



Jeff Bonner
Research & Development Inc.

Supplier Quality Manual

Administrative Office:
10525 Mopac Drive
San Antonio, Texas 78217
(210) 590-3155 FAX
(210) 590-3133

Jeff Bonner R&D, Inc. Approval by:	
<i>Signed copy retained in office of Director of Quality Assurance</i>	<i>07/23/2015</i>
Frank V. Gonzales	Director, Quality Assurance
	Date

Revision History

Page	Description of Change(s)	Revision Level	Date
All	Initial Release of JB R&D Supplier Manual	IR	7/13/2007
9	Section 2.5, Changed wording from 20% of shelf life used, to 50% or more remaining shelf life	A	10/21/2008
All	Delete section 2.2.2.1, Section 2.2.3: replace "timely" with actual time requirement, Section 2.3: Replace "FAA" to include other regulatory. Disposition authority of non-conforming product belongs to JBRND only. Added section 2.15, Evaluation of Suppliers.	B	11/08/2011
All	Removed references to nonexistent QOP,WI and Forms.	C	02/27/2012
All	Revised Manual entirely Added Sec. 3.0, 4.0, 5.0 and 6.1 (Q.A codes 1-12) Changed Sec. 2.0 to separate sections for each category (6.0 thru 6.27) Changed Sec. 2.1 to 6.1, 2.2 to 6.2, 2.3 to 6.8, 2.4 to 6.11, 2.5 to 6.12, 2.6 to 6.19, 2.7 to 6.20, 2.8 to 6.21, 2.9, to 6.22, 2.10 to 6.23, 2.11 to Q.A code 09, 2.12 to 6.24, 2.13 to 6.25, 2.14 to 6.26, 2.15 to 6.27	D	8-5-13
18	Updated Evaluation of Suppliers Sec. 6.27	E	11-02-2013
6	Changed Sec. 5.0 removed statement (The PO must be signed and e-mailed back to the buyer or faxed over to Buyer after acknowledgment at (210) 590-3155.) Purchase Orders are an electronic process.	F	10-07-2014
18	Added sections 7.0 "Risk of Loss" and 8.0 "Insurance Certificate	G	05/14/2015
5 18	Sec. 2.1 Removed Approved Supplier Listing. Added JB Active Vendor Approval Status List form Job Boss Software Program. Sec. 6.27 Added referencing Direct suppliers (Tier I - Tier II). Non Direct suppliers (Tier III) for evaluation. Updated rating % scores for Quality Performance & OTD from 70% to 90%	H	07/23/2015

Index

<u>Section</u>	<u>Title</u>	<u>Page</u>
	Cover Page	1
	Revision History	2
	Index	3, 4
1.0	Document Overview	5
2.0	Approval Process	5
2.1	Supplier Approval	5
2.2	Supplier Renewal Survey	5
3.0	Request for Quote	5
4.0	JBRND Purchase Order	5
5.0	PO Acknowledgment	5
6.0	Quality System Requirements	6
6.1	Quality Codes	6
01	Material Certification Required	7
02	Certificate of Conformance	7
03	First Article Inspection Report	8
04	Burn Sample	8
05	Weekly PO Status Report	9
06	FAA Conformity	9
07	Source Inspection	9
08	Traveler Package	10
09	Identification	10
10	Shipping Tracking Number	10
11	On Time Delivery	10
12	Return JBRND Property	11
6.2	Non-Conforming Product (NCP) Control	11
6.3	Disposition Authority	11
6.4	Material Review (MR) Dispositions	11
6.5	Notification/ Disclosures	12
6.6	Exception to Rejections	12
6.7	Nonconforming Material Control	12
6.8	Product Release	12

Index

6.9	Inspection Types for Supplier-Provided Product	12
6.10	No Customer Inspection Required of Supplier-Provided Product	13
6.11	Quality Record Retention	13
6.12	Shipping Documentation Requirements	14
6.13	Age-Sensitive Materials	14
6.14	Overhauled/Repaired/Modified Items – FAA Certified Repair Stations (CRS)	14
6.15	CFR Part 21 (Certification Procedure for Products and Parts)	15
6.16	Tooling – Suppliers of Special Tooling or Special Test Equipment	15
6.17	Reworked/Repaired/Replaced/Modified Items	15
6.18	Standard Process Specification (SPS) Certifications	15
6.19	Nondestructive Test (NDT) Submittal Requirements	16
6.20	Corrective and Preventive Action	16
6.21	Control and Use of Digital Datasets	16
6.22	Foreign Object Debris/Damage (FOD)	16
6.23	Supplier Sub-tier and Recall Control	17
6.24	Commercial Product Requirements	17
6.25	Best Commercial Practices	17
6.26	Calibration Requirements	17
6.27	Evaluation of Suppliers	18
7.0	Risk of Loss	18
8.0	Insurance Certificate	18

1.0 Document Overview

The Jeff Bonner R&D Supplier Manual is the Suppliers' guide to understanding JB R&D's quality requirements and expectations. The Jeff Bonner R&D Supplier Manual:

- Forms a part of the JB R&D purchase order, unless otherwise specified herein;
- Identifies specific quality requirements of the Parts and Assemblies Manufacturing, Engineering Services, Certified Repair Station Operations, and Customer Service business units;
- Provides helpful general information to the supplier.

This document is applicable to all JB R&D purchase orders for supplies, parts, tooling, assemblies, hardware, raw materials, electronic data, outside services, and repair station support.

2.0 Approval Process

2.1 Supplier Approval: Direct suppliers must be approved before purchasing products. Purchasing department will send the potential direct supplier a copy of our Supplier Quality Survey / Audit form 74-02-3. The completed Supplier Quality System survey will be evaluated by Quality Director for approval status. Once the approval is made Purchasing manager will add supplier to JB Active Vendor Approval Status List in Job Boss program.

2.2 Supplier Renewal: All listed approved suppliers must renew their approval status every two years. Purchasing will send a copy of the Supplier Quality Survey / Audit form 74-02-3 to the supplier to complete and return. Suppliers may return completed supplier surveys via e-Mail, mail and fax.

3.0 Request for Quote

Supplier must submit RFQ in a timely manner and disclose all requirements prior to JBRND acceptance. (Price, Lead time, 3rd party suppliers)

4.0 JB R&D Purchase Order

Purchase order must be acknowledge to JBRND Buyer prior to processing order. Price and lead time must be confirmed. Also attach a copy of the invoice when shipping.



5.0 PO Acknowledgment

By filling the PO, the Supplier agrees to abide by Jeff Bonner R&D Inc. Supplier Quality Manual 74-02.

6.0 Quality System Requirements

The supplier shall maintain a Quality System that is compliant to ISO 9001, AS 9100, 14 CFR Part 21 Production Approval, 14 CFR Part 145 Repair Station Certification, or an equivalent industry-recognized quality system or standard. JB R&D recognizes third-party certifications issued by an accredited Certification Registration Body (CRB). Accredited CRB's can be found on the SAE web page: www.sae.org/oasis. The scope of third-party certification must be appropriate for the type of product or service provided to JB R&D.

Note: Suppliers providing calibration services are subject to specific requirements.

Initial and subsequent periodic review of supplier's quality system may be performed at the option of JB R&D. Objective evidence of supplier compliance, either by submittal of requested evidence or evidence of a third party accreditation, may be acceptable for the purpose of re-survey, but will not preclude the use of on-site evaluations or other review methods.

JBR&D may, at its own discretion, honor qualified second and third party audits provided that the scope of the audit performed by the alternate party correlates with the type of product or service provided to JB R&D. We reserve the right to perform additional assessments if deemed necessary.

Suppliers shall forward a copy of their certifications to us. Any changes to the certification such as a change of the CRB, update, withdrawal or disapproval must also be forwarded to us immediately.

A change in supplier name, ownership, facility location and process changes will subject the supplier's quality system to reevaluation by JB R&D. The supplier shall notify their buyer of any of these aforementioned changes in writing. The buyer will instruct the supplier on formal notification actions and specific forms to submit, if necessary.



6.1 Quality Codes

Quality Codes listed below must be reviewed and complied with when applicable and noted on JBRND PO received.

01 Material Certification Required

Supplier shall supply Mfg material certification for all materials sold and provided to make product.

Raw Material

Metallic raw materials shall be identified in accordance with Federal Standard 184, or ASTM B666, as applicable. Sheet materials shall have identification markings placed on the “non-preferred” side of sheet. Supplier maintains a copy of all supplier-procured raw material certifications, which must be readily retrievable and shall include material specification, description, alloy and condition. The supplier shall maintain the mill certification for procured metallic material that shall include physical properties, chemical analysis, and heat-lot number. Distributors of metallic raw material shall include a copy of the original mill certification with the shipment of deliverable material. Non-metallic raw materials shall also include material specifications, and certificates of conformance. Non Domestic Materials are not allowed to be used unless approved by JBRND PO.

Preference for Domestic Specialty Metals

Reference the Defense Federal Acquisition Regulations (DFAR) Sect. 252.225-7014, and the Federal Acquisition Regulations (FAR) Part 25. Unless otherwise specified on JB R&D purchase order, shipments of metallic raw material meeting the Specialty Metals definition in DFAR 252.225-7014 are subject to the Qualifying Country Source restrictions, found in DFAR Supplemental Clause 225.872.

02 Certificate of Conformance

Supplier to certify that all articles in PO shipment, in quantities shown on the JB R&D purchase order, are in conformance with the requirements, specifications and drawings applicable to that purchase order. Inspection / Test data is on file and available for review upon request.

Suppliers shall provide a Certificate of Conformance with every shipment.



The Certificate must include the following, as applicable:

- Part number and description
- Lot or serial number (as applicable)
- Purchase Order number and PO line item
- Quantity
- Statement of conformance to applicable drawings, specifications or other technical data.
- Signature of authorized agent of the manufacturer or distributor and position held.
- Location of inspection records for review by JB R&D (or its customer), if requested.

03 First Article Inspection Report

First Article Inspection (FAI) Records

A FAI Report from the supplier is required when the article produced is a new part. This includes all details and sub-assemblies that constitute the end item ordered. The FAI shall not be considered complete until all non-conformities are resolved.

FAI records shall include all dimensions or forms specified on the purchase order, on printed drawings, and in digitally represented models, referenced by the purchase order. Each report includes the following, as applicable:

- Part Number and Description
- Purchase Order Number
- 100% of Engineering specified dimensions, and the actual measurements obtained
- Special process certifications, including those from subcontractors
- Test data; including requirements, performance ranges, and results
- Raw material certifications
- Specification or drawing numbers and the revision level during manufacturing and inspection
- Location of manufacturer and date of inspection
- Signature of authorized agent of the manufacturer and position held
- Identification of the report as First Article
- Certification of Conformance (see below)

04 Burn Sample

Material sample(s) to be provided for burn testing, material sample size and qty to be noted on PO and sample must meet JBRND burn plan or FAA regulatory and statutory requirements as noted.

To satisfy FAA regulatory and statutory requirements for burn samples and burn



sample plans when required by contract (see: Title 14, Part 25, Subpart D, Section 853 and Appendix F to Part 25, Part 1 Para (a)(1)(i) for burn requirements.)

05 Weekly PO Status Report

A weekly status on all parts as authorized on PO must be provided. The status to include: material received, programming started and finished, machining started and anticipated finished, start and finish of each outside process. The status would be provided every Monday by Noon Central Standard Time.

06 FAA Conformity

Supplier to coordinate with JBRND Buyer, Engineering and Q.A dept for requirements. FAA form 8100-9, 8130-3, 8130-9 if applicable.

07 Source Inspection

Deliverable product is subject to source inspection by JB R&D or its customer. JB R&D conveys its requirement for source inspection to the supplier via the Purchase Order. Supplier shall notify JB R&D buyer in writing at least seven (7) days in advance of the proposed schedule for "in process" or "final" source inspection, unless prior written agreement for a shorter period of notice has been made. Supplier shall prepare all production, process, and shipping documentation, including a First Article Report if requested, for presentation to JB R&D source inspector prior to the inspector's arrival.

The QA department of JB R&D retains the right to inspect product at its supplier sight, prior to that product being shipped to the Company. The Quality Assurance Department performs periodic inspections on supplier-provided product at supplier site on an as needed basis. The receipt of nonconforming product on a frequency-basis also determines the need for on-site inspections by QA.

JB R&D does not use a supplier's verification of a product as evidence of the effective control of quality of that product by that supplier. JB R&D retains the responsibility of determining the acceptability of a supplier product through its first Article Inspection, QOP-82-05. JB R&D allows for our customers to reject product that our supplier has already approved. JB R&D by this Supplier Manual procedure that the FAA and our customers retain the right to inspect our



suppliers' product for conformity and also the validation of their production processes on our suppliers site. There are no exceptions.

08 Traveler Package

Complete Mfg traveler package with planned production traveler, material and special process certifications and inspection records if applicable.

09 Identification

Part Marking Requirements

Supplier shall mark all deliverable products as required by the PO, engineering drawing and manufacturing planning. Supplier shall apply the date of manufacture, date code or other control identifier number (see examples below) to all deliverable hardware. Information must be applied adjacent to the hardware's identification markings and be traceable to supplier's job traveler. Hardware produced in lots shall have traceable control information. When size of hardware, or supplier's automated stamping process, does not permit data application to individual hardware (such as standard parts), the information shall be similarly placed on tags or labels as applicable.

Build-To-Print (BTP) parts for JB R&D shall be identified with the following information:

- JB R&D Part Number (if applicable).
- Drawing Revision at time of Manufacture.
- Date of Manufacture.
- Purchase Order.
- Indication of acceptance by the supplier's inspection stamp.
- Serial Number (if applicable).
- Lot Number (if applicable).
- Heat Lot Number (if applicable).
- Final Inspection Date (if applicable).
- Batch Number (if applicable).

10 Shipping Tracking Number

Supplier will provide shipping tracking number to Buyer when PO line items are shipped to JBRND.

11 On Time Delivery



Supplier will notify the Buyer in advance in writing when a PO promise delivery date will not be met. Note: It is critical that the PO commitment due dates are met as quoted or agreed upon prior to acceptance of JBRND PO. Late deliveries will result in a SCAR and will affect the Supplier approval rating if not approved by the Buyer prior to being late (Ref. sec. 6.27 Evaluation of Suppliers).

12 Return of JB R&D Property

All JBRND property must be returned upon completion of JBRND purchase order unless otherwise noted on PO (Tooling, Sample Part, Material and any other item noted on PO)

6.2 **Non-Conforming Product (NCP) Control**

Non-Conforming Product must be identified, documented, evaluated, segregated (where practical), and disposition to prevent its unintended release or use.

6.3 **Disposition Authority**

The supplier's disposition authority of NCP is limited to:

Rework to Specification: Restore material to specification compliance in accordance with required process and addressed by governing process specification. Parts subject to subsequent processing not authorized by specification shall be submitted to the Material Review Coordinator (MRC) for disposition. Specific rework instructions shall be provided with rework dispositions.

Return to Supplier: Return of subcontractor product found to be discrepant for subsequent rework or replacement.

Scrap: Permanent removal from production and destruction of product found to be unfit for use. Scrapped product shall be controlled (i.e. quarantined) until destroyed.

All other dispositions: material shall be submitted to JB R&D MRC.

6.4 **Material Review (MR) Dispositions**

JB R&D Proprietary and Customer Designed Product

Suppliers do not have Material Review authority for items designed by JB R&D, or any of its customers. The supplier MR Board shall not perform any disposition on any nonconformance to customer requirements that affect form, fit, function, weight, interchangeability, maintainability, reliability, safety, or any key characteristic. Product nonconformance affecting these parameters shall be submitted to the JB R&D MR Coordinator.



6.5 Notification/ Disclosures

The suppliers system shall provide reporting of nonconformities that may affect already delivered product within 2 business days. Notification to the buyer shall include a clear description of the discrepancy, which includes as necessary; parts affected, customer and/or supplier part numbers, quantities, and date(s) delivered.

6.6 Exception to Rejections

In the event a supplier does not accept the responsibility for a discrepant condition, the supplier shall initiate a letter of exception to the JB R&D buyer. The letter shall make full reference to applicable documents, and be specific and clear in defining the area of exception.

6.7 Nonconforming Material Control

Supplier manufactured product rejected by JB R&D shall require a response from the supplier documenting actions taken to correct the product (if applicable) and actions taken to prevent recurrence of the nonconformance. JB R&D may issue a formal Supplier Corrective Action Request (SCAR) containing a timeframe for supplier response and completion.

6.8 Product Release

JB R&D, its customer and/or their authorized Inspection Agency, and the Federal Aviation Administration shall have the right to send representatives to the supplier's and/or supplier subcontractor's facility to determine contract compliance by either monitoring, witnessing, and/or performing such activities as inspections witness of testing or other system, process and/or product evaluations, and verifications as necessary to determine product acceptability to contractual requirements. The type, necessity, and degree of demonstration of conformance will be at the sole discretion of JB R&D, customer or any regulatory agency, taking into consideration factors such as product complexity, environment where the product is used, ability to determine product quality after receipt, and past supplier performance.

6.9 Inspection Types for Supplier-Provided Product

Receiving Inspection at Buyer Plant

Deliverable product is subject to JB R&D inspection upon receipt at our facility. JB R&D also retains right and can periodically inspect supplier-provided product on their site. Our QA Department takes the initiative to conduct these inspections when the



identification of supplier product indicates a repeating trend of non-conforming product, as measured by conformance to JB R&D-provided product specifications.

6.10 No Customer Inspection Required of Supplier-Provided Product

The supplier's quality system of the customer certifies product conformity to the requirements of deliverable products in a given Purchase Order. No JB R&D inspection is required. JB R&D periodically conducts tests of supplier-furnished product to customer as part of the Company Inspection Process. Quality Operational Procedure QOP-82-05, First Article Inspection, for details. This Supplier Manual applies to all Company suppliers, and serves as delegation of responsibilities to our registered and periodically evaluated suppliers. JB R&D's approval of suppliers involves the testing, certification, and/or other proof that suppliers can perform up to the level at which they have been certified.

Approved Supplier List, and Form-74-02-6, Approved Supplier Certificate, serve as the documentation and tracking records used by the Company to certify its suppliers and ensure their performance. The Quality Assurance Department is responsible for maintaining the currency and accuracy of this Manual and also for monitoring delegated activities to the Company's approved suppliers.

6.11 Quality Record Retention

The supplier maintains Quality records in accordance with the applicable Quality System standard (i.e. ISO9001, AS9100, CFRs). The records shall be retained for a period of not less than seven (7) years from completion of Purchase Order. Should a supplier cease doing business, regardless of the reason, all records affecting JB R&D delivered product shall be transferred to JB R&D forthwith.

Records can include, but not be limited to:

- Evidence of inspection to assure conformance to current drawings and specifications
- First Article Inspection report
- Test Reports: e.g. metallic physical & chemical, acceptance test, functional test, etc.
- Periodic inspection and control of inspection media
- Records to indicate control of Special Tooling and Special Test Equipment
- Data records of all Qualification and Acceptance/Function tests performed
- Certification of personnel as required by specification and/or contract
- Standard or Special Process certifications, including those from subcontractors
- Material Review Board reports



6.12 Shipping Documentation Requirements

Packing Slips

Supplier shall provide a packing sheet for each shipment with the following requirements:

- Supplier's company name and address
- Purchase order number, line item(s) and part numbers.
- JB R&D disposition Non-Conforming Product (NCP) number(s), as applicable.
- Required parts traceability forms.
- Evidence of JB R&D source acceptance if purchase order required JB R&D source surveillance.

6.13 Age-Sensitive Materials

JB R&D requires that age-dated materials be delivered with 50% or more remaining shelf life. Exceptions to this clause must be arranged with the JB R&D buyer, and accepted by JB R&D Quality Assurance, prior to shipment.

Provide original manufacturing/cure date, lot number(s), expiration date or length of shelf life (if indefinite, so state). Shelf life expiration ends on the last day of the month the product expires. In addition, forward any special storage/handling instructions. Supplier is responsible to determine if acceptance test report submittal is required in accordance with applicable material specification.

6.14 Overhauled/Repaired/Modified Items – FAA Certified Repair Stations (CRS)

Supplier provides a serviceable tag with Maintenance Release Statement, FAA Form/Tag 8130-3 in accordance with 14 CFR Part 43. Any Airworthiness Directives (AD) or Service Bulletins (SB's) required by contract or the FAA shall be documented on the 8130-3, including level of compliance.

When applicable, the supplier shall provide FAA Form 337, "Major Repairs and Alteration Statement", and or FAA Form 8110-3, "Statement of Compliance with Federal Aviation regulations, and Alternate Method of Compliance". A CRS must perform the work (CRS status may be authenticated by JB R&D utilizing the FAA website or other appropriate source). Supplier shall provide a completed copy of the final inspection work order, which details the entire scope of work performed, upon request.

The supplier shall physically identify the shelf life expiration date on the deliverable product or the unit packaging according to the applicable standard. Elastomeric material with "No Shelf Life" requirement or "Unlimited Shelf Life" shall be marked as such.



6.15 CFR Part 21 (Certification Procedure for Products and Parts)

Suppliers of new FAA-approved parts shall provide documented evidence of traceability to Part 21 Quality System Requirements with each shipment. Suppliers of approved serviceable replacement parts shall provide, with each shipment, documented objective evidence of traceability to Part 21 as outlined by FAA Advisory Circular No. 20-62, latest revision. Supplied parts shall be airworthy and acceptable for aircraft/aeronautical installations to all specifications called out contractually.

6.16 Tooling – Suppliers of Special Tooling or Special Test Equipment

In addition to sections 6.3 and 6.5 above; record the tool number, tool symbol, and tool serial number (including the ‘multiple’ number, as applicable).

All JBRND tooling must be returned upon completion of JBRND purchase order unless otherwise noted on PO.

6.17 Reworked/Repaired/Replaced/Modified Items

Supplier’s Certification of Conformance and/or packing sheet document shall reflect the following requirements for rework, replacement, repair or modification items returned to supplier or including work performed by supplier at the JB R&D facility.

- The item(s) have been reworked, repaired, replaced, or modified (as applicable), in accordance with respective nonconformance documents or Purchase Order.
- The item(s) meet the requirements of the engineering document(s).
- The original configuration and qualification status of the item(s) remains in effect (as applicable).
- All applicable nonconformance document numbers or other references to ensure traceability.

Note: Discrepant material shall not be shipped to JB R&D without prior approval from JB R&D Materiel Review Coordinator.

6.18 Standard Process Specification (SPS) Certifications

Supplier shall maintain copies of all subcontracted special processes. Supplier shall also obtain and maintain sub-tier supplier process certifications. No submittal is required

Document Number: OOP-74-02	Revision Level: H	Revision Date: 07/23/2015
Document Title: JB R&D - Supplier Manual		Page 15 of 19



unless specifically required per purchase order or other requirement herein. Supplier's special process and sub-tier processor certifications and test results shall be made available upon request.

6.19 Nondestructive Test (NDT) Submittal Requirements

Supplier shall review the purchase order and associated drawings/drawing notes and related documents to determine if NDT is required. Submittal of NDT general procedures and part-specific techniques to JB R&D is required prior to production testing. Guidelines for the minimum content of general procedures are provided in the respective NDT process specification. After initial approval, any changes to subject documents must be re-submitted to JB R&D for approval. An EO change to a specification does not require re-submittal. A specification revision change does require submittal of a revised procedure or letter of compliance.

Suppliers using outside sources for NDT ensure that the selected NDT sub-tier has JB R&D approval for the NDT procedure used. An Approved Nondestructive Testing Procedure list is available from the JB R&D buyer. NDT procedure shall be submitted in accordance with applicable specifications.

6.20 Corrective Action

The supplier shall respond to all buyer requests for corrective action on or before the requested response due date (20 days from the date of rejection notification). Supplier maintains a documented system for determining root causes of defects and obtaining corrective action both internally and from its suppliers. The supplier is accountable for effectiveness of corrective actions taken. Buyer requests for corrective action will be issued to the supplier's representative in the form of a Supplier Corrective Action Request (SCAR) as required by engineering specification. JB R&D retains the right to conduct corrective action verification at the primary supplier or sub-tier supplier facility to assess effectiveness of implemented corrective action.

6.21 Control and Use of Digital Datasets

When digital datasets are required to manufacture product, the supplier shall comply with all requirements of JB R&D and its customers.

6.22 Foreign Object Debris/Damage (FOD)

Supplier shall maintain good housekeeping and where applicable a Foreign Object Debris/Damage (FOD) prevention program, to preclude introduction of foreign objects into any deliverable item. Supplier shall employ appropriate housekeeping practices to assure timely removal of residue/debris generated during manufacturing operations or tasks. Supplier shall determine if sensitive areas that have a high probability for introduction of foreign objects should have special emphasis controls in place for the manufacturing environment.

6.23 Supplier Sub-tier and Recall Control

Supplier is responsible for ensuring all items procured from its subcontractors conform to all requirements of the JB R&D purchase order and JB R&D's customer's requirements. Supplier shall ensure all applicable provisions of this document are flowed down to its subcontractors. Sub-tier supplier quality system shall be compliant to the primary supplier quality system minimums found in Section 2.1 of this document.

6.24 Commercial Product Requirements

Supplier shall comply with quality requirements noted in the Contract Terms & Conditions of the PO.

6.25 Best Commercial Practices

JB R&D reserves the right to visit the supplier's facilities to determine purchase order compliance. JB R&D reserves the right to reject non-conforming product. The type, necessity and degree of demonstration of conformance will be based on the confidence in the supplier's quality system, or other factors such as:

- Product complexity
- Environment where the product is used
- Ability to determine product quality after receipt
- Past supplier performance

6.26 Calibration Requirements

This section applies only to suppliers that provide calibration services for JB R&D owned tools and equipment. Calibration suppliers shall maintain a quality system that is compliant to ISO17025 or ANSI Z540-1. Specific instruments may have additional requirements as follows in the table below. Calibration certificates shall include a reference to all applicable standards for calibration, including:

Type of Instruments	Additional Requirements
Heat Treat/Pyrometry Instruments	AMS 2750
Rockwell Hardness Testing Instruments	ASTM E-18
Conductivity Testing Instruments	ASTM E1004 or Mil-Std 1537
Salt Spray Testing Equipment	ASTM B-117
Fluorescent Penetrant Instrumentation	ASTM E 1417
Magnetic Particle Instrumentation	ASTM E 1444

Additional requirements or records on calibrated instruments may be negotiated between JB R&D and its calibration suppliers. This will only be done on a contract-by-contract basis where special product requirements are identified.



6.27 Evaluation of Suppliers

Jeff Bonner R&D Inc. will evaluate direct suppliers (Tier I & Tier II) at the initial approval stage and then re-evaluated on a quarterly basis.

JBRND Inc. will evaluate suppliers based on the manner of their use (Tier I / Tier II). Suppliers used directly in the making of JBRND products are recognized as (Tier I). Special processes and testing suppliers are recognized as (Tier II). All direct suppliers will be evaluated every two years. Non-direct suppliers (Tier III) are primarily used for non-certified consumables and services. These suppliers are not evaluated.

Direct suppliers (Tier I / Tier II) must meet a rating of 90% or above to remain on Approved status.

The Approval Status is determined on direct Supplier's Performance, On Time Delivery and overall compliance with JBRND 74-02 Supplier Quality Manual and JBRND Purchase Order.

Failure of the direct supplier to meet these requirements will cause JBRND to submit a SCAR against the supplier and for the supplier to be placed on Conditional status for a period of 3 months.

Failure to remain at the approved level for the 3 month period may cause the supplier to be disqualified and removed from our approved supplier list.

The Jeff Bonner R&D Inc. Quality Director will make that determination.

7.0 Risk of Loss

The risk of loss from any casualty to the Deliverables, regardless of the cause or of the casualty, shall be on Vendor until the Deliverables have been delivered and accepted by the Jeff Bonner R&D, INC. Vendor agrees to insure the Deliverables from and against all reasonable and customary hazards and risks of injury and destruction from the time the Deliverables are identified to the contract to the time of delivery. Insurance shall be placed with reputable underwriters and shall name Company as a loss payee as its interests may appear, and such policy shall waive subrogation rights against Company.

8.0 Insurance Certificate

The Vendor is required to provide its own Property Insurance on all materials that are part of this Purchase Order until such time as the materials are accepted by the Owner. In addition, Vendor is required to provide its own Property Insurance for its own equipment, materials and tools that are used by the Vendor which are not part of the Purchase Order.



Vendor agrees that Purchaser shall be named as an Additional Insured on all of Vendor's policies of insurance (except Workers' Compensation) and that Vendor's policies of insurance shall provide insurance coverage, on a primary basis, to Purchaser, and shall not require Purchaser's policies to contribute in the payment of the loss. It is specifically agreed by Vendor that Purchaser's policies of insurance are in excess of any coverage to be provided by Vendor to Purchaser as Additional Insured.

No additional sections follow.