



# Supplier Quality Requirements

1. This applies to Suppliers of products or services that impact the product and services that Modern Industries provides their customers. This includes calibration suppliers and distributors that are supplying raw material or are in a long-term relationship with Modern.
2. The controlled version of this document is located on Modern's website. It is the supplier's responsibility to be using the latest version.
3. The supplier agrees to allow Modern, Modern's customers, and any regulatory agency the right of entry to determine and verify the quality of work, records, and materials at any place including the plant of a supplier.
4. Modern and our customers expect the supplier to be law-abiding, ethical, and make sure their employees are aware of their contribution to product conformity, product safety and the importance of ethical behavior. Specific areas to note are labor laws, environmental laws, and anti-corruption laws. Additional FARS and DFARS might be included in the Purchase Order.
  - a. Bar and Casting suppliers must comply with Conflict Mineral laws.
5. Modern requires the supplier to have a Quality System as indicated in our PO. This can vary depending on the customer Modern is purchasing for. In those cases where a Supplier's quality management system has not been certified by an accredited certification body, Modern may request a copy of the supplier's quality manual and documentation. An on-site assessment may be required. If findings are issued, it is the supplier's responsibility to correct all findings in an agreed upon time.
6. When the supplier was considered to work with Modern, a risk analysis was performed. Having up-to-date accreditations reduced much of the risk. If the supplier loses or changes accreditations, the supplier is expected to contact Modern Purchasing in writing at the time of the loss so that Modern can determine risk reduction actions to put in place.
7. Supplier is to notify Modern of nonconforming or suspect materials and/or services.
8. Modern will monitor the supplier's delivery and quality. If Modern determines there is a problem, Modern will contact the supplier to notify the supplier there is a problem. It will be at the discretion of Modern to request corrective action. Our expectation is 100% on time delivery to the PO request and 100% quality for non-casting suppliers. Quality includes accurate paperwork. For Casting suppliers, the level of quality will be negotiated during the initial contract. Open requests for corrective action might influence evaluation of new orders.
9. Complaints: Modern will notify the supplier if non-conforming material or paperwork is found. It is required that 100% of material related to Modern's orders is checked for compliance immediately, including any material that is in transit, in warehouses, or in production. At Modern's discretion a Corrective Action Request will be issued. The Supplier may use their own form to reply, if containment-until-root-cause-is-corrected, root



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cause, and long-term correction plans are detailed. Modern is interested in the root cause for both why the nonconformance happened and why it was not discovered before shipment. Initial submission of the containment plans and sort results must be received within 48 hours of notification. The final report for approval and closure should be submitted as soon as practical, but no later than 30 days from the issuance date. Any Corrective Actions open beyond 30 days may influence the risk evaluation for new orders.

10. Supplier will give Modern written notice prior to:
  - a. Relocating production, inspection, or processing facilities.
  - b. Transferring work between facilities.
  - c. Initiating any changes in chemicals used in processing.
  - d. Other changes which may affect product quality, reliability, or integrity.
11. Should the supplier ever need to subcontract on a job for Modern, the supplier must contact Modern first. Some customers require approval of the sub-tier suppliers. All relevant flow downs must be passed on to sub-tier suppliers.
12. Commercial off-the-shelf items are to be of original manufacture and be validated against being counterfeit.
13. Supplier shall prepare contingency plans for the possibility of supply chain, natural disaster/utility interruption, or cyber-attack occurring such that the supplier can meet the requirements of existing Modern contracts.
14. When PPAPs are requested, the requirements will be detailed on or accompanying the Purchase Order. However, all Control Plans, FMEAs, and Measurement Studies will be according to AIAG reference documents.
15. Special process providers (like plating or coating): Modern expects the supplier to fill out and submit an appropriate CQI audit to Purchasing at Modern Industries.
16. Special process providers must keep lot control per Modern ID number if not more specifically detailed in the PO. If the supplier has questions about the ID number to be used for control, contact Modern personnel.
17. Record Retention:
  - a. For Bar and Casting suppliers: Material and thermal records are to be kept for 15 years unless specified longer in the PO.
  - b. For Calibration or Testing Suppliers: Gage Traceability and copies of provided certificates are to be kept for 10 years unless specified longer in the PO.
  - c. For Commodity suppliers like gasses, oils, or tooling: records of the manufacture of the batch are to be kept for 1 year. If certification of the material is required in the PO, that will be sufficient.