



External Provider Requirements

DATE: 12/1/2018

TO: External Providers (includes external providers, vendors, service providers, etc.)

Leatherneck Precision Machine tracks external provider (supplier) performance based upon quality, delivery, and provision of required certificates/test reports, as applicable, and maintains supplier data accordingly. If external providers fail to meet Leatherneck Precision Machine's requirements for quality, delivery, and terms and conditions (including those stated herein), their personnel will resolve such issues using means appropriate to the nature and severity of problems encountered. Resolution may involve correction, Corrective Action, or disqualification of external providers from use, depending on the nature and severity of the issues.

To become and remain an external provider to Leatherneck Precision Machine, please read, acknowledge, and accept the following Leatherneck external provider requirements, applicable until further notice:

- External providers must use external provider sources that are approved by Leatherneck Precision Machine customers, where specified. External providers must abide by Leatherneck Precision Machine customers' supplier approval requirements, which are identified in Leathernecks Purchase Orders, or in other written statements of requirement, when applicable.
- External providers must implement a quality management system if Leatherneck Precision Machine deems necessary.
- External providers are required to notify Leatherneck Precision Machine of nonconforming processes, products, or services when discovered at external providers' locations and in cases where product or service release to Leatherneck Precision Machine has occurred, if applicable. Leatherneck Precision Machine management and/or their customer representative, must review and disposition such nonconforming product or service according to established Leatherneck's or its customer specifications and procedures.
- External providers must prevent the use of counterfeit materials or parts.
- External providers of raw materials must prevent the use of raw materials containing conflict minerals per the Dodd-Frank Act, Section 1502. All raw materials Must be DFARS Compliant.
- External providers are required to notify Leatherneck Precision Machine of changes to processes, products, or services, including changes of their external providers, or location of manufacture and obtain their approval.
- External providers are required to provide right of access by Leatherneck's management, their customers, and regulatory authorities to the applicable areas of facilities, and to all applicable documented information, at any level of the supply chain.
- External providers are required to maintain all applicable records for a minimum retention period of 5 years. Once the retention period has passed, hard copy records must be commercially shredded and electronic records must be deleted from active Systems and electronic back-up storage.
- Where Leatherneck Precision Machine or its customer intend to perform verification at an external providers' premises, Leatherneck shall state the intended verification arrangements and method of product release in the purchasing information.
- External providers are required to flow-down information to their external providers with applicable requirements including Leatherneck's customer requirements.
- External providers are to provide test specimens for design approval, inspection/verification, investigation, or auditing when indicated in the purchasing information.
- External providers are to ensure that persons are aware of their contribution to product or service conformity, and the importance of ethical behavior.



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- External providers are responsible to take Corrective Actions when Leatherneck Precision Machine or their customers flow down corrective action requirements in cases when it is determined that external providers are responsible for the nonconformity. Actions may be documented using Leatherneck's Corrective Action Reports, their customer's forms, or supplier forms, as appropriate. External providers are required to respond to Corrective Action requests in a timely manner. Corrective Actions must demonstrate root cause analysis, action implementation, and verification of action effectiveness. Should actions prove ineffective, alternate actions may be requested or external providers may be disqualified from further use.
- Finally, external providers of calibration services or calibrated equipment is required to provide certificates of calibration bearing traceability to the National Institute of Standards and Technology (NIST) or other national or international standard, reporting "as found" information and "adjustment" information, as applicable and measurement data.

The above terms and requirements pertain to each Leatherneck's Purchase Order and purchasing contract; acknowledgement and acceptance of the above terms and requirements will be evidenced by external providers' acceptance of Leatherneck's or purchasing contracts. The following requirements additionally apply to external providers of special processes.

Pertaining to external providers of special processes (e.g., welding, heat treating, plating, finishing, etc.):

Leatherneck Precision Machine requires external providers of special processes to provide evidence of process validation according to the requirements of ISO 9001:2015, 8.5.1 f or AS9100D 8.5.1.2. Evidence of validation could include a third-party registration to ISO 9001, AS9100 or similar standard that requires validation of special processes. Alternatively, external providers of special processes may provide a letter or other evidence of process validation (e.g., from aerospace customers). (A response written in the space provided below may also be acceptable; please sign, date, and return via fax.)

Evidence of process validation must demonstrate conformity to the following requirements (excerpted from AS9100D 8.5.1.2):

The organization shall validate any processes for production and service provision where the resulting output cannot be verified by subsequent monitoring or measurement, and as a consequence, deficiencies become apparent only after the product is in use or the service has been delivered.

Validation shall demonstrate the ability of these processes to achieve planned results.

The organization shall establish arrangements for these processes including, as applicable:

- a) definition of criteria for review and approval of the processes;
- b) determination of conditions to maintain the approval;
- c) approval of facilities and equipment;
- d) qualification of persons;
- e) use of specific methods and procedures for implementation and monitoring the processes;
- f) requirements for documented information (records) to be retained.

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Thank you for your cooperation in this matter. Please contact us with questions.

Sincerely,

Anthony Marshall, Owner/CEO
Leatherneck Precision Machine