

	<p style="text-align: center;">Apex Industries Inc. 100 Millennium Blvd. Moncton, New Brunswick, Canada E1E 2G8</p>	<p style="text-align: right;">No. QAC 4.6.1</p>	
<p>Title: Purchase Order Quality Assurance Clauses</p>			
<p>Issue: 1</p>	<p>Rev. L</p>	<p>Date: 20-Aug-2015</p>	<p style="text-align: right;">Page 1 of 7</p>

Any product and/or service (hereafter referred to as “product”) supplied to fulfill an Apex Industries Inc. (Apex) purchase order must be provided in accordance with the quality clauses indicated herein unless otherwise stated on the purchase order.

1. **Quality System.** The Supplier must have an established quality program that complies with the requirements of AS9100, ISO 9001, or equivalent quality management system. This quality system shall be to the extent necessary and appropriate for the product being provided. The Suppliers quality system may be subject to audit by Apex Industries Inc. representative for evidence of compliance.
- 1.1 **Distributors supplying product(s) for Boeing work.** Distributors with Quality Management Systems that comply with either AS/EN/JISQ 9100, “Quality Management Systems – Requirements for Aviation, Space and Defense Operations,” and/or AS/EN 9120, “Quality Management Systems – Requirements for Aviation, Space and Defense Distributors.” Boeing first tier suppliers shall evaluate and select distributors based upon their ability to comply with this requirement. Note that methods for demonstrating compliance can include, but are not limited to, Quality Management System certification, second party audit, survey, etc.

The requirement to utilize distributors that have Quality Management Systems that comply with either AS/EN/JISQ 9100 and/or AS/EN 9120 will be imposed via purchase contract language. Boeing first tier suppliers with purchase contract language imposing D6-82479, “Boeing Quality Management System Requirements for Suppliers” are affected.
<http://www.boeing.com/companyoffices/doingbiz/supplier/index.html>

Tier one supplier to Boeing must use Distributers with QMS approved to AS/EN 9120; meaning Apex will only purchase Boeing related materials from Distributers approved to AS/EN 9120.

Apex purchases of Boeing related materials from Distributers approved to AS/EN 9120 does not state that these Distributers must also purchase from Distributers approved to AS/EN 9120; however Distributer’s with Boeing direct contracts (Tier one) to Boeing will be required to only purchase Boeing related materials from those Distributers approved to AS/EN 9120.

To allow time for Boeing first tier suppliers to establish compliance, this new requirement will not become effective until June 30, 2014. After that date, Boeing first tier suppliers shall utilize only distributors with Quality Management Systems that comply with either AS/EN/JISQ 9100 or AS/EN 9120.

2. **Certificate of Compliance (C of C).** The Supplier shall furnish with each shipment of product a C of C that shall, as a minimum, attest that the materials, parts, and/or processes supplied are in accordance with the requirements and specifications stated on the purchase order. The C of C shall indicate general information such as Apex’s purchase order number, part number, part or product name, part and/or drawing revision level, and applicable quantity. Specific information shall include, but not be limited to, the supplied items traceability reference such as lot/batch/mill number, analysis/test reports, and serial numbers (if applicable). The Certificate shall be signed and dated by the Supplier’s quality representative as evidence that the deliverable product complies with the stated requirements.



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E1E 2G8

No. **QAC 4.6.1**

Title: Purchase Order Quality Assurance Clauses

Issue: 1

Rev. L

Date: 20-Aug-2015

Page 2 of 7

3. **Raw Material Requirements.** Raw materials must be of North American origin, or originate from a “qualifying country” as established throughout the aerospace community. Specifically, “specialty metals” and/or items containing specialty metals must be obtained from qualifying country sources as outlined by the Defense Federal Acquisition Regulation Supplement (DFARS) 252.225-7014 (Preference for Domestic Specialty Metals, dated 10-Mar-2006). The “qualifying countries” are listed in subsection 225.872-1 of the DFARS. Any deviation from this requirement must be brought to the attention of Apex Industries Inc. Procurement representative, prior to delivery, for appropriate review and disposition by the end user (Customer).

NOTE A: It is the responsibility of the Supplier to ensure that the current version of DFARS 252.225-7014 and subsection 225.872-1 is being utilized to identify a qualifying country.

NOTE B: Metallic materials for use in the manufacture of a Bell Helicopter “classified item” (i.e. product designated as “Primary”, “Critical”, or “Flight Safety”) must comply with the requirements of Technical Data Report 299-100-837 (latest revision), Approved Metallic Materials Source List. This requirement will be indicated to the supplier upon purchase request.

NOTE C: Materials for use in Bombardier Aerospace programs must comply with the requirements of Bombardier Aerospace Engineering Material Control Manual, EMCM-001 (latest revision). This requirement will be indicated to the supplier upon quote and purchase request by terms such as “Bombardier Approved” or “Must be from Bombardier Approved Source”

Suppliers providing raw materials (sealants, adhesives, paints, metallic & non-metallic, etc.) for use by Apex for Bombardier work must supply raw materials manufactured by a Bombardier approved manufacturer per EMCM-001 and/or Bombardier’s Approved Suppliers List @ <http://www.bombardier.com/en/aerospace/suppliers.html>

NOTE D: Where a Qualified Products List (QPL) requirement applies, raw materials shall only be obtained from a QPL manufacturer.

4. **Raw Material Certification.** Each shipment of metallic or nonmetallic raw material must be accompanied by the manufacturer’s mill inspection/test report. The information must be legible and include the following:
- Name & location of raw material manufacturer or mill;
 - Material identification by specification number and material condition;
 - Manufacturer or mill lot traceability identification;
 - Actual chemical & physical test results as specified in the applicable material specifications;
 - Authorized signature of the manufacturer’s quality representative as evidence that the information contained therein complies with the material requirements.



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No. **QAC 4.6.1**

Title: **Purchase Order Quality Assurance Clauses**

Issue: 1

Rev. L

Date: 20-Aug-2015

Page 3 of 7

5. **Hardware and Catalog Items.** Distributors of these items must include a C of C with each shipment indicating the part number, manufacturer's name and lot traceability information as a minimum. The raw material information associated with the manufacture of these items must also be included (as defined by the "Raw Material Certification" clause) as applicable.

NOTE A: Items for use in the manufacture of Bell Helicopter product may require compliance with Technical Data Report 299-099-900, Approved Source List for manufacturers of performance rated standard parts and materials. This requirement will be indicated to the supplier upon purchase request.

NOTE B: Items for use in Bombardier Aerospace programs must be obtained from manufacturers listed in the Bombardier Approved Supplier Listing as provided via the Internet at 'www.aerospace.bombardier.com'. This requirement will be indicated to the supplier upon purchase request.

NOTE C: Where a Qualified Products List (QPL) requirement applies, hardware and catalog items shall only be obtained from a QPL manufacturer.

- 5.1 **Counterfeit Parts Prevention.** Supplier shall establish and maintain a Counterfeit Parts/Material Prevention and Control Plan using AS5553 and/or AS6174 to ensure that Counterfeit Work is not delivered to Apex. The purpose of Seller's Plan shall be to develop a robust process to prevent the delivery of counterfeit commodities and control commodities identified as counterfeit.

6. **Shelf Life.** The Supplier shall identify those items that have a specific shelf life requirement. The product manufacture date and expiry date is to be clearly marked on the item or packaging. Seventy-five percent (75%) of shelf life required upon receipt unless otherwise specified.

7. **Customer Supplied Product.** Customer supplied materials, tooling, documents, data and/or other forms of media are authorized for use in the performance of work on Apex purchase orders only. The Supplier is responsible for strict control and maintenance of customer supplied product and related information while in its possession.

8. **Special Process Requirements.** Suppliers of special processes must be an "approved source" for the process specification outlined on the purchase order. It is the responsibility of the Supplier to ensure that only qualified personnel perform special processes. The Supplier may also be required to have Performance Review Institute (PRI) accreditation to the National Aerospace and Defense Contractor Accreditation Program (NADCAP) for the special process being performed. The end user process "approval" authority will dictate this requirement.

Boeing D1-4426 Suppliers or other performing processing in accordance with Boeing specifications per Apex purchase order are not permitted to use Boeing PSD's (where available) without Apex permission.

9. **Supplier Flow Down Requirements.** Apex requires its Suppliers to flow down Apex's requirements in the event that a Supplier chooses to purchase material or services from a Sub-Tier Supplier.

Supplier's Sub-Tier must hold OEM approval with approval(s) in good standing at the time of use.

- 9.1 **BAE Systems.** Suppliers providing products and/or services for BAE Systems F-35 Lightning II Program shall comply with the requirements of BAES-JSF-QMS-141-03-DV and BAE-AG-QC-SC1 PARTS 1 TO 7 as applicable. Suppliers must seek Apex approval (in all cases) prior to utilizing Sub Tier suppliers per BAE Systems, Buyer Approved Processes Register (BAPR).



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No. **QAC 4.6.1**

Title: **Purchase Order Quality Assurance Clauses**

Issue: 1

Rev. L

Date: 20-Aug-2015

Page 4 of 7

10. **Special Process Certification.** Each shipment of product must include certification of the processes performed in accordance with the specifications outlined on the purchase order. The Supplier is responsible for ensuring that the appropriate process controls have been maintained and that records exist to provide objective evidence of compliance. These records must be made available to Apex Industries Inc. and/or its customer upon request.

Applicable where the purchase order flow down indicates Lockheed Martin Appendix QJ item F requirement. Apex LM Aero vendor code VNS00956. Processing to be accomplished in performance of this purchase order is directly related to a Lockheed Martin Aeronautics Company purchase order and must be accomplished in accordance with process specification(s) on this purchase order and the revision in effect as of the date of this PO of Lockheed Martin Aeronautics Company Appendix QJ. All requirements of such Appendix QJ paragraph 12. a. - f. shall be accomplished. Appendix QJ is located at <http://www.lockheedmartin.com/materialmanagement/>.

11. **Calibration System.** Where applicable, the Supplier shall maintain control of monitoring and measuring devices by utilizing a calibration system that complies with the requirements of ISO 10012-1, MIL-STD-45662, ANSI/NCSL Z540-1, or equivalent. Calibration must be traceable to the National Institute of Standards and Technology (NIST) or equivalent agency.
12. **Control of Nonconforming Product and Corrective Action.** The Supplier is responsible for identifying, controlling, immediate notification to Apex and reporting all nonconforming items that arise during the processing of Apex supplied product. Appropriate corrective action is to be taken to prevent recurrence of the reported nonconformity. If the actions prove to be inadequate or incomplete, Apex may request further investigation to ensure the root cause is addressed and eliminated.
13. **Product Preservation.** Product is to be packaged and preserved/protected in such a manner as necessary to ensure product quality and integrity is maintained upon shipment and delivery to Apex Industries Inc., its subcontractors and/or Customer. Special or specific packaging requirements will be indicated on the purchase order as appropriate.
14. **Records Retention.** The Supplier shall retain on file (electronic or hard copy) all traceability, quality and test records (including special process and personnel qualification records) associated with the product provided on all purchase orders, for a minimum period of ten (10) years, unless otherwise stated on the purchase order.
- 14.1 **Lockheed Martin.** The Operational Life of the F-35 Lightning II Aircraft ends when the Aircraft is permanently removed from service. Records must be available for at least twelve (12) years after completion of the Operational Life of the F-35 Lightning II Aircraft.
15. **Right of Access.** The supplier and supplier's sub-tier where applicable agree to allow access to their premises to enable Apex, the end user (Customer), Government and/or regulatory authority if desired, to conduct quality audits or surveillance of the product, processes and records to verify compliance with the purchase order requirements. A minimum notice of three days will be given prior to access. The supplier agrees to provide suitable facilities with internet access at no increase in price, cost or fee to Apex the end user (Customer), Government and/or regulatory authority.



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Title: **Purchase Order Quality Assurance Clauses**

Issue: 1

Rev. L

Date: 20-Aug-2015

Page 5 of 7

16. **Source Inspection.** There may be circumstances that warrant on-site source inspection by Apex Industries Inc., the end user (Customer), Government and/or other regulatory authority. When a specified requirement, the Supplier must notify Apex Industries Inc. at least five (5) working days prior to the date the product will be ready for inspection. The Supplier agrees to provide without additional charge all reasonable facilities, tools and assistance for the safety and convenience of the personnel conducting the inspection and/or test. Source inspection shall not constitute product acceptance, nor shall it relieve the Supplier of any liability for full compliance with all requirements of the purchase order.

17. **Purchase Order Protection Clause (NAFTA).** The Exporter (Supplier) accepts all responsibility for the information provided on the NAFTA Certificate of Origin, letter or affidavits. This acceptance includes any liabilities resulting from inaccurate data or failure to comply with NAFTA requirements.

18. **Notice of Change.** The supplier is responsible for notifying Apex Industries Inc. of changes to product or process that may affect product quality and/or compliance to specified requirements.

19. **Work Transfer.** Suppliers shall advise Apex in advance and prior to any transfer of operations (e.g. from one supplier facility to another supplier owned facility or from the supplier to a different supplier). Where the supplier transfers from one supplier facility to another supplier owned facility the supplier's management shall mandate a project manager responsible for the transfer. He or she will be the focal of any correspondence regarding the transfer between Apex and the supplier's organization.

The supplier's project manager shall report per Apex request and where applicable the following but not limited to:

- Description of the new location;
- A list of parts involved in the transfer;
- Timeline and plan for each step in the transfer including:
- Production stop date at ceding site;
- Equipment movements;
- New location set-up, including re-calibration, re-qualification

NOTE; Transfer of work covers work that's both temporarily or permanently transferred from the supplier's organization.

20. **Key Characteristic.** Apex may identify on the purchase order a requirement to monitor a "Key Characteristic". Key Characteristics could be a specific drawing dimension or special process parameter that requires monitoring on a part-by-part base. Variation on "Key Characteristics" must be controlled in such a manner as to reduce the part-to-part variation from nominal. All results (data) on Key Characteristics shall be reported to Apex and records provided with shipment and available at time of Apex receipt. Where applicable the supplier shall also monitor Key Characteristic requirements flowed down to its sub-tier suppliers in the same manner and all records (results) provided to Apex.

21. **Revision Control.** Supplier's providing product and/or services to meet Customer, Military and/or Industry specifications shall ensure that the most recent revision of applicable specification is applied at the time of contract unless otherwise specified by PO or other. Suppliers shall contact Apex for disposition wherever conflict exists between Specification revisions.

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22. Customer Contract Requirements (Flow-Down):

Suppliers of Apex Industries Inc. whom provides product(s) and/or services related to Boeing work shall comply with the following Boeing clauses:

- H900 (Article: A.1, A.2.a, A.3, A.5, A.12, A.13, A.14, A.24, A.25, A.26, A.27)
- H900 (Article: B Long Beach Article 2 excluding section a, b,)
- M000, Q019, Q091, Q224P, SP3.

Above clauses are found @ http://www.boeingsuppliers.com/idscommon/clauses/clause_index.htm

23. Technical Data Secure Technologies. The following two (2) legends shall support Apex solicitations and purchase orders/contracts, as applicable, that contain export-controlled unclassified technical data or technology (as defined by the International Traffic in Arms Regulations [ITAR] and Export Administration Regulations [EAR], respectively) that has been provided to Apex from Apex Customer.

ITAR – The following statement herein shall be considered your flow-down requirement and be applicable to all purchase order’s where technical data is transferred via Apex’s secure FTP site (with exception of EAR orders).

“EXPORT CONTROLLED – The technical data or software is subject to the International Traffic in Arms Regulations (22 C.F.R. Parts 120-130). Export, re-export or retransfer contrary to U.S. law is prohibited.”

EAR – Where applicable the following statement shall be written within Apex purchase order.

“All Engineering Drawing Documents (Technical Info) for this part now fall under a “NLR” (No License Requirement) classification. ITAR classified information has been changed to EAR classification.”

“EXPORT CONTROLLED – The technology or software is subject to the Export Administration Regulations (15 C.F.R. Parts 730-774). Export, re-export or retransfer contrary to U.S. law is prohibited.”

NOTE: ITAR & EAR technical data will continue to be is transferred via Apex’s secure FTP site.

24. Lockheed Martin Program Quality Goals. As a Prime Contractor to Lockheed Martin, the F-35 Lightning II Program, Apex expects the following Program Quality Goals to be embraced in all aspects of the supplier’s activities. The goal is to meet PO requirements, ensure processes are capable and stable and support Takt time, and commitment to continuous improvement:

- Producing product designs tolerant to manufacturing process capabilities.
- Supplier products that meet Reference PO and assembly requirements.
- Processes that are capable and stable.
- Seller shall make continuous improvement to ensure the focus on process yields and waste elimination to reduce cost and maximize product affordability.

25. Secure FTP Site Data Transfer. Apex will communicate the transfer of all electronic related ITAR & Controlled Goods media through a secure FTP site. The Supplier is expected to retrieve this media for each purchase order issued to ensure compliance is achieved.



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Title: **Purchase Order Quality Assurance Clauses**

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Rev. L

Date: 20-Aug-2015

Page 7 of 7

26. **Foreign Object Damage/ Debris Prevention (FOD).** Supplier shall maintain a FOD Prevention Program in accordance with NAS412 Foreign Object Damage/Foreign Object Debris (FOD) Prevention for the processes and controls in manufacturing, to prevent introduction of foreign objects into any deliverable item.

Supplier shall employ appropriate housekeeping practices to assure timely removal of residue/debris generated during manufacturing operations or tasks. Supplier shall determine if sensitive areas that may have a high probability for introduction of foreign objects should have special emphasis controls in place appropriate for the manufacturing environment.

Acceptance:

It is the Supplier's responsibility to review Apex Purchase Order Quality Assurance Clauses herein. In doing so, the Supplier agrees to comply with APEX's Quality requirements, as applicable to product(s) and/or service(s) provided per contract.

As a Supplier to Apex, you accept the responsibility that the information you provide is complete and accurate, to the best of your knowledge.

Please retain this document for your records and ensure all affected personnel within your organization are made aware of this document.

If you have any questions concerning these requirements, you are asked to contact your Procurement Representative for clarification or assistance.