

**ARNPRIOR AEROSPACE  
Supplier Quality Requirements  
Document QR001-00  
Rev. 00, dated July 02, 2015**

**Quality**

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*This Arnprior Aerospace Supplier Quality Requirements document applies to purchase orders for Arnprior Aerospace Inc. and its subsidiary, Arnprior Aerospace Portland, Inc. (each an "Arnprior Aerospace entity").*

*"Arnprior" means the Arnprior Aerospace entity that placed the purchase order.*

*Arnprior requires that the provisions/requirements set forth below be included in Seller's direct supply contracts as well as the obligation that they be flowed to the sub-tier supply chain.*

**Q1 OMS Requirements**

**Q1.1 Quality System:** All Sellers are required to maintain a quality system to support approval / certification to meet at least one of the following as applicable:

- Customer Designated
- Designated on a QPL, specification, standard, parts list or drawing
- Proprietary to the Seller
- Arnprior approved

Seller is responsible for complying with Arnprior Quality System requirements, performance targets and performance improvement targets. Seller shall have an effective program for investigation, corrective action, preventive action, and follow-up for non-conformances identified by Arnprior or Seller.

**Q1.2 Certification:** Seller is expected to maintain an accredited Industry Controlled Other Party (ICOP) certification/registration to the latest revision of AS9100 "Quality Management Systems - Requirements for Aviation, Space and Defense Organizations" certified by an accredited CRB listed in the IAQG Online Aerospace Supplier Information System (OASIS) database. Arnprior reserves the right to make final determination regarding Seller compliance to quality management system requirements.

Distributors that sell direct to Arnprior are to be customer designated, authorized by manufacturer or shall be AS9120, "Quality Management Systems - Requirements for Aviation, Space and Defense Distributors" certified by an accredited CRB listed in the IAQG OASIS database.

Seller, including distributors, must maintain objective evidence of CRB certification/registration on file at Seller's facility. Objective evidence includes:

- The accredited AQMS certificate(s) of registration;
- The audit report(s), including all information pertaining to the audit results in accordance with the applicable certification/registration scheme; and
- Copies of all CRB finding(s), objective evidence of acceptance of corrective action(s), and closure of the finding(s).

The CRB services agreement must provide Arnprior with a "right of access" to all CRB records. Arnprior is to be immediately notified in writing should Seller's certification/registration be suspended or withdrawn, or the accreditation status of Seller's CRB is suspended or withdrawn. Arnprior Aerospace Inc. suppliers must send an

email notification to GRPPurch@arnprioraerospace.com. Arnprior Aerospace Portland, Inc. suppliers must send an email notification to DocumentControlPortland@arnprioraerospace.com.

Should Seller fail to achieve the required certification(s) at the time of the issuance of the Purchase Order, Seller commits to implement all necessary means and resources to achieve such certification within a time to be agreed upon by the Parties. Should Seller fail to achieve the required certification(s) or lose the required certification(s), Arnprior shall be entitled to terminate the Purchase Order for default in accordance with the terms of the Purchase Order. Should Seller's required certification(s) be suspended, Arnprior shall be entitled to require up to 100% inspection either at source or at point of receipt. Costs associated with such inspection will be borne by Seller.

**Q1.3 First Article Inspection Requirement:** Seller shall perform First Article Inspections (FAI) in accordance with AS/EN/SJAC 9102, Aerospace First Article Inspection Requirement, and be forwarded to Arnprior with the first shipment.

Seller shall schedule adequate time for this process to maintain on-time delivery performance with Arnprior.

## **Q2 General**

**Q2.1 Change In Quality Management Representative:** Seller shall promptly notify Arnprior of any changes in the management representative with assigned responsibility and authority for the quality system.

**Q2.2 Language:** Seller must maintain a Quality manual in the English Language and make it available upon request by Arnprior and at no additional cost. Seller shall maintain quality data and/or approved design data in the English Language and make it available to Arnprior upon request by Arnprior and at no additional cost.

**Q2.3 Change in Manufacturing Facility Location:** Seller shall immediately notify Arnprior in writing of any change to the manufacturing facility location of the Goods.

**Q2.4 Seller's Inspection:** Seller shall inspect all Goods prior to shipment to Arnprior. Seller shall be responsible for all tests and inspections of the Goods during receiving, manufacture and Seller's final inspection, including providing qualified/certified personnel as required by the applicable engineering requirements.

**Q2.5 Evidence of Acceptance:** Seller must provide a statement on the packing sheet certifying its Quality Assurance Department has inspected and/or tested the Goods and they adhere to all requirements, applicable drawings and/or specifications. For further information see Q3.1 below.

**Q2.6 Evidence of Traceability:** Seller shall provide evidence that the Goods provided in accordance with this Purchase Order are new, and obtained from the original manufacturer. Seller's evidence shall include a legible copy of the original manufacturer's certificate of conformance (C of C) and Seller's packing sheet with reference to the provided manufacturer's C of C.

Seller's packing sheet shall contain control identity of the Good(s) within the shipment, as applicable. The control identification shall be traceable to the Good(s) processed in a single run (same manufacturing date, lot, batch, heat, job or shop traveler number). When multiple lots are included in one shipment, Seller shall clearly separate the control identity of the respective lots.

**Q2.7 Excess Inventory:** Seller shall strictly control all inventory of product manufactured using proprietary information of Arnprior or its customer that is in excess of contract quantity in order to prevent product from being sold or provided to any third party without prior written authorization from Arnprior.

**Q2.8 Validation of Raw Material Test Reports:** When Seller utilizes test reports to accept Seller purchased raw material, the following requirements apply: Test reports shall be checked 100% against Seller's requirements and applicable specifications.

**Q2.9 Validation Test Requirement:** Seller shall periodically validate test reports for raw material accepted on the basis of test reports. That validation shall be accomplished by Seller or other independent party through periodic,

scheduled tests of raw material samples. Schedules for frequency of tests will be established by Seller based on historical performance of the raw material supplier.

Seller shall retain test reports provided by the raw material supplier as well as Seller's validation test results as quality records traceable to the conformance of Goods, as specified elsewhere in this Purchase Order.

**Q2.10 Source Inspection:** Work under this Purchase Order is subject to Arnprior surveillance at Seller's facility. Arnprior may elect to conduct inspection either on a random basis or up to the extent of 100% inspection. Seller will be notified if Arnprior inspection is to be conducted on specific shipments. No shipments are to be held for Arnprior inspection unless notification is received prior to, or at time of, Goods being ready for shipment.

Representatives of Arnprior, its customer and/or The Federal Aviation Administration (if outside the U.S., Arnprior, its customer and/or The Federal Aviation Administration and/or equivalent Government Agency) may inspect and evaluate Seller's facilities, systems, data, equipment, personnel and all completed articles manufactured.

**Q2.11 Supplier Funded Source Inspection:** If the Seller fails to achieve and maintain an approved Quality system per Q1.1 herein or at least a Silver quality acceptance rating as established in Q5.4 herein, the Seller may be subject to Supplier Funded Source Inspection (SFSI). Should Arnprior elect to implement SFSI, Arnprior may select one of the following steps at its option:

1. Seller to obtain source inspection from an Arnprior-approved contractor at Seller's own expense;
2. Seller to reimburse Arnprior for reasonable Arnprior costs incurred at the point of manufacture (i.e. Seller's site) to verify product conformance;
3. Seller to reimburse Arnprior for reasonable Arnprior costs incurred at the point of receipt to verify product conformance.

**Q2.12 Right of Entry:** Seller hereby grants, and shall cause any of its sub-contractors or suppliers to grant, to Arnprior, its customer and regulatory authorities or their designees, the right to visit the facility of Seller or any of its sub-contractors or suppliers, and grants the right to access all applicable areas, to review progress and performance with respect to production, schedule, cost, quality, inspections, Goods and protection of Arnprior's and its customers' proprietary rights under any Purchase Order, and all applicable records. Any of the above representatives shall be allowed access to all areas used for the performance of the Purchase Order, in all facilities, at any level of the supply chain that is involved in the Purchase Order.

Such access shall be subject to the regulations of any governmental agency regarding admissibility and movement of personnel on the premises of Seller or any of its sub-contractors or suppliers. Visits will be conducted during operating hours, and Arnprior shall notify Seller prior to any visit. Such notice will contain the names and positions of the visiting personnel and the duration and purpose of such visit. Arnprior reserves the right to conduct surveillance at Seller's facility to audit conformance to the requirements.

**Q2.13 Defect Tags:** Immediately upon receipt of a Defect Tag, Seller must initiate stock checks and in-process verifications, as applicable, to prevent further shipment of the defect. If Seller or any of its suppliers suspect that additional non-conforming product has been delivered to Arnprior, Seller must notify Arnprior in accordance with the Notification of Escapement (NoE) Process outlined in Q2.14.

**Q2.14 Notification of Escapement (NoE) Process:** Seller shall provide written notification to Arnprior when a nonconformance is determined to exist, or is suspected to exist, on Goods already delivered to Arnprior. Written notification must include:

- Affected process(es) or Good number(s) and name(s);
- Description of the nonconforming condition and the affected engineering requirement (i.e., what it is and what it should be);
- Quantities, dates, purchase orders and destinations of delivered shipments; and
- Suspected/affected serial number(s) or date codes, and airplane line unit when applicable.

Notification must occur within one (1) business day of knowing all the above information. However, if the condition is possible safety of flight, submit all available information immediately.

Seller shall notify the following individuals:

- The Arnprior Buyer
- The Arnprior Quality Manager or delegate

Engineering Design Errors: Seller shall notify Arnprior in writing within three (3) business days when it is determined that any Good shipped, while meeting the supplier product definition, does not meet, or is suspected to not meet, the airplane design requirements.

Seller may submit its nonconformance tag for any nonconforming material and/or product for possible Arnprior MRB review and approval when authorized by the Arnprior Buyer. Root Cause Corrective Action must be submitted along with the Seller's nonconformance tag.

### **Q2.15 Substitutions:**

Seller shall not provide substitute items (part numbers) for those items specified by this Purchase Order without a prior amendment to this Purchase Order.

### **Q2.16 Counterfeit Parts / Material Prevention and Control:**

Seller shall maintain a Counterfeit Parts / Material Prevention and Control program aligned to AS6174.

“Counterfeit Product”: includes fraudulent product that is a copy, imitation or substitute that has been represented, identified, or marked as genuine, and/or altered by a source without legal right with intent to mislead, deceive or defraud. Characteristics of a Counterfeit Product often include but are not limited to:

- a. Parts which do not contain the proper internal construction (e.g. die, manufacturer, wire bonding, etc.) consistent with the ordered part.
- b. Parts which have been used, refurbished or reclaimed, but represented as new product.
- c. Parts which have different package style or surface plating/finish than the ordered parts.
- d. Parts which have not successfully completed the OCM's full production and test flow, but are represented as completed product.
- e. Parts sold as upscreened parts, which have not successfully completed upscreening.
- f. Parts sold with modified labeling or markings intended to misrepresent the part's form, fit, function, or grade.

Seller shall not deliver Counterfeit Product to Arnprior under this Purchase Order. Seller shall only purchase products to be delivered, or incorporated as work to be delivered, to Arnprior directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Seller shall not acquire products from independent distributors or brokers unless approved in advance in writing by Arnprior. When requested by Arnprior, Seller shall provide OCM/OEM documentation that authenticates traceability of the products to the applicable OCM/OEM.

Seller shall immediately notify Arnprior with the pertinent facts if Seller becomes aware or suspects that it has delivered Counterfeit Product, and Seller shall fully cooperate with Arnprior and provide all requested information with respect to the situation. In the event that Seller delivers Counterfeit Product to Arnprior, Seller shall, at its expense, promptly replace such Counterfeit Product with genuine product that conforms to the requirements of the Purchase Order. Seller shall be liable for any and all costs associated with the removal and replacement of the Counterfeit Product, including without limitation the work required to replace the Counterfeit Product and to perform further testing. Nothing in this section Q2.16 limits or restricts the rights, remedies or damages available to Arnprior under this Purchase Order, at law or in equity.

Seller shall include equivalent provisions in lower tier subcontracts.

This section Q2.16 applies in addition to any quality provision, specification, requirement or other provision included in this Purchase Order addressing the authenticity of the Goods. To the extent there is any conflict or inconsistency between such provision and this section Q2.16, this section Q2.16 prevails.

**Q2.17 Arnprior-owned Tooling:** For Arnprior-owned tools, written certification confirming completion of the tool and a successful FAI using the tool must be completed and forwarded to the Arnprior Buyer for new, reworked, and/or re-identified tools. The certification must include a digital photograph of the tool and a digital photograph of the tool identification data and tool inspection stamps. Payment for tools will not be authorized by the Arnprior Buyer until the certification and digital photographs have been received and authorized by Arnprior Supplier Quality Management.

When Arnprior-owned tooling is transferred to or from a Seller's facility, Seller must provide a copy of the shipping documentation. This documentation will acknowledge receipt/shipment of tooling and acceptance of the tool's visual condition.

When Seller is assuming responsibilities from another Arnprior supplier for tools located at Arnprior's sub-tier supplier facilities, Seller will be required to provide written acknowledgement of its assumption of the responsibility for those tools.

Seller shall maintain the tools in good operating condition and store the tools in a way that protects them against deterioration from the environment. Seller shall promptly notify Arnprior of any issues relating to the tools, including but not limited to damage, loss, and when tool reaches end of life.

**Q2.18 Requirements and Specifications for Goods:** Seller shall furnish Goods that meet Arnprior's requirements. When Arnprior's specifications or drawings are used to define requirements, the applicable revisions of such documents currently in effect shall prevail unless otherwise specified on the Purchase Order. Seller may not deviate from any Good quality requirement or material specification set out in Arnprior's specifications or drawings without the prior specific written approval of Arnprior. Seller shall not make changes to Good or production processes without the prior written approval of Arnprior. Prior written approval will be in the form of an approved Supplier Request, or in the form of a revised drawing or specification.

Seller shall manufacture the Goods using quality assurance procedures required by Arnprior to ensure that the Goods conform to applicable specifications.

**Q2.19 Seller Participation:** Seller agrees to participate in supplier training, workshops, supplier conferences and other scheduled supplier developments as communicated to Seller by Arnprior. Upon Arnprior's request, Seller shall also participate in advanced product quality planning (APQP) with Arnprior.

**Q2.20 Foreign Object Damage (FOD) Control:** Seller shall maintain a FOD control program aligned to National Aerospace Standard NAS-412, Foreign Object Damage/Foreign Object Debris (FOD) Prevention.

### **Q3 Documentation**

**Q3.1 Certificate of Conformance (CofC):** Seller must provide a CofC with each shipment certifying that the Seller's Quality Assurance Department has inspected the Products and verifies the material and/or finished parts/kits have been controlled and tested in accordance with, and meet, specified Purchase Order requirements, and that applicable records are on file subject to examination. For traceability purposes, the deliverable end item and its applicable traceability must be listed on the CofC.

Distributors shall provide a copy of the original manufacturer's test report/data with shipment, or make on-line access available to Arnprior.

**Q3.2 Records and Record Retention:** Seller shall maintain, on file at Seller's facility, Quality Assurance records traceable to the conformance of Goods/part numbers delivered to Arnprior. Seller shall make such records available, at no cost, to authorized representatives of Arnprior and its customers. Seller shall retain such records for a period of not less than the calendar year plus ten (10) years from the date of final payment under the applicable Purchase Order for all Goods/part numbers unless otherwise specified on the Purchase Order. Seller shall maintain all records related to the current First Article Inspection (FAI) for the calendar year plus ten (10) years past date of final payment for the final delivery of the last Good covered by the FAI.

At the expiration of such period and prior to disposal, Seller shall notify Arnprior of the records to be disposed of. Arnprior reserves the right to request delivery of such records. In the event Arnprior chooses to exercise this right, Seller shall promptly deliver such records to Arnprior at no additional cost on media agreed to by both parties.

#### **Q4 Additional Flow-Downs to Seller and its Sub-Tiers**

**Q4.1 Net-Inspect:** Seller shall document FAIs within the licensed Net-Inspect software, and shall also flow this obligation down to Seller's supply chain where Q1.3 is applicable.

**Q4.2 FAA-PMA Markings:** Unless explicit direction from Arnprior to Seller is given to the contrary, no Goods (or constituent parts thereof) ordered by Arnprior shall contain any FAA-PMA markings and shall not be certified under an FAA-PMA approval.

- FAA: Federal Aviation Authority
- PMA: Parts Manufacturer Approval

**Q4.3 Special Processing Flow-Down Requirements:** Sellers are required to adequately define and document the statement of work, including without limitation (as applicable): specification, specification revision, specification departures, Type, Class, Grade, program number, design authority, and pre/post processing steps. Seller shall ensure the adequacy of specified purchase requirements prior to communicating with its supplier/processor.

Refer to the paragraphs below for requirements. Additional requirements may be found on the Purchase Order or on the OPSP. Use of customer-approved processors/suppliers shall not relieve Seller of any of its obligations and/or liabilities under the Purchase Order.

**Q4.3.1 Boeing-designed Products:** For drawings that identify military specifications or Boeing processes, Seller either must (i) be an approved processor listed in Boeing Document D1-4426, *Boeing Approved Process Sources*, or (ii) use an approved processor as required by D1-4426. D1-4426 also identifies metallic materials that require Boeing approval of non-U.S.A. suppliers and all suppliers of Titanium ingot (i.e. non-U.S.A. and U.S.A.) and authorized distributors of those approved manufacturers of designated fasteners.

Further information on D1-4426 can be found at: <http://active.boeing.com/doingbiz/d14426/>

Seller is responsible for ensuring that it is working to the latest specification revisions, unless otherwise specified in the Purchase Order or OPSP. To identify the latest revisions of Boeing specifications, including PSDs, refer to the "BAC Specification Revision Index" hyperlink at:

<http://active.boeing.com/doingbiz/d14426/>. Please note that only PSDs with a "6-" prefix may be applicable unless otherwise specified on the OPSP.

To obtain a copy of the latest revision of a specification or PSD, contact your Arnprior Buyer.

**Q4.3.2 Lockheed Martin-designed Products:** For drawings that identify military specifications or Lockheed Martin processes, (C-, STP, etc.), the Seller either must (i) be an approved processor listed in Lockheed Martin Document QCS-001, *Lockheed Martin Special Process Certification*, or (ii) use an approved processor, of the controlled process, as required by QCS-001. The selection, control and requirements flow-down of Quality Control Specification (QCS)-001 are defined in Appendix QJ.

Requirements can be found at:

[http://www.lockheedmartin.com/us/aeronautics/materialmanagement/scm-quality/scm-quality\\_qualityappendices.html](http://www.lockheedmartin.com/us/aeronautics/materialmanagement/scm-quality/scm-quality_qualityappendices.html).

QCS001 Process List can be found at: <https://sqm.lmtas.com/QCS001View.aspx>.

Seller is responsible for ensuring that it is working to the latest specification revisions, unless otherwise specified in the Purchase Order or OPSP. To obtain a copy of a specification, contact your Arnprior Buyer.

**Q4.3.3 Bombardier-designed Products:** For drawings that identify Bombardier processes, Seller must be an approved processor listed in Bombardier's Approved Suppliers Listing. All suppliers for manufacturing, materials, processing and distribution are listed in the Bombardier Approved Suppliers Listing.

Bombardier Approved Suppliers Listing can be found at this location:

[http://www.bombardier.com/files/en/supporting\\_docs/Suppliers\\_Listing\\_By\\_Name.pdf](http://www.bombardier.com/files/en/supporting_docs/Suppliers_Listing_By_Name.pdf)

Seller is responsible for ensuring that it is working to the latest specification revisions, unless otherwise specified in the Purchase Order or OPSP. The latest revisions of Bombardier specifications can be obtained by Bombardier-approved suppliers via the Bombardier Supplier portal. Sellers who do not hold Bombardier approval directly can obtain a copy of the latest revision of a specification from the Arnprior Buyer.

**Q4.3.4 Triumph–Vought customer-designed Products:** Triumph suppliers are required to utilize prime contractor approved suppliers when designated. Nadcap approved processors shall be utilized where designated by Triumph Quality Requirement on the Purchase Order. Many OEM or industry access points are provided on <https://www.triumphsupplysource.com> - Approved Processors - Customer Approved Processors.

#### **Q4.4 Flow-Down Clauses Applicable to Goods Supplied for a Boeing Aircraft:**

**Q4.4.1 Boeing Document D6-51991:** Boeing Document D6-51991, "Quality Assurance Standard for Digital Product Definition (DPD) at Boeing Suppliers." When Type Design Digital Product Definition (DPD) data is utilized in manufacturing, inspection and sub-tier flow down of product definition, Seller shall have a quality system to control Type Design DPD data to the extent necessary to fulfill program requirements. Seller must obtain Arnprior DPD capability approval. If Seller engages sub-tier support involving DPD, Seller shall flow down, and ensure sub-tier compliance with, Boeing D6-51991 requirements.

**Q4.4.2 Additional Requirements:** Seller shall comply with the requirements of the latest revision of Form X31764, Boeing Quality Purchasing Data Requirements, available at the following URL address: <http://www.boeingsuppliers.com/x31764.pdf>. Seller shall be responsible for regularly monitoring the URL to ensure that Seller is in compliance with the latest revision of Form X31764.

**Q4.4.3 Boeing Document D6-1276:** Boeing Document D6-1276, "Control of Materials and Processes for Designated Parts", (if applicable) is required by the engineering drawing for certain machined parts. Boeing approval of your manufacturing planning is required through Arnprior prior to shipment of completed parts. Seller agrees to cooperate with Arnprior during the process of obtaining Boeing's approval.

#### **Q4.5 Flow-Down Clauses Applicable to Goods Supplied for a Bombardier Aircraft:**

**Q4.5.1 Bombardier Quality Terms:** If working to Bombardier customer drawings and/or specifications, Seller shall determine the Bombardier quality requirements that are applicable to the Purchase Order utilizing the appropriate appendix in QD 4.6-40, Quality Requirements for Suppliers.

Seller shall use only the information in Engineering Material Control Manual (EMCM) for metallic and non-metallic raw material and BM9000 Standard Parts for fasteners, mechanical and fluid systems and electrical used in the production of Bombardier Aerospace designed parts.

#### **Q4.6 Flow-Down Clauses Applicable to Goods Supplied for a Lockheed Martin Aircraft:**

**Q4.6.1 Lockheed Martin Quality Terms:** If working to Lockheed Martin customer drawings and/or specifications, Seller shall determine the Lockheed Martin quality requirements that are applicable to the Purchase Order utilizing the appropriate table in Appendix QX, Supplier Quality Requirements.

Seller shall use only the information in Engineering Materials & Approved Products (EMAP) as specified for the procurement, receipt, and storage of raw materials (metallic/non-metallic) and approved equipment used in the production of Lockheed Martin Aeronautics designed parts.

#### **Q4.7 Flow-Down Clauses Applicable to Goods Supplied for a Triumph-Vought Customer Aircraft:**

**Q4.7.1 Triumph-Vought-Quality Terms:** If working to Triumph-Vought customer drawings and/or specifications, Seller shall determine the Triumph-Vought quality requirements that are applicable to the Purchase Order utilizing the appropriate section in SQAM001, Supplier Quality Assurance Manual. When customer specific documents are flowed down to Seller, Seller shall also flow down the same documents to their sub-tier suppliers as applicable to the process / service being provided to Seller by its sub-tiers.

Requirements can be found at: <https://www.triumphsupplysource.com/>.

### **Q5 Business Terms**

**Q5.1 Buyer Inspection:** Goods are subject to inspection and acceptance by Arnprior at destination, notwithstanding any payment or prior inspection at source. Arnprior shall notify Seller if any Goods delivered hereunder are rejected, and such Goods may be returned to Seller at Seller's risk and expense at Arnprior's sole discretion. Seller's account shall be debited the full price of the Good until such Good is replaced or repaired and returned to Arnprior. This remedy does not limit or restrict Arnprior's rights, remedies or damages otherwise available under this Purchase Order, at law or in equity. Arnprior may recover from Seller all reasonable costs, losses, damages, penalties, and expenses incurred by Arnprior as a result of or in connection with a rejection, repair or replacement. No inspections or tests by Arnprior nor Arnprior's delay or failure to inspect or test or to discover any defect or other nonconformance shall relieve Seller of responsibility for defects or other nonconformances or failures to meet the requirements of this Purchase Order.

**Q5.2 Parts Returned:** Goods returned to Seller under this Purchase Order for rework/repair will be accompanied by proof of Seller's inspection acceptance when resubmitted to Arnprior. Goods returned to Arnprior, after being returned to Seller under this Purchase Order for rework/repair, will be accompanied by proof of Seller's test data and inspection acceptance when no fault is found by Seller. Resubmitted parts will also be accompanied by a copy of or reference to the applicable Arnprior Defect Tag(s).

**Q5.3 Defect Tag Administration Costs:** Seller agrees that it is critical that Seller's Goods conform to the requirements of this Purchase Order and that Defect Tags arising from Seller non-conformances result in loss and damage to Arnprior including but not limited to increased administration costs. Seller therefore agrees that Arnprior may charge and invoice Seller \$250 (in Seller's applicable currency) as administration costs for each Defect Tag raised by Arnprior for a non-conforming Good delivered to Arnprior and/or for any escape to Arnprior's customer which was caused by a non-conforming Good received from Seller. Nothing in this section Q5.3 limits or restricts the rights, remedies or damages available to Arnprior under this Purchase Order, at law or in equity.



**Q5.4 Supplier Performance:** Seller's performance with respect to On-Time Delivery (OTD) and Quality shall be measured as follows:

Note: Acceptable OTD is currently being measured as up to ten (10) calendar days early and zero (0) days late.

Arnprior may request a Corrective Action Report when Seller's rating is Red. If a Corrective Action Report has been requested by Arnprior, Seller must submit its Report within ten (10) business days.

Production On-Time Delivery Rating Legend

GOLD	EXCEPTIONAL	100%
SILVER	VERY GOOD	98% or greater but less than 100%
BRONZE	SATISFACTORY	96% or greater but less than 98%
RED	UNSATISFACTORY	Less than 96%

Quality Rating Legend

GOLD	EXCEPTIONAL	100% acceptance
SILVER	VERY GOOD	99.8% or greater acceptance but less than 100%
RED	UNSATISFACTORY	Less than 99.8% acceptance and/or one or more trouble reports and/or a receipt of a Notice of Escapement (NOE) and/or excessive Advance Rejection (AR) tag activity. Corrective Action may be required within ten (10) business days.

**AMENDMENT TABLE**

<b>Revision No.</b>	<b>Description of Amendment</b>	<b>Date</b>
00	New	July 02, 2015