Supplier Terms & Conditions

As a condition for continuing to be an approved supplier to QES Solutions, QES requires your organization's compliance to a condition for being initially selected as a supplier to QES and as to the following:

1.) **Supplier Quality Management System Development:** Unless otherwise approved by QES, Supplier shall develop and maintain a quality management system that is, at the least, third-party certified to ISO 9001:2015.

2.) **Personnel competence:** Personnel performing work affecting quality while product/service is within Supplier's control shall be competent and qualified based on established criteria regarding education, experience, skills, training. The Supplier is responsible for determining acceptable standards and for monitoring that they are being met.

3.) **Non-conforming product detected at QES's premises**: Upon receipt of products/services from the supplier at QES's premises, QES will subject the product/service to an incoming verification to ensure that the purchased product/service meets QES's purchase requirements. QES reserves the right to subject products/services deemed to be non-conforming to any of the following dispositions:
   a. Accept as-is
   b. Require rework and re-inspection by supplier
   c. Reject as scrap

4.) **Supplier Corrective Action Requests:** QES reserves the right to issue a Supplier Corrective Action Request to the supplier to address any non-conforming situation caused by the Supplier. Such requests must be addressed by the supplier in the prescribed format within prescribed duration.

5.) **Use of approved methods processed and equipment:** The supplier shall use approved methods, processes, and equipment to meet QES's requirements for the purchased product/service. These approved methods, process and equipment are methods, processes and equipment that were used by the suppliers to submit initial production parts/services to QES which are the basis for QES's approval of the supplier's ability to deliver such product/service to QES during regular production runs.

6.) **Supplier-QES interactions & approvals:** Supplier will notify QES prior to executing any of the following changes to your product and/or process:
   a. Changes in originally approved methods, processes and equipment
   b. Changes in suppliers
   c. Changes in manufacturing location and layout

   While notifying QES of all changes is a requirement, not all changes will require approval from QES to implement the change. However, based on the potential severity of the proposed change on the end product, Supplier may require an approval from QES prior to executing the proposed change by submitting production trial run for verification of changes. QES will validate the impact of any changes on the manufacturing process.

7.) **Records retention:** All records related to QES's contract will be retained by your organization for a minimum of 5 years, unless otherwise specified by QES explicitly in a specific purchase order. Records shall be made available to the purchaser within 48 hours (business days only included) of request.

8.) **Right of access:** QES, QES's customer, and any applicable regulatory body will have right of access to applicable areas of your organization, at any level of the supply chain, involved in the order and to all applicable records. With 14 days prior notification, these authorities will reserve the right to perform audits and/or inspections at your organization and your subcontractor's facilities. These audits and/or inspections performed will determine the conformance of the product to the purchase order requirements.

9.) **Statutory and regulatory compliance:**

9.1. **Statutory and regulatory compliance - General:** Where specified in QES's purchase order, supplier will ensure compliance with any specified statutory and regulatory requirements pertaining to the product/service.

9.2. **Statutory and regulatory compliance – Flow-down to sub-tier suppliers:** Where applicable, Suppliers are required to flow down statutory and regulatory requirements specified by QES to the supplier's suppliers and require their compliance to such requirements. Further, Suppliers are required to develop, implement and maintain systems to ensure that their suppliers are compliant with these requirements, where applicable.

9.3. **Statutory and regulatory compliance - Labor Laws:** Supplier shall comply with Executive Order 13496 (January 30, 2009), pertaining to employee rights under the National Labor Relations Act; the OSHA Act of 1970; the Executive Order 11141 Non-Discrimination by Age; Executive Order 11458 and 11625 Utilization of Minority Business Enterprises; 11701 Listing of Job Openings for Veterans; Section 503 of the Rehabilitation Act of 1973; Vietnam Era Veterans' Act of 1974; Executive Order 13201 Ch. 470, Notification of Employee Rights Concerning Payment of Union Dues or Fees;

9.4. **Statutory and regulatory compliance - Ethics Laws:** Supplier shall comply with 41 CFR 60-471; 29 CFR Part 471, Appendix A; All applicable export and import laws, as well as anti-bribery and anti-corruption laws;

9.5. **Statutory and regulatory compliance - Anti-Discrimination Laws:** Supplier shall comply with all applicable provisions of Executive Agreement 11246 of September 24, 1965, as amended, the terms of which are incorporated herein by this reference and made a part thereof. It is the policy of QES to provide equal employment opportunity and to adhere to federal, state and local laws pertaining thereto. Appropriate action shall be taken by Seller, with respect to itself and any of its subcontractors, vendors, and suppliers to ensure compliance with such laws. All federal, state and local equal opportunity and affirmative action requirements with regard to race, gender, creed, color, age, religion, national origin, disability or veteran status, are incorporated herein by reference.

10.) **Conflict between Purchase Order and Supplier Terms & Conditions:** To the extent there is a conflict between requirements contained in this document and requirements set forth on the face of or in the attachments on QES's purchase order, the requirements on the face of the purchase order and/or in the attachments shall prevail.

11.) **QES Authorized Contact:**

Name: T J Mayberry

Phone(C): (585) 330 - 4607

Email: tjmayberry@qessolutions.com

12.) **Supplier's supplier flow-down:** Where applicable, Suppliers are required to flow down requirements of this terms and conditions document and any other requirements from QES to the supplier's suppliers and require their compliance to such requirements. Further, supplier's are required to develop, implement and maintain systems to ensure that their suppliers are compliant with these requirements, where applicable.

13.) **Control and Monitoring of Supplier performance:** QES performs continual monitoring of performance of critical suppliers considering factors including but not limited to: (a) quality, (b) on-time-delivery. Annually, QES performs a supplier risk assessment considering the above factors. Suppliers presenting an acceptable risk to QES as a result of the annual supplier risk assessment will be unconditionally re-approved for the following year. Suppliers who do not meet the established acceptable performance levels will be

subject to actions deemed necessary to prevent unacceptable risks on QES's product safety, personnel safety, product performance, process effectiveness or process efficiency, these actions can include increased incoming inspection, new business hold or removal of supplier from critical approved supplier list, subject to approval by QES's top management.