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Title	SUPPLIER QUALITY REQUIREMENTS (SQR-01)	

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2. Document Governance

2.1 Purpose/Scope

Ipeco (as defined below) acknowledges the criticality of the supply chain and Suppliers for the performance and the quality of its products. Ipeco is accountable for the quality of all procured materials and/or services, including those verified by the customer at source or from customer mandated Suppliers. Airworthiness legislation and customer contractual requirements necessitate implementation of stringent quality requirements, management, compliance and continuous improvement of processes and procedures.

This Procedure (as defined below) details the processes and control measures that a Supplier is required to implement to become an approved Supplier and to maintain the approval to supply materials and/or services to Ipeco. The applicable Quality requirements and/or clause(s) of this document or those mandated by a customer, will be defined within the applicable purchase order and/or contract. With the acceptance of the Ipeco purchase order and/or contract the Supplier agrees to comply with the applicable clause(s) of this Procedure.

Where a Supplier is mandated (directed procurement) by the customer, the Supplier will be required to comply with the requirements of this Procedure. Verification of materials and/or services by the customer does not preclude subsequent rejection by Ipeco.

Any inconsistencies between this Procedure and the purchase order and/or contract, the purchase order and/or contract shall take precedence.

The Procurement Procedure 06-03 defines the Procurement processes and governance.

2.2 Roles/Responsibility, Maintenance and Approval

Role	Job Title
Procurement Manager	Ipeco Procurement Manager
Buyer	Ipeco Quality Engineering Manager
Maintenance and update	Ipeco Quality Engineering Manager
Procedure Approval	Ipeco Group Compliance Manager

The roles and responsibilities of key management are defined in the following manuals:

- Quality - Quality Manual (IPEX-00)

The maintenance of this Procedure is the responsibility of the Procedure Owner.

2.3 Terminology and Abbreviations

Reference	Definition
ASL	The Ipeco Approved Suppliers List, available at...
Compliance/Compliance Manager	The function/individual accountable for auditing compliance with this Procedure.
IHL	Ipeco Holdings Limited.
Ipeco	Any wholly owned entity within the Ipeco Group
Ipeco Inc	Ipeco Inc (US legal entity).
“materials and/or services”	Any externally sourced material or service including raw materials, proprietary components, electronic components, facilities, process, and external resources. This list is not exhaustive.
Procedure	This Procedure 06-04 at the latest revision and all documents and forms referenced in this Procedure.
“purchase order and/or contract”	Ipeco commitment to a Supplier for the provision of materials and/or services.
Procurement Function	The Ipeco Function accountable for the management and performance of the Supplier.
“product(s)”	Any hardware, equipment or data deliverable defined on an Ipeco purchase order and/or contract to be delivered to Ipeco by the Supplier.
Quality Engineering Function	The Ipeco Function accountable for the governance and compliance to this Procedure.
Supplier	An approved Supplier that meets the requirements of this Procedure and are listed on the Ipeco “Approved Suppliers List” (ASL).

3. Ipeco Process Maps and Organisation Charts

3.1 Process Maps

Not applicable.

3.2 Organisation Chart

Not applicable.

4. Supplier Approval and Quality Management

4.1 Supplier Approval

The Supplier approval process is defined in the Supplier Approval Procedure 06-01 available on the Ipeco Intranet. The Compliance Function is accountable for the approval of Suppliers on the ASL.

Approved Suppliers will be listed in the ASL. The Supplier's category and approved scope of supply will be listed in the ASL. Where this Procedure, purchase order and/or contract determines the work to be performed by the Supplier necessitates approval, certification, accreditation or registration and such approval, certification, accreditation or registration is given to a specific location (whether street address specific or building specific), then the Supplier may only perform that work in the specified location.

The Supplier will be subject to regular audits by the Ipeco Compliance Function and/or Quality Engineering Function to determine continued compliance to this Procedure and all applicable International Regulatory Standards (as more fully detailed in clause 4.3.1. below).

Ipeco may revise the approved status of the Supplier at its sole discretion but, for example, in circumstances where the Supplier is in breach of this Procedure, loss of certain regulatory or other required authorisations and approvals or quality and/or delivery performance fails to meet Ipeco requirements or breach of purchase order and/or contract terms or Key performance Indicators (KPIs).

4.2 Supplier Quality and Delivery Key Performance Indicators (KPI)

Supplier performance KPIs as determined by Ipeco are defined as follows:

Risk Assessment Criteria	Low to Moderate Risk 1	Medium to High Risk 2	High Risk 3
Colour Rating			
On time deliveries	98% - 99.5%	96% - 98%	<96%
Quality rating	98% - 99.5%	96% - 98%	<96%

Where the Supplier performance is deemed as medium or high risk (yellow or red), the Supplier will be required to implement corrective action plans (including closure dates) to address the performance issue(s). If the Supplier is either unwilling or unable to implement corrective actions, Ipeco may revoke the Supplier Approval and/or terminate a purchase order and/or contract in accordance with the terms of the purchase order and/or contract. The KPIs apply to all Supplier Categories listed under paragraph 4.3.

4.3 Supplier Categorisation

The Procurement Manager shall determine the appropriate category for a Supplier, considering the materials and/or services, risk, Supplier capabilities etc. The Procurement Manager and/or delegate will notify the Supplier of its category at the commencement of the Supplier Approval process. Suppliers will be categorised as Original Equipment Manufacturer, Contractor, Subcontractor or Stockist. Categorisation, scope of supply and definitions as follows:

4.3.1 Original Equipment Manufacturer (OEM)

An OEM is an organisation that designs manufactures, assembles and tests products using its own or validly licensed engineering specifications, drawings and knowhow – **Proprietary Products**.

Ipeco may engage with an OEM to design, manufacture, assemble and test a bespoke product (based upon a Proprietary Product) for a specific application or requirement – **designated MOTS Product (Modified Off the Shelf)**.

4.3.2 Contractor

A Contractor will supply products and/or services to meet a specific requirement or application incorporating its own resources, intellectual property and/or know how.

Ipeco Contractors may undertake design work on behalf of Ipeco under a contract and statement of work against defined requirements. A Contractor may also provide a specific “managed service” to Ipeco to include (but not limited to) UKAS calibration, repair station or service, certification, design and/or consultancy services.

4.3.3 Subcontractor

Ipeco Subcontractors will supply materials and/or services against Ipeco drawings. Ipeco retain the design authority for those drawings. Subcontractor scope may include machining, fabrication, surface treatment, painting and Special Processes (as defined immediately below).

Special Process is defined as any process or service that generates outputs that cannot be measured, monitored, or verified until the materials and/or services have been delivered. To prevent quality escapes, Special Processes shall be validated, periodically, through the applicable testing and validation methodology for each Special Process. Special Processes include (but are not limited to):

- heat treatment;
- welding;
- chemical processing;
- painting;
- destructive / non-destructive testing; and
- flammability testing.

4.3.4 Stockist

A **Stockist** is the OEM and/or authorised distributor for OEM products, materials and components. An authorised Stockist will typically supply electronic components, raw materials, paints/adhesives and/or personal protective equipment.

4.4 Regulatory and Procedure Compliance

This paragraph identifies the compliance requirements to International Regulatory Standards and to this Procedure for each Supplier category.

The Supplier shall review this Procedure, complete and submit the Ipeco form H077 stating their compliance to the requirements relevant to their categorisation. The Supplier may request a concession against the International Regulatory Standards and/or paragraphs listed in this Procedure. The request for a concession is to be submitted in writing to the Procurement Manager (and/or their nominated delegate, if applicable) for consideration. The Procurement Manager and/or delegate will confirm in writing the response to the request. No concession is permissible without the prior written agreement of the Procurement Manager. The concession, if agreed, will be documented in the applicable purchase order and/or contract.

The Procurement Manager is accountable to ensure each Supplier meets the compliance requirements of this Procedure. Ipeco will audit Suppliers from time to time to ensure their compliance to this SQR-01 Procedure.

4.4.1 International Regulatory Standards

The table below identifies the International Regulatory Standards for each category of Supplier. The applicable approvals for each Supplier will vary within the applicable category.

International Regulatory Standards	Supplier Category			
	OEM	Contractor	Subcontractor	Stockist
ISO9001	X	X	X	X
AS9100	X	X	X	X
AS9120				X
Part 21	X	X		
Part 145		X		
ISO/IEC 17025		X		
NADCAP			X	

Note: the revision status of each International Regulatory Standard is not listed. The Supplier will be required to comply with and evidence to the latest revision/issue of each International Regulatory Standard (where applicable to the materials and/or services to be supplied).

4.4.2 Compliance with this Procedure

The table below identifies each Supplier category and the required minimum compliance (indicated as “X” in the table below) per Supplier category to this Procedure.

Paragraph Reference	Description	Supplier Category			
		OEM	Contractor	Subcontractor	Stockist
4.5	Quality Management System.	X	X	X	X
4.5.1	Organisation	X	X	X	X
4.5.2	Traceability	X	X	X	X
4.5.3	First Article Inspection	X	X	X	
4.5.4	Obsolescence Management	X	X		X
4.5.5	Control of Non-conforming Materials	X	X	X	X
4.5.6	Counterfeit Parts Prevention	X	X		X
4.5.7	Control and Calibration of Measuring Equipment	X	X	X	X
4.5.8	Continuous Improvement	X	X	X	X
4.5.9	Ipeco Furnished Equipment/Materials			X	
4.5.10	Ipeco Tooling	X	X	X	
4.5.11	Delegated Product Release	X			
4.5.12	Production Part Approval Process (PPAP)		X	X	
4.5.13	Configuration Management	X	X		
4.5.14	Foreign Object Debris/Damage	X	X	X	
4.5.15	Corrective and Prevention Action	X	X	X	X
4.5.16	Validation and Control of Special Processes	X	X	X	
4.5.17	Environmental Policy	X	X	X	X
4.5.18	Right of Entry	X	X	X	X

4.5.19	Supplier Code of Conduct	X	X	X	X
4.5.20	Airworthiness Form 1	X			
4.5.21	Certificate of Conformity	X	X	X	X
4.5.22	Cyber Security	X	X	X	X
4.5.23	Sub-tier Supplier Management			X	
4.5.24	Operator Self Verification			X	

4.5 Quality Management System

The Supplier shall implement a quality management system (**QMS**) that is compliant with, as a minimum, to the requirements of ISO9001. The QMS shall address all aspects of the life cycle of the product concerned, including document management and storage, design, qualification, testing, manufacture and delivery. The QMS shall include, but not be limited to, the requirements applicable to the Supplier category defined in this clause. The QMS shall be open to audit and/or review by the Ipeco Quality Engineering and Procurement Functions. The Supplier Quality Management System shall demonstrate how quality requirements are managed through the Supplier's supply chain.

4.5.1 Organisation

The Supplier shall identify a "Quality Lead" as the single point of contact between the Supplier and the Ipeco Quality Engineering Function. The person shall be suitably authorised, skilled, qualified and experienced to discuss all technical matters relating to the quality of materials and/or services to be performed. The Quality Lead should ensure the requirements of this Procedure are understood and implemented in accordance with the Ipeco purchase order and/or contract.

Any change to the Supplier's organisation shall be advised in writing. Organisational changes may include:

- Organisational structure (including any name change, internal restructuring, mergers, acquisitions or disposals etc.);
- Locations where it performs (or has quoted performing) any design, software development or manufacturing activities;
- Design, development or manufacturing processes it uses in respect of any work it performs (or has quoted to perform);
- Accountable manager, quality manager, programme manager, and/or any other senior management positions that are relevant to any work it performs (or has quoted to perform);
- Approvals (and any associated systems used) (i.e.: aerospace standards, regulatory authorities, NADCAP, ISO);
- Permits, certification and/or other approvals relevant to those facilities where it performs (or has quoted performing) any manufacturing activities;
- Enterprise resource planning (**ERP**) system (e.g., SAP, INFOR);
- Engineering system(s) (e.g., Catia, NX etc. in respect of any work it performs (or has quoted to perform);
- Brief explanation as to why organisational changes are being made;
- Relevant dates or timescales for the changes; and
- Assessment of the impact of the proposed or planned changes (as the case may be).

4.5.2 Traceability

The Supplier shall implement and maintain a process to provide full traceability for all materials used within the product(s) in accordance with the Inspection Codes listed in paragraph 4.4.23. Specifically, raw materials (which will include all ferrous and non-ferrous metals, plastics, leather

and fabrics) shall have batch traceability to source and be available for audit and/or evidence to Ipeco.

The Supplier shall ensure that batch and serial numbers and any other identification allocated by Ipeco for specific products shall be used on those products.

4.5.3 First Article Inspection Report (FAIR)

The FAIR is a detailed document that verifies that a product's manufacturing process meets the requirements of the drawing and/or design specification.

The Supplier will inform Ipeco in writing as to when it intends to conduct the FAIR. The Supplier shall prepare a formal FAIR for the first development and/or production deliverable of each part and subassembly part number. The FAIR shall be prepared in accordance with AS9102 process and report requirement standard.

The FAIR shall as a minimum identify:

- Part identification: includes part number, revision level, and description;
- Design specifications: references relevant drawings, purchase orders, and other design documents;
- Measurements and dimensions document: the actual measurements of physical characteristics of the first article and compares them to the design specifications;
- Material and process verification confirms the correct materials and manufacturing processes were used;
- Inspection results: records the results of inspections, including any deviations from the specifications;
- Non-conformance report: documents any discrepancies found between the product and the design specifications;
- Certificate of Conformity (**CofC**) or, where a CofC does not exist, Form 2 of AS9102 with a list of all raw materials; and
- Confirmation, together with supporting evidence, that the Supplier has appropriately measured and tested the product to confirm it fully meets the requirements of the purchase order and/or contract.

The FAIR may be submitted electronically unless otherwise agreed in writing. The FAIR should be submitted as soon as practicable after the completion of the first article inspection (**FAI**), and in any event, at least five working days before the shipping date.

At the sole discretion of Ipeco, a change to a part number, revision or configuration of a product may necessitate a repeat of the FAIR.

4.5.4 Obsolescence Management

The Supplier shall implement an obsolescence management process for the identification and mitigation of obsolescence risk to the product in accordance with the purchase and/or contract requirements. Obsolescence management is to be reported monthly or at an agreed frequency between the Supplier and Ipeco.

Obsolescence management shall apply to all products supplied to Ipeco unless otherwise agreed in writing.

4.5.5 Control of Non-Conforming Materials

The Supplier shall notify Ipeco in writing within 24-hours of it becoming aware of any non-conformity on product in manufacture or where product has previously been delivered and accepted by Ipeco. The notification shall identify:

- Description of the non-conformity;

- Affected part number(s) and serial numbers (and any other relevant identification numbers, such as lot numbers, batch numbers, serial numbers);
- PO numbers applicable to deliveries of the relevant parts;
- Shipping date, manufacturing date and shipping address for each suspected item;
- Proposed short-term corrective action the Supplier proposes to take (containment plan), including replacement parts availability (schedules), recovery plan and the effected population of items (identified by serial number and, where available, batch/lot number, manufacture date);
- Outcome of any root cause analysis activities;
- Safety risk analysis (Subcontractor and OEM Supplier parts/components);
- Proposed inspection procedure and the resulting test data sheets along with acceptance criteria, as required;
- Proposed corrective action implementation plan (including the time scale and implementation of the plan); and
- Supplier's draft service bulletin (where applicable).

Following receipt and review of the notification, Ipeco may at its sole discretion, advise the Supplier to submit either a Production Permit (as defined below) or a Concession (as defined below) request. Acceptance or rejection of a Production Permit and/or Concession request is at the sole discretion of Ipeco.

Note: A **Production Permit** is an authority to deviate from specified requirements prior to manufacturing commencing. Such permits are restricted to the quantity/period quoted thereon and any extension that may be required must be subject to further application.

A **Concession** is a notification that Ipeco will accept a limited quantity of product already manufactured that does not comply with the purchase order and/or contract.

At any time, the Supplier may be requested to,

- provide more information on the nonconformity;
- propose a disposition on a nonconformity (where applicable, this may include the Supplier requesting concession); and/or
- modify a disposition that the Supplier had previously proposed on a nonconformity.

4.5.6 Counterfeit Parts Prevention

The Supplier shall develop and implement a risk-based counterfeit parts control plan and processes appropriate to the scope of supply, for the prevention of counterfeit or suspect counterfeit components in products delivered to Ipeco. The plan should include, as a minimum, risk identification, mitigation, detection, avoidance, disposition, and reporting of suspect counterfeit products.

The Supplier shall comply with the requirements of AS5553 and/or AS6496. The Supplier should recognise the potential impact of counterfeit product on the supply chain and product. Counterfeit avoidance and detection requirements shall be flowed down to the Supplier's supply chain as appropriate.

4.5.7 Control and Calibration of Measuring Devices

The Supplier shall control, calibrate and maintain, inspection, measuring and test equipment which demonstrates compliance/traceability to national standards (for UK based Suppliers UKAS accredited calibration), including test software. The Supplier shall maintain inspection and testing capability in order to verify the product meets the requirements of the purchase order and/or contract.

4.5.8 Continuous Improvement

The Supplier shall implement a “continuous improvement” capability and culture to identify and implement potential opportunities to improve product, process, price and capability within the QMS.

4.5.9 Ipeco Furnished Equipment and/or Materials

Where Ipeco provides the Supplier with equipment (jigs/fixtures) and/or free issue material used in the manufacture of products, all Ipeco furnished equipment and/or material shall remain the property of Ipeco. The Supplier shall ensure that all Ipeco equipment and/or materials are stored in a secure location, access is limited to key personnel only and is available for audit/inspection by Ipeco. Supplier liability for equipment and/or materials shall be in accordance with the applicable purchase order and/or contract.

4.5.10 Ipeco Tooling

Where the Supplier is developing specific tooling under a purchase order and/or contract for Ipeco, the tooling is wholly owned by Ipeco. The Supplier shall ensure that all Ipeco owned tooling is stored in a secure location, access is limited to key personnel only and is available for audit/inspection by Ipeco. Supplier liability for Ipeco owned tooling shall be in accordance with the applicable purchase order and/or contract.

4.5.11 Delegated Product Release

When the Supplier delegates product verification, the Supplier shall conform with the requirements of AS9117, "Delegated Product Release Verification". Ipeco may conduct surveillance at the Supplier's facility to determine that the QMS conforms to the requirements of AS9117. AS9117 establishes minimum requirements for Supplier's delegation of product verification. When delegating product verification, Supplier is not relieved of its obligations under the purchase order and/or contract.

4.5.12 Production Part Approval Process (PPAP)

Suppliers of Subcontract and MOTS Products will submit a written request to Ipeco to request for “product approval” prior to commencement of production. All such production approval requests should include the following:

- Product design records;
- Design risk analysis (**DFMEA**);
- Manufacturing/design process flow diagram;
- Process failure mode and effects analysis (**PFMEA**);
- Process control plan;
- Detail on how the Supplier will be packaging, preserving and labelling products;
- Supplier’s proposed measurement system analysis (**MSA**);
- Initial process studies (where appropriate);
- FAIR;
- Master samples for cosmetic parts;
- Appearance Approval Report (**AAR**) for cosmetic parts; and
- PPAP approval checklist (to be signed by the Supplier and the Ipeco authorised quality representatives) confirming that the production approval requirements have been submitted correctly.

During production, unless otherwise agreed in writing, the Supplier shall perform 100% inspection for in-process and final inspection or shall conform to requirements of AS9138. Ipeco may reject the Supplier's statistical inspection process for product acceptance. Ipeco may conduct surveillance at the Supplier's facility to determine compliance with the requirements of AS9138.

4.5.13 Configuration Management

The Supplier shall implement a configuration management process to meet the configuration management requirements of ISO9001 as a minimum. The process shall include the product configuration, change control, change classification, implementation, drawing/specification revision status and control.

4.5.14 Foreign Object Debris/Damage

The Supplier shall take actions to prevent foreign objects from being present in products supplied to Ipeco. Such actions will apply to all production processes, manufacturing, handling, storage, packaging and delivery. The Supplier shall comply with the requirements of NAS 412 and / or AS9146.

4.5.15 Corrective and Prevention Actions

The Supplier shall implement a **corrective action and prevention action process**. When an error occurs, the Supplier will be required to conduct a root cause and identify corrective actions (**RCCA**) analysis. The RCCA will identify:

- Immediate correction/containment action: state what actions are to be taken or have already been taken to minimise the effect of the non-conformity and to prevent escalation including stock and current work in progress.
- Root cause analysis: following the problem/event containment, the causes must be identified to prevent recurrence. The direct cause is the event/process/procedure that directly results in the non-conformance. Contributing causes are those that left open, bring about the direct cause, but on their own, may not have sufficient power to result in the event taking place. Root cause is simply the last logical cause in the chain and the fundamental systematic change necessary to prevent a recurrence.
- RCCA: state what action(s) has been taken to prevent recurrence of the issue in the future.

The RCCA shall be submitted to Ipeco for review and comment.

4.5.16 Validation and Control of Special Processes

The Supplier shall advise Ipeco as soon as practicable if there is any material change to the processes, equipment, location(s) or key personnel used to manufacture or assemble the goods (or any part of the goods) to be delivered under the purchase order and/or contract or if the Supplier intends to make such a change. Such a change could include:

- the introduction or removal of any equipment used in the process;
- the relocation of any part of the manufacturing process;
- a reduction in the number of suitably qualified and experienced personnel working within the process; or
- a change to the process itself.

In determining whether a change is materiel, the Supplier should consider the potential risk to the quality and manufacturing yield and advise Ipeco accordingly. Any change that will (or may potentially) involve a change to the form, fit or function shall be advised in writing.

4.5.17 Environmental Policy

The Supplier shall conform to all applicable UK Environmental Protection Agency requirements including and not limited to Regulation 1907/2006/EC on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and/or 40 CFR Part 82, for the use of ozone-depleting substance.

Ipeco requires that the provisions/requirements of this paragraph are included in the Supplier's purchase orders/contracts where substances and/or materials listed in Regulation 1907/2006/EC and/or 40 CFR Part 82 are used within Ipeco products.

4.5.18 Right of Entry

Ipeco (or any external authority) may perform periodic audits, including in-person audits, at any premises where work related to the performance of the services or manufacture of the products (or parts thereof) is being performed at, or controlled from, to the extent necessary to verify the continued compliance with the requirements of this Procedure, purchase order and/or contract. In the event such a visit is required, Ipeco will submit a written request identifying the agenda and attendees. The request to review or audit may not be unreasonably withheld.

Ipeco may require the Supplier to provide supporting information and results (e.g., certification and assessment results, approvals held, audit reports, nonconformity report(s)) on request.

Right of entry extends to the Supplier's sub-tier suppliers as defined in paragraph 4.5.23.

4.5.19 Supplier Code of Conduct

The Supplier shall comply with the Ipeco Supplier Code of Conduct and Conflict Minerals Policy listed in Appendix A of this Procedure. The Supplier shall submit to the Ipeco Procurement Manager or delegate their signed declaration listed in the Appendix.

4.5.20 Airworthiness Release Certificate

Where the Supplier is the OEM for flight certified products, the Supplier shall submit the Airworthiness Release Certificate with those products as applicable.

4.5.21 Certificate of Conformity (CofC)

Where the purchase and/or contract stipulate that a CofC is required, the Supplier shall provide the CofC stating the products and/or parts (including any loadable software aircraft parts and any other software) conform to applicable drawings and/or specifications of the purchase order and/or contract.

The CofC should include all relevant details to enable the configuration of the product to be identified. Only the Supplier's Quality Lead (authorised and accountable) shall sign the CofC. The CofC shall include as a minimum (and where applicable):

- Supplier's name and address;
- Purchase order (**PO**) number and revision;
- Product part number (and software version number for software where applicable);
- Quantity delivered;
- Technical definition as indicated on the purchase order and/or contract;
- Statement specifying, where applicable, that the products and/or parts: have been tested in accordance with the requirements of the contract; and/or meet the agreed specifications(s);
- Serial number (or a batch number if a serial does not exist);
- Shelf-life expiration date;
- Non-conformity number (where raised by the Supplier).;
- Concession approval number (as granted by Ipeco);
- Clear indication if the product is, or contains, a safety hazard during handling; and
- Unit of measure.

4.5.22 Cyber Security

The Supplier shall maintain an appropriate level of cyber security commensurate with the nature of the products, services, and information exchanged with the supplier. As part of supplier approval and ongoing assurance, Suppliers are required to complete Form H623 Supplier Cyber Security Questionnaire to confirm their cyber security controls, governance, and compliance posture.

4.5.23 Sub-tier Supplier Management

Where the Supplier is categorised a “Subcontractor” and the Supplier further sub-contracts materials and/or services, the Supplier shall submit to Ipeco, for review and approval, their process flow map detailing their sub-contractors and processes. Sub-contract materials and/or services may include but not be limited to machining, fabrication, surface treatment, painting and Special Processes.

The Supplier shall ensure and demonstrate that the appropriate requirements of the Ipeco purchase order and/or contract have been disseminated through the Suppliers sub-tier supply chain.

4.5.24 Operator Self Verification

Where the Supplier uses an Operator Self-Verification (OSV) programme, the Supplier shall comply

with the requirements defined in the SAE industry standard AS9162, Aerospace Operator Self Verification Programme as may be amended from time to time. IHL may conduct surveillance at the Supplier’s facility to determine that the Supplier is compliant to the requirements of AS9162.

4.5.25 Purchase Order and/or Contract Quality Conditions

The following quality conditions are listed within the Ipeco Terms and Conditions of Purchase (available on the Ipeco Intranet). The applicable quality conditions will be listed within the purchase order and/or contract appropriate to the Supplier Category, materials and/or services to be supplied.

- (0) - The Products are subject to inspection by IHL at its premises. Each delivery of Products shall be supported by a delivery note clearly marked with the IHL Purchase Order number. Prior to delivery, IHL and its customer shall be entitled to inspect the Products and Products organisation at Supplier's Premises. For clarity, such inspection shall not be deemed acceptance of the Products by IHL and/or its customer. All Products must be supplied in accordance with IHL's quality system.
- 100 - IHL approval / certification ship to stock.
- 110 - Manufacturer mechanical / electrical test certification.
- 112 - Certificate of Conformance showing shelf-life date (min 75% shelf life remaining) / rubber cure date (to be less than 2 years).
- 120 - Stockists Certificate of Conformance with traceability.
- 131 - Authorised Release Certificate.
- 140 - Stockists Certificate of Conformance without traceability.
- 150 - Manufacturers Certificate of Conformance without material traceability.
- 162 - Manufacturers Certificate of Conformance with material traceability.
- 170 - Stockists Certificate of Conformance with original manufacturers Certificate / Mill certification.
- 171 - Manufacturers Certificate of Conformance to a Military standard.
- 175 - Manufacturers Certificate of Conformance with flammability Certificate.
- 185 - This order is subject to inspection by IHL or IHL's customer at Supplier's premises. Acceptance of Product does not imply acceptance by IHL/its customer of Supplier's QA system.
- 190 - Special conditions apply - see body of order.
- No condition specified = condition 0 above will apply.

The table below lists the inspection codes applicable to each supplier category.

Insp Codes	OEM	Contractor	Subcontractor	Stockist
0	X	X	X	X
100	X	X	X	
110	X	X		X
112	X			X
120				X
131	X			
140				X
150	X	X	X	X
162	X	X	X	X
170				X
171	X	X	X	X
175			X	X
185	X	X	X	
190	X	X	X	X

5. Training

The Supplier shall ensure that personnel engaged in the execution of Ipeco purchase order and/or contractual obligations are fully trained and competent to perform the required activities. The Supplier shall ensure personnel working under its control are aware of the following:

- Contribution to product quality.
- Contribution to product safety.
- Obligations under a purchase order and/or contract.
- Importance of ethical behaviour.

6. Escalation

It may be necessary and/or appropriate for Ipeco and the Supplier, to escalate a critical situation, complex problem, or issue requiring specialised expertise to senior management where the issue/occurrence cannot be resolved during the course of “normal business”. Where escalation is required, Ipeco and/or the Supplier should clearly identify the issue, impact and mitigating actions, maintaining communication and transparency. The Supplier and Ipeco will work collaboratively to reach a timely resolution.

Ipeco and the Supplier may identify escalation levels, points of contact and senior management reviews at the commencement of activities under a purchase order and/or contract.

7. Supporting Documentation

National/International Standards referenced in this Procedure:

Standard	Description
AS/EN 9100	Society of Automotive Engineers: Quality Management Systems - Requirements for Aviation, Space and Defence Organisations
AS/EN 9102	Society of Automotive Engineers: Aerospace First Article Inspection Requirements
AS/EN 9120	Society of Automotive Engineers: Quality Management Systems - Aerospace Requirements for Stockist Distributors
BS EN ISO 9001	Model for Quality Assurance in Design, Development, Production, Installation and Servicing
EASA Part 21 Sub-part 'G'	European Aviation Safety Agency requirements for an Approved Production Organisation
EASA Part 145	European Aviation Safety Agency requirements for an Approved Maintenance Organisation
FAA FAR Part 145	United States of America, Federal Aviation Administration requirements for a Foreign Repair Station
ISO/IEC 17025	General requirements for the competence of testing and calibration laboratories
AS5553	Counterfeit Electrical, Electronic, and Electromechanical (EEE) Parts: Avoidance, Detection, Mitigation, and Disposition
NADCAP	National Aerospace and Defence Contractors Accreditation Programme for critical processes
AS6496	Fraudulent/Counterfeit Electronic Parts: Avoidance, Detection, Mitigation, and Disposition
UKAS	UK National Accreditation Body
AS9117	Delegated Product Release Verification
NAS412	Foreign Object Damage
AS9146	Foreign Object Damage
AS9162	Aerospace Operator Self Verification Programme
40 CFR Part 82	Code of Federal Regulations , contains EPA's regulations to protect the ozone layer
EASA Part IS	European Union Aviation Safety Agency – Information Security.
Cyber Essentials	UK National Accreditation
Regulation 1907/2006/EC	Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

Note, the revision status of each National/International Regulatory Standard is not listed. The Supplier will be required to comply with and evidence to the latest revision/issue of each Standard (where applicable to the materials and/or services to be supplied). Forms and Procedures referenced in this Procedure:

Ipeco Form/Procedure	Description
ASL	Approved Suppliers List
06-01	Supplier Approval Procedure
06-03	Procurement Procedure
Form H077	Supplier Assessment Form
Form H623	Supplier Cyber Security Questionnaire

The documentation listed above is applicable to this Procedure and will support the Ipeco specific activities defined within.

LAWS AND ETHICAL STANDARDS

The Supplier shall comply with all laws applicable to its business. The Supplier shall, in its business practices and corporate policies, support the principles of the United Nations Global Compact, the UN Universal Declaration of Human Rights, the UN Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises as well as the 1998 International Labour Organisation Declaration on Fundamental Principles and Rights at Work, in accordance with national laws and practice. This especially applies to:

HUMAN RIGHTS AND FAIR LABOUR PRACTICES

- **Child Labour**

The Supplier shall not employ anyone under the legal age of employment in any country or local jurisdiction. The Supplier shall apply a minimum working age of 15 years, notwithstanding that local legislation may permit younger children to be employed. Workers under the age of 18 shall only perform work in accordance with the legal requirements of their country of employment (e.g., with regards to working time and working conditions) and subject to any requirement regarding education or training and shall under no circumstances be permitted to contract out of these legal requirements.

- **Forced Labour**

The Supplier shall not use any form of forced, bonded, or compulsory labour or any of the modern forms of slavery. All labour must be voluntary (done, given, or acting of one's own free will). Workers must be allowed to maintain control over their identification documents (e.g., passports, work permits and/or any other personal legal documents). The Supplier shall ensure that workers do not pay fees or make any payment connected to obtaining employment throughout the hiring process and the employment period. The Supplier shall be responsible for the payment of all fees and expenses (e.g., licenses and levies, recruitment charges etc.) relating to workers, where legally required. Punishment, mental and/or physical coercion as well as any other form of human trafficking are prohibited. Disciplinary policies and procedures shall be clearly defined, written, readily accessible to all employees and communicated to the employees.

- **Compensation and Working Hours**

The Supplier shall comply with all applicable local laws and mandatory industry standards regarding working hours, including overtime, rest breaks, compassionate leave and paid vacation. The Supplier shall compensate its workers in accordance with local minimum wage legislation and terms of applicable collective bargaining agreements as well as with industry standards. The Supplier shall pay workers in a timely manner and clearly convey the basis on which workers are being paid (i.e., receive employment documents in a language they understand). Deductions from wages as a disciplinary measure shall not be allowed, if not expressly legally permitted.

- **Freedom of Association and Collective Bargaining**

The employees of the Supplier must be free to join or not to join a union/employee representation of their choice, free from threat or intimidation. The Supplier recognises and respects the right to collective bargaining in accordance with applicable local laws.

- **Diversity and Inclusion**

The Supplier shall promote an inclusive work environment that values the diversity of its employees. The Supplier shall be committed to equal opportunities and not discriminate or tolerate discrimination or harassment with respect to gender, ethnic and national origin, race, colour, religion, age, disability, sexual orientation, political beliefs and identity, as well as any other characteristic protected by local laws.

HEALTH & SAFETY

Ipeco expects its Suppliers to strive to implement the standards of occupational health and safety through the implementation of a health and safety management strategy appropriate for the business. The Supplier shall comply with applicable occupational health and safety regulations and provide a work environment that is safe and conducive to good health (e.g., the free provision and ready accessibility of drinking water), to preserve the safety and health of employees, safeguard third parties and prevent accidents, injuries and work-related illnesses. This includes regular workplace risk assessments and the implementation of adequate hazard control and precautionary measures, including the provision of appropriate Personal Protective Equipment ("PPE"). Employees are to be adequately educated and trained in health and safety issues in a language they understand.

DATA PROTECTION, INFORMATION SECURITY, AND DISCLOSURE OF INFORMATION

The Supplier shall adhere to applicable data protection laws, including those relating to the security of personal data, as well as to respective local regulations (e.g., GDPR), in particular with regard to the personal data of customers, employees and shareholders. The Supplier shall comply with all applicable legal requirements when personal data is collected, recorded, hosted, processed, transmitted, used and/or erased. The information security requirements applicable to Suppliers with regard to any data entrusted to their control during and after their engagement with Ipeco are based on international standards, such as the Code of Practice for Information Security Management. Suppliers should take account of the need to protect the confidentiality, integrity and availability of information. At all times, the required level of information security and control to be ensured by Suppliers must be commensurate with the sensitivity, value and criticality of the information being processed throughout the lifecycle of the information. The Supplier shall safeguard and make only appropriate use of confidential information. The Supplier shall comply with any contractual requirements on data protection and information security and shall not disclose any information that is not known to the general public.

BRIBERY AND CORRUPTION

The Supplier shall comply with all applicable national and international anti-corruption laws and regulations. The Supplier shall not (neither directly nor indirectly) offer, provide or accept anything of value to improperly influence an official act or to secure an improper advantage in order to obtain or retain business. This includes so-called facilitation payments or other benefits provided to public officials for routine non-discretionary actions.

TRADE REGULATION

The Supplier shall comply with all applicable export control, sanctions and customs laws and regulations, including Prohibitions & Restrictions ("Trade Laws"). The Supplier in particular ensures that it, its beneficial owner(s), all its agents and any other subcontractors used by it are not listed on any applicable Denied Party or equivalent sanctions lists.

MONEY LAUNDERING & FINANCIAL RECORDS

The Supplier shall comply with applicable laws and regulations designed to combat money laundering activities. The Supplier shall maintain financial records and reports according to applicable laws and regulations.

FREE COMPETITION

The Supplier shall comply with all applicable competition and anti-trust laws.

CONFLICTS OF INTEREST

A conflict of interest arises where an employee has any personal or financial interest, any business or personal activity or relationship, whether relating to their prior or current employment, or any obligation that may interfere with their ability to objectively perform their job duties and responsibilities or impair their independence and objectivity. Such conflict-of-interest situations include critical relationships such as a relationship by blood or marriage, partnership, participation or an investment in business partners or competitors. The Supplier shall immediately disclose any actual or potential conflict of interest related to its activities with Ipeco.

ENVIRONMENT

The Supplier shall comply with all applicable environmental laws, regulations and standards as well as implement an effective system to identify and eliminate potential hazards to the environment. Ipeco expects its Suppliers to take environmental and climate protection appropriately into account in their own operations, for example, by setting climate protection goals for themselves and achieving them.

CONFLICT MINERALS

The Supplier shall comply with all applicable laws and resulting due diligence obligations with respect to the sourcing of minerals and materials from conflict affected regions and high-risk areas, which may contribute to human rights abuses, slavery, corruption, the financing of armed groups or similar negative effects. The Ipeco Group's *Conflict Mineral Policy* is attached at Attachment A and the Suppliers *Conflict Mineral Policy Declaration* (to be signed and returned to Ipeco) is at Attachment B of this Appendix.

COMMUNITY OUTREACH

Ipeco encourages Suppliers to give back to their local communities and engage in initiatives and activities that reflect the UN Sustainable Development Goals.

BUSINESS CONTINUITY PLANNING

The Supplier shall be prepared for any disruptions of its business (e.g., natural disasters, terrorism, supply chain disruptions, communicable disease outbreaks (such as epidemics and pandemics), information security issues, and cyber-attacks). This preparedness includes business continuity plans that protect both employees as well as the business from the effects of possible serious disruptions that may arise within the domain of operations.

BUSINESS PARTNER DIALOGUE

The Supplier shall implement equivalent standards e.g., ethical standards, to the ones laid out in this SCoC for its own Suppliers, and compliance with these shall constitute part of the Supplier's own Supplier's contractual obligations.

RESPECT AND DUTY OF CARE

All Suppliers are required to act and interact with respect and in good faith with employees of Ipeco. Suppliers are to exercise due care in the use of property and equipment entrusted to them, as if that property were their own.

COMPLIANCE WITH THE SUPPLIER CODE OF CONDUCT

Ipeco reserves the right to check compliance with the requirements of this SCoC, for example through self-assessments and audits. The Supplier shall strive for continuous improvement, such as setting measurable targets on the environment, working conditions or diversity, and reporting on progress for sustainability. In case a breach is identified, the Supplier shall create an incident report and present a corrective action plan to Ipeco. The terms and conditions set forth in this SCoC reflect Ipeco values and commitment to its customers, the communities which we serve and the protection of the environment.

REPORTING IRREGULARITIES

Ipeco encourages anyone who wishes to report any violations from what is outlined in this SCoC to send an email to the IPECO Procurement Team. In case you wish to report suspected breaches of law, you can contact the Ipeco Compliance Management Team.

CONTINUOUS IMPROVEMENT

The Supplier shall feel encouraged to proactively approach Ipeco with innovative ideas which contribute to further social, economic or environmental improvement. Ipeco values the open exchange of innovative ideas and is willing to explore new opportunities jointly with Suppliers.

In the event of any conflict between this document and the Ipeco Preferred Supplier Agreement and/or the Standard Supplier Agreement, then the Preferred Supplier Agreement and/or Standard Supplier Agreement (as the case may be) shall take precedence over this document.

Attachment A – Ipeco Conflict Mineral Policy

Background

In recent years there has been increased concern that the exploitation and trade of certain minerals are helping to finance armed conflict characterized by extreme levels of violence, slavery and other human rights abuses. Tin, tantalum, tungsten and gold (also referred to by the acronym “3TG”) are commonly referred to as “**conflict minerals**” regardless of their country of origin. As many of our Suppliers and customers have acknowledged publicly, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the EU Conflict Minerals Regulation (which came into force on 1 January 2021 in the EU) and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the “OECD Guidance”) and the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains (CCCMC) have created new expectations for product manufacturers, many of which are located at a great distance from the source of the raw minerals included in their products.

As a company with offices and branches around the world, Ipeco is committed to acting in a socially and environmentally responsible manner, to complying with the law, to meeting its customer commitments, and to supporting its customers’ businesses.

Policy Statement

Ipeco, together with its subsidiaries, is committed to corporate responsibility and to respecting human rights in its own operations and in its global supply chain. As a UK headquartered company, and in line with His Majesty’s Government encouragement, Ipeco has committed to complying with the OECD Guidance. As part of that commitment, Ipeco is actively seeking to identify, reduce and ultimately eliminate the use in its products of conflict minerals that directly or indirectly finance or benefit armed groups in conflict areas around the world.

All references in this statement to “Ipeco,” “we,” “us,” “our,” or the “Company” refer to Ipeco Holdings Limited as well as to all other companies and branches of companies in the Castledon Ltd group of companies. These companies include Ipeco Inc., OTM Servo Mechanism Ltd. (<https://otmservo.com/>) and hs2 Engineering GmbH (<https://hs2-engineering.de/>).

To aid in our compliance, Ipeco has implemented this Supplier Code of Conduct based on the five steps in the OECD Guidance; commit to identifying, reducing and ultimately eliminating the use in materials supplied to Ipeco of conflict minerals that directly or indirectly finance or benefit armed groups in conflict areas;

- work with their upstream Suppliers and supply chain to determine the source and chain of custody of any products containing conflict minerals supplied to Ipeco;
- establish their own policies, due diligence frameworks and management systems for the traceability of conflict minerals consistent with the OECD Guidance, and communicate an expectation to their Suppliers that they do the same; and
- cooperate with Ipeco in its efforts to comply with any applicable reporting requirements of governmental agencies.

Grievance Mechanism and Reporting

Our employees, Suppliers and other parties can report concerns and alleged violations of this Policy as follows:

1. Email IPECO at: SupplierCompliance@ipeco.com

Reports can be made anonymously and will be kept confidential to the fullest extent practicable and allowed by law.

We will not take any retaliatory action against our employees, Suppliers, or other parties who make a report in good faith. Our Suppliers are encouraged to contact SupplierCompliance@ipeco.com if they wish to seek guidance on the application of this Policy.

Conclusion

Ipeco fully understands the importance of this issue to its customers and is committed to supply chain initiatives and overall corporate social responsibility and sustainability efforts that work towards a conflict mineral free supply chain. We encourage all of our Suppliers to likewise support these efforts.

Attachment B Supplier Code of Conduct and Conflict Minerals Declaration

1. Does your organisation have the policies supporting this Supplier Code of Conduct and Conflict Minerals Policy? If so:
Please supply copies.
How is this flowed down to employees?
How is the policy implemented?
How is the effectiveness of the implementation monitored?
Where policies do are not implemented, please state and identify a corrective action plan.
2. Has there been any civil or criminal action against you or your Suppliers in respect of civil liberties or human rights violations in the past five years?
3. Is it likely that the production of this product or service will violate civil liberties or human rights?
4. Is there any activity in your supply chain that might violate civil liberties or human rights? If not, please advise how this is established.
5. Do any products or materials supplied to IPECO contain the following “conflict minerals”?
 - a. Tungsten YES/NO
 - b. Tin YES/NO
 - c. Tantalum YES/NO
 - d. Gold YES/NO
- e. If the answer is yes to any of the above questions (item 5), please complete and return the current version of the Conflict Minerals Reporting Template available from the CFSI website: [CFS Program Compliant Smelter List](#)
6. Who in your organisation has overall responsibility regarding responsible trading, business ethics and conflict materials?
7. Who in your organisation has overall responsibility for export control?
8. Are any of the products that you supply to Ipeco subject to export restrictions or licensing? If so, please advise which product and the restrictions / licensing concerned.
9. Survey completed by:

Name:
Position:
Date:

Answers and supporting information may be supplied separately.

By signing this declaration, the Supplier confirms that it has read, understood and implemented the obligations of this Policy Document. IPECO may at its discretion, audit the Supplier against this declaration.