

1.0 **PURPOSE:**

1.1 This document defines the minimum flow down requirements for suppliers of Magnus Precision, Inc.

2.0 **SCOPE:**

2.1 This document applies to All Suppliers and sub-tier Suppliers to Magnus providing raw materials, manufactured components and products as well as performing material processing such as, but not limited to: Heat treating; chemical processing; surface enhancements; non-destructive and destructive testing; coatings; welding; and nonconventional machining processes.

3.0 **SUPPLIER REQUIREMENTS**

3.1 As a Supplier to Magnus Precision, Inc., you agree to comply with the additional Flowdowns listed below:

3.2 Acceptance of a Purchase Order from Magnus binds the Supplier to the Terms and Conditions listed in the Purchase Order and the requirements listed in this document. The Supplier is not authorized to outsource any portion of the Purchase Order requirements unless specifically authorized by Magnus .Note that these requirements correspond with the requirements of Magnus's customers and with the requirements of AS9100D, Clause 8.4.3.

3.3 **Information for External Providers:**

3.4 Magnus communicates to the supplier its requirements for:

A. **The processes, products, and services to be provided** including the identification of relevant technical data (e.g., specifications, drawings, process requirements, work instructions)

- **Control of Drawings & Specifications.** The Supplier shall ensure that the drawings and specification are the relevant revision status specified on the Purchase Order. The Supplier **shall** comply with any special requirements requested by MAGNUS regarding the control of drawings and specification i.e. ITAR compliance.
- Refer to Magnus's Purchase Order.

B. **The approval of:**

1. Products and services; (Refer to Magnus's Purchase Order.)
2. Methods, processes, and equipment; (Refer to Magnus's Purchase Order.)
3. the release of products and services;
 - **Certificate of Conformance.** Supplier's acceptance of MAGNUS purchase order certifies that the materials and processes supplied under the purchase order have been controlled and inspected in accordance with MAGNUS purchase order and they meet the specified order requirements, referenced specifications and drawings. Supplier **shall** provide a signed and dated "Certificate of Conformance" for all orders and lots, verifying that all products and lots meet those requirements. All products and lots must be clearly identified and labeled and must be traceable to and linked to the Certificate of Conformance.
 - A certificate of conformance (C of C), supplied with the shipment must provide at a minimum: Supplier name, part number, purchase order number, quantity of parts, engineering revision, serial numbers (if applicable), and title and name of authorized Supplier representative.
 - Limited Shelf Life Items. (Epoxy, paint, adhesives, etc.)
 - Each shipment of material with a finite shelf life shall be accompanied by documentation to determine expiration date based on the OEM method for determining useful life (date of manufacture, date of shipment or expiration date as applicable). Material shall have a minimum of 80% of the total available shelf life when received by Buyer. The latest SDS/MSDS for all Chemicals shall be supplied to Buyer upon request.
 - Material certifications shall show quantitative analysis (C of A) test of each element and physical testing (if required to be provided).
 - Traceability for Raw Material is required and shall be retained and provided to Magnus with product.



C. The requirements for competency of personnel, including any required qualifications.

- Supplier will ensure that employees and people working on its behalf are competent and properly trained in accordance with the requirements of their job duties.

D. The Supplier's interactions with the Magnus;

- In addition to the other requirements recorded within this document, Suppliers shall hold all information received from Magnus in confidence and no third party request for information will be authorized unless approved, in writing, by Magnus.

E. Control and monitoring of supplier's performance;

- Suppliers shall maintain a quality management system that meets Magnus quality standards.
- Suppliers that fail to perform in these areas may receive corrective action requests or be removed from Magnus's approved supplier list.

F. Verification or validation activities that Magnus , or its customer, intends to perform at supplier's premises;

- Magnus and its customers reserve the right to perform verification and/or validation activities at the supplier's premises.

G. Design and development control;

- Design and development control does not apply to Magnus's Suppliers, unless otherwise specified on our PO.

H. Special requirements, critical items, or key characteristics;

- Requirements: for test, inspection, verification (including production process verification), use of statistical techniques for product acceptance, and related instructions for acceptance by the organization, and as applicable critical items including key characteristics, ***when required-these areas must be controlled.***
- These will be noted on the PO or Drawing as Key/ KC/ or C.

I. Calibration System. Test, inspection, and verification (including production process verification);

- All Inspection Measuring & Test Equipment used by the Supplier during in-process and final inspection to inspect product ***shall*** be calibrated and traceable to the national standard.
- For calibration Purchase Orders, all gauges and instruments must be calibrated using standards whose accuracies are traceable to the National Institute of Standards and Technology. All provided calibration certifications must specifically state this traceability.
- Suppliers will maintain a quality/inspection system that will ensure all goods and services conform to contract requirements whether manufactured or processed by Supplier or procured from Sub-Tier Suppliers.

J. Quality & The use of statistical techniques for product acceptance and related instructions for acceptance by Magnus;

- The Supplier will use ASQ Z14 C=0 sampling plan with an AQL of 1.0 or 100% inspection, unless otherwise specified or agreed upon in writing by Magnus.
- Workmanship Quality. Manufactured product shall be free from burrs, and sharp edges.
- Quality/Inspection System. Supplier ***shall*** maintain a quality/inspection system that will ensure all goods and services conform to contract requirements whether manufactured or processed by Supplier or procured from Sub-Tier Suppliers. Quality Systems: must comply with NADCAP, AS9100 or ISO9000 for Material Sources and ISO 17025-for competence of testing and calibration laboratories, unless otherwise approved by MAGNUS Quality.



K. The need to:

- **implement a quality management system**
 - Supplier **shall** implement a Quality Management System (QMS) appropriate to their organization that complies with AS9100 /ISO/NADCAP standards.
- **Special Processes.** use customer-designated or approved external providers, including process sources (e.g., special processes);
 - Supplier shall provide certifications for all special processes and nondestructive test results performed with each shipment. The certificate **shall** identify the processor, process used, controlling specification & revision, and the results of test or measurement performed. Supplier used shall be a MAGNUS PRECISION, INC. and/or Customer approved source for said Processes. These include operations subject to process controls such as: coating, joining, heat treating, cleaning, non- destructive test, etc.
- **Reporting Discrepancies.** Discrepancies, omissions, and the need for clarifications or interpretations of any nature encountered by Supplier in respect of furnished drawings or engineering data will be brought to the attention of MAGNUS PRECISION, INC. for resolution
- **Non-Conformance: notify Magnus of nonconforming processes, products, or services;**
 - Magnus will not accept Supplier product that does not meet Purchase Order requirements.
 - Supplier product discovered after shipment by the Supplier to be nonconforming shall be immediately disclosed to Magnus upon discovery, including but not limited to quantity shipped, date shipped, and the extent of the nonconformance.
 - Suppliers that receive notification of Nonconforming product shall take appropriate action to contain the nonconforming condition and prevent it from occurring again. The Supplier will be notified if formal Corrective Action is required to be submitted to Magnus. The response shall be submitted within 2 weeks of issue or a time frame agreed upon between Magnus and the Supplier. Errors with paperwork shall be resolved within 24 hours.
- **Counterfeit Parts. Prevent the use of counterfeit parts** (see AS9100D 8.1.4);
 - To prevent the purchase of counterfeit or suspect / unapproved products and to ensure product identification and traceability (and for other reasons), Supplier will institute controls that include the requirements of Material Certificates, Certificates of Conformity, and/or other supporting documentation as is appropriate.
 - **Supplier shall participate in the Government Industry Data Exchange Program (GIDEP)** and should Supplier discover suspect and/or confirm counterfeit products associated with this Purchase Order, Subcontract or Supplier Schedule Agreement, Supplier **shall** issue a GIDEP report, notify MAGNUS and ensure the counterfeit products are not delivered to MAGNUS.
- **Material and part substitutions are not allowed.**
 - Notify Magnus of changes to processes, products, or services, including changes of their external providers or location of manufacture, and obtain Magnus's approval;
 - **Material Substitution.** Unauthorized material substitutions are not permitted without MAGNUS written consent. *(Must be Quality or Engineering)*
- **Changes in Process, Product or Location.** Supplier **shall** notify Magnus of any change in ownership, management, or location and are subject to re-survey and approval. This includes: Changes to the Quality Management System, the Manufacturing Line, Facility Location, Processes, or Natural Disasters. Quality data and/or approved design data to be available in the English language.
- **Suppliers shall flow-down** to Sub-Tier Suppliers the applicable requirements as required by the purchase



order either specifically or by reference. Flow down to external providers applicable requirements including customer requirements.

- **Test Specimens:** Requirements for test specimens (e.g., production method, number, storage conditions) for design approval, inspection/verification, investigation or auditing: ***when required-these must be supplied. If the supplier will not be performing the testing, but will be outsourcing it to a sub-tier supplier, it is the supplier's responsibility to ensure the sub-tier supplier is approved.***
- **Record Retention:** Supplier **shall** maintain records of inspections, tests, and process controls called for by this contract, unless specified elsewhere in contracts or attachments, these documents **shall** be on file, stored and protected in such a manner that they remain legible, readily identifiable, and readily available to MAGNUS PRECISION, INC. for no less than 15 years, unless specified on the PO.
- **Foreign Object Debris/Damage.** (FOD) Supplier is required to establish and maintain a FOD prevention program that employs appropriate housekeeping practices to assure timely detection and removal of residue/debris generated, during operations and normal daily tasks

L. Right of Access. MAGNUS PRECISION, INC., its customers, and regulatory authorities **shall** be granted the right of access to all Supplier and sub-tier Supplier applicable areas of facilities and records involved in fulfilling the Purchase Order requirements to ensure conformance with the requirements

- The on-site inspection may include surveillance of the Supplier's facilities, procedures, production methods, processes, and the Supplier's Quality System. The Supplier shall furnish, at no cost, the necessary data as required by applicable drawings, Purchase Order, specifications, and inspection instructions to facilitate the on-site inspection.

M. Ensuring that persons are aware of: their **contribution to product or service conformity; their contribution to product safety; the importance of ethical behavior.**

- Supplier must be committed to the highest standards of ethics and business conduct.
- Supplier must comply with the law, honor commitments, act in good faith, and be accountable.
- Supplier must not offer, promise, authorize, or provide, directly or indirectly, anything of value (including business gifts or courtesies) with the intent or effect of inducing anyone to engage in unfair business practices.
- Supplier will avoid involvement in activities that may be perceived as a conflict-of-interest.
- Supplier will respect the legitimate proprietary rights and intellectual property rights of customers and must take proper care to protect sensitive information, including confidential, proprietary and personal information.
- Confidentiality. Suppliers **shall** hold all information received from MAGNUS in confidence and no third-party request for information will be authorized unless approved, in writing, by MAGNUS Suppliers are to safeguard (secure through physical and electronic controls, and avoid misuse or disclosure) MAGNUS or other third party confidential, proprietary, and personally identifiable information, even after the business relationship with MAGNUS concludes. Suppliers shall only use confidential, proprietary, and personally identifiable information for the business purpose for which it was intended, unless MAGNUS provides written authorization otherwise.

3.5 Packaging and Handling. As a minimum, the Supplier **shall** package all material in a manner that will ensure protection against corrosion, oxidation, deterioration and physical damage during shipment.

3.5.1 Electrostatic sensitive product shall be pack in an ESD protective bag. In addition, when materials delivered are lot-controlled and multiple material lots are shipped, each lot shall be separately packaged and identified.

3.6 Conflict Minerals : Suppliers of all material, castings, forgings and product purchased by Magnus Precision, Inc. must include on their Certificate of Compliance that material or product included in this order is conflict mineral free. Ref. US Conflict Minerals Law (sec 1502 of the Dodd/Frank Wall Street Reform and Consumer Protection



Act) MAGNUS is fully committed to responsible sourcing of materials used in our products, including the avoidance of “Conflict Minerals” - Tin, Tantalum, Tungsten, and Gold (3TG) mined in the eastern provinces of the Democratic Republic of the Congo (DRC) and the adjoining countries where revenues directly or indirectly finances armed groups. MAGNUS fully supports the Dodd- Frank Financial Reform Bill section 1502(b) requiring all US stock listed companies and their suppliers to disclose the chain of custody usage for 3TG. We expect our suppliers whose products contain 3TG to conduct due diligence on the source and chain of custody.

3.7 Government Import / Export Regulations:

- a) The Goods or Services, including technical data, provided under this Order may be subject to the provision of the Export Administration Act of 1979 (50 USC 2401-2420) and the Export Administration Regulations (15 CFR 768-799) promulgated there under; the Arms Export Control Act of 1976 (22 USC 2751-2779) and the International Traffic in Arms Regulation (22 CFR 120-128 and 130) promulgated there under; and the Foreign Corrupt Practices Act. The Parties acknowledge that these statutes and regulations impose restrictions on import, export, and transfer to third countries of certain categories of Goods or Service including technical data,, and that licenses from the U.S. Department of State and/or U.S. Department of Commerce may be required before such Goods or Services, including technical data, can be provided hereunder, and that such licenses may impose further restrictions on use of such Goods or Services, including technical data. Disclosure of such Goods and Services, including technical data to foreign persons is subject to the above regulations regardless if the export occurs in the U.S. or abroad. Supplier agrees to comply with all U.S. Governmental regulations mentioned above as they relate to the import, export, and reexport of Goods and Services and/or technical data, including, without limitation, the ITAR Registration requirements specified at 22 CFR 122.1.
- b) Supplier agrees to notify MAGNUS if any deliverable under this Order is restricted by export control laws or regulations.
- c) Supplier ***shall*** immediately notify MAGNUS if Supplier is, or becomes, listed in any denied parties list or if Supplier's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency.
- d) If Supplier is engaged in the business of either exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, Supplier represents that it is registered with the Office of Defense Trade Controls, as required by the ITAR, and it maintains an effective export/import compliance program in accordance with the ITAR.
- e) Where Supplier is a signatory under a Buyer export license or export agreement (e.g., TAA, MLA), Supplier shall provide prompt notification to MAGNUS in the event of changed circumstances including, but not limited to, ineligibility, a violation or potential violation of the ITAR, and the initiation or existence of a U. S. Government investigation, that could affect the Supplier's performance under this Order.
- f) Supplier ***shall*** on the first shipment to MAGNUS, provide a Certificate of Origin or a Manufacturer's Affidavit for each item, and either:
 - i) For U.S. sources, the U.S. Munitions List Category or Export Control Classification Number; or
 - ii) For non-U.S. sources, the Harmonized Tariff Schedule Classification Number.
- g) Supplier shall be responsible for all losses, costs, claims, causes of action, damages, liabilities and expense, including attorneys' fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of Supplier, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this clause.

4.0 DO or DX PRIORITY RATING

4.1 If a DO or DX priority rating is indicated on the face of this Order, Seller is required to follow the provisions of the Defense Priorities and Allocation System (DPAS).

4.2 Code of Federal Regulations Title 15 Part 700 Subpart D - Industrial Priorities.

4.2.1 § 700.11 Priority ratings.(a) *Levels of priority.* (1) There are two levels of priority established by this regulation, identified by the rating symbols “DO” and “DX”.(2) All DO rated orders have equal priority with each other and take preference over unrated orders. All DX rated orders



have equal priority with each other and take preference over DO rated orders and unrated orders. (For resolution of conflicts among rated orders of equal priority, see § 700.14(c).(3) In addition, a Directive issued by Commerce takes preference over any DX rated order, DO rated order, or unrated order, as stipulated in the Directive. (For a full discussion of Directives, see § 700.62.)

5.0 SPECIALTY METALS

5.1 FAR 252.225-7008(b) Restriction on Acquisition of Specialty Metals Any specialty metal delivered under this contract shall be melted or produced in the United States or its outlying areas.

5.2 Purchaser is compliant with the US Government Department of Defense statutory restrictions on the acquisition of specialty metals not melted or produced in the United States pursuant to the National Defense Authorization Acts for Fiscal Years 2007 and 2008. Seller, where applicable, and at its own expense, agrees to comply with all laws and regulations as promulgated by the aforementioned National Defense Authorization Acts. In addition Seller agrees to indemnify Purchaser against all claims, whether on account of negligence or otherwise; arising out of or resulting from Seller's performance of this order. Refer to the US Government website www.regulations.gov for more detailed information relative to your obligations.

6.0 BUY AMERICAN ACT

6.1 Purchaser is compliant with the Buy American Act (41 USC 10a-10d; Executive Order 10582) mandating preferences for the purchase of domestically produced goods in direct procurements by the US Government and/or its contractors. Seller, where applicable, and at its own expense, agrees to comply with all laws and regulations as promulgated by the Buy American Act. Refer to the US Government website www.regulations.gov for more detailed information relative to your obligations therein.

7.0 ADHERING TO DOD CYBERSECURITY REQUIREMENTS

- The Supplier **SHALL** abide by the requirements of the following DFARS clauses, including the flow-down of these requirements to their suppliers as they may be required. When DFARS (Defense Federal Acquisition Regulations System) are required for the product, supplier must include a copy of the mill certification stating the material used was melted in a DFAR approved country. Reference: DFARS 225.872-1
- DFARS 252.204-7008 Compliance with Safeguarding Covered Defense Information Controls.
- DFARS 252.204-7009, Limitations on the Use or Disclosure of Third-Party Contractor Reported Cyber Incident Information
- DFARS 252.239-7010, Cloud Computing Services
- [DFARS 252.204-7012](#), Safeguarding Covered Defense Information and Cyber Incident Reporting
- The latest version of these can be found at:
<https://www.acq.osd.mil/dpap/dars/dfars/html/current/252204.htm#252.204-7008>

8.0 Revision History:

Revision:	Change Made:	Written By:	Approved By	Date
A	Initial Release-Modified All to follow compliance of AS9100D 8.4.3 A thru K (was WI-8512)	S.Busby	Grant O./Sue O. /Steve J/Sandy B.	7/31/19
B	Simplified section 3.4, sub-section E – Control and monitoring of supplier's performance	D. Goff / B. Phillips / E. Galens	S. O'Neil / E. Galens	6/6/24