



Supplier Policy Manual

Document Number: Q-100-C

Revision: C

Release Date: 12/3/2024

Author: Ian Jones

Table of Contents

Purpose	4
Scope	4
Composite Builders Quality Policy	4
Composite Builders Environmental Policy	4
Government-Industry Data Exchange Program (GIDEP) Membership	5
Declared Value & Direct Signature Charges on Shipments Policy	5
Purchasing Representative’s Authority and Responsibilities	5
Credit References	5
Delivery Requirements	5
Supplier Selection	6
Supplier Evaluation	6
Purchase Orders	7
Purchase Order Changes/Engineering Changes	7
Access	7
Flowdowns	7
Packaging, Handling, Storage and Preservation	8
Electro Static Sensitive Devices	8
Moisture Sensitive Devices	8
Return Material Request	9
Prohibited/Hazardous Materials	9
Sample List of Prohibited Materials:	9
Supplier Performance Rating and Performance Monitoring System	9
Acceptable Quality System	9
Quality Performance Measurement	10
Delivery Performance Measurement	10
Quality Management System Requirements	10
Nonconforming Material	10
Disposition Authority	10
Notification of Nonconforming Material	11
Composite Builders Source Inspection	11
Record Retention	11

Record Disposition	11
Certificates of Compliance	11
Counterfeit Material/Components.....	11
Sustainability, EICC and Conflict Minerals Common Clause	12
Corrective and Preventive Action	12
Supplier Sub Tier Control	12
First Article Inspection	12
Rework/Repair/Replacement/Modified Items.....	12
Waivers, Deviations and Change Notifications	13

Purpose

The intent of this document is to define the Purchasing and Quality requirements necessary to ensure a successful partnership between Composite Builders and our suppliers. This manual documents the required quality standards for products and services purchased from suppliers, and outlines Composite Builders' overall expectations.

- Suppliers must be capable of providing defect-free products that meet design intent and on-time delivery.
- All proposed material or process changes must be communicated in writing to the appropriate Composite Builders representative.
- All proposed manufacturing location changes must be communicated in writing to the appropriate Purchasing Representative prior to the move.
- All design changes must be communicated to the appropriate Purchasing Representative in advance.
- Suppliers must have a full understanding and compliance with all applicable federal, state, and local regulations.
- Timely delivery or advance notification of late deliveries. This includes meeting Composite Builders' quality and delivery requirements.
- Communication of loss of registration or change in QMS registration.

Scope

The scope of this document is to provide guidance to the supply base on activities relating to the performance of the Purchase Order requirements. This manual is applicable to all existing suppliers and potential new suppliers of purchased production material or services to Composite Builders. It outlines the process for initially becoming an Approved supplier to Composite Builders as well as the ongoing performance monitoring system.

Composite Builders teams with suppliers who have made or demonstrated a commitment to continuous improvement in their product quality. It is our intent to develop desirable and mutually beneficial long-term relationships with these suppliers. These suppliers can enhance their own future by supplying zero-defect products, timely delivery, and competitive pricing, in a reliable supply chain environment.

Composite Builders Quality Policy

Composite Builders is a quality-first and continuous-improvement-focused manufacturer of complex, difficult-to-manufacture, and advanced composite components. We employ these principles to exceed the needs of our customers.

Composite Builders Environmental Policy

Composite Builders is committed to increasing our environmental awareness, reducing our environmental impact, protecting the health and safety of our employees, supporting our community, and continuing to meet the needs of our customers. We will fulfill this commitment through:

- Continual Improvement of systems and technology to reduce waste and prevent pollution.
- Continual Improvement of our environmental management system.
- Compliance with applicable federal, state, and local environmental, health, and safety laws and regulations or other requirements.
- Using our natural resources wisely.

Government-Industry Data Exchange Program (GIDEP) Membership

If Seller is eligible for GIDEP membership, Seller is required to be a member of GIDEP. Seller shall implement a process for reviewing and evaluating problems identified in GIDEP alerts.

Declared Value & Direct Signature Charges on Shipments Policy

On all Composite Builders Purchase Orders where the ship via states Freight Collect, Composite Builders requires that there is no Declared Value amount or Direct Signature entered, unless specifically called out on the Purchase Order. For International Shipments, the Commercial Value of the shipment is required; however, it is not a requirement for additional declared value. Any unauthorized declared value charges or direct signature charges billed to Composite builders will be debited back to the supplier's account. Please make sure this information is available to your shipping department personnel.

Purchasing Representative's Authority and Responsibilities

Composite Builders Purchasing department is responsible for all aspects of procurement, logistics and delivery. The choice of suppliers in any of these areas may be the result of investigation and deliberation amongst various departments within Composite Builders, but price negotiation and commitment to purchase authority rest solely with the appropriate purchasing member of Composite Builders. Only the General Manager and/or Purchasing Representatives may commit Composite Builders to a purchase contract. Properly approved purchase orders are required to commit the company for items or services. Consistent with our values, Composite Builders will treat all its suppliers and their representatives fairly and impartially.

Credit References

Composite Builders will provide all new suppliers with a list of credit references upon request before entering any purchasing contracts.

Delivery Requirements

Suppliers are expected to deliver in accordance with requested and promised dates on the purchase order. On-time delivery is measured by the number of shipments received in a timely manner per the Composite Builders purchase orders, then calculated as a percentage of total deliveries. Continued delinquent deliveries require immediate improvement activity from the supplier. All costs incurred due to delivery problems may become the responsibility of the supplier. On-time delivery is based on the initial scheduled delivery date confirmed by the supplier but allows the shipment to be received early up to 3 days and zero (0) days late. Composite Builders expects 100% on-time delivery from all suppliers. Shipments in excess of the purchase contract quantity must have prior written approval from the appropriate Purchasing Representative.

Supplier Selection

Representatives from Composite Builders Purchasing and Quality departments will evaluate all new suppliers. All new potential suppliers may be required to submit any or all of the following items:

- Trade References
- Supplier Quality Standards Certificate (ISO 9001:2015, AS 9100)
- Mutual Non-Disclosure Agreement
- Supplier Policy Manual Review Signature

After the above information is received Composite Builders Purchasing and Quality Representatives will review all of the information and make one or some of the following determinations:

- Add the supplier to the Composite Builders Approved Supplier List.
- Schedule an on-site survey/visit (if required).
- Request additional information from the supplier- if necessary.
- Eliminate the supplier from further consideration.

Once a supplier is selected, a Composite Builders Purchasing Representative will work with the supplier to facilitate the specific qualification requirements for materials or components. Supplier selection for a new part is based upon the supplier's stated ability to meet Composite Builders design specifications, as well as successful completion of the requirements defined above. Continued business is awarded to suppliers based on their quality, on-time delivery, cost, technological expertise and customer service record.

Supplier Evaluation

To ensure material and component supplies for Composite Builders achieve and sustain qualification requirements, Composite Builders shall review, document and record a Supplier Performance Log one time every three years. During the review of the Supplier, Composite Builders can recommend specific actions to be taken to improve Supplier Performance to sustain qualification. The recommended improvement requests shall be documented and recorded and stored in an electronic data base.

Purchase Orders

The supplier is responsible for reviewing and meeting all of the Composite Builders purchase order requirements, specifically:

1. Purchase order number.
2. Purchase item part number.
3. Latest revision level of the drawing if applicable to item.
4. Order quantity and accuracy of price.
5. Special notes to be followed.
6. Required delivery date.
7. Purchase Order Quality Requirements
8. Terms and Conditions.

If the supplier cannot meet the requirements, the supplier must notify their Composite Builders Purchasing Representative. Once the Purchase Order has been reviewed, the supplier must return confirmation to the appropriate Purchasing Representative for acknowledgement within 24 hours.

Purchase Order Changes/Engineering Changes

When an engineering drawing or specification has been revised, the Composite Builders Purchasing Representative will send the supplier an updated drawing or data sheet with the information stating the change. The supplier should review the drawing/document in order to accept or decline the requested changes. Composite Builders suppliers are required to confirm the change request and respond back in writing to Composite Builders Purchasing Representative within three (3) working days.

Access

Seller shall provide Buyer and Buyer's customers access to any areas where work is being or is scheduled to be performed under the PO.

Buyer shall have the right to perform in-process inspection, audits, and system surveillance at Seller's and Seller's sub-tier supplier's facilities as part of the verification of conformance to the requirements of the PO. Buyer shall have the right to utilize sample inspection methods for acceptance of product. If the sample is unacceptable, Buyer shall have the right to return all or part of the lot for credit or replacement.

Flowdowns

Seller's POs to sub-tier suppliers shall clearly reflect and define all processing and nondestructive testing requirements including special procedures, inspections, tests, and approval criteria as required by the PO. Seller shall ensure appropriate specifications and other directives are available and used by Seller's sub-tier suppliers. Seller shall require sub-tier suppliers likewise to incorporate documents and requirements in POs to their subcontractors.

Packaging, Handling, Storage and Preservation

All products shall be packed, packaged, marked and otherwise prepared for shipment in a manner which is (1) in accordance with good commercial practices unless otherwise specified in a particular manner; (2) acceptable to common carriers for shipment at the lowest rate that could include ocean shipment for the particular suppliers; and (3) adequate to insure safe arrival of the material. The label and character size should be legible. The supplier shall mark each container, rack, box or pallet with necessary lifting, handling and shipping information. Suppliers are held responsible to ensure packaging is sufficient to protect material from shipping damage (nicks, dings, bends, scratches, etc.). The supplier shall also assure that all packaged items are permanently and legibly identified.

Identification requirements may include any or all of the following as specified by Composite Builders documentation: Bar codes must be Human Readable.

1. Part identification, complete Composite Builders part number and revision level
2. Name of manufacturer.
3. Lot Number and/or Date Code (date of manufacture).
4. Composite Builders purchase order number.
5. Identification and Quantity of parts per carton
6. Certificate of Origin- where applicable.
7. Itemized package sheet must accompany each shipment.

Supplier shall identify item(s) and/or package(s) container(s) of shelf life material with the manufacture date or the expiration date along with special storage and handling conditions, in addition to the normal identification requirements of manufacturer name, part number, revision type, size, quantity, etc. When the item/material/product is age control sensitive and requires shelf-life certification to accompany each shipment. If not otherwise specified, minimum 80% shelf life must be remaining upon receipt to Composite Builders. When the item/material/product is temperature control sensitive it requires temperature recording to accompany each item and/or package container shipped if not otherwise specified by Composite Builders.

Electro Static Sensitive Devices

All devices that are susceptible to damage or degradation from the application of electrostatic discharges shall be packaged in a manner to prevent damage. All packaging shall be clearly labeled with an ESD caution label. Nonconductive or static generating wrapping or cushioning material is not acceptable.

Moisture Sensitive Devices

All devices that are susceptible to damage or degradation from moisture shall be handled, packaged and shipped in a manner to prevent damage. Handling, packaging, shipping and identification shall be completed.

Return Material Request

When material is to be returned to the supplier, Composite Builders must receive authorization (RMA – Return Material Authorization) from the supplier within two (2) business days from the date of request. If return authorization has not been received within seven (7) business days, Composite Builders may return the material to the supplier and debit their account.

Prohibited/Hazardous Materials

As a supplier to the aerospace industry, Composite Builders and its suppliers must comply with and follow governmental and safety constraints on restricted, toxic and hazardous substances. In order to meet these constraints, each supplier to Composite Builders shall provide certification, when required by purchase order, prior to shipment of product or included with each shipment a Certification for List of Prohibited Material Exclusion. When applicable, the supplier may send a facility certification to Composite Builders indicating prohibited exclusion for all products shipped from their facilities, which will satisfy the above requirements. For reference, a sample list of prohibited materials is listed below.

Sample List of Prohibited Materials:

- Asbestos, Asbestos Compounds, Asbestos filled molding compounds
- Beryllium, Cadmium, Chlorofluorocarbons (CFC), such as freon
- Lithium or lithium compounds, Lead or Lead compounds (except for printed circuit boards or batteries)
- Magnesium, or Magnesium Alloys
- Mercury or its compounds and amalgams, n-Hexane, Polychloride
- Biphenyl (PCB) Polyvinyl chloride, (PVC), except when used for component leads.
- Radioactive material, Tetrachloroethane, Xylenes
- Zinc Compounds

Supplier Performance Rating and Performance Monitoring System

Composite Builders Purchasing Representatives, with input from Quality and Engineering, gather the appropriate data to evaluate suppliers. There are two categories of suppliers:

- Approved Supplier – a supplier who has met Composite Builders evaluation criteria and has been selected by the Purchasing Manager and Quality Assurance Representative to be added to the “Approved Supplier List”.
- Key Supplier – A supplier that provides at least one critical part to Composite Builders product lines or a supplier that Composite Builders spends a minimum dollar amount per year with and has been selected by the Purchasing Manager and the Quality Assurance Representative to be added to the “Key Supplier List”.

Acceptable Quality System

Seller shall provide and maintain a quality system acceptable to Buyer and Buyer’s customers for the Goods and Services covered by the PO.

Quality Performance Measurement

Quality Performance will be scored based on defective Parts.

Delivery Performance Measurement

On-Time Delivery Performance will be scored based on the total quantity received on time (shipping window is 3 days early and 0 days late) to the purchase order due date. Due date is the date the material is expected on Composite Builders dock. Composite Builders measures on-time delivery to want date (our need date) and to promise date (confirmed dock date from supplier). The goal is for the promised date to meet our want date.

Quality Management System Requirements

Suppliers shall implement and maintain a Quality Management System (QMS). It is recommended that suppliers shall be compliant to ISO9001 or AS9100. Suppliers shall forward a copy of their registration certificate to Composite Builders Purchasing Representative. Any change to the certification such as change in scope, update, withdrawal or disapproval shall be forwarded to the Composite Builders Purchasing Representative. Any change to supplier name, ownership or facility location is subject to reevaluation by Composite Builders and the supplier shall notify their Purchasing Representative in writing.

Nonconforming Material

Nonconforming material shall be identified (red tag), documented, segregated (when practical) and evaluated for the appropriate disposition to prevent unintended use.

Disposition Authority

The supplier's disposition authority is limited to rework, scrap, and return to vendor. All other disposition, such as Repair and "Use As Is" dispositions cannot be used without written approval from the Composite Builders Quality Department. Below are disposition definitions:

Nonconformance – The failure of a characteristic to conform to the requirements specified in the drawings, specifications or other approved product description.

Rework – A procedure applied to a nonconformance that will completely eliminate it and result in a characteristic that conforms completely to the drawings, specifications, or contract requirements.

Scrap – Nonconforming material that is not useable for its intended purpose and which cannot be economically reworked or repaired in an acceptable manner.

Return to Vendor – Return of supplied product found to be discrepant for subsequent rework or replacement.

Repair – A procedure which reduces, but does not completely eliminate a nonconformance, and which has been reviewed and concurred in by the MRB and approved for use by the customer, when required. The purpose of repair is to reduce the effect of the nonconformance. Repair is distinguished from rework in that the characteristic after repair still does not completely conform to the applicable drawings, specifications or contract requirements.

Use As Is – A disposition of material with one or more minor nonconformities determined to be usable for its intended purpose in its existing condition.

Notification of Nonconforming Material

The supplier shall notify Composite Builders in a timely manner of any nonconforming material that may affect already delivered product. Notification to the Purchasing Representative and Quality shall include a clear description of the discrepancy, part number, serial number (if applicable), batch number (if applicable), manufacture date, quantities and purchase order. Suppliers with design authority shall provide a technical assessment and recommended disposition.

Composite Builders Source Inspection

When source inspection is required by Composite Builders, the supplier must notify the Composite Builders Representative within seven business days from the Composite Builders request date to schedule the source inspection. Composite Builders will provide an inspector to the supplier facility for the inspection.

Record Retention

The supplier shall maintain records in accordance with the applicable Quality System. Records shall be retained for a period of no less than ten (10) years from completion of the purchase contract or more if contractually specified. This requirement shall flow down to all sub tiers. Records include, but are not limited to the following:

- First Article Inspection Reports
- Test results
- Evidence of inspection
- Raw Material and Process Certifications
- Nonconforming Material Reports

Record Disposition

After the required record retention period, records must be properly destroyed and proof of destruction must be available upon request.

Certificates of Compliance

Supplier shall provide a Certificate of Conformance or Analysis with all shipments for each part number assuring that all work performed in connection with the purchase order is in accordance to current specifications. The COC or COA may be a separate document or be included in the packing documentation. The supplier's Quality Representative shall sign or stamp the COC. Raw Material and Machining suppliers shall provide a Raw Material COC with each shipment. Special Process Suppliers - may be required to provide evidence of approval by regulatory entities or by Composite Builders customer, when specified by our customer.

Counterfeit Material/Components

Composite Builders is committed to preventing the entry of counterfeit electronics components into our facility by mandating the exclusive use of factory-direct or their authorized distributors only as approved vendors for component procurement. Component brokers or other unauthorized distributors where the exposure to refurbished, reclaimed, reverse-engineered, remarked, rebranded, or counterfeit components is greatest are not used for procurement sources.

Sustainability, EICC and Conflict Minerals Common Clause

Supplier shall provide Buyer, where requested, with a written certification as to the presence of “Conflict Minerals” contained in or used in the production of the items purchased by Buyer, and the country of origin of such “Conflict Minerals” as defined by the Dodd-Frank Wall Street Reform and Consumer Protection Act. Upon request the Supplier will provide the written certification annually on or before December 31. Unless otherwise advised, Supplier may use the EICC template for the written certification found on website [CM reporting template EICC-GeSI Template](#) as its certification. Buyer shall have the right to audit Supplier’s due diligence and supply chain due diligence to confirm Supplier’s certification.

Corrective and Preventive Action

The supplier shall respond to all requests for corrective and preventive action on or before the requested due date. If extra time is needed a request for extension shall be made to the Composite Builders Quality Representative in writing. It is at the discretion of the Quality Representative to grant extensions and document them accordingly. The supplier shall maintain a corrective/preventive action system in accordance with ISO9001:2015 or AS9100 or approved quality management system for determining root cause and corrective and preventive action internally and sub tiers. Composite Builders reserves the right to conduct verification of corrective and preventive action at the suppliers and supplier’s sub tiers facility to assess the effectiveness of the corrective and preventive action taken.

Supplier Sub Tier Control

The supplier is responsible for ensuring that all items procured from their sub tiers conform to Composite Builders purchase order. The supplier shall ensure that all applicable provisions flow to their sub tiers, including Quality System compliance to ISO9001:2015, AS9100, or approved Quality Management System.

First Article Inspection

First Article Inspection shall be performed on any new parts or on existing parts being manufactured by an established supplier for the first time. First Article Inspection shall be performed on any parts which have a print revision change and a major change has been made (to form, fit, or function). Only the changes require first article documentation. A copy of the First Article Inspection Report shall be included with the shipment.

Rework/Repair/Replacement/Modified Items

Supplier’s Certification of Conformance and/or packing sheet document shall reflect the following requirements for rework, replacement, repair or modification items returned to supplier or including work performed by supplier at Composite Builders facility.

1. The item(s) have been reworked, repaired, replaced or modified (as applicable), in accordance with respective nonconformance documents or Purchase Order.
2. The item(s) meet the requirements of the engineering documents.
3. The original configuration and qualification status of the item(s) remains in effect (as applicable).
4. All applicable nonconformance document numbers or other references to ensure traceability.

Discrepant material shall not be shipped to Composite Builders without prior approval from Composite Builders Quality Engineer.

Waivers, Deviations and Change Notifications

Supplier's disposition authority on nonconforming products and services is limited to rework, return to vendor, and scrap. All other dispositions shall be submitted to Composite Builders Quality Assurance for review. Requests for specification waivers or deviations shall be submitted to Composite Builders Purchasing. Requests for waivers or deviations should be made prior to submitting products and services to Composite Builders. Supplier can obtain the Customer Waiver and Deviation Request Form a Composite Builders Quality Representative. Supplier must notify the Composite Builders Purchasing Representative in writing when implementing changes that may affect form, fit, or function of supplied products and services. In addition, Supplier shall notify Composite Builders Purchasing Representative in writing of significant changes such as:

- Relocation of production facilities
- Change of materials or sub-tier suppliers/source
- Method of manufacturing and/or processing products and services

Composite Builders Purchasing will respond in writing to the Supplier, granting or denying approval of the waiver or deviation. Composite Builders will also acknowledge receipt of change notifications from Suppliers after review (and approval, if required). Composite Builders will also notify their customers, as required, for customer review and approval of Supplier change notifications and requests for waiver/deviation. Supplier assumes the risk if product is delivered to Composite Builders before waiver or deviation is approved. Likewise, if a change notification results in product being delivered that is questionable/unacceptable to Composite Builders or their Customer, then Supplier assumes the risk that the product may be rejected.

You may contact our Compliance Officer for additional information on Supply Chain Management with Composite Builders.

Revision History

Rev	Date	Section	Summary of Change	Authorized by
A			Initial Issue	Danielle MacInnes
B				Danielle MacInnes
C	12/3/2024	Entire Document	Updated document number, updated document formatting, added sections regarding record disposition, flowdowns, GIDEP membership and access.	Ian Jones