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KCB SOLUTIONS QUALITY REQUIREMENTS FOR PURCHASED MATERIALS

GENERAL QUALITY REQUIREMENTS: THE GENERAL QUALITY REQUIREMENTS QAR-01 thru QAR-24 DESCRIBED BELOW ALONG WITH THE PACKING AND PACKAGING REQUIREMENTS SHOWN ON THE KCB SOURCE CONTROL DRAWING ARE AN INTEGRAL AND REQUIRED PART OF **EVERY** KCB SOLUTIONS (Here forth mentioned as "**KCB**") PURCHASE ORDER.

SPECIFIC QUALITY REQUIREMENTS: DESCRIBED IN DETAIL WITHIN QAR-25 thru QAR-38, THE SPECIFIC QUALITY REQUIREMENTS, WHEN CALLED FOR BY REFERENCE NUMBER ON THE PURCHASE ORDER IN THE "SPECIFIC QUALITY PROVISIONS" BLOCK, BECOME AN ESSENTIAL PART OF EACH KCB PURCHASE ORDER, IN ADDITION TO ALL OTHER REQUIREMENTS, CLAUSES, PROVISIONS, INSTRUCTIONS AND TERMS AND CONDITIONS OF PURCHASE, AND ARE A PART OF THE CONTRACT REQUIREMENTS THEREOF BY REFERENCE. MATERIALS RECEIVED WHICH DO NOT CONFORM TO ALL REQUIREMENTS WILL BE SUBJECT TO REJECTION, OR SUCH OTHER MEASURES AS MAY BE DEEMED NECESSARY BY KCB.

KCB SOLUTIONS GENERAL QA REQUIREMENTS FOR PURCHASED MATERIALS & SERVICES

All requirements imposed upon the supplier are indicated on the Purchase Order by the QAR Number (QAR-*nn*) below.

QAR-01 QUALITY INSPECTION SYSTEM

Supplier shall provide and maintain an effective Quality Inspection System acceptable to KCB SOLUTIONS. This system shall produce repeatable and consistent quality levels. All supplies and services specified in the procurement document shall be subject to appropriate control of quality as necessary for compliance with referenced drawings and specifications. Records of all inspections, tests, and other verifiable documentation of quality shall be complete and available for KCB SOLUTIONS to review for a minimum period of seven (7) years.

QAR-02 QUALITY MANAGEMENT SYSTEM- REQUIREMENTS

Supplier shall provide and maintain an inspection and quality management system that is in conformance with ANSI/ISO/ASQ 9000, AS 9100, or an equivalent system.

QAR-03 MEASUREMENT MANAGEMENT SYSTEM- REQUIREMENTS

Supplier shall provide and maintain a calibration system in conformance with ANSI/NCSL Z540-1, ANSI/ISO/IEC 17025, ISO 10012, or comparable system, as well as appropriate sections of the obsolete (2/27/1995) MIL-STD-45662. This requirement shall not apply to a distributor who does not test product. The distributor, however, shall flow this requirement down to their supplier and shall maintain evidence of such flow down.

QAR-04 CERTIFICATE OF CONFORMANCE

Supplier shall submit, with each shipment of material, a statement on the Supplier's letterhead which certifies the following: "All material and/or services supplied are in conformance with the requirements of the procurement document. Test reports, inspection records, or other verifiable documentation of quality shall be maintained at the point of manufacture and shall be available for review by KCB SOLUTIONS, the KCB SOLUTIONS Customer, and/or government representative." Distributors, in addition, are required to supply a certification from the original manufacturer of the material (OEM Certification). Mandatory information required on the CofC: KCB SOLUTIONS Part Number, Manufacturer's Part Number, Purchase Order Number, Manufacturing Lot Number and Date Code (if applicable), and Quantity. This information shall also be included on any packaging. Other typical information on CofC's and packaging may include: Supplier Part Number (if different from manufacturer's part number), Supplier Sales Order Number, Value and Tolerance (if applicable).

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QAR-05 SPECIAL PROCESSING REPORT

Reports of all special processes and inspection methods such as welding, heat rating, brazing, plating, painting, magnetic particle inspection, fluorescent penetrant inspection, etc. demonstrating compliance with all applicable specifications as referenced by the drawing and/or purchase order shall be submitted with each shipment. KCB will specify exactly which special process requires reporting as part of the purchase order.

QAR-06 MATERIAL CERTIFICATION

Supplier shall submit, with each shipment, a certification as to the material content and/or assay. Chemicals must be accompanied by a Certificate of Analysis and a Material Safety Data Sheet.

QAR-07 RIGHTS TO AUDITS

KCB SOLUTIONS's Quality Assurance representatives may perform audits and maintain surveillance of the Supplier's facility to ensure compliance with the Quality Control System. KCB SOLUTIONS reserves the right to use ANSI Z1.4, MIL-STD-1916, or equivalent sampling plans for acceptance or rejection of items.

QAR-08 CHANGE CONTROL

Supplier specifically agrees that no changes will be made in design configuration, material manufacturing process, testing method, or testing sequence without prior written approval of KCB SOLUTIONS. Supplier's drawings, specifications, process documentation, and test procedures, which have been previously approved by KCB SOLUTIONS, shall be resubmitted to KCB SOLUTIONS for evaluation and approval prior to the Supplier affecting changes to the product or data.

QAR-09 LOT TRACEABILITY

All items on this order are subject to traceability at the Supplier's facility, which is defined as the ability to trace the history, application, use, and location of an individual item or characteristic lot of items through the systematic assignment, recording, and correlation of control identification numbers. All items within the lot and all associated documentation (test reports, certifications, etc.) shall be identified with the lot traceability number unless otherwise specified in the procurement document.

QAR-10 IDENTIFICATION

(A) All material, parts, assemblies, subassemblies or assembly material shall be identified with KCB's specification and drawing revision level as referenced on the applicable purchase order. Examples include:

- KCBXXX Rev. X
- 82XXX Rev. X
- 81XXX Rev. X

(B) The part number with the appropriate revision shall be applied to the individual packaging of the item, using suitable stick-on type labels (not applied directly to the item).

(C) Fabricated detailed machined parts shall include the Seller's name or logo adjacent to the part number and revision level marking.

QAR-11 RECORDS

A statement shall accompany each shipment which states that inspection records, test reports, and/or other verifiable evidence of quality, indicating conformance to all applicable specifications, are maintained at the point of manufacture and/or fabrication and are available for review by authorized KCB SOLUTIONS and/or government representatives.

QAR-12 PREPARATION FOR DELIVERY

Parts shall be packaged in suitable containers to prevent damage to individual parts which would affect their quality or reliability. Cushioning, packaging, and wrapping shall be of no static generating, noncorrosive, and non-shedding material of sufficient quality and strength to ensure safe and clean arrival of parts. This requirement protects adjacent sensitive parts in clean room from ESD damage and contamination.

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QAR-13 CORRECTIVE ACTION REQUESTS

When a quality problem exists with the Supplier's items, KCB SOLUTIONS may forward a Corrective Action Request to the Supplier. Corrective Action Requests require timely responses and must include the following information: analysis of the root cause of the problem, statement of the action taken to prevent recurrence, and affectivity of the action.

QAR-14 ESD REQUIREMENTS

Electrostatic discharge protection shall be incorporated into manufacturing and shipping to comply with the requirements of MIL-STD-1686. All inner containers and wrapping shall be static dissipative, conducive, or static shielding of sufficient quality and strength to ensure safe and clean arrival of parts. Note that provisions of QAR-14 are also required to be met.

QAR-15 RESTRICTION OF HAZARDOUS SUBSTANCES (RoHS) COMPLIANCE CERTIFICATION

The European Union's Restriction of Hazardous Substances law requires certification of very low levels of specific hazardous materials in electronics manufacturing. Provide certification of compliance (less than 100 ppm of cadmium; less than 1000 ppm of other listed substances, including lead) and clearly identify any compliant items replacing previous noncompliant production. If quantities larger than the standard allowance are present but are exempted from this requirement, please state.

QAR-16 DEFENSE FEDERAL ACQUISITION REGULATION SUPPLEMENT

DFARS 252.225-7009 [Restriction on Acquisition of Certain Articles Containing Specialty Metals (JAN 2011)] now excludes requirements for "Specialty Metals" to be melted in the United States for Electronic Components. They are now considered EXEMPT under 252.225-7009 (c)(1).

QAR-17 INTERNATIONAL TRAFFIC IN ARMS REGULATIONS (ITAR)

Department of State International Traffic in Arms Regulations (ITAR) [22 CFR 121.1, Category XI (c, d)] require a system of controls over export or transfer of certain commodities, technical data, and software to foreign countries, foreign nationals in the United States, and to other specific individuals. A foreign person is someone who is neither a US citizen nor a permanent US resident. Vendor must acknowledge that information about this purchase or design is not furnished or available to any foreign person.

QAR-18 RIGHT OF ACCESS

Upon request, the Right of Access by KCB SOLUTIONS, their customer, and regulatory authorities to all facilities involved in the order and to all applicable records is required.

QAR-19 FRAUD, DISHONESTY, AND FALSE STATEMENTS

Any knowing and willful act to falsify, conceal, misrepresent, or alter a material fact, or to issue a false, fraudulent, or fictitious statement or representation in connection with the performance of work in meeting the contractual requirements imposed for this order is prohibited and may be punishable in accordance with applicable Federal Standards.

QAR-20 DISCONTINUATION OF MANUFACTURE OR AVAILABILITY

In the event the seller discontinues or intends to discontinue the manufacture or sale of the item(s) delivered under this purchase order for any reason, including sale or discontinuation of the business, then the seller agrees to provide KCB SOLUTIONS with immediate, written notification and a replacement item, if available. These obligations shall survive the completion of this purchase order.

QAR-21 COUNTERFEIT MATERIAL AND SUPPLY CHAIN TRACEABILITY

Seller shall maintain a method of item traceability that ensures tracking of the supply chain back to the manufacturer of the components being delivered per this order. This documentation shall be delivered with each shipment. This traceability shall clearly identify the name and location of all the supply chain intermediaries from the manufacturer to the direct source of the product for the seller, and shall include the manufacturer's batch identification such as date codes, lot codes, or other identifications. If suspect/counterfeit parts are

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furnished under this purchase agreement, such items shall be impounded, the seller shall promptly replace such items with items acceptable to KCB SOLUTIONS and the seller may be liable for all costs relating to impoundment, removal, and replacement. KCB SOLUTIONS may turn such items over to US Governmental authorities for investigation and reserves the right to withhold payment for the suspect items pending the results of the investigation.

QAR-22 ENVIRONMENT HEALTH AND SAFETY

KCB SOLUTIONS's Environment Health and Safety (EH&S) concerns are a joint effort between KCB SOLUTIONS and its Suppliers. KCB's goal is to help ensure all key and critical Suppliers achieve our mutual goals. KCB SOLUTIONS requires five minimum expectations: (1) Provide safe working conditions for all employees, customers, and contractors; (2) Adhere to all applicable national, regional, state, and local laws and regulations governing EH&S; (3) Operate in a manner that minimizes the impact to the environment; (4) Limit the use of natural resources and promote sustainable natural resource practices, to the extent practical; and (5) Extend and communicate these EH&S requirements to the Supplier's employees and suppliers.

QAR-23 CONFLICT MINERALS

Many of KCB SOLUTIONS Corporation's customers are required to adhere to the Dodd-Frank Wall Street Reform and Consumer Protection Act, notably Section 1502(e), whereby they are required to report their usage of Conflict Minerals originating in the Democratic Republic of Congo or adjoining countries to the SEC. Conflict Minerals are defined as tin, tantalum, tungsten and gold (often referred to as "3TG"). While KCB SOLUTIONS is not required to report on Conflict Minerals with the SEC, as a key supplier to these Customers, KCB SOLUTIONS does have reporting obligations with respect to the products it supplies. KCB SOLUTIONS is required to complete similar inquiries and chain of custody due diligence in order for its customers to complete their SEC Conflict Minerals reporting obligations. Therefore, if you are sent the "Conflict Minerals Letter to KCB SOLUTIONS Corporation Suppliers" inquiry you must respond or KCB SOLUTIONS may remove you from its Approved Suppliers List.

KCB SOLUTIONS SPECIFIC QA REQUIREMENTS FOR PURCHASED MATERIALS & SERVICES

All requirements imposed upon the supplier are indicated on the Purchase Order by the QAR Number (QAR-*nn*) below.

QAR-24 CERTIFIED TEST DATA

Certified copy of the actual test data identified to the specific part numbers, serial numbers, lot numbers, etc., including electrical test parameters, value limits, conditions, and performance results shall be supplied with the shipment of each lot. Acceptable format shall include either a hard copy or CD in TIFF or PDF file format.

QAR-25 TEST PROCEDURE APPROVAL

Supplier shall submit three copies of their proposed test procedure and data sheets to KCB SOLUTIONS not less than 30 calendar days in advance of the Supplier's scheduled date for testing. One copy will be returned to the Supplier either with a statement that the proposed methods and forms are approved by KCB SOLUTIONS, or with a statement specifying deficiencies. In the event of the latter, the Supplier shall resubmit their revised procedure for approval.

QAR-26 INSPECTION AND TEST PLAN

The quality conformance of items deliverable under the KCB order shall be verified in accordance with an inspection and test plan which shall consist, at a minimum, of one of the following:

- (A) A parts list or configuration log
- (B) A material flow chart which identifies points of inspection/test, the type of inspection/test performed and the criteria utilized to determine acceptability at each inspection/test point
- (C) An inspection and test plan prepared by the supplier and approved by KCB prior to shipment of the first item deliverable hereunder; however, resubmission of a plan previously approved by KCB for like items is not required unless the supplier has changed the plan that was previously approved by KCB.

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QAR-27 KCB SOLUTIONS'S SOURCE INSPECTION

Source inspection may be imposed by KCB SOLUTIONS. All items covered by this procurement document may be subjected to in-process and/or final inspection by KCB SOLUTIONS's inspector prior to shipment from Supplier's plant. The Supplier shall notify KCB SOLUTIONS's Procurement Quality Department not later than three working days prior to the time that items are ready for source inspection.

QAR-28 GOVERNMENT SOURCE INSPECTION

Government Source Inspection is required prior to shipment from Supplier's facility. Upon receipt of this procurement document, Supplier is required to immediately notify and provide a copy of the procurement document(s) to the government representative who normally services the Supplier's facility so that appropriate planning for government inspection can be accomplished. In the event the government representative cannot be contacted, KCB SOLUTIONS shall be notified immediately.

QAR-29 KCB SOLUTIONS'S CUSTOMER SOURCE INSPECTION

KCB SOLUTIONS's Customer Source Inspection is required prior to shipment from Supplier's facility. The Supplier shall notify KCB SOLUTIONS's Procurement Quality Department not later than three working days prior to the time that items are ready for source inspection. Supplier is required to provide a copy of the procurement document(s) to the Source Inspector upon request.

QAR-30 SOURCE INSPECTION SUPPORT

During Source Inspections, the Supplier shall furnish, at no cost to KCB SOLUTIONS, the necessary facilities and inspection equipment, and shall perform required inspections and/or tests to demonstrate conformance to the Procurement Document and referenced documents. Evidence of Source Inspection shall accompany each shipment. Unless otherwise specified, final acceptance shall be made by KCB at KCB SOLUTIONS's facility.

QAR-31 IN-PROCESS INSPECTION

All items covered by this Purchase Order are subject to in-process inspection by the KCB's Quality Representative. The supplier shall provide evidence of in-process inspection performed with each shipment. KCB's shall designate the required in-process source inspection points on the supplier's flow plan, upon receipt and prior to manufacturing.

QAR-32 RADIOGRAPHIC INSPECTION

The material on this Purchase Order requires radiographic inspection by a laboratory certified to MIL-STD-453 and approved by the KCB. The radiographs shall be interpreted and evaluated to specifications and standards by the certified laboratory as required by the drawing and/or the purchase order. The radiographs and a copy of the laboratory X-ray report must accompany the material delivered to KCB.

QAR-33 PHYSICAL AND CHEMICAL ANALYSIS

(A) **Manufactured Articles - Raw Material Test Reports:** The Supplier shall maintain on file, and assure availability for KCB's review upon request, results of chemical and/or physical tests required to satisfy specification requirements for the raw materials used in the manufacture of articles delivered under this order.

(B) **Raw Material - Chemical and Physical Test Reports:** Each shipment of raw material must be accompanied by two legible and reproducible copies of the applicable chemical and physical test results required by and identifiable to the material specifications identified in this order. Test reports furnished shall contain the signature of an authorized representative of the agency performing the tests and evidence of conformance to specification requirements.

(C) **Mill or foundry physical and chemical test reports or a true copy thereof (either carbon or photographic) which demonstrates conformance to all applicable specifications for all metals used in the fabrication of the ordered material shall be supplied with each shipment.**

QAR-34 NOTICE OF REJECTION

Resubmittal of previously rejected items, including lots rejected on the basis of sampling inspection, shall be accompanied by the statement "Resubmittal Lot" on the Supplier's shipping document and shall reference KCB SOLUTIONS's rejection report number. Each resubmittal should be made on a separate Supplier shipping document.

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QAR-35 SINGLE LOT

All material must be supplied from one production lot or/
All material must be supplied from one diffusion lot or/
All assembled devices for a single line item on order must have the same date code (except by written waiver from KCB)

QAR-36 DX RATING

All prime contracts, subcontracts or purchase orders in support of an authorized program are given a priority rating. A DX rating is assigned to those programs of the highest national priority. A DX rating takes priority over a DO rating which takes priority over an unrated order. Rated programs are also given a program identifier symbol. Examples are A1 for Aircraft and A3 for ships. The program identifier symbol does not, by itself, indicate any priority.

There are four basic provisions under DPAS:

- (1) **Mandatory Acceptance**
A contractor, subcontractor, or supplier shall accept a rated order when:
 - They make the item
 - Normal terms of sale apply
 - They can meet delivery dates required the contract

Exceptions are found in 15 CFR 700.13(b)

- (2) **Mandatory Extension**
Contractors are responsible for extending the received rating to their suppliers to obtain items needed to fill rated orders or to obtain replacements of inventoried items
- (3) **Priority Scheduling**
Operations, including the acquisition of all needed production items, shall be scheduled to satisfy the delivery requirements of each rated order
- (4) **Customer Notification Requirements**
A rated order shall be accepted or rejected, in writing, within 15 working days for DO rated orders and 10 days for DX rated orders

QAR-37 QUALIFICATION TEST SAMPLE

One specimen must be supplied for use by KCB in test set-up. Specimen must be identified by Purchase Order number and traceable lot or batch number and must have been manufactured at the same time using the same process and materials as the supplied lot.

QAR-38 FIRST ARTICLE INSPECTION

Unless arranged by KCB to select in person, the supplier shall evaluate first piece from production lot to be submitted against this order. The supplier shall record all drawing/specification parameters and the actual inspection results obtained on First Article Inspection. The item inspected shall be so identified and shall be accompanied by the completed inspection form when received at KCB's facility.