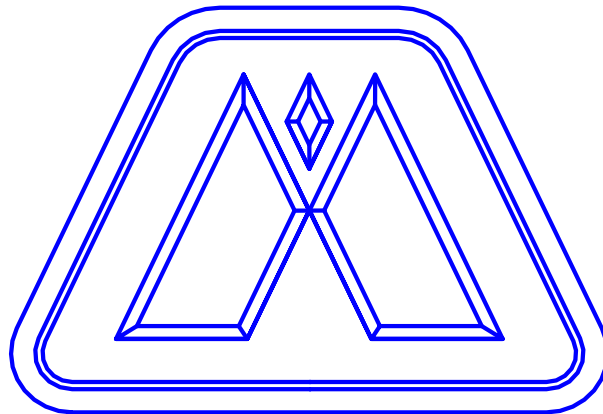


MODERN INDUSTRIES, INC.  
SUPPLIER HANDBOOK

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**MODERN INDUSTRIES, INC.**

MII-CRP-00094

4747 E. Beautiful Lane  
Phoenix Arizona 85044

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# 1. Introduction

- 1.1. Modern Industries, Inc. is a leading machining resource and manufacturer of innovative products for the industrial market. At Modern Industries, we know that our success in the marketplace is tied directly to our ability to manufacture quality products on time. Our goal is to set the standard for quality and delivery performance in the markets we serve. Modern Industries is dedicated to the absolute standards of conformance to all customer requirements. Toward this end, we realize that every employee, customer, and supplier is a vitally important part of the overall process of continuous improvement.
- 1.2. To achieve Modern Industries' goal of market leadership, we need the full participation and cooperation of the organizations which supply us with materials, components, and assemblies. Modern Industries looks to these selected suppliers for technology leadership in design, manufacturing, and continuous improvement. Our supplier quality policy underscores this point. Modern Industries is absolutely committed to providing defect-free product and services to our customers. As we work in cooperation with our suppliers, we expect these suppliers to adopt a commitment toward quality, on time delivery and continuous improvement that is similar to our own.
- 1.3. For every product Modern Industries offers, we strive to fully understand the requirements that exceed the needs of our internal and external customer; understand the needs of our individual jobs; and understand our roles within the supply chain. Exceeding these requirements means that without exception "we will do it right the first time."
- 1.4. *Purpose of Handbook – To clearly define Modern Industries' performance expectations; to communicate Modern Industries' internal and external customer demands and requirements; to provide clear understanding of Modern Industries' commitment to supplier sourcing continuity and growth opportunity for the best performing suppliers; and to aid Modern Industries' suppliers in meeting performance requirements to enable the development of a world-class supply base and supply chain organization.*
- 1.5. *Supplier Quality Statement – Modern Industries is committed to work collaboratively with its suppliers to achieve shared sales growth opportunity, while exceeding all customer requirements.*

## 2. Quality Management System (QMS)

### 2.1. QMS Requirements

- 2.1.1. The supplier shall have an established Quality System that is capable of producing the contractual requirements. Specific QMS requirements shall be identified on the contract. The quality management system shall be available for review by a Modern Industries' representative prior to the initiation of production and throughout the life of the contract.

### 2.2. Supplier Approval

#### 2.2.1. *Second & Third Party Approval*

- 2.2.1.1. 3<sup>rd</sup> Party Certification - Modern Industries shall accept 3<sup>rd</sup> party registration of potential suppliers to the quality standards of ISO 9001 standard, AS9100, NADCAP and/or other (as applicable) from an accredited registrar.

- Minimum proof of registration must include: Copy of registration certificate
- Completed Supplier Survey.

2.2.1.2. 2<sup>nd</sup> Party Certification - Modern Industries shall accept 2<sup>nd</sup> party certification to ISO 9001 or AS 9100 compliance on a limited basis. The conditions under which Modern Industries shall accept a 2<sup>nd</sup> party certification are as follows:

- From suppliers that are customer-directed and/or customer has conducted the 2<sup>nd</sup> party audit and approved the QMS.
- Completed Supplier Survey.

#### 2.2.2. *First Party Approval*

2.2.2.1. In the absence of certification standards, the supplier shall complete the Modern Industries supplier survey and provide supporting documentation. Modern Industries may conduct supplier audits to assess the supplier's ability to comply with Modern Industries' quality system requirements. The form of these audits may be either ISO 9001 or AS9100 based.

#### 2.2.3. *Review & Audit Procedures*

2.2.3.1. Audits of Critical Suppliers shall be conducted every 12 months, except as noted below. The audit format may be either an on-site visit or a desk audit.

2.2.3.2. Suppliers holding a quality system certification by one of Modern Industries' customers, or have third party registration shall not require the annual audit as long as they maintain an "Authorized" status quality rating in accordance with Modern Industries' internal procedures.

2.2.3.3. Suppliers maintaining a "Preferred" status quality rating in accordance with Modern Industries' internal procedures shall not require annual audits.

## 3. Supplier Selection

### 3.1. Request for Quote (RFQ)

3.1.1. All product and service sourcing authorized by Modern Industries shall be initiated by a formal request for quote (RFQ). Modern Industries' purchasing organization shall have sole responsibility for soliciting requests for quotes. Requests from any other Modern Industries function or person may be deemed as informational only, and no sourcing authorization may be granted. Any formal quote package, including an RFQ reply form and necessary documents (such as drawings, procedures, and Terms and Conditions) describing the requirements, shall be issued exclusively by purchasing.

3.1.2. All supplier quote responses must be provided on the RFQ reply in written form, including completion of all quote and information details. Failure to submit all required information on the RFQ reply may be considered a "no quote" by the Modern Industries' responsible buyer. Product and process specification feasibility shall be incorporated into the quotation response (at the quoted price) and is considered a condition of response unless otherwise noted. The RFQ reply and all associated documents should be thoroughly reviewed for completeness as re-quotes will not normally be considered.

### 3.2. Sourcing Criteria

3.2.1. Sourcing decisions may be based on a number of criteria including quoted price, quality and delivery performance, on-going cost improvements, location, payment terms, and other elements as determined by the Modern Industries' commodity buyer. Preferred suppliers shall be given sourcing preference where possible, with sourcing ultimately competitively

determined from quotation responses from Preferred and Authorized suppliers as listed on the Modern Industries' Approved Supplier Listing (ASL). Purchasing may seek sourcing recommendations from engineering, manufacturing and quality assurance teams as appropriate. The recapitulation results, along with consideration to recommendations that the buyer may have received, shall determine supplier selection.

### 3.3. Approval & Authorization

3.3.1. Sourcing approval and authorization shall originate from purchasing only. Quotation analysis and sourcing recommendation may require approval by the appropriate level of Modern Industries' management prior to commencement of any work. Authorization other than official purchasing notification shall not constitute a contract or commit Modern Industries for financial obligation. Work completed prior to formal approval and authorization may not be recoverable from the supplier, and should be taken solely at supplier's risk.

### 3.4. Standard Terms and Conditions

- 3.4.1. Modern Industries' standard terms and conditions, along with other customer, commercial, quality and regulatory requirements apply to all purchase agreements. Any supplier exceptions to the Modern Industries standard terms and conditions must be included in the quotation response, and explicitly accepted by Modern Industries as evidenced by a notation on the final contract to be considered a condition of purchase. The standard T&Cs may be modified from time to time, with the latest version available upon request from Modern Industries' purchasing department. When feasible, Modern Industries shall make the T&Cs available in its supplier website through a secured access site.
- 3.4.2. "Blanket" contracts, representing estimated annual volumes and a single annual contract price may be used by Modern Industries. The typical term of these contracts is one year, and normally includes annual usage pricing, annual planning volumes, lead-time, payment terms, etc. Material releases shall be issued against these blanket contracts referencing original commercial terms. Modern Industries' contractual obligation shall be limited to the "fabrication" and "material" authorizations as indicated on the material releases, with maximum obligation being the high point release in the most recent quarter in which obsolescence may occur. Modern Industries' suppliers are expected to utilize the firm and forecasted release information to plan their own manufacturing and inventory strategy, each of which is considered a normal condition of business.

## 4. Supplier Liability

### 4.1. Performance

4.1.1. Section 4 is provided to ensure clear communication of Modern Industries' supplier performance requirements and resulting financial liability for non-performance. Modern Industries' position on performance liability mirrors that of its customers, and strives to ensure the same level performance expectations in all areas of business. Modern Industries has made every effort to be equitable in determining the cost basis for supplier non-performance.

### 4.2. Quality Clauses ("Q" Clauses)

4.2.1. The supplier shall review the contract, general quality requirements, and specific "Q" clauses as identified in Modern Industries' Quality Clauses MII-SC-00261 prior to starting work

## 4.3. Contracts

4.3.1. Supplier shall notify Modern Industries' purchasing department when:

- The contract price and supplier's quoted price are different.
- There is no price on the contract.
- The Supplier is unable to comply with all contract requirements.

## 4.4. Product or Service Obsolescence

4.4.1. Supplier shall notify Modern Industries' purchasing department as to any product or service obsolescence at least 180-days in advance of such obsolescence. Notification must include reason for obsolescence, last time buy date, and specifications and pricing for alternative products or services recommended to replace obsolete product or service.

## 4.5. Work Transfers

4.5.1. The supplier shall notify Modern Industries one hundred and eighty (180) days or more prior to any planned change implementation. Changes include, from one facility to another, from the supplier's facility to a sub-tier supplier, from one sub-tier supplier to another sub-tier supplier.

4.5.2. The supplier shall have documented procedures for work transfers, ensuring it is flowed down to sub-tier suppliers and that decisions to interrupt flow of material from any existing source shall not take place until approved by Modern Industries.

## 4.6. Non-Conformance Costs

4.6.1. Modern Industries has established a standard cost for processing supplier non-conformances and has determined a minimum resource allocation of \$250 per occurrence. Each non-conformance due to supplier failure may result in a minimum chargeback of \$250. Incremental costs for larger quality excursions may be accumulated and billed back at the actual incurred rate assessed by Modern Industries.

4.6.2. The purpose of these chargeback procedures is to facilitate a greater emphasis on incoming product quality and delivery. Through improved process capabilities and control, along with statistically valid inspection sampling protocols, suppliers should be able to improve product quality to best in class levels. Where product design or process limitations do not support 6 $\sigma$  (six sigma) quality levels, suppliers should protect against potential liability via risk management efforts (see section 5 of the Modern Industries' supplier handbook for examples).

## 4.7. Inspection & Sorting Procedures

4.7.1. Where supplier quality failures result in containment actions, suppliers are deemed responsible for all containment activities at Modern Industries, Modern Industries' customers, or internal to the supplier. Where inspection and sorting are required either within Modern Industries' facilities or those of its customers, Modern Industries' suppliers are provided with the following guidelines:

4.7.1.1. Supplier representatives shall conduct on-site sorting and inspection under Modern Industries' supervision, at Modern Industries' production facilities or those of its customers. The selection of inspection personnel shall be at the discretion of the supplier,



provided that Modern Industries has determined the personnel and processes are adequate to provide the needed service.

- 4.7.1.2. Should the supplier be unable or unwilling to provide the sorting and inspection actions, Modern Industries may use its own personnel for this purpose. The full cost of inspection, including all allocated benefits and overhead charges, plus the cost of any necessary material or equipment shall be charged back to the supplier.
- 4.7.2. If Modern Industries does not have the necessary personnel resources to complete the sorting and inspection procedure or for any other reason it deems necessary, Modern Industries may contract at its own discretion a 3rd party inspection company for the purpose of completing the necessary work. The full cost of these services, plus a 10% administrative charge may be billed back to the supplier.
- 4.7.3. As with the quality reject cost initiatives, the purpose of these inspection and sorting policies is to encourage greater supplier ownership in regards to delivered quality and customer satisfaction.

## 4.8. Customer Return Liability

- 4.8.1. Customer satisfaction is Modern Industries' primary concern, and as such, Modern Industries shall provide its customer with every necessary service to support their needs. In the event that a Modern Industries' suppliers' part or process failure results in a quality reject, part failure, or field return of its customer's parts, the Modern Industries supplier shall be held fully responsible for all costs associated with that failure. Under terms of incidental and consequential damages, Modern Industries' suppliers need to account for the potential of such an occurrence through warranty analysis and statistical forecasting techniques. Mitigating efforts of risk management should be pursued for such purposes. In a customer return or failure situation, Modern Industries shall provide a detailed cost roll-up itemizing internal Modern Industries containment costs, as well as charged supplier costs and penalties. Modern Industries shall not accept any contact term contrary to this standard.

## 4.9. Direct to Stock Failure

- 4.9.1. As improved and statistically reliable processes are achieved, selected Modern Industries suppliers and parts may be placed on direct to stock receiving (see section 8.4). In this process, incoming materials are placed directly into inventory or into process without passing through incoming inspection. Verification to continued product quality shall be evidenced by random lot sampling.
- 4.9.2. Should random lot verification reveal product rejections, or if similar quality issues are discovered in the manufacturing process, the supplier shall be subject to the reject and inspection procedures identified in sections 4.6 and 4.7. Additionally, the suppliers' service rating elements shall be downgraded to reflect the lack of performance. The supplier shall be then placed back on 100% lot incoming inspection, per standard incoming inspection procedures.
- 4.9.3. Direct to stock status does not supersede Modern Industries' ability to reject parts found to be discrepant at a later date. Due to the extremely dynamic nature of Modern Industries' business segments, Modern Industries shall not recognize any time limit for the later determination of quality rejects.

## 4.10. Set-up Material

- 4.10.1. Material for set-up pieces shall be furnished by the supplier and shall not be included with the delivery unless otherwise specified on the contract.

## 5. Risk Management

### 5.1. Business Continuity, and Customer Protection

- 5.1.1. Risk management elements are those which suppliers need to implement for purposes of business continuity, and customer protection. Whether for support of Modern Industries' requirements, or other customer needs, suppliers are strongly recommended to evaluate their preparation in these areas. Modern Industries includes in its supplier expectations the ability to manage risk in the areas indicated below.

### 5.2. Capacity Planning

- 5.2.1. In a dynamic marketplace, like that in which Modern Industries operates, significant shifts in demand are a commonplace occurrence. As such, the ability to accurately manage available capacity and adjust labor and facilities content as necessary is an expected part of doing business. As Modern Industries' customers expect capacity planning performance from Modern Industries, so does Modern Industries with its suppliers. As part of a risk management program, Modern Industries' suppliers should have current accurate information regarding existing capacity availability for labor usage, facilities usage, and equipment usage.
- 5.2.2. Contingency plans should be in place for both dramatic increases and decreases in market place circumstances. The inability to respond quickly to demand changes can mean a permanent loss of revenue for our customers, Modern Industries and our suppliers. The contingency plans should include areas like human resources, facilities, supply chain management, as well as equipment and capital acquisition (divestiture) strategies.

### 5.3. Disaster Recovery Planning—Force Majeure issues

- 5.3.1. Most commercial terms and conditions provide for force majeure exclusions of liability for acts of nature, government, strike, etc. which are reasonably beyond the control of the seller. The protection is also provided to the buyer in that the buyer has the ability to set aside any contractual obligations in order to secure supplies from other sources. Disaster recovery planning as part of risk management should be employed by Modern Industries' suppliers to provide for protection against business interruption and to insure post-recovery business continuity.
- 5.3.2. Modern Industries is committed to a collaborative relationship with its preferred suppliers. However, Modern Industries' first obligation is to its customers, and meeting those customers' demands. In the absence of specific disaster recovery plans, Modern Industries may be forced to change sourcing to ensure adequate supply of components. Once committed to a new supplier, it may be unlikely that Modern Industries shall revert back to a previous supplier. With a disaster recovery plan in place, Modern Industries may maintain the on-going business relationship with its suppliers to the extent feasible.
- 5.3.3. Disaster recovery is a formal set of guidelines detailing the steps for a quick recovery to a level of business functionality that existed prior to the disaster. Elements of a contingency plan may include:
- Storing backup Data such as programs, processing information, formulas and other valuable information at an off-site facility (redundancy plan)
  - Negotiating with key suppliers to secure emergency access to their equipment
  - Developing alternate supply sources that have minimal or no process variation

- Maintaining a strong financial reserve for relocation to an alternative facility from the disaster zone.
- Securing a sound insurance policy that provides for efficient recovery

## 5.4. Economic Contingency Planning

5.4.1. Modern Industries strongly encourages its suppliers to have in place economic contingency and down turn plans. In its primary markets of aerospace and semiconductor equipment, Modern Industries has witnessed sudden and drastic down turns in market demand. Modern Industries and its suppliers should be prepared to quickly respond to these economic changes to ensure continued competitiveness. In times of economic down turns, cost and price improvements gain heightened importance with Modern Industries and its customers. Modern Industries' suppliers must be prepared to respond to the savings requirements at a time when revenues and profits are decreasing. Only through cost management and contingency plans shall suppliers be able to satisfy their customer demands, while remaining financially viable.

## 6. Commercial Requirements

### 6.1. Uniform Commercial Code (UCC) Applicability

- 6.1.1. All material, components, and services provided to Modern Industries are subject to Modern Industries', standard contract terms and conditions (T&Cs), along with all contractual obligations as outlined in the Uniform Commercial Code (UCC) of the United States. Suppliers should familiarize themselves with the commercial protections provided to a seller, and obligation towards the buyer. In general, as defined by §§47-1103 of the UCC, the purpose of the UCC is to "simplify, clarify, and modernize the law governing commercial transactions; to permit the continued expansion of commercial practices through custom, usage and agreement of the parties; to make uniform the law among various jurisdictions." As an Arizona based company, Modern Industries also recognized the use of Arizona UCC under codes §§47-1101 to §§47-1310.
- 6.1.2. The purpose of referencing the contractual protection and obligations of the T&Cs and UCC applicability is to reinforce the important contractual nature of the relationship between Modern Industries and its suppliers. Understanding of these requirements aids in eliminating any confusion regarding commercial decisions made on behalf of Modern Industries.

### 6.2. Actual, Incidental, and Consequential Damages

- 6.2.1. The products offered by Modern Industries to its customers include significant value added process, and often are sub-assemblies for high value items. As such, relatively low cost purchased components and materials can have a very serious impact on high value products. Supplier obligation for product performance may exceed the value of the components significantly.
- 6.2.2. In the event that a supplier component, material or service results in a higher level assembly or final product failure to which Modern Industries is obligated for payment, the supplier shall be held financial responsible for "actual, incidental, and consequential" damages as provided for in UCC §§47-2715. As such, suppliers should familiarize themselves with the protection under this clause.

## 6.3. Risk Insurance

6.3.1. Modern Industries recommends that supplier insure themselves for the potential liabilities they may face in disaster recovery, economic downturn, and part/material/service liability as indicated in sections 5 and 6. The supplier should make use of product failure and warranty analysis to determine the appropriate level of coverage required. Modern Industries makes no recommendation of levels of coverage, coverage terms, or carriers. Each supplier is responsible for their risk coverage practices.

## 6.4. Inventory return and Restocking

6.4.1. As a basis of its dynamic customer markets, Modern Industries may from time to time be faced with significantly slow moving or obsolete inventory from its suppliers. Modern Industries may negotiate in good faith with its suppliers to an agreed upon “restocking” charge in which material will be returned to the supplier. Any subsequent “resale” of these parts/materials to Modern Industries shall include an offset in price for the restocking charge previously applied.

# 7. Part Approval

## 7.1. First Article (FA)

7.1.1. Prior to the commencement of production shipments, all suppliers are required to obtain First Article (FA) approval from Modern Industries or its customers. Failure to obtain FA approval may result in parts being rejected back to the supplier, at the supplier expense, and performance deductions taken from the supplier scorecard rating. The FA process is as follows:

### 7.1.2. *FA Process*

7.1.2.1. All parts received by Modern Industries for the first time shall be subject to FA approval.

7.1.2.2. FA paperwork must accompany the first production part for inspection.

7.1.2.3. If the contract indicates multiple quantities, the entire lot is NOT to be shipped until FA approval is received.

7.1.2.4. Following FA approval, all subsequent shipments are expected to be at the exact configuration, from the same process, etc. as the part submitted for FA

7.1.2.5. At the buyer’s discretion, the requirement for FA prior to production shipments may be waived. The waiver of this requirement must be included in the terms of the contract issued by Modern Industries.

### 7.1.3. *FA Conditions of Shipment*

7.1.3.1. As indicated in 7.1.2, entire lot shipments made without prior FA approval or written deviation is subject to rejection and return. The reject shall be treated as a quality reject consistent with the provisions of section 19 of the supplier handbook. Additionally, the supplier shall be fully liable for the cost of return freight.

7.1.3.2. Should rework of the FA products be required, Modern Industries may at its sole discretion rework the material in-house to bring the material into specification compliance. These charges shall be billed back to the supplier along with provisions of section 4.5.

7.1.3.3. If the FA is shipment is rejected, the rework or replacement cost, FA resubmittal, expedite costs, and expedite freight are responsibility of the supplier.

#### *7.1.4. FA Resubmittal*

7.1.4.1. In the event one or more of the below shall occur a new FA is required based on the original FA requirements.

- FA failure.
- Process Change.
- Location Change.
- Supplier Change (Including Special Processes).
- Material and/or Material Supplier.
- Revision Change.

## 8. General Requirements

### *8.1. Certifications*

8.1.1. Certifications shall provide traceability to the manufacturer/processor and manufacturing lots. Specification revisions shall reflect the latest revisions in effect at the time of commencement of the manufacture/processing unless otherwise specified on the contract.

8.1.2. Certification shall reflect the latest specification revisions in effect at the time of commencement of the manufacture/processing unless otherwise specified on the contract.

#### *8.1.3. Material Certification*

8.1.3.1. All shipments shall have the certification documents included in the shipments, or the delivery may be rejected. In most cases, Modern Industries shall hold the delivery in suspense until the certification requirements are met. Failure to comply with these requirements shall affect the supplier's on-time delivery performance and stratification results. Material shall not be received into Modern Industries' material receiving system until the requirements are complete. Material certifications shall reflect actual values, including mill data.

8.1.3.2. Mill reports shall contain actual test results based on the specification requirements for all raw material procured by Modern Industries' suppliers. Likewise, heat treat process data and certification is required on purchased materials for Modern Industries' suppliers. Suppliers are required to maintain copies of first article, in-process and final inspection reports per section 22 record retention policies. For machining process suppliers, all directly purchased raw materials must include test and inspection reports and are to be retained by the supplier.

#### *8.1.4. Special Process*

8.1.4.1. All shipments containing special process shall have the certification documents included in the shipments, or the delivery may be rejected. In most cases, Modern Industries shall hold the delivery in suspense until the certification requirements are met. Failure to comply with these requirements shall affect the supplier's on-time delivery performance and stratification results. Material shall not be received into Modern Industries' material receiving system until the requirements are complete.

### *8.2. Production Delivery*

8.2.1. Shipment certification to first article approval standards, including statistical process data as required, must accompany every sub-lot delivery. In the absence of demonstrated 5 $\sigma$  long term process capability for all critical and significant characteristics, suppliers must utilize 100% inspection or ANSI/ASQ Z1.4 Table I, single sampling plan for Normal Inspection; level II with an Acceptance Quality Level (AQL) of 0.010. Performance trends may result in decreased sampling requirements to level I reduced inspection, or to level III tightened inspection in accordance with the switching procedures in ANSI/ASQ Z1.4. Deliveries received without proper certification are considered incomplete and subject to quality and delivery reject procedures.

### *8.3. Receiving Inspection*

8.3.1. To ensure on-going customer satisfaction and product integrity, Modern Industries performs receiving inspection on every lot of incoming material. It is the supplier's responsibility to ensure that their products and deliveries meet the dimension, visual, quality standards and required approval through the FAI process. Each shipment shall include inspection and certification documents as required. Inability to meet these requirements may result in shipment rejection and return of product to the supplier as defined in sections 19 & 7.1.

### *8.4. Direct to Stock Procedure*

8.4.1. Modern Industries may implement at its discretion a Dock to Stock process for suppliers that have met the requirements identified below:

8.4.1.1. Upon the completion of the tenth (10<sup>th</sup>) error free shipment, the product may be placed on direct to stock program.

8.4.1.2. To ensure continued performance and compliance to part specifications, parts on direct to stock program shall be subject to random incoming audits, with frequency not greater than 10 shipments.

8.4.1.3. Modern Industries has adopted an inspection sampling procedure similar to that defined in section 8.2.1, using ANSI/ASQC Z1.4 inspection standard. Based on the individual supplier receiving performance data, individual products or suppliers may be placed on a direct to stock basis. With the demonstrated ability to continually meet production and acceptance standards, the direct to stock program reflects Modern Industries' confidence in supplier performance. Once on direct to stock program, continued specification conformance move more fully to the supplier, with increased responsibility for customer satisfaction.

8.4.1.4. Failures identified during random incoming audits, or discovered in production for direct to stock items require immediate on-site supplier containment. Supplier responsibility for this process is outlined in section 4.8.

8.4.1.5. After one (1) failure during audit process or in production reject, the part is immediately placed on 100% incoming inspection, and must recertify for the direct to stock program.

8.4.1.6. Part documentation and certification requirements on direct to stock items are unchanged, with all paperwork to be provided with each delivery.

## 9. Modern Industries Supplied Tooling, Gages, and Fixtures

9.1. Supplier shall maintain an Accountable Property List to monitor activity and location of all Modern Industries and Modern Industries' customer or government owned tooling/gages/fixtures in their custody.

- 9.2. This list will include both the tooling/gages/fixtures supplied by a Modern Industries facility and the tooling/gages/fixtures fabricated by the supplier to manufacture contracted components but owned by Modern Industries or its customer(s).
- 9.3. Tooling/gages/fixtures supplied by Modern Industries shall be returned after purchase order requirements are completed, unless written authorization is received from Modern Industries' buyer.
- 9.4. Suppliers shall submit a written request and receive Modern Industries written approval before any alteration or repair is performed on Modern Industries' supplied tooling/gages/fixtures.
- 9.5. Suppliers are responsible for the repair and/or replacement cost of all loaned tooling/gages/fixtures damaged or lost after receipt by the supplier.
- 9.6. Suppliers are responsible for the preservation of tooling/gages/fixtures which are not in use. After 90 days of non-use the supplier shall contact the Modern Industries buyer for return of the tooling/gages/fixtures.
- 9.7. All furnished tooling/gages/fixtures in the custody of a supplier are subject to periodic Modern Industries inventory audits and calibration.

## 10. Materials

### 10.1. Modern Industries' Conflict Minerals Policy

- 10.1.1. Modern Industries deplores the violence in the DRC and adjoining countries and is committed to responsible sourcing of conflict minerals associated with the region. Accordingly, Modern Industries has adopted a conflict minerals policy. Modern Industries requires its suppliers to adopt a similar policy and to meet the expectations set out below.

#### 10.1.2. *Materials Supplied to Modern Industries*

- 10.1.3. Suppliers are required to comply with all applicable local, country<sup>1</sup>, and international laws regarding material content for the materials supplied to Modern Industries. At Modern Industries' request, Suppliers are required to provide to Modern Industries reports on the occurrence of substances in any materials supplied to Modern Industries that may be restricted by, or require disclosure to, governmental bodies, customers and/or recyclers.
- 10.1.4. Conflict Minerals. Suppliers are required to supply materials to Modern Industries that are "DRC conflict- free." "DRC conflict-free" means (1) any "conflict minerals" (gold, columbite-tantalite, also known as coltan, cassiterite, wolframite, or their derivatives tin, tantalum or tungsten (collectively the "3TGs")) necessary to the functionality or production of supplied materials do not directly or indirectly finance armed groups through mining or mineral trading in the Democratic Republic of Congo or an adjoining country, or (2) any 3TGs in supplied materials are from recycled or scrap sources.<sup>2</sup> Suppliers are required to adopt policies and management systems with respect to conflict minerals and to encourage their suppliers to adopt similar policies and systems.

<sup>1</sup> Updated Conflict Minerals section following publication of final U.S. Securities and Exchange Commission Conflict Minerals Rule, 77 Fed. Reg. 56274 (Sept. 12, 2012).

<sup>2</sup> Conflict minerals are from "recycled or scrap sources" if they are from recycled metals, which are reclaimed end-user or post-consumer products, or scrap processed metals created during product manufacturing. Recycled metal includes excess,

obsolete, defective and scrap metal materials that contain refined or processed metals that are appropriate to recycle in the production of tin, tantalum, tungsten, and/or gold. Minerals partially processed, unprocessed, or a "bi-product" from another ore are not included in the definition of recycled metal. Item 1.01(d)(6) for Form SD, 77 Fed. Reg. 56274, 56364 (Sept. 12, 2012).

## 10.2. Modern Industries' Restriction of Hazardous Substances (RoHS) Policy

10.2.1. Modern Industries is committed to a variety of Industry Standards and Compliance initiatives. Modern Industries has developed a corporate RoHS policy which sets forth Modern Industries' expectations for suppliers providing materials to Modern Industries that may be subject to the requirements of the European Union's Directive 2002/95/EC, Restriction on the use of certain Hazardous Substances in Electrical and Electronic Equipment (RoHS).

### 10.2.2. *Materials Supplied to Modern Industries*

10.2.2.1. Suppliers are required to comply with all applicable local, country, and international laws regarding material content for the materials supplied to Modern Industries. At Modern Industries' request, Suppliers are required to provide to Modern Industries reports on the occurrence of substances in any materials supplied to Modern Industries that may be restricted by, or require disclosure to, governmental bodies, customers and/or recyclers.

## 10.3. Substitutions

10.3.1. Material substitutions are not allowed unless authorized by engineering drawing or material specification. This applies to (and is not limited to):

- Material grade (or stock such as bar, rod, tube, extrusion, and flat)
- Material Condition (i.e. heat treat)
- Material Mill or Foundry Source as applicable.
- Materials or parts shall be manufactured/processed to the latest material or process specification revisions in effect at the time of commencement of the manufacture/processing unless otherwise specified on the contract.

## 11. Foreign Object Debris (FOD)

### 11.1. FOD Procedure

11.1.1. Aerospace suppliers shall have a written procedure which addresses elimination of FOD. Minimum requirements shall include:

- Review of design and manufacturing process.
- Performance measurement
- Training.
- Material handling and part preservation (Including Caps and Plugs)
- Housekeeping
- Tool and hardware accountability



- Work is accomplished in a manner to prevent FOD
- Modern Industries has the right to perform FOD audits
- Supplier shall perform periodic self-assessments
- Physical entry control into FOD controlled areas
- Flow down requirement to sub tier suppliers.

11.1.2. Non-aerospace suppliers are recommended to have a written FOD procedure.

## 12. Electrostatic Device Protection

### 12.1. Handling, Packaged Storage and Shipping

12.1.1. Devices identified as electrostatic discharge sensitive shall be handled, stored, packaged and shipped in such a manner as to preclude damage from electrostatic discharge. Electrostatic protection process shall be modeled after MIL-STD-1686 “Requirements for Handling Electrostatic-Discharge-Sensitive (ESDS) Devices”. Electrostatic protection requirements specified on the component specification/drawing or elsewhere on the contract take precedence over this paragraph.

## 13. Frozen Process

### 13.1. General

13.1.1. Changes or modifications to operations, process, facilities, or an approved technique sheet shall be submitted to Modern Industries for documented approval.

13.1.2. Supplier shall have documented frozen process approval prior to implementing any changes.

## 14. Subcontracting

### 14.1. Permissions

14.1.1. No subcontracting of contractual requirements without Modern Industries prior written approval. If it is discovered that a supplier has sub-contracted without written approval from Modern Industries, the product shall be rejected and contract(s) may be canceled at supplier cost and awarded to a different supplier.

14.1.2. When subcontracting is permitted, the supplier shall,

- Demonstrate control of all sub tier suppliers.
- Ensure customer approved suppliers are utilized.
- Ensure all contract requirements are flowed down.
- Submit FAI with incorporated changes.

## 15. Training

### 15.1. General

- 15.1.1. The supplier shall provide adequate training to ensure competence for personnel performing work affecting conformity to product requirements.
- 15.1.2. The supplier shall evaluate the effectiveness of training and maintain appropriate records of education, training, skills and experience.
- 15.1.3. When Special Processes apply, the Supplier shall meet the training requirements of the process governing specification.

### 15.2. Inspection and Testing

- 15.2.1. Inspection and testing shall be performed by qualified personnel.

## 16. Supply Base Stratification

### 16.1. Supplier Stratification

- 16.1.1. Continuous performance indicators and assessment results shall determine supplier stratification affecting continued sourcing opportunity. Upon the calculation of the final monthly results, Modern Industries' supplier development group shall provide detail supplier information for use by Modern Industries' commodity buyers by which the buyers shall determine supplier eligibility. Supplier executive management may be required to participate in an onsite detailed performance review, to demonstrate viability for continued sourcing opportunities. Modern Industries' customers may be notified of any customer-directed supplier falling below *Authorized* status.
- 16.1.2. Stratification is determined by a weighted complex algorithm measurement. The stratification levels include: Preferred, Authorized, Process Improvement Plan (PIP), and Disqualified. It is the results of this stratification methodology which shall be the basis for business continuation with Modern Industries.
- 16.1.3. Modern Industries has adopted the following stratification categories and guidelines:
  - *Preferred*: Suppliers demonstrating continuous improvement and evidence of commitment to collaboration with Modern Industries. Third party certified to ISO 9001, AS9100 and meeting commodity specific delivery, quality and commercial performance targets within the performance range of >85%. Preferred status includes "preferred opportunity" for new sourcing.
  - *Authorized*: Authorized status achieved with performance scores of 65%-85%. Commodity and supplier specific targets within the approved range. Approve status allows for new business sourcing potential with Modern Industries. Suppliers within the Authorized status may be required to submit a self-directed improvement plan, demonstrating continuous improvement and progress towards preferred long-term status.
  - *PIP*: A supplier classified as PIP is conditionally approved and may be allowed to conduct or continue to conduct business with Modern Industries, but on a limited and monitored basis. Performance criteria of < 65% on-going performance measures reflecting deficit performance, or lack of demonstrated acceptable performance levels

shall result in this classification. Conditionally approved suppliers shall not be eligible for new business opportunities.

Suppliers failing to maintain an acceptable quality rating (Preferred or Authorized) for two consecutive quarters shall be requested to furnish a Corrective Action Process Improvement Plan that includes specific improvement objectives attainable within 6 months of implementation. Suppliers are subject to an unannounced follow-up on-site audit within 6 months following the issuance PIP.

- *Disqualified:* Disqualified classification is assigned for suppliers with on-going performance scores of 64-0 and failed to meet the PIP requirements. Once disqualified, a supplier shall not be eligible to receive any new and may lose all existing contracts subject to Modern Industries' procurement initiatives.

## 17. Performance

### 17.1. Standard Performance Measures

- 17.1.1. Modern Industries' customers have stated their expectation that Modern Industries and its suppliers achieve annual improvement in cost, quality, delivery and other performance areas. As such, Modern Industries has established the criterion against which supplier performance shall be measured. The key areas of performance are as follows:

Category	Points Available
<u>Quality Performance</u>	55
<u>Supplier Service Performance</u>	45
Total	100 points

- 17.1.2. The individual points for each major area of evaluation are detailed in section 17.3 of the supplier handbook. The allocation of points in each major area or subsection may be changed from time to time as deemed necessary by Modern Industries' supply chain management group.

### 17.2. Scorecard Report & Methodology

- 17.2.1. In 2002 Modern Industries introduced a supplier scorecard system which provided a general assessment of supplier performance. The following information provides a summary description of the supplier scorecard and methods of calculation. This information is provided for reference only, and shall be modified as necessary.

- 17.2.2. Scorecards shall be issued on a quarterly basis to critical suppliers.

#### 17.2.3. Rating

- 17.2.3.1. *Quality Performance* – Total Points 55

- 17.2.3.1.1. Product Quality – Total element points available 30

- Score assigned per the formula of  $(1 - \text{Reject Quantity} / \text{Received Quantity}) * 30 = \text{score}$

17.2.3.1.2. *Supplier Corrective Action Request (SCAR)* – Total points available 10

- Score assigned per the formula of  $1 - \text{Quantity of Late Corrective Actions} / \text{Quantity of Corrective Action Issued} * 10 = \text{score}$

17.2.3.1.3. *Quality Management Systems* – Total points available - 15

17.2.3.1.3.1. Consistent with section 2.2.1.1 and 2.2.1.2 above, quality management systems shall be evaluated and scored as part of the overall supplier performance.

- Nationally/Internationally known registration to AS9100 or ISO9000 – 15 points
- ISO 17025, NADCAP - 10 points
- Modern Industries Audit – 8 points
- No Certification – 0 points

17.2.3.2. *Supplier Service Performance* – Total Points Available 45

17.2.3.2.1. *On Time Delivery* – Total points available - 30

- Score assigned per the formula of  $(1 - \text{Quantity of Late Deliveries} / \text{Quantity of Deliveries}) * 10 = \text{score}$

17.2.3.2.2. *Customer Service* – Total points available - 15

17.2.3.2.2.1. *Modern Industries' buyer and supplier quality engineer shall evaluate supplier performance based on the suppliers' ability to accurately and timely communicate. Considered in the evaluation shall be:*

- Advanced communication of late shipment or shipment reschedule
- Timely notification of potential quality reject or containment issues
- Notification of capacity limitations or shipment continuity problems
- Others communications as deemed critical

17.2.4. *Rating Deductions*

17.2.4.1. *Quality Deductions*

17.2.4.1.1. Reductions from quality performance elements may be made for the following:

- Field issues – Quality reject issues at Modern Industries' customers discovered as caused by supplier product “failures”
- Stop Shipments – Customer delivery held at Modern Industries due to suspect supplier components

17.2.4.2. *Corrective Action Deductions*

17.2.4.2.1. Reductions from corrective action performance elements may be made for the following:

- Delinquency to take corrective actions within specified time period.
- Supplier delinquency to take corrective actions within specified time period shall result in elevation of the problem issue to the supplier executive level for resolution. Continued delinquency may result in supplier reclassification as “disqualified”, with status shared with Modern Industries’ customers as appropriate.

17.2.4.3. *Quality Management System Deductions*

17.2.4.3.1. Reductions from QMS performance elements may be made for the following:

- Supplier Quality Management System accreditation level or status.
- Nonconformance’s identified in the Suppliers Quality Management System within specified time period shall result in elevation of the problem issue to the supplier executive level for resolution. Continued nonconformance may result in supplier reclassification as “disqualified”, this status may be shared with Modern Industries’ customers as appropriate.

17.2.4.4. *On Time Delivery Deductions*

17.2.4.4.1. Reductions from delivery performance elements may be made for the following:

- Late deliveries.
- Continued supplier delivery delinquencies within specified time period shall result in elevation of the problem issue to the supplier executive level for resolution. Continued delinquency may result in supplier reclassification as “disqualified”, this status may be shared with Modern Industries’ customers as appropriate.

17.2.4.5. *Service Performance Deductions*

17.2.4.5.1. Service Performance rating evaluations may be made in which points can be deducted from the total points available. This evaluation shall be completed quarterly by the Modern Industries’ commodity buyer. The following are among the items considered:

- Trends in overall supplier performance, and support to Modern Industries
- Suppliers’ initiative in understanding our processes and products to concurrently develop potential solutions to Modern Industries’ challenges.
- Unwillingness to seek assistance from the appropriate Modern Industries representative for problem resolution or requirement clarification

## 18. Shipping & Delivery

### 18.1. Demand Forecasting and Authorization

18.1.1. Modern Industries intends to make use of “blanket” contracts when and where feasible, providing for estimated annual usage pricing, lead-time, payment terms, etc. Material releases shall be issued against these blanket contracts. Modern Industries reserves the right to modify blanket contracts due to unforeseen market conditions. Modern Industries

will make every attempt to release extended forecasts to our suppliers based on our customer's needs.

- 18.1.2. Modern Industries' liability shall not exceed the firm release quantities as indicated on the release.
- 18.1.3. Where "Spot Buy" or limited quantity contracts are used, Modern Industries' liability shall not exceed the quantities indicated on the face of the contract. Typically, demand forecasts are not provided for these contract types.

## 18.2. Shipping Frequency

- 18.2.1. With the continued compression of lead time requirements from the customer, and the implementation of advanced lean manufacturing techniques, suppliers may be required to increase shipping frequencies from once per week or month, to multiple weekly or even daily shipments. With increased shipping frequencies, suppliers must provide the necessary support to allow for uninterrupted production schedules. Where minimum buy quantities may be included in the negotiated terms in either the blanket or spot buy contracts, minimum ship quantities shall not be accepted.

## 18.3. Lot Size Compliance

- 18.3.1. Consistent with release and shipping frequency, delivery lot size compliance must be followed by all suppliers. Lot sizes outside the released demand must be negotiated with and accepted by the buyer. Any material delivered in excess of the planned level may be returned to the supplier, held by Modern Industries, or scrapped at Modern Industries discretion. Only the material received per schedule and contract shall be submitted for payment.

## 18.4. Delivery Window

- 18.4.1. All materials delivered to Modern Industries must conform to the delivery scheduled issued as part of a material release or spot buy contract. "On-time" deliveries shall be those received three (3) days prior to and zero (0) days past the planned delivery date. Any products received earlier than three days prior to scheduled delivery shall be considered non-compliant to the delivery window, and shall be reflected in the supplier delivery ratings and scorecard performance. Early material may be held until scheduled delivery date, or if exceedingly early may be return to the supplier at the suppliers' expense. Any material received beyond the delivery date is considered late, and may require a delivery corrective action report to address the root cause of delivery failure.

## 18.5. Packaging Compliance

- 18.5.1. All materials delivered to Modern Industries shall comply with the packaging and labeling specifications as determined by Modern Industries or its customers. Packaging information shall be made part of the specifications, drawings, and contract. Packaging compliance may include bar-coding requirements as determined by Modern Industries. Bar-coding requirements and specifications shall be specified on contract. The standard bar code used by Modern Industries is DW BAR 39 (AKA code 3 of 9).
- 18.5.2. Unless explicitly stated on the contract, the minimum following packaging is required in order to ensure safety in transport and proper identification of product:
  - Packaging shall adequately protect the product from damage during transit.

- Metal-to-Metal contact is prohibited except for bulk packaging (i.e. bolts, nuts, washers...).
- Product shall be packaged to prevent corrosion.
- Enclose in an envelope associated certifications and inspection reports. Affix a label to the envelope indicating the enclosure. Where each part is serialized, package the parts individually and label the package with the serial number.
- Label the outermost packaging with the following information: name of supplier, part name, part number and revision level, and quantity of parts contained in package.
- On the packing slip and invoice, be sure to indicate the part number, revision level, lot number, contract number and if the parts are serialized, include their serial numbers of the parts.

## 19. Nonconformance

### 19.1. Nonconforming Material

- 19.1.1. Any non-conformance to the requirements of the contract, drawing or specification shall be reported. Corrective action shall be in accordance with section 20.
- 19.1.2. Non-conformances shall be referenced on the shipping documents.
- 19.1.3. When parts are serialized the non-conforming serial numbers shall be listed on the shipping documents.

### 19.2. Material Disposition

- 19.2.1. When material is defined as suspect and reviewed under the process described in section 19 the Supplier Quality Engineer shall provide a disposition in one of the following categories:
  - *Accept* – Modern Industries accepts known discrepancies;
  - *Rework* – Reworked at Suppliers cost;
  - *Scrap* – scrapped at Suppliers cost. Any Modern Industries furnished material shall be properly identified and returned with shipment.

#### 19.2.2. *Supplier Fault – Parts & Components*

- 19.2.2.1. Upon receipt of supplier fault material, Modern Industries shall begin processing the return by providing the supplier the opportunity to provide a Return Material Authorization (RMA) to facilitate the suppliers' return processes. In the event the supplier fails to provide an RMA within 48 hours, Modern Industries shall therefore assume no RMA is necessary as part of the supplier's process and proceed with the return of material.
- 19.2.2.2. The material shall be returned to the supplier and Modern Industries shall provide the contract number under which the material was procured, and the RMA # if provided. The value of the parts returned shall be debited by Modern Industries to the supplier's accounts payables. Other costs may be recovered as detailed in section 4 of the Modern Industries Supplier Handbook.

#### 19.2.3. *Supplier Fault – Outside Special Processes*

19.2.3.1. Outside special process returns shall contain all the elements listed in section 19.2.2 with the following exceptions:

- 1) Where the parts can be reworked, the parts shall be returned for rework. The supplier expedites the rework process and re-ships order; and
- 2) If the material is scrapped, the supplier shall be debited three (3) times the cost of the special process service as listed on the contract, or the total cost Modern Industries has invested in the part. (This debit is consistent with contract protection of actual, incidental, and consequential damages. Uniform commercial code coverage, and contract liability is further detailed in section 6 of the Supplier Handbook.)

#### *19.2.4. Modern Industries Fault*

19.2.4.1. Where the part failure is determined to be caused by Modern Industries, the material may be returned to the supplier for rework. In such cases, the supplier shall quote the cost of the rework to Modern Industries' purchasing, a rework contract shall be issued, and the supplier shall complete the rework in an expedited fashion.

#### *19.2.5. Internal Rework*

19.2.5.1. Modern Industries may require supplier rework to be conducted within our facilities. Any supplier completed work, shall be accomplished within the same day of request. In the event that the Modern Industries' supplier is unable to complete the rework in this specified time frame, Modern Industries shall complete the work. The rework cost incurred by Modern Industries, along with an administrative fee of \$250 shall be charged back to the supplier.

## 20. Corrective Action

### 20.1. Supplier Corrective Action Reports (SCARs)

- 20.1.1. Modern Industries recognizes the potential product and process failure which can occur, both internally and with the suppliers. To this end, Modern Industries has defined a SCAR through our STAR corrective action system which reflects the severity of the quality issue. As outlined in section 17.3.3.1.2 of the supplier handbook, supplier performance shall be in part measured against containment and identification of permanent corrective action.
- 20.1.2. Unless otherwise specified by the Modern Industries' Supplier Quality Engineer, all SCARs require the formal submission of a containment plan within 48 hours of notification of the issue. Root cause identification and permanent corrective action must be defined by the date on the SCAR. Evidence to the effectiveness of the containment and corrective actions shall be required throughout the problem resolution period.

### 20.2. Process Improvement Plan (PIP)

- 20.2.1. Modern Industries' Supplier Quality Engineer shall facilitate the implementation of the PIP actions within the suppliers' operations, serving as a technical quality consultant where applicable. Failure by any supplier to provide the PIP in a timely manner may result in the reclassification to "disqualified" status. Additionally, PIP or other development plans may be required of suppliers at any classification level as deemed necessary by Modern Industries. The quality of the PIP and progress towards its completion shall be reflected in the supplier quality ratings as defined in section 16.1.3



## 20.3. Dispute Resolution

- 20.3.1. Should any errors be noted in the suppliers' performance, stratification level, or corrective action requirements, it is the supplier's responsibility to assure the accuracy of the information used. All disputes, including rejected material must be addressed within one calendar month to be considered for evaluation.
- 20.3.2. To demonstrate that the initial rating, classification, or reject were incorrect the suppliers must provide evidence with respect to quality, rating, or delivery discrepancy. Documentation requirements include:
  - Quality issues: inspection reports, process capability data (SPC data), part & material certifications, etc.;
  - Delivery issues: shipping dates and on-time performance evidence, quantity verification, and packing slip information are;
  - Scorecard issues: data as deemed necessary to support dispute.
- 20.3.3. Specifically for the resolution over dispute to nonconforming material classification, the supplier shall complete the Non-Conforming Material Reversal (NCRM) Request Form that can be obtained from the Modern Industries website, within 30 days from date of issuance of the SCAR. The NCRM form is then submitted to the Modern Industries buyer or SQE for consideration. If the reversal is approved the supplier shall be notified, and any contract debit shall be reversed. If the reversal is rejected the original complaint stands.

## 21. Right of Access

- 21.1. Modern Industries, its Customers and Regulatory Agencies reserve the right of access to the supplier's premises and personnel to verify the quality of work, records, traceability and the effectiveness of corrective actions on parts and processes.
- 21.2. Suppliers shall flow down the right of access requirement to all of their sub-tier suppliers.

## 22. Records

### 22.1. Traceability

- 22.1.1. The supplier shall maintain the identification of products, processes, materials and documents throughout the entire product realization process, including sub-tiers suppliers.
- 22.1.2. The Supplier shall maintain the identification of the configuration of the product in order to identify any differences between the actual configuration and the agreed configuration.
- 22.1.3. Where traceability is a requirement, the Supplier shall control the unique identification of the product and maintain records. Product identification is to be maintained throughout the product life including the ability to trace all products manufactured from the same batch of raw material, or from the same manufacturing batch, to the destination.
  - 22.1.3.1. For assemblies, the ability to trace components or the assembly to the next higher assembly level. For products a sequential record of its production (manufacture, assembly, or inspection/verification) is to be retrievable.
- 22.1.4. When acceptance authority media are used by the Supplier (e.g., stamps, electronic signatures, passwords), the Supplier shall establish appropriate controls for the media.
- 22.1.5. The C Of C at a minimum shall contain:

- Part Number including revision;
- Reference to the Contract number;
- Specifications including revisions;
- Materials and Special Processes when applicable;
- Serial numbers when required;
- Traceability to the supporting certifications;
- Approval and date by authorized personnel.

## 22.2. Record Retention

22.2.1. Because of the criticality nature of the quality records, Modern Industries requires that suppliers do the following:

- Supplier to maintain quality records permanently or as identified on the contract. Retention start dates begin at the delivery of each contract line item.
- The supplier is to request approval in writing prior to the destruction of records pertaining to product supplied to Modern Industries.
- Record shall be retrievable, legible, and identifiable within 48 hours of the request by Modern Industries. Methods shall be in place to prevent tampering or loss of records.

## 23. Environmental, Health and Safety

23.1. Modern Industries suppliers are expected to comply with all local and country environmental, health and safety laws and regulations.

## 24. Transportation

24.1. Modern Industries suppliers are expected to comply with all local, country and international laws and regulations governing the transportation of goods and materials.

## 25. Labor and Human Resources

25.1. Suppliers are expected to comply with all local country labor and human resource laws and regulations, including those related to wages, hours worked, working conditions and child labor.

## 26. Ethics

26.1. Modern Industries maintains an ethics policy to guide its employees and its Suppliers with respect to standards of conduct expected in areas where improper activities could damage the reputation of the Modern Industries its customers, or its suppliers. The policy is available on the Modern Industries website.

# Appendix

## Modern Industries divisions and locations:

Modern Industries Corporate Office and Headquarters  
BRD Division  
4747 E Beautiful Lane  
Phoenix, AZ 85044

STC Division  
4755 E. Beautiful Lane  
Phoenix, AZ 85044

FDR Division  
2925 S. Roosevelt Street  
Tempe, AZ 85282

404 Division  
3001 E. Air Lane  
Phoenix, AZ 85034

# Review Record

Reviews, revisions and new issues necessitate an update of the policies and procedures relevant to Modern Industries, Inc. and its suppliers. All Modern Industries quality systems documents in printed form are to be considered for reference only. Controlled documents are stored electronically. It is the responsibility of the user to verify revisions prior to use. Modern Industries intends to make the electronic version of this document available via supplier portal when developed.

Document No.: MII-CRP-00094	Rev. 006	Originating Department: <b>Supply Chain Management</b>	Date Effective: 3/7/2017
Document Owner: <b>Mike Amick</b> Job Title: <b>Director of Supply Chain</b>		Document Owner: <b>George Prohaska</b> Job Title: <b>Director of Quality</b>	
<b>Revision</b>	<b>Change Description</b>	<b>Date</b>	
000	Initial release.	07/16/2004	
001	Added section 4.2, 8, 9, 10, 11, 12, 13, 14, 15 and 20. Restructured and formatted accordingly.	01/22/2013	
002	Added sections 10.1 and 10.2.	3/30/2015	
003	Changed Corporate Office location	5/15/2015	
004	Added sections 23 to 26.	10/06/2015	
005	Revised section 10.1 to make Conflict Minerals requirement and changed format. Added the RoHS Policy in section 10.2. and 404 Division.	9/21/2016	
006	Added section 4.5.	3/7/2017	