



1.0 SUPPLIER QUALITY REQUIREMENTS

REV: 3

Page: 1 of 20

SUBJECT: QUALITY REQUIREMENTS APPLICABLE TO SUPPLIERS

DOC: UPM-QRS-001

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Revised: August 13,  
2024

## Quality Requirements Applicable to Providers/ Suppliers

### UNITED PERFORMANCE METALS

[United Performance Metals - Specialty Metals Solution Center \(upmet.com\)](http://upmet.com)



DOC: UPM-QRS-001

REVIEWED/Written BY:

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Revised: August 13, 2024

**Introduction & Purpose:**

This specification is in addition to and in no way limiting, superseding, or abrogating any contractual obligation as required by the applicable procurement document.

This document details and establishes the quality system requirements for all providers/ suppliers who provide products or services to United Performance Metals (UPM). This document will be applicable when referenced in the UPM procurement document or by other written and documented means. Suppliers shall meet all requirements stipulated via the UPM Purchase Order.

The responsibility of the supplier meeting all requirements of the UPM Purchase Order is a requirement regardless of if UPM has approved the supplier's system, procedures, work instructions, or have conducted inspection of material/products at the supplier's facilities.

The supplier shall be responsible for reviewing, acknowledging acceptance or by stating in writing any exceptions to the PO, and conforming to all aspects of UPM Purchase Orders including any changes of orders that have been previously sent.

If the supplier does not communicate back to UPM an acknowledgement of acceptance of the purchase order, UPM will consider the purchase order as fully accepted and acknowledged by the supplier. The supplier shall be given up to 2 weeks, from the time the purchase order is sent, to acknowledge a UPM Purchase Order.

This specification has been established to provide a means for implementation of and adherence to UPM's quality policy, for the purpose of

- a) customer satisfaction
- b) continuous improvement of the processes
- c) adherence to industry and customer quality systems
- d) flow down of pertinent quality requirements

Should there be a conflict in the quality system requirements of UPM, the order of precedence shall be:

- 1) Procurement Document or Contractual agreement (excluding this document).
- 2) Applicable drawing(s).
- 3) Specification referenced on the applicable blueprint or drawing.
- 4) This specification document.
- 5) Any or all specifications that may be referenced in this document.

Note: If there are any conflicting or questionable requirements in the purchase order or procurement document, UPM purchasing, or quality department shall be consulted for clarification before the work is started.



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**TABLE OF CONTENTS:**

**Section 1**

- 1.1 UPM Quality Policy
- 1.2 Right to Access
- 1.3 Quality System Requirements
- 1.4 Quality Control
- 1.5 UPM Quality Control Database for Providers/Suppliers
- 1.6 UPM Code of Conduct
- 1.7 Confidentiality
- 1.8 Counterfeit Parts
- 1.9 F.O.D.
- 1.10 Design
- 1.11 Conflict Materials
- 1.12 External Providers/ Suppliers – Purchasing
- 1.13 Competency & Training

**Section: 2**

- 2.1 UPM Purchase Orders
- 2.2 Proof of Conformity

**Section: 3**

- 3.1 Handling, Storage, Packaging, Preservation and Delivery

**Section 4**

- 4.1 Communication
- 4.2 Change Control
- 4.3 Control of Nonconforming Material
- 4.4 Corrective Action

**Section 5**

- 5.1 Surveillance by UPM

**Section 6**

- 6.1 Records and Files

**Section 7**

- 7.1 Faulty Product and Services

**Section 8**

- 8.1 Other Requirements

- Appendix A** - Intellectual Property Ownership
- Appendix B** - Miscellaneous Terms and Conditions
- Appendix C** - Terminology, Definitions, and Abbreviations

**Referenced Documents:**

- ISO 9000 Quality management systems
- AS9100 Quality Management Systems – Aerospace
- EN 9100 Model for quality assurance in design, development, production, installation and servicing.
- Standard AS/EN 9120 Model for quality assurance applicable to stockiest distributors.
- ISO 17025 Testing and Calibration Laboratories



**SECTION 1**

**1.1 UPM QUALITY Policy**

UPM's Quality Management System has been developed and implemented to comply with recognized international,

regulatory, and customer standards. This policy is communicated to ensure that it is understood and applied within the organization.

United Performance Metals is committed to:

- Understanding and satisfying all applicable requirements, expectations and quality needs of our customers.
- Providing our customers with reliable products of premium quality and workmanship.
- Continuous improvement and review of our quality management system for sustained suitability and effectiveness

**1.2 Right of Access**

Right of access by UPM, our customers, and regulatory authorities to all facilities and documented information involved in the order.

Customers and their representatives shall be permitted access to provider/ supplier facilities to verify product conformance to specified requirements. If such verification is performed by our customer, UPM will still verify the material.

The Government Agencies and/or FAA shall have the right to access and survey the supplier's facility and products distributed/manufactured by the supplier. They have a right to look at all stages in the product's manufacture on the supplier's premises and of those of its subcontractors.

The supplier and any subcontractors it may employ shall give the mandated representatives of the Government Agencies free access to the facilities and documents contributing to the creation of the product

**1.3 Quality System Requirement**

Products and services purchased by UPM are grouped into the 5 (five) business types of external suppliers. Quality system requirements are based on the type of provider/ supplier. The minimum quality system requirements are listed by type; however additional qualification/ system requirements may be required based on UPMs end customer. The five types of suppliers/ providers are identified below:

Mill Processors and converters: Providers/ Suppliers for these types of products are required to have a quality management system which meets industry requirements using as a minimum ISO9001 or an equivalent standard. Certification to ISO9001 in some cases or to higher level standard such as AS9100 may be required, UPM shall establish with the provider when a higher standard applies.

Distributors/Dealers: Distributors must have a system which ensures that materials are stored, identified, packaged, and preserved properly and includes a system of traceability which ensures that any product shipped to UPM is traceable to the original manufacturer including all batch or lot numbers applicable. UPM shall notify the Distributor/ Dealer of certification to a Quality management system requirement and whether UPM desktop/ On-Site audit is required.

Processors: Suppliers/ Providers of this type will be notified by UPM if certification to a Quality management system is required and whether UPM desktop/ On-Site audit is required based on type of product processed.



Special Processes: A special process is defined as a production process, the results of which cannot be fully verified by subsequent verification and testing of the product and where, for example, processing deficiencies may become apparent only after the product is in use. Process of this type for Aerospace product shall be certified to AS9100 (or equivalent) and NADCAP.

Testing and Calibration Services: Testing labs must meet the requirements of ISO, customer, industry, 3rd party QMS requirements and/or national or international recognized standards as determined necessary for the application. Calibration labs must meet the requirements of ISO 17025 or equivalent and have a system of traceability to national or international recognized standards. A certificate of Test for each product tested to defined standards shall be provided. Calibration must be included with each instrument calibrated.

Laboratory testing suppliers are also subject to UPMs end customer requirements. UPM in the contract and/ or purchase order will establish the additional customer requirements that apply.

#### 1.4 Quality Control

The quality system shall be documented, normally in the form of a Quality Control Manual with supporting procedures. This documentation shall describe the sub-systems utilized to fulfill UPMs requirements or the standard the organization is certified to. Instructions and procedures shall be current and approved by authorized supplier personnel with a revision history maintained. The system and revisions may be subject to UPM review and subsequent approval/disapproval. The system documentation shall be available for UPM review and shall be forwarded to UPM upon request.

If specified in the additional quality documents, the supplier shall maintain a quality assurance plan applicable to the product that is the subject of the contract.

When suppliers/ providers do not have a certified quality system to ISO, or equivalent and additional controls are required UPM Quality shall communicate to the provider/ supplier of the additional requirements.

#### 1.5 UPM Quality Control Database for providers/ Suppliers

UPM Quality will notify the provider/ supplier when the database access is required. The Provider/Supplier will be issued a login in username and password to access the UPM Quality Control Database. The login information will be sent to the main contact email registered in our system. A training guide will be provided on how to properly access the Portal.

In Supplier portal, UPM will issue corrective actions regarding material defects. The Provider/Supplier shall issue communication and action within the UPM Quality Control Database.

#### 1.6 UPM Code of Conduct

It is United Performance Metals' (UPM) intention that all providers/ suppliers will conduct Company affairs with integrity, respect and compliance with applicable laws. It is also UPM's intention that providers/ suppliers conduct Company affairs in a manner that excludes considerations of personal advantage or gain. While it is not possible to define all circumstances, it is the UPM's intent to address common topics. Where questions arise, the provider/ supplier is expected to consult with their UPM to collaborate with to resolve any concerns or violations.

Purchases of materials and services will be conducted fairly and impartially and will not be influenced by bias or favoritism *aside from reasons pertaining to supplier performance (i.e. prices, delivery performance)*.



UPM will not tolerate reciprocity with suppliers unless they are acts of appreciation, and small in nature. Bribes, kickbacks, rewards or other similar consideration may not be solicited or accepted in connection with any purchasing transactions. The solicitation and acceptance of volume rebates or similar programs is considered an acceptable business practice when financial benefits of such accrue to the company

**1.7 Confidentiality**

If the supplier considers any manufacturing operations to be confidential, these shall be indicated to UPM before they are implemented and must be the subject of terms defined jointly by the supplier and UPM

**1.8 Counterfeit Parts (Product Providers or Processors Only)**

Counterfeit is an unauthorized copy, imitation, substitute, or modified part (e.g., material, part, component), which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer

Providers/ Suppliers shall have a process to monitoring, verifying and reporting counterfeit parts (reference AS67174) that includes notification to UPM when counterfeit parts are discovered. Training of the providers/ suppliers are required to train their employees on the counterfeit part requirements.

Verification activities of externally provided processes, products, and services shall be performed to the identified risks. Verification shall include inspection or periodic testing, as applicable, when a high risk has been determined.

Provider/ Supplier shall not ship to UPM any suspect product, notification to UPM within 24 hours is required.

**1.9 F.O.D. (Product Providers or Processors Only)**

UPM provides material to several industries, customer requires material to be free from foreign object debris (F.O.D.). UPM requires providers/ suppliers to validate product and shipments are free from F.O.D.

Providers/ Suppliers shall establish a awareness training on F.O.D. and a program to eliminate F.O.D. The following documents can be referenced for support:

- AS9146, "Foreign Object Damage (FOD) Prevention Program - Requirements for Aviation, Space, and Defense Organizations"
- NAS 412, "Foreign Object Damage / Foreign Object Debris (FOD) Prevention"
- International Aerospace Quality Group (IAQG) Supply Chain Management Handbook (SCMH) Section 3.4, "Foreign Object Debris"
- For Boeing contracts issued under Defense Contract Management Agency (DCMA) provisions, Policy 8210-1 (aka 8120.1), "Contractor's Flight and Ground Operations" applicable sections addressing FOD

**1.10 Design (Applies to Product Design)**

Provider/ Supplier accomplishing Design activities shall have a quality system that is certified to ISO/ AS or equivalent.

If the Provider/ Supplier accomplishes design for UPM, UPM reserves the right to participate in design reviews planned and held by the supplier. This section is only applicable for parts/product where the supplier is responsible for the design. Procedures shall be established to control and verify the design of products.

**1.11 Conflict Materials**

If the goods/product/material contains one or more of the following minerals: tin, tantalum, tungsten, or gold, the seller represents and warrants that it has established a program to procure such minerals from



refiners/smelters/mill melting sources that have been verified as conflict free or that originate from scrap or recycled material. The seller agrees to provide data on Sellers' supply chain for tin, tantalum, tungsten, or gold to Purchaser upon request.

Providers/ suppliers of material/ products shall supply to UPM a report annually that meets regulatory reporting of conflict materials.

1.12 External Providers/ Suppliers – Purchasing

This requirement also applies to products obtained from supplier/ provider sub tier sources.

Provider/ supplier may be required to use customer designated providers/ suppliers or process source control provider, UPM will address this requirement on the purchase order when required. Procurement of products and processes from sources designated by UPM or our customers does not relieve the supplier from the responsibility to ensure that all specified requirements are complied with throughout the supply chain.

1.13 Competency & Training

Provider/ supplier shall have a training system implemented for process/ procedures/ employee competency that interact with UPM orders.

The provider/ supplier shall ensure that persons are aware of and document training for:

- If applicable, UPM QT9 training when a login to the database is assigned to the provider/ supplier
• , UPM QRS-001 and their contribution to UPM product or service conformity, the training shall include:
- their contribution to product safety
- the importance of ethical behavior

SECTION 2

2.1 PURCHASE ORDERS

2.1.1 Acceptance of the Product

The supplier shall assure that the following conform to the contract:

All records needed for qualification, processing, manufacturing, verification, and acceptance of the product shall be written in the English language.

The product and the supporting documents and when applicable any special process that requires certification.

Products/materials/parts shall be considered acceptable when the products are received, reviewed and verified by UPM, that all the requirements specified in the purchase order or contract and any associated documents are in conformance with all applicable requirements.

The supplier is solely responsible for satisfying all UPM Purchase Order requirements and ensuring that the products supplied, including those materials/parts that it may have to purchase or subcontract at whatever level are following the technical and quality requirements and any other requirements in the contract. The responsibility remains unchanged regardless of if UPM has approved the supplier's system, procedures, work instructions, or have conducted inspection of products at supplier's facilities.

The supplier shall be responsible for obtaining all data and documents that are required or needed to fulfill all requirements and obligations of the UPM purchase order or procurement document.

Any documents provided by UPM to the supplier for recommendation or assistance, are measures intended to help the supplier make the product by allowing it to benefit from UPM's experience.



These measures shall not in any way diminish the supplier's responsibilities in terms of the final quality of the product.

**2.1.2 Functional Test Resources**

Any functional test resources that the supplier plans to use in the operating procedure shall be subject to formal qualification by the supplier before they are implemented. The corresponding file shall be made available to UPM

If specified in the additional quality documents, UPM will pronounce the qualification of certain functional test resources. To do this, UPM shall base its judgment, where necessary, on:

- an examination of the qualification file provided by the supplier,
- a visit to the facilities,
- an examination of the test results,
- calibration/correlation tests that may be carried out at the request of, and as specified by UPM (these tests are intended to make sure the facility is correctly aligned in relation to a reference facility),
- the implementation and effectiveness of any corrective actions that may be requested.

The supplier shall draw up and apply the conditions for maintaining the qualification of the functional test resources.

**2.1.3 Verification of Product**

The supplier shall establish and implement a program for verification of purchased and released product. Necessary inspection operations shall be planned for production operations that have a direct influence on the final quality of the product.

The supplier shall provide every opportunity for UPM to carry out any quality operation deemed necessary on subcontractors' premises, in liaison with the supplier.

If verification is performed at the subcontractor's premises the supplier shall specify verification arrangements and the method of product release in the purchasing documents.

**2.1.4 Product Identification and traceability**

All product delivered shall be correctly identified.

If specified in the additional quality documents, UPM will provide the product individual or lot numbers. If the numbering of the items has been changed by the supplier, the declaration of conformity shall mention the original UPM numbers corresponding to the numbers given by the supplier.

**2.1.5 Process Control**

Process or manufacturing control shall be controlled by means of documented work instructions which include a) definition of the manufacturing sequence, b) definition of production methods and processes, c) criteria for determination of the quality of the end product produced, d) suitable or appropriate production equipment, e) definition of any environment controls that are necessary.

The supplier's measurement and test equipment shall meet the requirements of the latest revision of ISO 10012-1, ISO17025 or ANSI/NCSL Z540 as applicable.

A system shall be established to control all Critical Operations which are part of production or inspection or those operations that require special protection (welding, brazing, heat treatment, plating, penetrant testing, radiographic testing, etc.)





The supplier shall ensure that equipment, tools, and fixtures are subject to periodic and preventative maintenance and inspections to assure of product conformance.

**2.1.6 FAI & Key characteristics:**

UPM may require First Article Inspection and will document FAI on the purchase order when required. AS9102 documents may be used for documenting the FAI. The provider/ supplier shall work with UPM to establish alternate process and forms to comply with the FAI requirement.

Critical (+) characteristics, major (-) characteristics and significant (KEY) characteristics will be identified on the UPM purchase order or on the applicable blueprint or drawing. These characteristics shall be clearly identified and documented on all manufacturing and inspection documents.

If specified or required in the additional quality documents, the supplier shall get the industrial process formally approved. The industrial substantiation file or the qualification file shall be certified by the supplier and shall be submitted to UPM for acceptance. This does not relieve the supplier from selecting and monitoring characteristics that are important to the control of the supplier's process.

The software programs used by the supplier to fulfill the contract shall meet any additional specified requirements. The supplier shall maintain a documented procedure/instruction for control of any software used in the manufacture of products purchased by UPM

**2.1.7 Inspection and Testing**

The supplier shall inform UPM of any delegation of inspection or test operations it may have to perform.

If specified in the contract, the verifications necessary for the key check points (operations after which certain checks become difficult if not impossible) shall be carried out under the control of an authority defined by UPM the only entity authorized to permit the starting of subsequent operations.

**2.2 PROOF OF CONFORMITY**

The supplier shall provide UPM with each shipment a pack list, a certificate of test results per the applicable specification and when necessary or specified a certificate of conformance that states the product conformance to our contractual requirements. Additional supporting documents required by UPM will be addressed on the purchase order, industry specification, or customer specification.

A certification will detail the chemical and physical property testing results of the product and a certificate of conformance. The product certification of conformance shall include the following information as a minimum:

- UPM Purchase order number
- Date of the delivery
- Raw material certifications to the applicable specification used to produce the part
- The quantity by lot for each delivery
- Part or assembly number and applicable revision letter
- Heat, lot, batch, or serial number or other identifying number. For lot numbers that are generated by the supplier, the lot number must be traceable back to the original raw material heat number and each part identified and segregated as such.
- Heat treat cycle as required or necessary
- Conformity declaration with a signature and date of an authorized person of the supplier's quality control organization.



- The reference of the UPM claims document (CAR), if it is a re-delivery after a return to the supplier
- The references of any pre-release prior to completion of process, inspection or testing of the product
- a copy of any approved concessions for all cases of restriction of use or special disposal, on prior request from UPM in other cases,
- a copy of the UPM delivery agreement when applicable
- If the product supplied by UPM is subject to a restriction of use, the supplier shall have this restriction reflected in the delivery documentation of the finished product.

The contract may ask for the stamp of the Government Agency’s representative on certain documents.

In the case of products with a use-by date, the supplier shall check that the product’s use-by date is compatible with the date on which it will be used by the supplier and, if applicable, with the duration of the validity period requested for the product that is the subject of the contract.

**SECTION 3**

**3.1 HANDLING, STORAGE, PACKAGING, PRESERVATION AND DELIVERY**

Shall comply with the appropriate specification addressed on the purchase order.

Where a specific packaging requirement is not detailed in the Purchase Order, the Supplier shall establish procedures for suitably controlling preservation, packaging, and shipping and shall apply these procedures internally and to any subsequent subcontractors that the supplier may utilize.

**SECTION 4**

**4.1 COMMUNICATION**

UPM reserves the right to arrange periodic meetings with the supplier, the frequency of which shall be defined jointly.

**4.1.1 CHANGES to UPM-QRS-001 or Purchase Order.**

UPM reserves the right at any time to make changes within the general scope of this document or the purchase order. Such changes may include: (1) drawings, designs or specifications; (2) technical clarifications; (3) artwork; (4) quantity; (5) method of shipment or packing; (6) quality; (7) place or time of delivery; or (8) amount of Purchaser’s furnished property.

If any change causes a significant impact on the cost of, or the time required for, performance of any work under this Agreement, an equitable adjustment shall be made in the price or delivery schedule, or both as applicable, in writing. Any provider/ supplier claim for adjustment under this article shall be deemed waived unless asserted in writing within fourteen (14) days after receipt of the UP-QRS-001 revision or purchase order revision by provider/ supplier of the notice to make the change and may only include reasonable, direct costs that will necessarily be incurred as a direct result of the change.

Provider/ supplier shall not proceed to implement any change until UPM provides for such change in writing.

Nothing in this section, including any disagreement with Purchaser as to the equitable adjustment to be made, shall excuse provider/ supplier from proceeding with the Agreement as changed.

**4.1.2 On-Site Verification**

If the verifications are to be performed at the source, the customer must notify the UPM Purchasing Agent 48 hours in advance to allow for coordination with the external provider / subcontractor.



#### 4.2 CHANGE CONTROL

UPM shall be notified of changes in personnel (contacts), ownership, or other administrative changes that affect communication or business with UPM within 72 hours. For these types of changes the provider/ supplier can request a F-840-001 from UPM to document the changes or notification on the organizations letter head.

UPM shall be notified of changes in quality systems, certificate suspension, locations, equipment that affect product and/or delivery shall be within UPM within 24 hours. For these types of changes the provider/ supplier shall document the changes or notification on the organizations letter head.

If the supplier wants to use alternate methods to fulfill requirements or alter a previously agreed to an accepted process, a written request shall be made to UPM for review and approval of the desired changes. The request shall identify the specification requirement and provide a detailed description of the current and the proposed method of satisfying the requirement.

When UPM modifies a document specified in the contract, the supplier shall notify UPM when that change has been applied to the product. The supplier shall provide for the identification and recording of any/all changes/revisions that are applicable to the product, applicable prints, specifications, design, and other criteria.

If the resources used to produce the product must be moved to another plant/facility, the supplier shall draw up a quality plan to define and apply the measures necessary to maintain the quality of the product.

If the provider/ supplier shall notify UPM of changes to their external providers/ suppliers that affect UPM product.

#### 4.3 CONTROL OF NONCONFORMING MATERIAL

A product subject to a request being examined or refused by UPM cannot be delivered by the supplier without the prior written agreement of UPM. A nonconformance report that details the full details of all departures from specified requirements shall be completed and forwarded to UPM Quality Control Department and Supply Chain for review and ultimate disposition as to whether the product can be accepted. Additionally, a statement of the cause of the nonconformance and preventative action to correct any recurrence.

Products that are non-conforming or have been rejected or are subject to restrictions of use (concession with restriction or special disposal) or before the approval of any element of quality assurance, and sent to UPM at the company's request or with its agreement, shall be:

- Separated from the other products, clearly identified, the subject of a separate delivery with separate supporting documents, to avoid any confusion and any error in subsequent assignment during reception at UPM. In this case, the delivery note, and the declaration of conformity shall bear the statement "REJECTED" or "RESTRICTION OF USE" in large red letters.

#### 4.4 CORRECTIVE AND PREVENTATIVE ACTIONS – QT 9 ACCESS

Providers/ Supplier shall utilize the UPM SCAR form issued to document root cause and action plans to resolve the non-conformance.

Provider/ Supplier may request approval from UPM to utilize their CAR form, the CAR form shall align to AS13100 8D format for the request.

Provider/ supplier that has been issued a QT9 log in will complete the SCAR form in QT9 Portal.



**SECTION 5**

**5.1 SURVEILLANCE BY UPM**

UPM reserves the right to survey or have a third-party survey process in the facilities of the supplier or the supplier's subcontractors, without that diminishing in any way whatsoever the supplier's responsibilities. This oversight may not be used by the supplier as proof of effective quality control and shall not discharge the supplier of its responsibility to supply a product conforming to requirements and shall not prevent the product from being rejected in the future by UPM reserves the right to distribute the results of the above oversight partly or entirely to the other subsidiaries of UPM.

UPM reserves the right to audit and review special processes at the supplier and their subcontractors' facilities. The review may be subject to disapproval of the process by UPM. If disapproval occurs, the supplier shall be required to initiate a preventative and corrective action plan and submit the plan to UPM for review and approval.

This surveillance covers:

The supplier's quality system, on UPM initiative and depending on the current purchase contracts, the resources used in the performance of the contract, the procedures, measures taken to meet the requirements of this document, the methods (human resources, equipment and processes) implemented to produce the products to check their conformity.

This surveillance may drive UPM to require corrective actions to the supplier

The supplier and its subcontractors, if any, shall give UPM representatives free access to the facilities and documents contributing to the creation, processing and distribution of the product. UPM representatives shall be given every facility to allow them to carry out their mission in its entirety. If the supplier is a stockist or a distributor, this oversight may be carried out on the premises of the suppliers that produced/manufactured the product.

UPM will notify the provider/ supplier for the need of surveillance and work the appropriate contact for scheduling and notification of the surveillance scope.



**SECTION 6**

**6.1 RECORDS AND FILES**

The supplier shall keep all records that are applicable to the contract/purchase order available for inspection by UPM.

All entries in product documentation shall be made using a permanent method. No erasures are permitted unless approved by UPM. Corrections shall be made by drawing a line over the error and then entering the correct information adjacent to the erroneous data. Each correction shall be initialed and dated by the person making the entry.

**6.1.1 Control of quality records**

Procedures shall be established for identification, collection, indexing, filing, and disposition of quality records pertaining to products/parts purchased from the supplier by UPM

Quality documents shall be made immediately available to UPM upon request.

Quality records shall be legible and demonstrate evidence that the required quality has been achieved.

The quality records shall be stored and maintained in a manner that allows for ready access and retrieval. The environment of the storage areas shall be such as to prevent damage to or loss of the records.

If the documents certifying the conformity of the product are lost or cannot be accessed, UPM shall be notified immediately. UPM reserves the rights to require that the supplier use all feasible means and resources to recover required documentation. If documentation cannot be retrieved, then testing or other verification methods to prove conformance of the product must be performed and the expense of such testing and verification shall be the responsibility of the supplier.

The supplier shall retain records of all material/product, parts, and services purchased for use or fulfillment of UPM purchase orders. Those records shall be available for review and inspection by UPM representatives. Retention times of quality records shall be established and documented by a procedure.

Quality documents that are maintained by electronic means must be controlled under a documented backup procedure.

If the suppliers' operations cease to exist all product and quality related documents and records that have not exceeded the retention periods shall be forwarded to UPM purchasing along with, as applicable, any approved inspection standards utilized for comparison inspection.

Provider quality records removed for extended storage, shall be properly identified, and stored in a safe and dry location which will ensure minimal deterioration or damage. The external identification on quality record storage medium shall include

- a description of contents
- the date of storage
- retention period

Provider/ supplier shall have a procedure that restricts any unauthorized personnel from accessing, permanently removing, altering or destroying pertinent records of product conformance.



DOC: UPM-QRS-001

REVIEWED/Written BY:

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APPROVED BY:

BB

Revised: August 13, 2024

**SECTION 7**

**7.1 Faulty Product/ Services**

Products that, after their reception by UPM, cause an incident during use, must be replaced prematurely or do not work correctly shall be subjected to examination under the responsibility of the quality department of UPM. UPM reserves the right to ask the supplier to make a review or examination, in which case the methods used shall confidential between the supplier, UPM and, where appropriate, the Government Agencies, to.

- determine, after reviewing of data, the causes of the incident
- take necessary actions to eliminate the defect in the items being supplied/produced
- maintain the delivered product in service
- define the methods for applying the warranty claims

**SECTION 8**

**8.1 Other Requirements**

When Compliance with Export/ Import Laws is required the provider/ supplier agrees to comply with all applicable government export control laws and regulations, including but not limited to the International Traffic in Arms Regulations (“ITAR,” 22 CFR Part120-130) and the Export Administration Regulations (“EAR,” 15 CFR Parts 730-774).

No Goods or services from prohibited countries, entities, or individuals may be used directly or indirectly in the activities covered by this Agreement. The list of prohibited countries can change from time to time, and it is Seller's responsibility to ensure compliance with such list at all times (located inter alia, <http://www.treas.gov/ofac>, <http://www.bis.doc.gov> and <http://pmddtc.state.gov/embargoed-countires/index.html>).

Governing Law. This Agreement shall be governed by the laws of the jurisdiction in which Purchaser is organized, notwithstanding such jurisdictions conflict of laws rules. For any Purchaser organized in the U.S., New York law shall govern, notwithstanding its conflict of laws rules. The application of the United Nations Convention on the International Sale of Goods is hereby excluded except as expressly referenced herein.



APPENDIX A

INTELLECTUAL PROPERTY OWNERSHIP

(a) Purchaser shall be entitled to full ownership of all data, information, inventions, or discoveries, whether patented or unpatented, conceived or first actually reduced to practice in the performance of this Agreement or any subcontracts of Seller related to this Agreement (collectively the "IP"). Purchaser shall also be entitled to full ownership of all IP, related in any way to the maintenance, repair or overhaul of Goods supplied by Seller, or Services performed by Seller, under this Agreement. Seller hereby assigns to Purchaser all such IP and all intellectual property rights thereto, including any trade secrets, patents and copyrights issuing thereon, and all applications, therefore. Seller further agrees to provide reasonable assistance to Purchaser, at Purchaser's expense, for securing all such intellectual property rights. All Purchasers' IP shall be deemed proprietary to Purchaser and shall not be used by others or disclosed to others without Purchaser prior written permission.

(b) The Seller agrees to promptly disclose any IP to Purchaser and cooperate with Purchaser and its agents in obtaining, at Purchaser's expense, any intellectual property rights Purchaser deems necessary. Seller will procure from its employees and subcontractors, at Seller's sole expense (including any compensation due Seller's employees), all IP and the execution of all patent applications, assignments and other instruments necessary for the procurement of patents and other intellectual property rights and to the vesting of title thereto and to the IP in Purchaser.

(c) All copyrightable IP, which is created by Seller pursuant to this Agreement, shall be deemed "Works Made for Hire", as that phrase is defined in Section 101 of the United States Copyright Act, 17 U.S.C. § 101, and used in 17 U.S.C. § 201, on behalf of Buyer, and Buyer shall own all right, title and interest, including the worldwide copyright, in and to such materials. Purchaser shall become the sole owner of any and all notes, reports, memoranda, and any other information (regardless of the media of expression) made or prepared in connection with any order placed by Purchaser. If by operation of law any of the material is not "Work Made for Hire", then Seller agrees to assign, and hereby assigns, to Purchaser the ownership of such material including all copyrights thereto. Seller shall provide any assistance required to perfect Purchaser's rights under this paragraph.

(d) Seller agrees that it will require its employees to execute contracts of employment or other agreements assuring the Seller the ability to comply fully with this article.

(e) Unless otherwise agreed in a written proprietary information agreement that is signed by Purchaser and Seller and identified in the purchase order, any information, knowledge or data which, directly or indirectly, has been disclosed or may be disclosed by Seller, or on Seller's behalf, in connection with such purchase order to Purchaser or Purchaser's affiliates, subsidiaries or contractors shall not be confidential or proprietary information; and neither Purchaser nor Purchaser's affiliates, subsidiaries or contractors shall be liable for any use or disclosure thereof.

INTELLECTUAL PROPERTY WARRANTY AND INDEMNITY.

(a) Except as otherwise agreed in writing with Purchaser, Seller warrants that it is not the proprietor of any intellectual property rights (including copyright, trade secret, patent, application for patent, invention or license right) which would impair or restrict the freedom of Purchaser, or Purchaser's subsidiaries and affiliates, and their respective vendors and customers, to make use of the Goods or Services. If this situation changes, Seller hereby agrees not to assert any such intellectual property rights against Purchaser, Purchaser's subsidiaries and affiliates, and their respective vendors and customers, on account of any use made of such work product (or derivatives or improvements thereof) by any of them. Seller agrees to obtain the same warranty and commitment contained in this article running in favor of Purchaser, Purchaser's subsidiaries and affiliates and their respective vendors and customers from each of Seller's subcontractors.

(b) Seller shall indemnify, defend, and hold harmless Purchaser, and Purchaser's subsidiaries and affiliates, and their respective vendors and customers, against any actions at law or in equity, and from any claims (including attorneys' fees) arising out of any claim that the manufacture, use, sale, or furnishing of Goods and/or Services



DOC: UPM-QRS-001

REVIEWED/Written BY:

TJ

APPROVED BY:

BB

Revised: August 13, 2024

constitutes infringement of any intellectual property right. If an injunction should issue, Seller shall (i) procure for Purchaser, and Purchaser's subsidiaries and affiliates, and their respective vendors and customers, the rights to continue using said Goods and/or Services or (ii) with the written approval of and at the election of the Purchaser, either (x) modify the Goods in a manner acceptable to Purchaser so they become non-infringing or remove and replace the Goods with non-infringing Goods; or (y) remove the Goods, refund the purchase price and reimburse Purchaser for all damages and costs associated with obtaining and installing a non-infringing alternative.

(c) Any compensation which may be claimed by or due to any Seller employee or any Seller's contractor's employee in connection with any information, invention or patent or other intellectual property or intellectual property right, shall be paid solely by Seller, and Seller shall indemnify, defend, and hold harmless, Purchaser and Purchaser's subsidiaries and affiliates, and their respective vendors and customers, against any actions at law or in equity, and from any claims (including attorneys' fees) arising from such claims. If an injunction should issue, Seller shall procure for Purchaser, and Purchaser's subsidiaries and affiliates, and their respective vendors and customers, the rights to continue using the Goods and/or Services supplied by the Seller.





**APPENDIX B**

**Miscellaneous Terms and Conditions**

(a) English Language. Except as the parties may otherwise agree, this Agreement, purchase orders, purchase agreements, data, notices, shipping invoices, correspondence and all other writings shall be in the English language. In the event of any inconsistency between any terms of this Agreement and any translation thereof into another language, the English language meaning shall control.

(b) Governing Law. This Agreement shall be governed by the laws of the jurisdiction in which Purchaser is organized, notwithstanding such jurisdictions conflict of laws rules. For any Purchaser organized in the U.S., New York law shall govern, notwithstanding its conflict of laws rules. The application of the United Nations Convention on the International Sale of Goods is hereby excluded except as expressly referenced herein.

(c) Waiver. Any failure or delay in the exercise of rights or remedies under this Agreement will not operate to waive or impair such rights or remedies. Any waiver given will not be construed to require future or further waivers.

(d) Modifications. No waiver, alteration or modification of any of the provisions of this Agreement shall be binding upon either party unless in a subsequent writing signed by the duly authorized representative of the party intended to be bound thereby.

(e) Severability. If any portion of this Agreement is determined to be contrary to any controlling law, rule or regulation, such portion will be revised or deleted from this Agreement, but the balance of this Agreement will remain in full force and effect.

(f) Reports. Upon request, Seller shall provide progress reports pertaining to the status of the work being performed under this Agreement. Such reports shall be in a form acceptable to Purchaser.

(g) Release of Information. Seller shall not release any information concerning this Agreement or its business relationship with Purchaser, to any third party, except as required by applicable law, rule, injunction or administrative order, without Purchaser's prior written consent. Purchaser's written approval, if granted, will be subject to any "Acknowledgement of Sponsorship" clause in Purchaser's Government Prime Contract, if applicable. Seller shall not use Purchaser's name, photographs, logo, trademark, or other identifying characteristics or that of any of its subsidiaries or affiliates without Purchaser's prior written approval.

(h) Labor Disputes. The Seller shall notify Purchaser of all impending or existing labor complaints, troubles, disputes or controversies that may affect Seller's ability to perform its obligations under this Agreement. Purchaser shall have no liability or bargaining obligations under any collective bargaining agreement between Seller and its employees. Seller agrees to give Purchaser prompt notice of any union organization with respect to its employees.

(i) Security Interest. If items are bailed to Seller or progress payments made, Seller grants Purchaser a security interest in equipment, machinery, contract rights, inventory, goods, merchandise and raw materials, whether now existing or hereafter arising, and any replacements, improvements, substitutions, attachments, accessories and accessions thereto or thereon provided by Purchaser or purchased by Seller with progress payments or advances made by Purchaser and to be used by Seller in manufacturing products ordered by Purchaser under this Agreement. Seller agrees to execute and deliver all documents requested by Purchaser to protect and maintain Purchaser's security interest.

(j) Offset Requirements. All offset or countertrade credit value resulting from this Agreement shall accrue solely to the benefit of Purchaser. Seller agrees to cooperate with Purchaser in the fulfillment of any foreign offset/countertrade obligations.

(k) Gifts and Gratuities. Officers, employees and agents of Purchaser are prohibited from soliciting or accepting entertainment, gifts, gratuities, compensation or favors from Seller ("Gifts and Gratuities Policy"). Seller shall always comply with the Gifts and Gratuities Policy. When Seller believes that a violation of the Gifts and Gratuities Policy may have occurred, Seller shall promptly report the potential violation to Purchaser by reporting it in writing. Purchaser may terminate this Agreement if Seller violates the Gifts and Gratuities Policy. Alternatively, Purchaser may require Seller to provide proof that it has implemented internal management controls sufficient to prevent future violations.

(l) Non-Profit Institutions. If Seller is a non-profit institution, the foregoing terms shall be modified as follows:



DOC: UPM-QRS-001

REVIEWED/Written BY:

TJ

APPROVED BY:

BB

Revised: August 13, 2024

- i) Any references to indemnification shall be limited to such indemnification permitted by law.
- ii) Set-off is not applicable to non-profit institutions.
- iii) Governing law shall be that of the jurisdiction under which the non-profit institution is chartered.

**SELLER REPRESENTATIONS**

- a) Compliance with Laws: Seller represents and warrants that it shall perform all activities required under this PO agreement in compliance with all applicable international, national, state and local laws.
- b) Child or forced Labor: Seller represents and warrants that no Goods or Services provided under this PO Agreement will be produced using forced, indentured or convict labor or the labor of person in violation of the minimum working age laws of the country of manufacture, or in violation of minimum wage, hour of service or overtime laws of the country of manufacture.
- c) Nondiscrimination in Employment: Seller represents and warrants that it does not discriminate against any employee or applicant for employment because of race, religion, color, sex, age, disability, national origin, or any other characteristic protected by law.



### APENDIX C

#### Terminology, Definitions, and Abbreviations – move to last appendix

**CAR** – Corrective Action Request

**CONTRACT** – Agreement between UPM and a supplier defining the conditions for making a purchase or a set of purchases. A purchase contract may specify one or more orders or may simply define the conditions for issuing and accepting future orders. An order is granted to a supplier for the delivery of specified supplies under agreed conditions. An order can be issued under a purchase contract or be independent of any previous agreement. In this document, the term “contract” designates a purchase contract or order.

**CRITICAL CHARACTERISTIC** – A drawing or specification feature, which, if nonconforming may result in hazardous or unsafe conditions for personnel using, maintaining or depending on the unit of product; or which may prevent or seriously affect the satisfactory operation or functioning of the ultimate product.

**CRITICAL OPERATION** – A manufacturing process or process sequence that if changed could affect design intent, e.g. material structure, mechanical, chemical or electrical properties, and cannot normally be evaluated without destructive testing.

**PRODUCT DEFINITION**- The set of documents mentioned in the contract that makes up the product’s technical baseline (drawings and associated documents, technical specifications, parts lists, technical documents, specific contractual instructions, etc.).

**KEY CHARACTERISTICS** – The characteristics of a part or process where variation has a significant influence on product fit, form, function, security, service life, and/or manufacturability.

**LOT**- Set of items having the same technical definition and produced under the same manufacturing/inspection conditions (same production process and/or same manufacturing run, etc.). A unique identifier used to control and identify a definite number of items which have been produced by the same manufacturing cycle and usually submitted for acceptance at one time or place. Typically, lot numbers are heat lot numbers, heat treat lot number, and melt lot numbers which are usually associated with raw material, castings, powder, weld wire, forgings, etc.

**MAJOR CHARACTERISTIC**- A drawing or specification feature, which if non-conforming, may result in operational or functional failure or the item, or may materially reduce the usability, physical or functional interchangeability or durability of the product for its intended purpose.

**MINOR CHARACTERISTIC (No Symbol)** – A drawing or specification feature, which if non-conforming, does not materially reduce the use ability, physical, or functional interchangeability or durability of the product, or are departures from established standards having no significant bearing on the effective use or operation of the product.

**PURCHASER**- The procuring activity of UPM that issues the procurement document.

**PURCHASE ORDER- (P.O.)** - The formal legal contract between UPM and a supplier that covers and details the purchase of product and services.

**UPM Specification** – Document issued by UPM Quality Control Department that assigns additional quality requirements to the purchase order or procurement contract that must be incorporated and adhered to by the supplier.



DOC: UPM-QRS-001

REVIEWED/Written BY:

TJ

APPROVED BY:

BB

Revised: August 13, 2024

**RAW MATERIAL-** Metallic or nonmetallic material in its basic form (i.e. sheet, bar, wire, powder, etc.), including forgings used to fabricate end use products.

**REPAIRED MATERIAL-** Nonconforming material that has been subjected to a documented repair process approved by a MRB process.

**REWORKED MATERIAL-** Material that was nonconforming but has been subject to a documented process that restores all nonconforming characteristics to the requirements in the contract, specification, drawing, or other approved product description without changing other characteristics of the item.

**SPECIAL PROCESS-** Those processes which modify or change the inherent physical, chemical, electrical or metallurgical properties of an item, or non-conventional methods which remove or deposit material on an item during or after fabrication which can not be fully evaluated by nondestructive means, or those used to maintain process control such as nondestructive testing. These processes may require a demonstration of operator or equipment capability or proficiency and require special controls for monitoring per specification.

**SALVAGE-** Repair of a new product intended for use in aeronautical equipment (production equipment in the sense of regulation JAR 21)

**SUPPLIER –** Sources (including distributors, warehouse, and supplier participants) other than UPM, which supply material, parts, processes, or services.

**RETAILER/DISTRIBUTOR-** Supplier that buys and resells products without modifying their conformity

**QUALITY DOCUMENTS AND RECORDS –** All types of documents and data related to activities described in this specification should be considered as quality document