Supplier Nonconformance Notification and Waiver Procedure

## Approvals

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Date</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Created By</td>
<td>Tamara Crismundo</td>
<td>Sr. Quality Engineer</td>
<td>Electronic Approval</td>
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<td>Electronic Approval</td>
</tr>
</tbody>
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## Revision Records

<table>
<thead>
<tr>
<th>Rev</th>
<th>Description</th>
<th>Date</th>
<th>Prepared by</th>
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<tbody>
<tr>
<td>N/C</td>
<td>Initial Release</td>
<td>05/20/2015</td>
<td>S. Fall</td>
</tr>
<tr>
<td>A</td>
<td>Revise document to include supplier notification of nonconforming product. All changes are in green italics.</td>
<td>09/22/2017</td>
<td>S. Fall</td>
</tr>
<tr>
<td>B</td>
<td>This document replaces EC-SM120. Updated company name throughout this document from EnCore Composite Structures to Applied Composite Structures.</td>
<td>4/27/2018</td>
<td>T. Crismundo</td>
</tr>
<tr>
<td>C</td>
<td>This document replaces ACS-SM120. Updated company logo and name from Applied Composite Structures to Applied Composites throughout document. Added to References. Updated AC-SM120-FC1 (section 8.2) and AC-SM120-FC2 (section 7.2).</td>
<td>6/5/2019</td>
<td>T. Crismundo</td>
</tr>
</tbody>
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1.0 PURPOSE
The purpose of this procedure is to describe the process for approving by concession/waiver deviations from the original material or processes specified in Applied Composites Brea drawings, technical specifications and/or purchase order.

2.0 SCOPE
This document applies to Applied Composites suppliers (delivering under AC purchase order). There are 2 types of deviations:
- Deviation on the actual part such as not meeting the drawing requirements. Refer to section 7.0 for detail.
- Deviation related to PO quality requirements such as shelf life, test reports, certificate of conformance. Refer to section 8.0 for detail.

3.0 REFERENCE DOCUMENTS

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AS9100</td>
<td>Quality Management System Requirements for Aviation, Space and Defense Organization</td>
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<tr>
<td>ACS-MA800</td>
<td>Control of Nonconforming Product</td>
</tr>
<tr>
<td>ACS-MA320-W1</td>
<td>Conditional Release Process</td>
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<tr>
<td>AC-SM120-F1</td>
<td>Supplier Deviation/Waiver Form</td>
</tr>
<tr>
<td>AC-SM120-F2</td>
<td>Supplier Nonconformance Notification (Advance Nonconformance Only)</td>
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<tr>
<td>AC-SM120-FC1</td>
<td>Supplier Deviation/Waiver Process</td>
</tr>
<tr>
<td>AC-SM120-FC2</td>
<td>Supplier Deviation/Nonconformity Notification Process</td>
</tr>
</tbody>
</table>

4.0 DEFINITIONS AND ABBREVIATIONS
Waiver: Also known as concession is a process to allow a supplier to ship products deviating from the original material or processes specified in AC drawings, technical specifications and/or purchase order.

<table>
<thead>
<tr>
<th>Abbreviations</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AC</td>
<td>Applied Composites</td>
</tr>
<tr>
<td>PO</td>
<td>Purchase Order</td>
</tr>
<tr>
<td>QA</td>
<td>Quality Assurance</td>
</tr>
</tbody>
</table>

5.0 RESPONSIBILITIES
5.1 Quality Assurance
Review and approve supplier waiver request. Create a nonconforming report through UniPoint per ACS-MA800 and approve Engineering disposition.
5.2 Purchasing
Purchasing is the primary contact to the supplier. Purchasing is responsible to review the supplier request and will process supplier request following the waiver request for any deviation to the procurement QA quality such as shelf life, CoC, test reports and NC process for any nonconformity on the part.

5.3 Engineering
Engineering is responsible to provide disposition and approve waiver request.

6.0 GENERAL
Supplier may request for nonconforming part to be used by AC when the following conditions are met:
- Supplier has isolated and documented the scope of the problem (i.e. suspect lots);
- Supplier has documented the severity of the problem (i.e. measured actual parts);
- Supplier has found root cause and has already determined corrective action. The problem should have corrective action before AC can give waiver approval;
- AC has gained approval from its customer where applicable.

Once all conditions are met, supplier will submit the request using AC-SM120-F1 or AC-SM120-F2 to AC buyer representative for approval.

After request has been sent supplier shall:
- Identify, segregate and control deviant product until a formal disposition is provided;
- Not ship deviant product until approval is granted in writing;
- Accompany all shipments known to be deviant with a copy of the approved deviation/ waiver record.
- Include NCR on shipping certification paperwork

7.0 PRODUCTION DEVIATION
7.1 Process
This section is applicable to deviation/ waiver request to ship a nonconforming product. Refer to section 8.0 for deviations related to QA clauses requirements.

When supplier decides to ship nonconforming product, the supplier will first ensure requirements in section 6.0 are addressed. Supplier will then complete the nonconformity request AC-SM120-F2 and send it to purchasing for processing.

Once the nonconformity request is received from the supplier, purchasing will review the request and evaluate the need to proceed to the next stage (such evaluation includes the urgent need of the discrepant order). If decision is to proceed, purchasing will submit the request to Quality to initiate a Nonconforming report per ACS-MA800.

Engineering will provide clear disposition of the part. Quality may request customer approval when required.
The disposition tab in UniPoint will be completed before the NCR is submitted to the supplier. Once the disposition is complete, Purchasing will send the NCR with any applicable instructions to the supplier. The supplier must maintain a copy of the approved Form AC-SM120-F2 which is traceable to their records for the affected material.

Shipments accepted on nonconformity must include reference to the NCR number. Non-conforming material received at AC without the approved NCR will be processed as discrepant material per ACS-MA800.

Once the product is received in the ERP System and the lot number generated. Quality will add the lot number in the open NCR in UniPoint and inspect part based on PO requirements and NCR disposition.

**7.2 Process Flow**

Refer to UniPoint for the latest revision of the process flow below.
8.0 PURCHASE ORDER QA CLAUSE DEVIATION

8.1 Process
This section is applicable to waiver request for any deviation to the procurement QA quality requirements. When a supplier decides to ship product not meeting the QA Clause requirements, the supplier will first ensure requirements in section 6.0 are addressed. Supplier will then complete the nonconformity request AC-SM120-F1 and send it to purchasing for processing.

Once received from supplier purchasing will decide if the deviation request is acceptable. After review if the request is not acceptable purchasing will contact supplier. If the decision is to pursue with the request, purchasing will then open the request through UniPoint and submit to Engineering and Quality for approval. If the request is not approved, purchasing will contact supplier. If the request is approved then supplier can send the product with the deviation.

Shipments accepted on waiver must include reference to the Waiver form. If the product is received at AC without the waiver form it will be processed as discrepant material per ACS-MA800.
Refer to the process flow below for detail.

8.2 Process Flow
8.3 Handling Waiver Request in UniPoint

Waiver/deviation request are handled through Unipoint using the request module. The supplier will first complete the waiver request AC-SM120-F1 and send it to purchasing. Once received, purchasing will initiate a waiver/ deviation approval request through Unipoint following these steps below:

1. Open Unipoint Request Module

2. Go to auto number and select the waiver/deviation template

Select the correct supplier and put the PO# under reference
3. Assign the waiver request number that is auto generated from Unipoint

FOR APPLIED COMPOSITES USE ONLY:

<table>
<thead>
<tr>
<th>Disposition</th>
<th>Item</th>
<th>Engineering Representative</th>
<th>Quality Representative</th>
<th>Customer (When applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use As Is</td>
<td>Name:</td>
<td>Name:</td>
<td>Name:</td>
<td></td>
</tr>
<tr>
<td>Unacceptable</td>
<td>Signature:</td>
<td>Signature:</td>
<td>Signature:</td>
<td></td>
</tr>
<tr>
<td>Rework</td>
<td>Date:</td>
<td>Date:</td>
<td>Date:</td>
<td></td>
</tr>
</tbody>
</table>

DISPOSITION INSTRUCTIONS:

COMMENTS:

4. Attach the request by going through the attachment tab and click on the new file icon.

Under type select file attachment and attach the actual request.

5. Then go to the action tab and assign the Engineer and Quality person responsible for the disposition. Take note that template may be updated to include the applicable approvers.
Update the Assign date and Due date

Then save.

An e-mail will be sent to the assigned users. Request has automatic e-mail option to notify the assigned users.

6. The assigned users will have a To Do in Unipoint in order to take action.
The responsible for action user (Quality and Engineering) will open the attachment and complete the disposition using the supplier request form. Once completed, sign and re-attached it. Then go to the action tab to add the time spent for the action and close the task.

The next user will get a “To Do” and will follow the same process. When the last task is completed the request is closed and an e-mail notification is sent to all users showing completion.

7. Purchasing or designee will then send the completed waiver to the supplier. This can be completed by going to the attachment tab and click on the e-mail icon. Add the user e-mail, add a message as needed and click on send.
8. Request Template set up:
In order for the request notification e-mail to function as described above ensure the set up below is followed.

![Request Email Notifications]

9.0 HANDLING SHIPMENT UNDER WAIVER

Once material is received under waiver process receiving will pay particular attention on how to handle the part. Receiving will review the engineering disposition and take action accordingly.

If the material requires additional process to be performed such as testing, rework, etc., receiving will initiate a conditional release process to ensure the part is not shipped to the end customer until approval. To process a conditional release, follow ACS-MA320-W1.