

September 20, 2017

SUBJECT: Supplier Performance Expectations - 2017

Valued Aero Component Supplier,

With our upgrade to AS9100D, ACE has decided to ensure proper Supplier relations that meet the new Standard. In an effort to ensure proper communication, we would like to outline some of our expectations when doing business with our suppliers:

SUPPLIER ON-TIME DELIVERY (OTD) of 98% or better

ACE customers expect 100% OTD of our products, which we will not be able to accomplish without Supplier OTD at or about same level. Improving On-Time Delivery to our customers is a major focus for ACE.

- Percent On-Time delivery is measured by number of conforming line items delivered On-Time in full divided by the complete quantity of the line items delivered. An order is considered to be late if it is delivered at our dock more than two days beyond the due date.
Example: If the order promise date is March 28, and it arrives later than March 30, it will be considered late. If a total of 15 line items were delivered, and of those 10 lines were delivered on time, the OTD would be $10/15 = 66.7\%$
- Changes to the originally agreed upon PO due dates must be communicated to your buyer prior to the on dock due date. Please inform the buyer as soon as you know the order date is changing, and if delayed, prepare to provide root cause and recovery dates, and expedite to completion. This also includes parts that have been returned to you for rework.
- Once a PO is placed with you we require that you acknowledge this and give us your expected ship date or ready by date. This will help ensure clear communication.

COMPLIANCE WITH QUALITY REQUIREMENTS

- First Article Inspection (FAI) Reports are required to be completed and maintained by suppliers if called out on the Purchase Order in accordance with AS9102 and include all actual certification documents and bubbled drawing.
- When a supplier completes a FAI report as required by AS9102, they shall submit a full copy to ACE with shipment. Supplier shall keep a readily available copy on file for use by ACE upon request. Any items that are required to have this inspection and shipped to ACE without completion of an AS9102 First Article Report will result in a non-conformance report issued to the supplier.



- Supplier performance assessment is an important part of our Aerospace Quality System (AQMS). To comply with QMS and our Customer's requirements flow down, ACE may have to perform a supplier assessment at your facility. In such case you will be receiving formal communication from ACE to schedule and perform various audits and assessments. These may be performed by a qualified third-party auditor. Non-performance of OTD or Quality rejection may require Root Cause and Corrective Action and may result in more visits and discussions. We expect and would appreciate your cooperation in scheduling and performing such activities with us.

Among the new requirements of ISO9001:2015 and AS9100D we are require to flow down to you to include your action to ensure the following:

Your organization is expected to ensure your employees are aware of:

- ***their contribution to product or service conformity;***
- ***their contribution to product safety;***
- ***the importance of ethical behavior.***

Product Safety in our business includes FOD and counterfeit parts management. These are flowed down on every Purchase Order that ACE issues.

- ACE stands ready and available to assist when needed. Please contact your buyer if you have issues that need clarification.

We are facing many additional challenges this year as we continue to focus on improving our customer order fulfillment processes. Especially during these times, we count on and appreciate your cooperation. Following these key points will create a win-win situation for you and for ACE.

As always, should you have any additional questions, please feel free to contact our buyers or myself.

Best regards,

David Bill,

Please sign and return by email that you understand and will comply with this Memorandum

Supplier:

Acknowledgement:_____