



## BT Machine Supplier Flow Down Requirements

The Supplier requirements below apply to all Suppliers and sub-tier Suppliers to BT Machine providing raw materials, manufactured components and products as well as performing material processing such as, but not limited to: heat treating; chemical processing; surface enhancements; non-destructive and destructive testing; coatings; welding; and nonconventional machining processes for Aerospace products. Acceptance of a Purchase Order from BT Machine binds the Supplier to the Terms and Conditions listed in the Purchase Order and the requirements listed in this document. The Supplier is not authorized to outsource any portion of the Purchase Order requirements unless specifically authorized by BT Machine and must flow down these requirements to any sub-tier Suppliers. Note that these requirements correspond with the requirements of BT Machine's customers and with the requirements of AS9100D, Clause 8.4.3.

**a. the processes, products, and services to be provided including the identification of relevant technical data (e.g., specifications, drawings, process requirements, work instructions)**

Refer to BT Machine's Purchase Order and / or the Acknowledgement provided by Supplier.

**b. the approval of: products and services; methods, processes, and equipment; the release of products and services;**

Each shipment must be accompanied by one legible copy of a statement of conformance unless otherwise noted in the Purchase Order. A certificate of conformance (C of C), supplied with the shipment must provide at a minimum: Supplier name, part number, purchase order number, quantity of parts, engineering revision, serial numbers (if applicable), and title and name of authorized Supplier representative.

- Material certifications shall show quantitative analysis of each element and physical testing. Traceability for Raw Material is required and shall be retained and provided to BT Machine with product.

**c. competence, including any required qualification of persons;**

Supplier will ensure that employees and people working on its behalf are competent and trained in accordance with the requirements of AS9100D.

**d. the Supplier's interactions with the BT Machine;**

In addition to the other requirements recorded within this document, Suppliers shall hold all information received from BT Machine in confidence and no third party request for information will be authorized unless approved, in writing, by BT Machine.

**e. control and monitoring of Supplier's performance to be applied by BT Machine;**

BT Machine will score Suppliers based on Quality, Delivery, and Service. Suppliers that fail to perform in these areas may receive Corrective Actions and may be considered for probation or removal from BT Machine's Approved Supplier List.

**f. verification or validation activities that BT Machine, or its customer, intends to perform at Supplier's premises;**

BT Machine and its customers reserve the right to perform verification and/or validation activities at the Supplier's premises.

**g. design and development control;**

Design and development control does not apply to BT Machine's Suppliers, unless otherwise specified on our PO.

**h. special requirements, critical items, or key characteristics;**

As per the requirements of AS9100D, Supplier is responsible for the validation, and periodic revalidation, of the ability to achieve planned results of the processes for production and service provision, where the resulting output cannot be verified by subsequent monitoring or measurement.

**i. test, inspection, and verification (including production process verification);**

For calibration Purchase Orders, all gauges and instruments must be calibrated using standards whose accuracies are traceable to the National Institute of Standards and Technology, the General Conference of Weights and Measures. All provided calibration certifications must specifically state this traceability. Supplier will maintain a quality/inspection system that will ensure all goods and services conform to contract requirements whether manufactured or processed by Supplier or procured from Sub-Tier Suppliers.

**j. the use of statistical techniques for product acceptance and related instructions for acceptance by BT Machine;**

The Supplier will use a C=0 sampling plan with an AQL of 1 or 100% inspection, unless otherwise specified or agreed upon in writing by BT Machine.

**k. the need to:**

**– implement a quality management system**

When specifically requested by BT Machine in writing, Supplier will maintain a quality system in compliance to recognized Quality Management Systems and/or approved by BT Machine.

**– use customer-designated or approved external providers, including process sources (e.g., special processes);**

When required by BT Machine or by BT Machine's customers, Suppliers will use customer-specified sources.

**– notify BT Machine of nonconforming processes, products, or services and obtain approval for their disposition;**

BT Machine will not accept Supplier product that does not meet Purchase Order requirements. Supplier product discovered after shipment by the Supplier to be nonconforming shall be immediately disclosed to BT Machine upon discovery, including but not limited to quantity shipped, date shipped, and the extent of the nonconformance. Suppliers that receive notification of Nonconforming product shall take appropriate action to contain the nonconforming condition and prevent it from occurring again. The Supplier will be notified if formal Corrective Action is required to be submitted to BT Machine. The response shall be submitted within 1 week of issue or a time frame agreed upon between BT Machine and the Supplier. Errors with paperwork shall be resolved within 24 hours.

**– prevent the use of counterfeit parts (see 8.1.4);**

To prevent the purchase of counterfeit or suspect / unapproved products and to ensure product identification and traceability (and for other reasons), Supplier will institute controls that include the requirement of Material Certificates, Certificates of Conformity, and/or other supporting documentation as is appropriate. Material and part substitutions are not allowed.

**– notify BT Machine of "Ozone-depleting substance"**

Definition. "Ozone-depleting substance," as used in this clause, means any substance the Environmental Protection Agency designates in 40 CFR Part 82 as--

- (1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or
- (2) Class II, including, but not limited to hydrochlorofluorocarbons.

– Seller shall label products which contain or are manufactured with ozone-depleting substances in the manner and to the extent required by 42 U.S.C. 7671j (b), (c), and (d) and 40 CFR Part 82, Subpart E, as applicable:

**Warning**

**Contains \* \_\_\_\_\_, a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere.**

**Warning**

**Manufactured with \* \_\_\_\_\_, a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere.**

**\* Seller shall insert the name of the substance(s).**

BT Machine requires that the provisions/requirements set forth above be included in Seller's direct supply contracts as well as the obligation that they be flowed to the sub-tier supply chain. For the purpose of this note Supply Chain shall mean Seller's direct and indirect suppliers performing value-added activity on the products and services. It focuses on direct and lower-tier suppliers

**– notify BT Machine of changes to processes, products, or services, including changes of their external providers or location of manufacture, and obtain BT Machine's approval;**

**– Supplier will notify BT Machine of any change in ownership, management, or location and are subject to re-survey and approval. Supplier will notify BT Machine of any product or process changes or changes in approval status that affect BT Machine product and are subject to re-survey and approval.**

**– flow down to external providers applicable requirements including customer requirements;**

**– Suppliers shall flow-down to Sub-Tier Suppliers the applicable requirements as required by the purchase order either specifically or by reference.**

**– provide test specimens for design approval, inspection/verification, investigation, or auditing;**

When requested by BT Machine or its customers, Supplier will provide test specimens for inspection/verification, investigation and/or auditing purposes.

**– retain documented information, including retention periods and disposition requirements;**

**Unless otherwise specified on the Purchase Order, the latest specification revision in effect at the time the lot of raw material/parts was originally manufactured or processed shall apply. In the event a document has been superseded, the latest revision of the superseding document shall apply. All certifications, test reports, and inspection reports, as well as receiving inspection, in-process inspection, final inspection, and calibration records shall be retained for a minimum of ten years, unless otherwise specified by BT Machine. These records will be made available to BT Machine, BT Machine customers, or regulatory agency upon request.**

**– prevent Foreign Object Debris**

**Supplier is required to establish and maintain a Foreign Object Debris (FOD) prevention program that employs appropriate housekeeping practices to assure timely detection and removal of residue/debris generated, during operations and normal daily tasks.**

**l. the right of access by BT Machine, BT Machine's customer, and regulatory authorities to the applicable areas of facilities and to applicable documented information, at any level of the supply chain;**

BT Machine and BT Machine's customers reserve the right to perform an on-site inspection of the Supplier's facility or visit the facility. BT Machine will give reasonable notification to the Supplier prior to the on-site inspection. The on-site inspection may include surveillance of the Supplier's facilities, procedures, production methods, processes, and the Supplier's Quality System. The Supplier shall furnish, at no cost, the necessary data as required by applicable drawings, Purchase Order, specifications, and inspection instructions to facilitate the on-site inspection

**m. ensuring that persons are aware of: their contribution to product or service conformity; their contribution to product safety; the importance of ethical behavior.**

– Supplier must be committed to the highest standards of ethics and business conduct. Supplier must comply with the law, honor commitments, act in good faith, and be accountable. Supplier must strive to maintain full compliance with all laws and regulations applicable to the operation of the business and customer relationships. Supplier must not offer, promise, authorize, or provide, directly or indirectly, anything of value (including business gifts or courtesies) with the intent or effect of inducing anyone to engage in unfair business practices. Supplier will avoid involvement in activities that may be perceived as a conflict-of-interest. Supplier will respect the legitimate proprietary rights and intellectual property rights of customers and Suppliers and take proper care to protect sensitive information, including confidential, proprietary and personal information. Supplier will support product safety by ensuring robust management of special requirements, critical items and key characteristics. If there are concerns with respect to product safety, Supplier will communicate them to BT Machine. If there is a concern at the Supplier’s premises with respect to safety during the manufacture of the product, Supplier will notify its own employees of the concern and whenever possible, mitigate the concern. Supplier will ensure that employees and people working on its behalf are aware of: Their contribution to product or service conformity, their contribution to product safety and the importance of ethical behavior.

**n. Conflict-Free Sourcing Policy**

– April 02, 2014

– As a result of Section 1502 of U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, companies are required to verify and disclose their sources of the raw minerals of tin, tantalum, tungsten, and gold. The U.S. Securities and Exchange Commission (SEC) responded by issuing a rule requiring companies to make public the use of conflict minerals.

– The purpose of these regulations is to limit funding to armed groups which control mining operations in conflict regions, including but not limited to the Democratic Republic of the Congo, which are known to involve forced and child labor working extremely long hours under dangerous conditions.

– B T Machine, inc. has either obtained or is in the process of obtaining information from our suppliers concerning the origins of metals used in the manufacture of products they distribute. B T Machine, inc. represents and warrants that it sources components which contain materials which are traceable to conflict-free sources.

– B T Machine, inc. requests that each of our suppliers verify that the manufacturers which they represent source their raw materials from conflict-free sources and provide a statement to that effect. If there is any change in the supply chain that could result in B T Machine, inc. receiving products containing conflict minerals, please report it immediately.

– SEC Rule: <http://www.sec.gov/rules/final/2012/34-67716.pdf>