



## **QUEEN CITY ENGINEERING AND DESIGN SUPPLIER MANUAL**

### **Introduction**

The supplier manual's purpose is to clearly outline the requirements and expectations of the supplier. These requirements are for any items or services procured from suppliers for use in the manufacturing, special services, or repair of products.

### **Scope**

This manual applies to any supplier that provides any products or services to said products that affect the final product and end use.

### **Acceptance of Purchase Order**

Acknowledgement of any order, shipment of any goods, or rendering of any services pursuant to a Purchase Order shall be deemed an acceptance of the QCE terms and conditions.

### **Contract Changes**

By written order at any time, QCE has the right to make changes within the general scope of the Purchase Order contract. QCE reserves the right to obtain an updated quote for the cost impact that any change may incur prior to the affected change. If such changes cause a need for price modifications or will adversely impact delivery due dates, equitable adjustments shall be negotiated, and the contract shall be modified in writing accordingly. Suppliers shall proceed to perform the contract as changed after approved modifications. Any claim by supplier for adjustment under this clause must be asserted within 20 days from the date of receipt by the Supplier or within such further period as QCE may allow. Where the cost of property made obsolete or excess as the result of a change is included in the Suppliers claim for adjustment, QCE shall have the right to prescribe the manner of disposition of such property. Nothing in this clause shall excuse supplier from proceeding with the contract as changed.

### **Supplier Change in Progress**

The supplier shall inform QCE prior to the start of services if a change in process, products, service, or location will occur for the requested services that is different than the specifications listed on the PO, or historically performed by the supplier for Queen City Engineering. QCE written approval is required.

## **Cancellation**

QCE may cancel a Purchase Order and Supplier's performance hereunder immediately without incurring liability to supplier immediately upon:

- I. supplier's insolvency.
- II. filing of a voluntary petition in bankruptcy by supplier.
- III. filing of an involuntary petition in bankruptcy against Supplier.
- IV. appointment of a receiver or trustee for Supplier.
- V. execution or assignment for the benefit of creditors by Supplier; or
- VI. any comparable event, and upon thirty days' written notice to Supplier in the event of Supplier's breach of contract or failure to perform.

## **Governing and Compliance with the Law**

The Purchase Order and this contract shall be governed and construed under the laws of the state of North Carolina and the United States of America. This includes laws and restrictions applicable to DFARS, ITAR, and EAR. These requirements must be followed.

Suppliers are expected to operate under all regulatory and statutory laws. Supplier shall comply with all applicable provisions of Federal, State, and Local laws and ordinances; all lawful orders of FAA, DOT and other transportation regulations, Hazard Communication Standards promulgated pursuant to the Occupational Health and Safety Act (OSHA).

Supplier shall control the dissemination of and access to technical data, information and other items received under this Contract in accordance with U.S. export control laws and regulations.

Such laws are incorporated by reference as if set forth at length herein. It is supplier's responsibility to identify, locate, review, understand and ensure compliance with the latest revision of any law.

Supplier submission of a proposal and/or acceptance of the Purchase Order is considered supplier's certification of compliance with law.

## **Part Obsolescence**

The vendor will notify QCE immediately of any process or material that has a planned obsolescence or as soon as notification is received that a part QCE purchases will be phased out of production.

## **Conflict Material Policy**

QCE only purchases raw materials from approved Suppliers. As a consumer of material produced by our Suppliers, QCE requires our Suppliers to certify compliance with the Security and Exchange as directed by Section 1502 of the Dodd Frank Act of 2010. QCE performs due diligence with our Suppliers in the form of our Supplier surveys and audits to confirm that they do not purchase conflict materials or materials from conflict countries. We will continue to monitor the Suppliers and the materials we purchase to be compliant with this policy. Any material found subject that was supplied from a conflict country, will immediately be quarantined for return to the Supplier and recall all lots of material in the marketplace for return for credit and/or replacement. Reoccurrence of conflict material will warrant the Suppliers status removed as an QCE Approved Suppliers.

## **Insurance Requirements**

Supplier represents that it has and will maintain the following types of insurance to adequately perform its general business operations. Workers compensations insurance, general products liability insurance, automobile public liability insurance if products are delivered.

## **Quality Management System**

While executing this contract, unless otherwise specified in the body of the Purchase Order, supplier is responsible for implementing and maintaining on-going compliance in quality assurance. Suppliers are urged to adhere to ISO 9001:2015 standards.

## **Counterfeit Parts and Services**

Supplier will ensure that no counterfeit component or services shall be submitted to QCE. "Counterfeit component or service" is defined as a product produced or altered to resemble a product without authority or right to do so, with the intent to mislead or defraud by presenting the imitation as original or genuine

Any known or 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 or provision of material under this purchase order may be punishable in accordance with applicable legal statutes under the jurisdiction of the state of North Carolina and/or the United States of America.

## **Nonconforming Product**

Suppliers are required to have a system in place for the detection, identification, and segregation of nonconforming product and/or material. QCE requires immediate notification of nonconformance. Suppliers must have QCE authorization prior to rework or deposition of nonconforming product and/or material. Sorting charges will be subject to the Suppliers as payment responsibility.

## **Corrective Actions**

In response to buyer initiated corrective action requests (SCAR), the seller shall advise the buyer of action taken to correct the reported non-conformances on supplier corrective action request form furnished by buyer. Such requests require timely responses. See non-conforming product section for additional requirements.

## **Managing Customer Provided Property**

Suppliers must handle QCE provided property in compliance to ISO 9001:2015 standard.

Customer Provided Property can include but not limited to:

- intellectual property- drawings, models, prints, documents, and emails.
- Raw Material
- Sub-Assembly Part
- Tooling/Fixtures
- Test/Production Equipment

Requirements for managing QCE provided property:

- Identification/Labeling: Ensure all QCE property is identified and labeled once received into your facility and maintained throughout its lifecycle
- Proper storage and handling protection: Ensure all QCE provided property is stored with the utmost care and protection to shield it from any potential damage or loss. This includes conducting an incoming inspection to ensure no damage is present when property is received and handling the property throughout its lifecycle with care. QCE shall be notified immediately should the supplier notice any damage or loss to QCE property.
- Accurate Tracking and Recording: Throughout the lifecycle of the QCE provided property, meticulous tracking and recording is required to control to ensure location and status of property are always known.
- Safe Disposal or Return: When QCE provided property is no longer need, Supplier must return or securely dispose of property

## **Coating/ Finishing Suppliers**

Coating suppliers are responsible for notifying QCE of any potential racking or process issues that would affect the ability of the supplier to perform the requested service. QCE expects all surfaces to be coated free from defects, scratches, dings, or any issues that could cause the finishing to be compromised. Finishing Certs are required for all Purchase Orders.

## **Inspection of Product**

Supplier shall conduct inspection/testing of products and services under the purchase orders to ensure that all requirements are accounted for and verified for compliance. See below for definition of inspection frequency requirements:

- a) Inspection applies to all dimensions listed on the provided drawing, unless drawing or purchase order indicates a more frequent inspection. Requirement does not apply to reference dimension(s) listed on the drawing.
- b) All plating, finishing and surface treatment purchase orders require 100% visual inspection to the specification requirement defined on the purchase order.

## **Packaging**

All parts/components must be packaged to protect the parts from scratches, dings, corrosion, or any other surface damage during transit. Parts should be wrapped with protective materials such as paper, foam, plastic, and/or bubble wrap. These protective materials must provide protection without damage or compromising the finish of the product if applicable. Fabricated parts should never touch one another directly. Parts should be arranged within a liftable box and should contain filling to fill unused space. Parts should never move during shipment. Shipping vendor may be specified in the PO.

## **Record Retention**

Unless otherwise specified in the purchase order, seller records shall be maintained for a period of five (5) years from the date of delivery. As a minimum, these records shall consist of inspection and test results and data, certifications, lot control data, physical and NDT test data and other records for traceability, processes, etc. All records that are beyond the five (5) year date, shall be returned to QCE, or suitably destroyed/shredded, as approved by QCE upon notification of records. The supplier agrees to transmit to QCE, those records kept in support of QCE work, in event that the supplier discontinues business operations, or if QCE has discontinued contracted business with the supplier.

### **Personnel Qualification**

Supplier shall provide adequate training and certification to persons performing work to provide products and services to QCE Purchase Order.

### **Supplier Employee Contribution**

The supplier shall ensure that their employees understand their contribution to product safety, product or service conformity and the importance of ethical behavior.

### **Supplier Performance**

QCE expects suppliers to perform within the parameters set by expectation of our customers. To this extent, supplier performance will be monitored for time delivery and failed incoming inspection reports on a regular/annual basis using QCE Metric Summary and during our Management Review. Rating will take into consideration vendor response to any SCAR (Supplier Corrective Action Response) issued to a supplier by QCE.

### **Right of Access**

QCE has the right to inspect a Supplier's facility at any time there is warranted cause(s) to confirm compliance of all Safety, Products, Processes, Governing and Compliance with the Law, Certifications, and all other adherence to the requirements in this manual.

### **Supplier Audit Access**

Supplier agrees to allow QCE access to supplier records as related to QCE orders for the purpose of supplier evaluation, assessment, and approval. QCE to provide a minimum of 30 calendar days' notice for intent to audit, unless audit is related to supplier providing non-conforming product to QCE under contract or purchase order. (See Nonconforming Product)

### **Approved Supplier Review and Loss of Status**

QCE periodically reviews the supplier performance for price, delivery, and quality. If a Supplier does not meet QCE minimum performance requirements, the supplier will be removed from the approved supplier list. Based on cause, Suppliers can return only subject to audits and elevated monitoring requirements prior to reapproval.

## **Business Ethics and Conflicts of Interest**

QCE is committed to the highest standards of product quality and business integrity in its dealings with suppliers and ensuring that working conditions in our supply chain are safe, that workers are treated with respect and dignity, and that manufacturing processes are environmentally and socially responsible. This includes, but is not limited to, complying with all applicable laws, rules and regulations. Other specific guidelines are as follows:

- Vendors are expected to use good judgment, adhere to high ethical standards, and avoid situations that create an actual or perceived conflict between their personal interests and those of the organization. Queen City Engineering needs to know that the transactions vendors participate in are ethical and within the law, both in letter and in spirit.
  
- Queen City Engineering recognizes that different organizations have different codes of ethics. However, just because a certain action may be acceptable by others outside of our company as “standard practice,” that is by no means sufficient reason to assume that such practice is acceptable at our organization. There is no way to develop a comprehensive, detailed set of rules to cover every business situation. The tenets in this policy outline some basic guidelines for ethical behavior at Queen City Engineering. Whenever employees are in doubt, they should consult with their manager.
  
- QCE and its employees are not permitted to accept gifts from current or potential Suppliers. This includes gifts of nominal value. Although giving gifts is acceptable in some cultures, QCE requests that Suppliers respect its policy of not accepting gifts.
  
- Employees are encouraged to seek assistance from their managers with any legal or ethical concerns. Queen City Engineering realizes this may not always be possible.