



Supplier Quality Requirements

SQRM-001

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1.0 Purpose

The purpose of this document is to define quality assurance system and manufacturing requirements suitable to ensure that the delivered components conform to the requirements of the applicable Component Specification and requirements herein.

2.0 Scope

This document establishes requirements and/or recommendations for manufacturing systems at suppliers which deliver or produce components for LA Gauge.

3.0 Introduction to LA Gauge Quality Requirements

All LA Gauge suppliers are required to comply with applicable requirements specified within this document and with other requirements specified in furnished purchase orders, specifications, drawings, etc.

Suppliers will maintain a QMS or compliance to a quality standard, i.e, ISO 9001, AS 9100, Nadcap, as appropriate to the product or service provided.

4.0 Materials

Parts manufactured for LA Gauge shall be composed of virgin material appropriate for the intended applications. Re-grinded or reclaimed materials shall not be used. Materials shall be purchased from reputable suppliers and be accompanied by certifications of conformance.

5.0 Certification

The supplier shall provide Certificates of Conformance and/or Certificates of Analysis for each lot to show that the lot complies with the requirements of the applicable Component Specification.

6.0 Document Order of Precedence

The order of precedence of LA Gauge documents is 1) Purchase Order, 2) Component Specification and documents referenced therein 3) this document and 4) any and all Supplier Specifications furnished by LA Gauge.

7.0 Counterfeit Work

Work (in this clause) consists of those parts delivered under a PO that are the lowest level of separately identifiable items (e.g., articles, components, goods, and assemblies). "Counterfeit Work" means Work that is or contains items misrepresented as having been designed and/or produced under an approved system or other acceptable method.

Counterfeit Work includes approved Work that has reached a design life limit or has been damaged beyond possible repair but is altered and misrepresented as acceptable.

Supplier agrees and shall ensure that new and authentic products are delivered to LA Gauge and that Counterfeit Work is not delivered to LA Gauge, and "authenticity



testing" is periodically performed to ensure raw material composition complies with requirements.

Supplier shall only purchase products to be delivered or incorporated as Work to LA Gauge directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain.

Supplier shall immediately notify LA Gauge with the pertinent facts if Supplier becomes aware or suspects that it has furnished Counterfeit Work. When requested by LA Gauge, Supplier shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM. Supplier shall train personnel on counterfeit awareness and prevention.

Supplier shall flow down to the supply chain these requirements or equivalent provisions to lower tier subcontracts for the delivery of items that will be included in or furnished as Work to LA Gauge.

8.0 Conflict Minerals “The Dodd-Frank Wall Street and Consumer Act”

The Security and Exchange Commission (SEC) has imposed that publicly traded companies report of any product containing Tantalum (and all its derivatives), Tin, Tungsten or Gold from the Democratic Republic of Congo, Angola, Burundi, Central African Republic, Rwanda, Tanzania, South Sudan, Uganda and Zambia. LA Gauge expects supplier to perform a due diligence effort to make these determinations. It's required that you do not **knowingly** supply any product that contains these minerals from the above listed countries based on the concerns that the revenues obtained from the mining and transport of conflict minerals aid in financing the ongoing conflict in the Democratic Republic of Congo (DRC) and the surrounding countries.

9.0 Product Identification and Traceability

Supplier shall have controls to ensure lot traceability. Individual product or batches shall have a unique identification. This identification shall be recorded.

Lot Numbering: Lot numbers shall be defined by the supplier to uniquely identify lots of manufactured parts. Lots may be defined as groups of components of a single material lot, setup, shift or batch and the determination of lot shall be at the discretion of supplier. However, the supplier shall determine what lot definition criteria are to be used, document these criteria and maintain records of lot history.

10.0 Material Processing

Processing suppliers shall furnish processing certifications to LAG purchase order requirements and shall not process any parts for which they are not certificated or approved by the appropriate certification body.

11.0 Document Control

All LA Gauge furnished documents shall be maintained by supplier in a safe place and a list of all LA Gauge furnished documents be maintained. If a supplier generates



internal documents/drawings based on LA Gauge furnished documents/drawings a system is to be in place that co-relates LA Gauge documents with supplier documents.

When furnished with revised documents by LA Gauge, supplier is responsible to ensure internal documents generated are properly revised.

12.0 Nonconforming product

The supplier shall notify LA Gauge of nonconforming product and obtain LA Gauge's approval for disposition prior to shipment. Supplier shall notify LA Gauge of changes in product and/or process, changes of supplier, changes of manufacturing facility location and, where required, obtain LA Gauge's approval, and flow down to the supply chain the applicable requirements including customer requirements.

13.0 Shelf Life

On certifications for product having a limited or specified shelf life, Seller shall indicate the cure date and when applicable, any special storage or handling conditions. Cure date must also appear on all packaging. The remaining shelf life at time of delivery shall not be less than 80% of total life.

14.0 Right of Access

LA Gauge, its customer, and regulatory authorities shall have the right of access to the applicable areas of all facilities, at any level of the supply chain, involved in the PO and to all applicable records.

15.0 Foreign Object Debris (FOD)

Supplier shall establish, document and maintain a program to control and eliminate Foreign Object Debris (damage) (FOD) and/or contamination during seller's (or seller's subtier sources) manufacturing, assembly, test and inspection operations

16.0 Notification of Changes

Supplier shall notify LA Gauge when changes occur that will affect the Quality System, such as changes of address/location, ownership, company name, Quality Manager, Quality Management System (QMS), or QMS approvals.

17.0 Record Retention

Unless a longer period is specified in the PO or by regulatory authorities, supplier shall retain all records related to the PO for fifteen (15) years from the date of final payment received by supplier. Records related to this PO include, but are not limited to, financial, proposal, procurement, specifications, production, inspection, test, quality, shipping and export, and certification records.

At no additional cost, supplier shall timely provide access to such records to LA Gauge, its customer and/or regulatory authorities upon request.

18.0 Vendor Performance



L.A. Gauge monitors supplier performance for quality and on time delivery. Suppliers not meeting expectations could be removed from the approved supplier list.

19.0 Awareness of Contribution

Suppliers ensure personnel are aware of their contribution to product/service conformity, product safety and the importance of ethical behavior.

20.0 RoHS Compliance

The Restriction of the Use of Certain Hazardous Substances (RoHS) Directive, 2002/95/EC of February 13, 2003, was enacted by the European Community to minimize the impact of end-of-life electrical and electronic equipment on the environment. The Directive bans the use of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBB), and polybrominated diphenyl ethers (PBDE) in electrical and electronic products sold in the European Union beginning July 1, 2006. Seller is requested to certify the RoHS compliance status of the items supplied under this Purchase Order and provide information as needed to confirm process compatibility and traceability. The identification scheme employed must clearly differentiate compliant parts from their predecessors. In lieu of specific reporting requirements, Seller will provide material declarations based on the latest version of the IPC-1752 standard.

21.0 Anti Human Trafficking and Slavery

L.A.Gauge fully supports the elimination of human trafficking and slavery, including from the supply chain at all tiers. Our policies, practices and procedures reflect our commitment to human rights.

L.A. Gauge does not tolerate trafficking in persons, including the procurement of commercial sex acts and the use of forced or child labor. We require our suppliers to comply with applicable law, behave in an ethical manner and ensure the integrity of their operations in support of our programs. Acting with integrity includes being accountable for the highest standards of behavior. We expect our suppliers to treat people with respect and dignity, encourage diversity, remain receptive to diverse opinions, promote equal opportunity, and foster an inclusive and ethical culture. Suppliers must refrain from violating the rights of others and address any adverse human rights impacts of their operations. Suppliers are required to ensure that child labor is not used in the performance of our work.

If a supplier violates contract provisions or applicable legal requirements, we pursue appropriate corrective action to remedy the situation. In the case of an actual or possible violation of law or regulation, we may be legally required to make a report to proper authorities. We also reserve the right to terminate our relationship for misconduct or to take any other appropriate action with any supplier under the terms of our contract.

22.0 Engineering and Process Change Management

When applicable, changes to engineering or processes agreed upon in the PO require LAG notification and Customer approval before they can be instituted. Supplier does not have design authority to make any engineering or process change without approval.



23.0 Acceptance Authority Media (AAM)

The supplier shall comply with the AS/EN/JISQ 9100 requirements and 14CFR Part 21.2 regarding the application of the Acceptance Authority Media (AAM) requirements. Be able to demonstrate, when requested, evidence of communication to its employees and supply chain, the use of AAM as a personal warranty of compliance and conformity. Supplier will assess their process and supply chain as part of the internal audit activities by reviewing for application errors (omissions, typos, legibility), untimely use (not completing documentation as planned, misrepresentation (uncertified personnel, falsification of records) and training including proper use, ethics, awareness.

24.0 Invoices and Payment.

Unless otherwise provided in this order, no invoices shall be issued nor payments made prior to delivery. Invoices must be issued per shipment. Unless freight and other charges are itemized, any discount will be taken on full invoice amount. Payments are subject to adjustment for shortage/rejection. Payment terms are net thirty (30) days, after the date Seller's invoice is received by LA Gauge unless other terms have been negotiated. All invoices shall include LA Gauge Purchase Order Number, item number and description, and unit price. Tooling invoices shall be submitted only after acceptance by LA Gauge of sample or production parts made by such tooling and must be accompanied by Seller's certification that each tool is completed and satisfactory for the use for which it is intended. Tooling invoices shall include the LA Gauge Purchase Order number, the number of the part fabricated and the price of each tool.

25.0 Taxes

The price stated on the face of the Purchase Order shall include any and all taxes and other governmental charges, now imposed upon the production, sale, shipment, or use of the materials and Seller shall pay and discharge all such taxes and charges without reimbursement from LA Gauge.

26.0 Termination and Defaults

- a) LA Gauge may terminate this order in whole or in part at any time by written notice (including facsimile and electronic mail systems) to Seller and such termination shall not constitute default. LA Gauge and Seller shall have all rights and obligations at law and in equity, including LA Gauge's rights to title and possession of goods paid for. Seller shall be reimbursed for actual, reasonable, substantiated and allowable costs, plus a reasonable profit for work performed to date of termination. LA Gauge may take immediate possession of all work performed upon notice of termination. Seller agrees that it will not include in any claim submitted hereunder any direct cost of engineering and/or development or any cost for special tooling unless specifically ordered by LA Gauge. Seller's obligations under the warranty and confidentiality provisions of this agreement shall survive such termination.



- b) LA Gauge may, by written notice (including facsimile and electronic mail systems) of default to Seller, terminate the whole or any part of this order in any one of the following circumstances: (i) if Seller fails to make delivery of the supplies to perform the services within the time specified herein or any extension thereof; or (ii) Seller fails to perform any of the provisions of this order or fails to make progress thus endangering performance of this order in accordance with its terms and in either of these two circumstances does not cure such failure within a period of ten (10) calendar days (or such longer period as LA Gauge may authorize in writing) after receipt of notice from LA Gauge specifying such failure; or (iii) Seller becomes insolvent or the subject of proceedings under any law relating to bankruptcy or the relief of debtors or admits in writing its inability to pay its debts as they become due; or (iv) if Seller fails to provide written assurance of due performance, within a reasonable time after demand by LA Gauge; or (v) prime contract is terminated for convenience by the Government or other agency.
- c) If this order is so terminated under section (b) for items (i) through (iv), LA Gauge may procure or otherwise obtain, in the terms and manner as LA Gauge deems appropriate, supplies or services similar to those terminated. Seller, subject to the exceptions set forth below shall be liable to LA Gauge for any excess costs of similar supplies or services along with additional administrative costs tied to reprourement actions.
- d) At or after termination as requested, Seller shall transfer title and deliver to LA Gauge complete articles, partially completed articles and materials, parts, tools, dies, patterns, jigs, fixtures, plans, drawings, information and contract rights that Seller has produced or acquired for the performance of the terminated part of the order, and LA Gauge will pay Seller the contract price for completed articles delivered to and accepted by LA Gauge and the fair value of the other property of Seller so requested and delivered.
- e) Seller shall continue performance of this order to the extent not terminated. LA Gauge shall have no obligations to Seller for the terminated part of this order except as provided herein. LA Gauge's rights as set forth herein shall be in addition to other rights set forth by law in case of Seller's default.

27.0 Insolvency

In the event of the institution of any proceedings by or against either party in bankruptcy or insolvency or under any provisions of the Bankruptcy Act or for the appointment of a receiver or trustee or an assignment for the benefit of creditors of either party, the other party may terminate this order without further cost or liability.

28.0 Assignment

Neither this order nor any interest under it shall be assigned by Seller without the prior written consent of LA Gauge, except that claims for monies due or to become due under this order may be assigned to a bank, trust company, or other financing institution,



including any Federal lending agency, by Seller without such consent. LA Gauge shall be furnished with two signed copies of any such assignment. Payment to an assignee of any such claim shall be subject to set off for any present or future claim or claims which LA Gauge may have against Seller except to the extent that any such claims are expressly waived in writing by LA Gauge. LA Gauge reserves the right to make direct settlements and/or adjustments in price with Seller under the terms of this order, notwithstanding any assignment of claims for monies due or to become due hereunder and without notice to the assignee.

29.0 Labor Disputes.

Seller agrees that whenever any actual or potential labor dispute delays or threatens to delay the timely performance of this order, Seller shall immediately give notice thereof to LA Gauge. This requirement will flow down to Seller's subcontractors under this order.

30.0 Clearance of Material Intended for Public Release

No news release, advertisements, public announcement, denial or confirmation of same relating to any part of the subject matter of this shall be made directly or indirectly without prior written consent from LA Gauge.

31.0 Reproduction Rights / Confidentiality.

LA Gauge does not grant to Seller any reproduction rights to the articles ordered or any rights to use designs, drawings, or other information belonging to or supplied by LA Gauge in the manufacture or design of articles or materials for anyone other than LA Gauge. Seller agrees that it will keep confidential the features of any equipment, tools, gauges, patterns, designs, drawings, and engineering data or other technical or proprietary information furnished by LA Gauge and use such items only in the production of items under this order or other orders from LA Gauge, and not otherwise, unless LA Gauge's written consent is first obtained. Upon written notice to LA Gauge, Seller shall have the right to use such items in the manufacture of end items for direct sale to the Government to the extent the Government has the right under its prime contracts with LA Gauge to authorize such use by Seller. Upon completion or termination of this order, Seller shall return all such items to LA Gauge or seek disposition directions from LA Gauge.

32.0 Indemnification.

- a) In the event Seller's employees, agents, or subcontractors enter premises occupied by or under the control of LA Gauge in the performance of this order, Seller agrees that it will indemnify and hold harmless LA Gauge, its directors, officers and employees from any loss, cost, damage, expense or liability by reason of property damage or personal injury arising as a result of, or in connection with such performance. Seller agrees that it and its subcontractors will maintain public liability and property damage insurance in reasonable limits covering the obligations set forth in this section and will maintain proper worker's compensation insurance covering all employees performing this order. Seller agrees to provide proof of such insurance coverage promptly upon request by LA Gauge.



- b) Seller agrees to indemnify LA Gauge against loss, cost, liability or damage by reason of Seller's violation of any applicable law, executive order or regulation.

33.0 Compliance with Law.

- a) Seller warrants that all equipment and materials delivered under this order conform to all relevant Federal, State, Occupational Safety & Health Administration (OSHA) and other worker safety requirements.
- b) Seller warrants that in the performance of this order, it will comply with all applicable U.S. Department of Transportation regulations on hazardous materials, and any other pertinent federal, state or local statutes, laws, rules or regulations, and Seller further agrees to hold LA Gauge harmless from any loss, damage, fine, penalty, or expense whatsoever that LA Gauge may suffer as a result of Seller's failure to comply with this warranty.
- c) Seller warrants that it has complied with the Anti-Kickback Act of 1986 and has not offered or given and will not offer or give to any employee, agent, or representative of LA Gauge any gratuity or any kickback within the meaning of the Anti-Kickback Act of 1986. Any breach of this warranty shall be a material breach of each and every contract between LA Gauge and Seller.
- d) Seller certifies that the goods furnished hereunder have been or will be produced in compliance with applicable requirements under the Fair Labor Standards Act, as amended, and regulations and applicable orders of the United States Department of Labor.