict of interest shall occur if substantial and personal interests of an employee are affected by relationships or situations incompatible with the

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- responsibilities of his position in the company, or may potentially interfere with an objective and impartial behavior.
- 2.1.12.5** The conflict of interest is not in itself a generator of demerit to the affected part but a problematic objective situation that must be addressed transparently with respect and openness. Even the appearance of a conflict of interest can be detrimental to Hydra and / or the external provider. Both providers and members of Hydra must immediately inform of any possibly constituting situation for early settlement. Hydra's Accounting department is available for consultation on the matter.
- 2.1.12.6** For commercial transactions (sending quotes, business proposals, negotiation of terms and conditions of purchases, etc.), Hydra External Providers shall communicate only with Hydra's Purchasing Department authorized personnel. Neither contributions nor business proposals shall be sent by other members of the company, without the participation and consent of Hydra's Purchasing Department personnel.
- 2.1.12.7** External Providers shall not engage in bidding documents by means of practices involving conventional leveling of prices, price fixing, differential pricing, or other unfair trade practices that violate any statutory or regulatory law.
- 2.1.12.8** External Providers shall immediately notify Hydra's Accounting Department any known or suspected inappropriate behavior as well as any question about the interpretation of these requirements whatsoever.


### **3. SPECIAL PRODUCT ASSURANCE**

#### **3.1 External Provider's Quality Program Requirements**

##### **3.1.1 Basic Inspection System Requirements for Manufacturers**

External Provider establishes and maintains a documented inspection system that includes provisions for the following:

##### **a. Control Of Sub-tier Sources**

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All products scheduled for delivery to Hydra-Electric Company and procured by External Provider from External Provider's sub-tier sources at every tier must comply with all applicable provisions of drawings, specifications and other requirements of Hydra-Electric Company's Purchase Order. When sub-tier source approval is required by Hydra-Electric Company, only sub-tier sources currently approved by Hydra-Electric Company or its customer may be used to procure product(s) or services.

**b. Receiving Inspection**


Product(s) purchased by External Provider for use in Hydra-Electric Company's Purchase Orders, are inspected by External Provider upon receipt to the extent required to ensure conformance to all applicable requirements. Hydra-Electric Company's furnished materials are inspected to the extent necessary to ensure that damage was not incurred during transit and are identified and segregated for use ONLY in Hydra-Electric Company's Purchase Orders, or as prescribed by Hydra-Electric Company's Purchasing Agent.

**c. Manufacturing Controls**

External Provider employs a system for controlling, documenting and maintaining required product quality levels throughout the manufacturing process whether performed by External Provider or External Provider's sub-tier sources. Manufacturing plans, outlines, shop routing or traveler, or other suitable methods, which define the step-by-step sequence of manufacturing operations and inspection points and provide objective evidence that resultant product(s) conform to specified requirements. Such plans are subject to verification by Hydra-Electric Company's representatives.

**d. Control Of Measuring Equipment**

External Provider maintains suitable tools, gages and Materials & Test Equipment ("M&TE") of required accuracy for use during the manufacturing and inspection operations to verify product conformance to specified requirements. Such tools, gages and M&TE are calibrated at scheduled intervals, against certified standards that have known valid relationship to National or International Standards. Calibration labs are required to meet the requires of ISO10012-1, ISO 17025 or it's equivalent and have a system of traceability to national or international recolonized standard.

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**e. Preparation for Shipment**

External Provider ensures that product(s) are complete to Purchase Order requirements and that all manufacturing and product inspection and acceptance requirements have been satisfied prior to shipment. External Provider ensures that product(s) are packaged in accordance with applicable requirements and are accompanied by the required inspection and technical documents.

**3.1.2 Inspection System Requirements for Distributor/Warehouse**

External Provider establishes and maintains a documented system to control product quality and integrity. External Provider 's system includes provisions for:

**a. Control of Purchases and Sub-Tier Sources**


External Provider 's purchasing or ordering documents contain data clearly describing the product(s) ordered, including, when applicable, the type, class, grade and size or (other precise identification) and the title (or other positive identification) and applicable issue of specification(s), drawing(s), or other relevant technical data. When applicable purchase of products are made only from sources specified by Hydra-Electric Company, or sources that are listed as qualified and/or approved manufacturers or distributors of the product on the applicable Qualified Products List (“QPL”) or Preferred Parts List (“PPL”). Procurement from such sources however, does not relieve External Provider of the responsibility to furnish product(s) that meet all requirements specified by the Purchase Order.

**b. Inspection**

External Provider employs receiving, in-process and final inspection and testing to the extent necessary to verify product and certification conformity. Reference 2.1.5 and 2.1.5.1a, and QSP-1.10

**c. Stock Control and Traceability**

External Provider 's system provides for handling and storage of product(s) in a manner to protect product quality by preventing damage, loss, deterioration, contamination, corrosion, degradation or substitution. Stock control is such that it precludes unauthorized withdrawal of product(s). Products from different manufacturing sources are stored in a manner so that product(s) do not become intermixed and that the manufacturing source and the identity and traceability of the individual lot or batch, heat number, etc. are

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maintained from time of receipt to External Provider, from External Provider's sub-tier sources, to delivery to Hydra-Electric Company.

### **3.1.3 Continuous Process Improvement Program Requirements**

When specified on the Purchase Order, the External Provider establishes and maintains a Statistical Process Control (“SPC”) program. The minimum Cpk for process control is 1.33 Cpk. When required by Purchase Order, the Seller furnishes such Statistical Process Control reports to validate product Cpk.

### **3.1.4 Quality System Requirements**

#### **3.1.4.1 Manufacture and Distributer**

External Provider’s quality system at a minimum shall comply with the latest revision of AS9120, ISO 9001 or AS 9100 requirements for a quality management system. External Provider’s system is subject to an on-site audit under one of the following conditions:

- a. New External Provider**
- b. Change in status** – External Provider location, External Provider performance rating, or change in quality system.

External Provider’s quality system is not subject to an on-site audit if their quality system is currently certified by a third-party registrar to the latest revision of the AS9120, ISO 9001 and or AS 9100, and is currently on file with Hydra Electric Company.


#### **3.1.4.2 Service**

External Provider’s quality system at a minimum shall comply with the latest revision of the ISO 9001 or AS 9100 requirements for a quality management system. External Provider’s quality system is subject to an on-site audit under one of the following conditions:

- a. New Vendor**
- b. Change in status** – External Provider location, External Provider performance rating, or change in quality system.

External Provider’s quality system is not subject to an on-site audit if their quality system is currently certified by a third-party registrar to the latest revision of the ISO 9001, AS 9100, both, or is NADCAP Accredited, and performing a Weld, Solder, or Metallurgical Service.

##### **3.1.4.2.1 Notification of Change in Accreditation**

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The External Provider shall notify Hydra-Electric Company of any change(s) in accreditation that might affect External Provider's qualification status.

### **3.1.5 Calibration System Requirements**

External Provider's quality assurance calibration system at a minimum shall comply with the latest revision of ISO 10012-1, ISO 17025 and/or ANSI Z540 requirements for measuring equipment.

#### **3.1.5.1 Calibration Lab**

External Provider's calibration system at a minimum shall comply with ISO/IEC Guide 25/ISO 17025. External Provider's quality assurance calibration system shall not be subject to an on-site audit if External Provider maintains Accreditation to ISO/IEC Guide 25/ISO 17025.

#### **3.1.5.2 Testing Services**

External Provider's testing services at a minimum shall comply with management systems standards (including ISO 9001, ISO 14001, ISO 27001, ISO 44001, ISO 45001 and ISO 50001 and etc.)

### **3.1.6 External Provider's Material Review Authority**

External Provider's material review authority is limited to disposition of "rework" or "scrap". External Provider's Material Review Board ("MRB") may not render a disposition of "use as is" and/or "repair" on any products found to be non-conforming. The External Provider may propose a "use as is" and/or "repair" disposition including appropriate justification to the Hydra-Electric Company's Purchasing Agent, however such final decision is that of Hydra-Electric Company.


## **4. SOURCE INSPECTION REQUIREMENT**

### **4.1 Hydra-Electric Company Source Inspection**

During performance of this Purchase Order, all work may be subject to source inspection and/or test by a Hydra-Electric Company representative. When this requirement is specified on the Purchase Order, the External Provider ensures that the Hydra-Electric Company representative is notified immediately upon receipt of the Purchase Order, a minimum of 48 hours in advance of any verification or test.

### **4.2 Hydra-Electric Company And Customer Right Of Entry**

During the term of this Purchase Order, Hydra-Electric Company representatives, Regulatory Authorities, and Hydra-Electric Company customers shall have the "right

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of entry" to the External Provider's premises and to *applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records*, for the sole purpose of validating performance of the Purchase Order requirements. The External Provider is notified in advance when such conditions apply.

## 5. STATEMENTS OF QUALITY

### 5.1 Certificate Of Conformance (“COC”)

External Provider provides, on the packing list/shipper or on a separate document, a written statement that all supplies and/or services comply with all requirements of the Purchase Order.

### 5.2 Mercury Free

External Provider takes all precautions to ensure that all products provided have not come in contact with or have been exposed to mercury bearing instruments or equipment, or mercury in any other form.

### 5.3 Control of Fasteners Certification

Hydra-Electric Company’s purchase order terms and conditions require that with each shipment of fasteners, the External Provider furnishes documentation that identifies the fastener manufacturer and the manufacturer's production lot or batch. In addition, the External Provider certifies that the manufacturer or other source of the fasteners is not currently listed as a "debarred, suspended, or ineligible contractor" on the current issue of the "lists of parties" published by the U.S. Government, General Services Administration (“GSA”).

## 6. RAW MATERIAL TEST REPORT

### 6.1 Raw Material Test Reports


For each lot or heat of material supplied on this Purchase Order, External Provider furnishes a certified material test report listing the material description, including as applicable, the material name or designation, alloy type, class, grade or condition, producer's (mill) name, the lot or heat number, and the material specification and revision to which the material complies. In addition, for:

#### a. Ferrous Materials (Except Carbon Steel)

Furnish a listing of the actual values of chemical composition and physical properties, obtained from the lot or heat versus values required by the applicable material specification.

#### b. Carbon Steel and Nonferrous Materials



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Furnish a list of the typical range of values (unless actual values are required by the applicable material specification or the Purchase Order) of the chemical composition and physical properties of the material, and a statement that the material supplied conforms to the requirements of the applicable material specification.

**c. Nonmetallic Materials**

Furnish a certification issued by the manufacturer of the material listing the material designation and nomenclature, the material size, the specification and revision to which the material conforms, the lot number or designation (if applicable), the date manufactured, the manufacturer's identity, and other deliverable technical data (test results, composition, chemical or physical properties, etc.) required by the applicable specification of the Purchase Order.


**6.2 Buyer Furnished Raw Material**

External Provider maintains strict accountability of material furnished by Hydra-Electric Company. In the event that more than one heat of material is furnished by External Provider in a lot of material, External Provider maintains individual material lot integrity and provides positive traceability of material lot/heat numbers to specific product(s) delivered. External Provider provides, on the packing list/shipper or on a separate document, a statement that:

- a.** All product(s) delivered on this Purchase Order were manufactured:
  - 1. From material furnished by Buyer.
  - 2. From material lot or heat number(s) identified on the material and/or Buyer's shipper to External Provider.
- b.** External Provider made no material substitution.

**6.3 External Provider Furnished Raw Material**

The External Provider maintains certifications, and test reports of all material utilized in compliance with the Purchase Order. The External Provider is responsible to provide such documentation when requested by Hydra-Electric Company. The External Provider ensures that such documents are maintained for a period not less than 10 years from date of delivery of the product(s) to Hydra-Electric Company.

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## 7. CONTROL OF SPECIAL PROCESSES

### 7.1 Qualified Sources and Process Certifications

- a. Unless otherwise specified by the Purchase Order, all chemical, metallurgical, nondestructive or any other special manufacturing or inspection process of product(s) controlled by Military, Government, Industry or Hydra-Electric Company specifications is performed only by NADCAP approved sources. **This clause is imposed only when flow down requirements of Hydra-Electric Company's customer are imposed. Seller contacts the Purchasing Agent at Hydra-Electric Company prior to use of proposed source to ensure that such special process source is currently approved for NADCAP.**

- b. **Process Certifications**

For all special processes by External Provider or External Provider's sub-tier source, the External Provider furnishes the certification/test report issued by External Provider or External Provider's sub-tier source that actually performed the process. The certification meets the Hydra requirements.

### 7.2 Control Of Stripping and Re-plating

Stripping and re-plating of product(s) requires prior approval by Hydra-Electric Company, when any or more of the following conditions exist:


- a. Parts having a hardness requirement of 220 KSI or less have been previously stripped and re-plated and/or,
- b. Parts have a hardness requirement greater than 220 KSI.

### 7.3 Heat Treat Certifications / Furnace Charts

With each shipment of product(s), External Provider furnishes a time/temperature certification that contains, as a minimum, time in and time out, duration, and temperature range, or when directed by the Purchase Order, provide original or legible copy of the actual furnace temperature charts.

### 7.4 Non-Destructive Test (NDT) Reports

With each shipment of product(s), External Provider furnishes the certified test report of all Non-Destructive Testing (NDT) (e.g., penetrant, magnetic particle, radiographic, ultrasonic) performed. The actual NDT includes a complete description of the test, test name, specification, revision, type, method and acceptance criteria document number and revision. When products are serialized or identified with a lot or batch number, such identification appears on the NDT reports and if radiographic inspection, identified on the exposed radiographic film.

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## 7.5 Report Of Certified NDT Employees

When the Purchase Order requires non-destructive testing be performed by the External Provider, the External Provider provides on receipt of the Purchase Order, a list of all personnel qualified to perform NDT, including special stamp or identification required, unless such current information has already been provided to Hydra-Electric Company. It is the External Provider's responsibility to ensure that all personnel requiring qualification are properly certified and are scheduled for recurrent certification as required by the specification.

## 8. CONTROL OF CASTINGS, CUSTOM MOLDED PARTS, PRINTED CIRCUIT BOARDS ("PCB") AND MACHINED PARTS

### 8.1 Control Requirements

Prior to making the first production run of any new product or product for which new tooling (patterns or molds) have been made, or when a change in gates, risers, chills or as-cast shape, or when a pattern or mold is transferred to a different facility or External Provider submission to the Buyer for review and approval, the following:

#### a. First Article

Sample from the first production run, representative of practices and be used on production parts, with findings submitted on AS9102 forms.

#### b. Mechanical Properties


The laboratory test report or certified statement of the test bar mechanical properties from the foundry control First Article casting(s). The test bar(s) are from the same melting and heat treat as the foundry control casting(s). On molded elastomers the shore hardness is provided on the First Article Report.

#### c. Chemical Composition

The Laboratory test report or certified statement of chemical analysis of the material (melt) used in the First Article product showing the actual percentage of each element contained in the specimen.

#### d. Radiographic Film (x-ray)

The shooting sketch and exposed film of the foundry control First Article casting(s).

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## 8.2 Production Castings and Custom Molded Parts

With the delivery of each heat lot or melt of production articles, External Provider furnishes to Hydra-Electric Company, the certifications/test reports required by Section 8 of this instruction.

## 8.3 Printed Circuit Boards (“PCB”)

Prior to making the first production run of any new product or product for which new tooling (patterns or molds) have been made, or when a change in revision or when transferring manufacturing to a different facility the External Provider shall submit to the Buyer for review and approval, the following:

### a. First Article

Sample from the first production run, representative of practices and be used on production parts, with findings submitted on AS9102 forms.

## 8.4 Machine Parts

Prior to making the first production run of any new product or product for which new tooling (patterns or molds) have been made that effect form fit or function or when transferring manufacturing to a different facility the External Provider shall submit to the Buyer for review and approval, the following: (note – revisions that do not effect form fit or function changes do not require first article)

### a. First Article

Sample from the first production run, representative of practices and be used on production parts, with findings submitted on AS9102 forms.


# 9. CONTROL OF AGE SENSITIVE ITEMS

## 9.1 Elastomers (Rubber Goods)

Unless otherwise specified on the Purchase Order or referenced documents, age control of elastomers and elastomer material (O-rings, seals, gaskets and other rubber goods) conform to the requirements of Mil-Std-1523. External Provider has an effective system of age control of elastomeric components for which acceptability is limited by the age of the elastomer. The product(s) are identified as to cure date (quarter and year).

## 9.2 Limited Shelf Life Material(s)

On each container of and on the certification for product(s) having a limited or specified shelf life, External Provider shows the cure date or manufacture date, expiration date or shelf life, lot or batch number and when applicable, any special storage or handling conditions.

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## **10. INSPECTION AND TEST REPORTS**

### **10.1 First Article at External Provider's Facility**

Buyer inspection and acceptance of First Article product(s) when specified on the Purchase Order is required prior to delivery to Hydra-Electric Company. Each first article product is completely processed per Purchase Order and clearly identified as a First Article. External Provider notifies Hydra-Electric Company sufficiently in advance so that inspection of the First Article, with documentation, can be scheduled at External Provider 's facility prior to the Purchase Order specified delivery due date.

### **10.2 First Article Inspection at Buyers Facility**

Hydra-Electric Company inspection and acceptance of First Article product(s) may be required prior to External Provider's delivering the production order, when specified on the Purchase Order. Each First Article product is completely processed per Purchase Order and clearly identified as First Article sample and submitted to Hydra-Electric Company's Receiving Inspector for inspection and/or test.

#### **10.2.1 Production Order Inspection at Buyers Facility**

Prior to inspection of production order, Hydra-Electric Company's receiving inspector will check First Article electronic data base to confirm that a First Article has been submitted by External Provider and has been approved. If no First Article has been submitted, the External Provider will be notified immediately for a First Article submittal prior to inspection and acceptance of production order.

### **10.3 100% Inspection Requirement**


When 100% inspection is directed by the Purchase Order, all characteristics of the supplied product(s) are required prior to delivery to Hydra-Electric Company. SPC charts based on 100% examination of all characteristics on the entire order are acceptable as evidence of conformity.

### **10.4 Sampling Inspection**

Unless otherwise directed, the use of sampling inspection is authorized, provided that such sampling inspection is based on valid Acceptance levels of ANSI/ASQC 1.4 normal inspection level II. The sampling plan shall preclude the acceptance of lots with known nonconformities.

## **11. FOREIGN OBJECT DEBRIS/DAMAGE ("FOD") EXTERNAL PROVIDER PREVENTION PROGRAM**

**11.1** Where required, the External Provider shall maintain a FOD prevention program. The FOD prevention program shall include the review of design and manufacturing processes to

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identify and eliminate foreign object entrapment areas and paths through which foreign objects can migrate. The External Provider shall ensure work is accomplished in a manner preventing foreign objects or material in deliverable Items. External Provider shall maintain work areas and control tools, parts and materials in a manner sufficient to preclude the risk of FOD incidents. External Provider shall document and investigate each FOD incident and ensure elimination of the root cause of each such incident.

**11.1.1.** Whenever and/or wherever FOD entrapment or foreign objects can migrate, External Provider’s FOD prevention program shall include External Provider’s periodic self-assessment of its internal FOD prevention practices, including each respective subcontractor’s FOD prevention program at every tier to measure effectiveness of program compliance to requirements.

**11.1.2.** External Provider’s FOD prevention program shall provide initial and periodic FOD training to External Provider’s employees.


**11.1.3.** External Provider shall provide records of such self-assessment and/or training to Hydra-Electric Company, upon request.

**11.2** External Provider’s FOD prevention program shall, at a minimum, contain the following elements:

1. Design & Manufacturing Process Review,
2. Performance Measurement,
3. Training,
4. Material Handling and Parts Protection,
5. Housekeeping,
6. Tool Accountability,
7. Hardware Accountability,
8. Lost Items Search and Documentation Process,
9. Physical Entry Control into FOD Critical Areas, and
10. FOD Focal Point(s)

**11.3** Whenever and/or wherever FOD entrapment or foreign objects can migrate, External Provider shall ensure that FOD requirements are flowed down to External Provider’s subcontractors at every tier.

**11.4** Prior to closing inaccessible or obscured areas and compartments during assembly, the External Provider shall inspect for foreign objects/materials. External Provider shall

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ensure that tooling, jigs, fixtures, and test or handling equipment are maintained in a state of cleanliness and repair sufficient to prevent FOD. By delivering items to Hydra-Electric Company, the External Provider shall be deemed to have certified to Hydra-Electric Company that such Items are free from any foreign materials that could result in FOD.

## **12. COUNTERFEIT PARTS PROGRAM**

**12.1** External Provider shall maintain a counterfeit parts program as well as flowing this requirement down to its sub-tiers to avoid the introduction of suspect counterfeit parts into the supply chain. External Provider shall provide evidence to Hydra-Electric Company that the program has been implemented.

**12.2** The External Provider's process shall ensure the detection of counterfeit material prior to formal acceptance and shipment to Hydra-Electric Company and that Hydra-Electric Company will be notified of all instances of counterfeit parts discovered by the External Provider.

**12.3** If applicable, the External Provider shall perform detailed inspection of documentation and packaging to ensure against counterfeit parts including the necessary visual inspection to IDEA-STD-1010 acceptability of electronic components distributed in the open market along with the required inspection for evidence of remarking or resurfacing if applicable.

**12.4** In addition, if applicable the External Provider shall perform the required X-Ray inspection/florescence, destructive physical analysis and or any other test if required to detect against counterfeit parts.

## **13. CONFLICT MINERALS**


**13.1** External Provider shall perform a due diligence effort and ensure that all material supplied to Hydra-Electric Company are free of “Conflict Minerals”. Pursuant to the U.S. Securities and Exchange Commission (“SEC”), Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, “Conflict Minerals” are defined as Tin, Tantalum, Tungsten, or Gold from the Democratic Republic of Congo, Angola, Burundi, Central African Republic, Rwanda, Tanzania, South Sudan, Uganda and Zambia.

## **14. EXTERNAL PROVIDER EXCEPTION**

**14.1** With written notification the External Provider may take exception to any given requirement of QWI-800. Quality Manager or designee must notify External Provider of exception approval or dis-approval in writing.

## **15. TRANSFER PLAN**



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**15.1** This transfer plan for the control of work transfers controls and verifies the conformity to specified requirements during the temporary or permanent transfer of work. This plan consist of the following:

- a) Formal notification to all stakeholders and customers before any change commences
- b) Risk assessment and mitigation
- c) Transfer plan
- d) Demonstration of capacity at the in-loading area to protect customer delivery
- e) Demonstration that generation of buffer stocks are built into load and capacity plans to protect customer delivery
- f) Proceed with the work transfer when a response from our customers and stakeholders has been received and comply with the requirements specified in the response
- g) Ensure that work transfer documentation and information is communicated through the purchase order flow-down.
- h) Ensure delivery performance is protected prior to any work transfer
- i) Maintain records of work transfers.

## **16. Obsolescence or End of Life**


**16.1** Where an External Provider chooses to obsolete or take a product to end of life, Hydra shall be notified in writing 6 months in advance of the occurrence.

**16.2** This notice shall include recommended replacements and the ability for Hydra to make a last time buy.

## **17. Special Process Supplier Evaluation**

**17.1** For processes where the resulting output cannot be verified by subsequent monitoring or Measurement, Hydra established arrangements for those process as follow;

**17.2** Hydra Electric will select suppliers for outside processes with first preference to those with NADCAP approval. Where Hydra Electric cannot find suppliers with NADCAP approval, the selection will be from those that have approval of our customers. Where Hydra Electric doesn't have a preferred approved supplier from its customer, Hydra Electric will select from suppliers who have approval of customers, or similar internationally recognized company. If the supplier

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is the only one who will perform the work required or designated by customer as the only source,  
the supplier is exempt from removal or conditionally approved.

17.3 Hydra Electric will select from suppliers who also have their QMS comply with the latest ISO9001/ AS9100 approval.

17.4 Where the Supplier does not have NADCAP approval, a supplier audit survey will be issued to a supplier to complete and return to the Quality Manager. In the interim, the supplier can be awarded "Conditional Approval" until the survey is returned and evaluated. Upon review and acceptance of the questionnaire response, an approval may be issued.

17.5 If it is used by the supplier, eAudit.net and/of OASIS can be used to review the supplier's accreditation and approval certifications.

17.6 As part of the survey, where there are processes such as plating, chemical coating, heat treat or painting where composition, temperature or other physical process is critical to proper performance, these characteristics and the monitoring process will be documented in the survey.

17.7 Where possible and appropriate an in-person audit will be performed. Where in-person is not possible a remote virtual audit will be performed.

17.8 Supplier performance shall be measured using defined metrics from purchasing turtle diagram.