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## CHANGE LOG

DATE OF CHANGE	REV LEVEL	REASON FOR UPDATE
23-Oct-2024	07	Removed Automotive IATF requirements and changed supplier performance to quarterly from yearly for selected suppliers
22-Nov-2024	08	Added Supplier requirements for Aerospace and Defense Programs

## **1.0 INTRODUCTION**

The expectations, requirements and standards defined within this manual are applicable to all suppliers providing materials, products and services to IMT. This includes suppliers of direct materials, packaging materials and services (including containment, sorting and calibration services) with potential impact on any product characteristics affecting IMT's Customer requirements. The requirements in this manual are structured based on General Requirements, and Defense Industry Requirements and Specific Requirements. The requirements as detailed in this manual define basic requirements and are supplemental to specific requirements as communicated by IMT.

### **1.1 THE IMT SUPPLIER RELATIONSHIP**

IMT is committed to maintaining its position as a global leader within the Defense, oil & gas and machining sector and we recognize the integral role that each supplier to IMT has in maintaining our position of excellence in cost, quality, innovation and delivery. Our intent is to establish strategic, long-term relationships with our suppliers and it is incumbent on each supplier to maintain a position of cost leadership while demonstrating a commitment to sustained quality, highest levels of service and a strong focus on continuous improvement.

We will endeavor to make every effort to manage our supplier relationships with the highest degree of integrity and professionalism, and we will ensure that our decisions are based upon optimization of value to IMT and its stakeholders.

This Supplier Manual outlines the fundamental requirements for all suppliers to IMT.

## **2.0. Purpose**

This document provides IMT suppliers with information on the mutual obligations and expectations that are required to achieve our quality objective and compliance with Customer Specific Requirements.

Authorization for exemption from any part of the requirements specified in this document or deviation from any of the documented product requirements, must be received in writing from the IMT Purchasing department, prior to the acceptance of any orders or the release of product for any shipping.

Questions or deviations regarding these requirements should be addressed to either your Purchasing and/or Quality Department at IMT.

### **3.0 IMT Green Procurement Initiative**

Safety and environmental impact will be a fundamental consideration at every stage of a product's lifecycle, from design, development and manufacturing, customer usage and disposal, to reuse and recycling.

IMT is looking to conduct business with suppliers who actively undertake various environmental initiatives.

The objective of IMT's Green Procurement Initiative is to minimize our environmental impact. Materials, parts, and other goods will be procured with priority given to suppliers demonstrating excellent health, safety and environmental performance.

We request that our business partners establish a Waste Minimization Plan or Environmental Management System which incorporates energy savings activities, a reduction in waste produced and efficient management of chemical substances.

IMT suggests that our business partners comply with applicable health, safety and environmental laws. It will be IMT Precision's intent to do business with suppliers who are not using prohibited substances or compounds in their manufacturing process of any products or materials procured. When purchasing products or services for use in our business operations, we will seek to:

- Acquire less hazardous or non-hazardous material
- Order supplies and issuing purchase orders in electronic form
- Where appropriate, order supplies in bulk to reduce excess packaging and implement returnable packaging
- Avoid ordering excess supplies that will never be used, take up space and can become waste
- Buy recycled materials which have at least 50% post-consumer recycled content

IMT is aware of the provisions of Section 1502 relating to conflict minerals of the Dodd –Frank bill and is committed to meet or exceed all obligations required of it with respect to these conflict minerals (Tantalum, Tin, Gold and Tungsten) being sourced from the Democratic Republic of Congo (DRC).

IMT requires its suppliers to ensure no conflict minerals are in any of its products and if they are, that the above minerals are not sourced from the Democratic Republic of Congo (DRC). We are committed to taking steps to ensure that products we receive from our suppliers are responsibly sourced and manufactured.

IMT requires its suppliers to inform IMT, in writing, if they are using these conflict minerals and/or any other restricted materials. If the supplier is not forthcoming in their use of these materials, the supplier could be subjected to immediate re-sourcing activities.

### **4.0 Registration Requirements**

The Supplier manufacturing location should be registered, as minimum, under ISO 9001:2015 for Quality System unless approved by IMT's Quality Department for exceptions.

The supplier is obliged to abide by all the domestic and sector-specific current statutory and regulatory requirements regarding environmental protection and recycling, as a minimum requirement

#### **4.1 Defense specific requirements (Controlled Goods Registered Suppliers)**

Due to the sensitive nature of many of IMT's products, it may be required for suppliers to be Controlled Goods registered. Canada's Defense Production Act requires that contracts that involve Controlled Goods be sourced to Suppliers that are Controlled Goods Registered prior to being permitted to manufacture, examine, possess or transfer controlled goods as part of their contractual requirements with IMT.

A complete listing of Controlled Goods is outlined in "A Guide to Canada's Export Controls" published by Foreign Affairs and International Trade Canada. While not all products at IMT are considered Controlled Goods, it is strongly recommended that IMT's suppliers consider registration.

## **5.0 Supplier Qualification Process**

### **5.1 Supplier Self-Assessment Qualification Survey**

For new suppliers, the process of qualification starts with forwarding the Supplier Self-Assessment Qualification Survey and Nondisclosure / Confidentiality Agreement to the appropriate IMT Purchasing Department representative. Supplier Self-Assessment Qualification Surveys are reviewed by IMT. If the information communicated in the Supplier Self-Assessment Qualification Survey is unsatisfactory, the process of qualifying the Supplier is discontinued. If the information is found to be acceptable, the process of qualification proceeds.

With the approved Supplier Self-Assessment Qualification Survey, the Supplier may be deemed qualified and given a status rating of "Qualified". When deemed necessary, a Quality Survey – Supplier Audit will be conducted to further qualify the new Supplier.

### **5.2 Supplier Audit**

Members of IMT's Purchasing Department, along with representatives of IMT's Quality Department, may conduct Supplier Site Assessments. Prior to the Supplier site visit, the appropriate IMT representative will forward the Quality Survey – Supplier Audit for completion by the Supplier.

During the site visit, the IMT team will utilize the Quality Survey – Supplier Audit to evaluate the Supplier's business management system to ensure that adequate processes are established. Areas of concern or opportunities for improvement are noted and reviewed with the Supplier.

Upon return, the visit is reviewed, and any risks are identified. The Quality Survey – Supplier Audit can either be accepted or rejected. If rejected, the process of qualification is discontinued, and the appropriate IMT Purchasing Department representative will communicate this decision to the Supplier. At a later date, the Supplier may request a follow up site assessment in order to be qualified. If the Quality Survey – Supplier Audit is accepted, the Supplier is given an initial status of "Qualified" and entered onto the Approved Supplier List.

(Only for Defense suppliers) Key Indicators that initiates assessment for potential 2nd party audit are as follows:

- Supplier Performance is below acceptable limit (Refer to Section 15.0).
- Inadequate support/investigation and non-responsiveness for Corrective actions requests.

IMT reserves the right to assess the supplier's quality capability and environmental conformity by means of system audits and/or process audits in each case. In the case of Specific Customer Requirement where IMT is required to conduct 2nd party audits to supplier, IMT will notify the supplier of such requirement during quotation stage.

## **6.0 Quality of the Product and Service supplied**

Quality requirements for specific parts are specified in product specifications and order documents (request for quotation, purchase orders, drawings, purchase specifications, work instructions, inspection worksheets etc.).

The Supplier must monitor its product quality performance and demonstrate continuous improvement. The expectation is ZERO incidents and ZERO defects with prevention having significant priority over detection.

IMT requests that each individual failure or complaint be immediately and sustainably repaired. A repetition of the same defect is consider High risk to the business and, therefore, the Supplier must immediately launch appropriate tests and immediate actions to avoid repeated deliveries of defective parts, until they can stop the cause of the problem in a sustainable manner.

If non-conforming material is shipped to IMT, a Non-Conforming Material Report (NCMR) will be generated, specifying the non-conformance exactly. An email notification of the NCMR will be emailed to the supplier with request for initial acknowledgement

and immediate containment action.

Suppliers must react immediately by responding to IMT with problem description and analysis, and a report on the immediate measures taken within 24 hours after the complaint. Regular progress reports are required until the conclusion of problem handling. Poor responsiveness to corrective actions affects Supplier Scorecard (See Section 15.0).

Supplier specific Corrective Actions form and problem-solving technique is acceptable with authorization from the IMT Quality Department.

If the Nonconforming it's caused by a process failure at supplier then the supplier might be responsible to cover the costs of segregation, and other work related to the non-conforming material in agreement with IMT Precision.

#### **7.0 Lot Traceability (Documentation of Traceability from procurement to Shipment & Sub-tier component processing):**

All Suppliers to IMT should have an effective lot definition and traceability procedure. The shipper number will be linked to the lot traceability procedure in such a way that the delivered product can be traced back to the raw material. Unless otherwise approved in writing by the IMT Quality Department. IMT will work together with the supplier to agree on the batch size. Sub-components may include heat treat, grinding, coating, machining and other various processes. If the original lot were batch processed through the sub-tier processes, then there would be no need to change the original lot number (sub-tier suppliers still need to identify appropriately. However, if the batches are split within the process, then the lot number for each of the batches should be unique.

Separate packaging (container) must be used for different heat codes and identified on the packing slip for each heat code and quantity in the lot.

Reworked parts must be delivered separately from regular series parts and provided with a shipping number (packing slip). The rework must be noted and described on the packing slip. Approval from IMT for deviation or reworked parts to be sent with the shipment.

#### **8.0 Special product characteristics**

IMT defines the special product characteristics regarding safety, function, further processing and assembly for IMT and communicates these to the suppliers. To ensure the safety and function of the products in an efficient and effective manner, the supplier must identify the product characteristics important for safety and functionality as "special product characteristics", Critical Product Characteristics, Process Characteristics or other process specific to IMT requirements.

As the marked characteristics are the basis for process FMEAs, process capability analyses, work scheduling and test scheduling, process control, Quality control management etc., they must be observed meticulously and be documented in an appropriate and reproducible manner.

#### **9.0 Purchasing Data –Method of document change confirmation**

IMT's Buyers will provide the supplier with all applicable documentation (preferably by email, but other modes of communication are acceptable). Suppliers are to respond (preferably by email, but other modes of communication are acceptable) confirming receipt of the documentation. This will verify that the supplier is working to the latest revision provided by IMT.

Communication and access

The Supplier has the full responsibility for their parts including financial aspects for all non-conforming materials/products and their effects.

Suppliers must inform IMT about unclear or contradictory requirements immediately.

At IMT's request, Supplier will facilitate the access of IMT representative for the scope of 2nd party audit or corrective action verification where required.

### **10.0 Delivery**

IMT shipping and receiving hours are Monday to Friday, 7:30 AM to 3:30 PM local time. Any shipments outside these hours must receive prior approval. The Supplier must ensure 100% complete and on time delivery per IMT's schedule requirements. Suppliers are responsible for all freight costs incurred due to late shipments including those costs incurred by IMT to our customers as a direct result.

Suppliers must provide packing slips with all shipments indicating a purchase order number, item number (including correct revision level and/or lot, batch number), item description, quantity, unit of measure, and number of boxes or skids. Suppliers to IMT must provide advanced shipping notice (ASN's) prior to approval to ship by sending the documentation and deliverables (if applicable) to the email address [ingcerts@imtcorporation.com](mailto:ingcerts@imtcorporation.com). Once the buyer approves all documentation and deliverables are in order, they will approve the shipment of the goods by providing an SDR (shipping reference) number to the supplier to ship against. If the supplier is to arrange the shipment, after approval to ship and the receipt of the SDR number, the shipment may be set in motion.

Suppliers are responsible for providing Material Safety Data Sheets and labelling products in accordance with WHMIS legislation. Material certification with each shipment is required for all goods incorporated into finished products. Other Deliverables could be inspection worksheets, receiving inspection work sheets for IMT product drop shipped direct to our sub-tier suppliers.

### **11.0 Customer Property**

Tooling, fixtures and gauges that are the property of IMT or its customers and is to be used in the production of components for IMT only. As part of contract award, the supplier will be responsible for the maintenance and calibration of the tooling, fixtures and gauges while on the supplier's premises. The supplier will exercise care with IMT property while it is under the supplier's control or being used. The supplier must identify, verify, protect and safeguard IMT's property. The supplier must have in place a defined process for Customer supplied tooling management including the traceability of all customer tooling/property. If any property is lost, damaged or otherwise found to be unsuitable for use, the supplier must report their findings to IMT. Any IMT property that is lost or damaged the supplier is responsible to inform IMT immediately.

### **12.0 Approval for Release**

The Supplier (including sub-contractors) must not make any changes in Part Design, Material, Manufacturing Process, or Sub-Contractor without prior IMT approval.

The Supplier must receive approval from IMT prior to initial production shipment.

Depending on the approval scope of the supplier, the supplier must comply with the following Specific Requirements:

#### **12.0 Approved Suppliers with General & Defense scope**

FAI (First article inspection) / ISIR (Initial sample inspection report) Requirements FAI will be performed when there is:

- a) New Product
- b) A change in design, affecting Fit, Form or function of the product.
- c) A change of manufacturing source(s), process(es), inspection method(s), location of manufacture, change of equipment or materials.
- d) An event that can affect the manufacturing process (natural or man-made)
- e) A lapse in production for a period of 2 years or as specified by the customer.

**IMT will indicate in the negotiation and quotation stage the elements of FAI that are applicable for respective order from the following:**

- a) Documentation for the manufacturing/quality plans, manufacturing 'Work Instructions' and any other document that may affect the final product.
- b) 'Inspection data' 'test data' 'acceptance test procedures'.
- c) 'Non-Conformance data' for completeness and correct implementation.
- d) 'Material certifications' for compliance.
- e) Dimensional Results as per ballooned drawing.
- f) List of gauges and measuring equipment qualified/calibrated and traceable as applicable used in manufacturing process to qualify the product.
- g) Sample submission to IMT (sample size to be determined) together with documentation required
- h) IMT quality representative to review the FAI documentation and parts at supplier site

Suppliers must develop the inspection standard for each product that is delivered to IMT. The inspection standard must be defined as the inspection process used to determine the conformity of the engineering specifications. Inspection standards will address all characteristics required to determine product conformance. Inspection standards must be submitted to IMT for approval as part of the FAI submission

The inspection standard will be developed according to:

- i) Recognized international quality standard (i.e.: ISO, TS etc.)
- j) IMT's requirements, specifications, criteria and instructions.
- k) Supplier's expertise and experience in quality control.

### **13.0 Inspection and Test Records**

#### **13.1 General**

Suppliers to keep records of all product/material shipped to IMT such that product/material can be traced back to final inspection, manufacturing date, process and raw material verification/certification.

All inspection and test records must be traceable to the finished product and must be available for audit by IMT as required. Records to be legible and complete and be available for at least 10 years from date of shipping to IMT.

IMT will ensure that suppliers receive updated product drawings as soon as possible after the drawings are revised. Suppliers will, however, be responsible for verifying that the product revision level specified on IMT purchase orders matches the revision level of the product they are producing. Products that are not to the correct revision level will be rejected if it is shipped to IMT without IMT authorization.

#### **13.2 Lot Sampling**

A sampling plan that accepts zero defects is required. Records of inspection results showing actual values maintained by the supplier and one (1) copy of each report to be included with the shipment. The inspection reports are to contain the Purchase Order number, part number and revision and indicate the sample size.

#### **13.3 Certificate Of Conformance (CoC)**

When requested by IMT, the supplier is to provide on the packing list/shipper or on a separate document, a written statement that all supplies and/or services comply with all requirements of the Purchase Order. Certificate(s) of conformance are to contain as a minimum: the part number, revision, Purchase Order number and the manufacturer's lot or traceability number.

Process Certifications – For all special processes required by the Purchase Order for reference documents and performed by Supplier, supplier is to provide the certification/test report. The certification/test report is to meet the requirements and will include as a minimum, a complete description of the special process performed, process name, applicable specification and revision, type, class, grade, etc. quantity, description, part number and revision level.

Non-destructive Test (NDT) Reports – Supplier is to provide the certified test report for all non-destructive testing (NDT) (e.g., penetrant, magnetic particle, radiographic, ultrasonic) performed. The report is to include a complete description of the test, specification, revision, type, method, and class.

#### **14.0 Supplier Performance Measurement**

##### **14.1 General**

The Supplier Performance Report is a tool used to monitor, improve, and reward approved supplier's performance. Supplier performance is based on the scope of being an approved supplier. IMT will monitor supplier performance for specifically chosen suppliers. The chosen suppliers will receive their performance report quarterly, unless the supplier is failing during the monthly internal reviews. IMT will contact the supplier with request for improvement in the areas of poor performance. Together with the supplier, IMT will work to create an improvement plan to be implemented.

##### **14.2 Supplier Performance measurement for Defense scope**

Supplier is marked on number of CARs (Corrective Action Report), On-Time Delivery and Compliance (Applicable Documentation submission via email pre-shipment and with shipments), and NCMRs (Non-Conformance Material Reports issued).

IMT has identified the following supplier key performance indicators (KPIs) to be monitored on a monthly basis:

- 14.2.1 Delivered product conformity to requirements (NCR's, CAR's)
- 14.2.2 Customer disruptions
- 14.2.3 Delivery schedule performance (OTD)
- 14.2.4 Number of occurrences of premium freight

Rating Benchmarks:

90% and higher – Approved (Level-1) 75%-89% - Satisfactory (Level-2) Below 75% - Unacceptable (Level-3)

Level 2 Risk Legend @ 3 month frequency = assessment for potential 2nd party audit  
Level 3 Risk Legend @ 1 month frequency = assessment for potential 2nd party audit



SUPPLIER PERFORMANCE SCORECARD																		
Month \ Category	QA			OTD				Responsiveness & Pricing, Missed Moved leadtimes			Customer disruptions			DASHBOARD	Risk Factor	Risk Legend		
	NCR	CAR	Late CAR	QA index	QA impact	On time	Late > 24 hrs	OTD Index	OTD Impact	No.	PF index	PF impact	No.	CD index	CD impact	Total monthly performance(%)	see legend	level
January				0.00%	0.00%			0	0.00%	0	0.00%	0.00%	0.00%	0.00%	0.00%		0	90%+ 1
February				0.00%	0.00%			0	0.00%	0	0.00%	0.00%	0.00%	0.00%	0.00%		0	75% - 89% 2
March				0.00%	0.00%			0	0.00%	0	0.00%	0.00%	0.00%	0.00%	0.00%		0	75% below 3
April				0.00%	0.00%			0	0.00%	0	0.00%	0.00%	0.00%	0.00%	0.00%		0	
May				0.00%	0.00%			0	0.00%	0	0.00%	0.00%	0.00%	0.00%	0.00%		0	
June				0.00%	0.00%			0	0.00%	0	0.00%	0.00%	0.00%	0.00%	0.00%		0	
July				0.00%	0.00%			0	0.00%	0	0.00%	0.00%	0.00%	0.00%	0.00%		0	
August				0.00%	0.00%			0	0.00%	0	0.00%	0.00%	0.00%	0.00%	0.00%		0	
September				0.00%	0.00%			0	0.00%	0	0.00%	0.00%	0.00%	0.00%	0.00%		0	
October				0.00%	0.00%			0	0.00%	0	0.00%	0.00%	0.00%	0.00%	0.00%		0	
November				0.00%	0.00%			0	0.00%	0	0.00%	0.00%	0.00%	0.00%	0.00%		0	
December				0.00%	0.00%			0	0.00%	0	0.00%	0.00%	0.00%	0.00%	0.00%		0	
TOTAL YTD															#DIV/0!			

Impact rates:

QA impact	35%
OTD impact	30%
Responsiveness & Pricing, Missed Moved	10%
Customer disruptions	25%
Total	100%

Rating Benchmarks:

90% and higher – Approved

75%-89% - Satisfactory

Below 75% - Unacceptable

Risk Factor	Risk Legend	
see legend		level
0	90%+	1
0	75% - 89%	2
0	75% below	3
0		
0		
0		
0		
0		
0		
0		

Level 2 Risk Legend @ 3 month frequency = 2nd party audit

Level 3 Risk Legend @ 1 month frequency = 2nd party audit

## 14.3 Reaction Plan

If a supplier is consistently demonstrating unsatisfactory performance, actions will be taken as follows:

- First month IMT will contact the supplier for an informal performance review
- Second month the supplier will be issued a notification letter of performance below expectations requiring acknowledgement and actions to address the performance issue
- Third month IMT may issue a request for a supplier interview at IMT or a Site Visit to the supplier at the discretion of IMT.

IMT is committed to working with their supplier base to help improve their status. This will require executive support from the supplier. In the event the above actions do not resolve the situation it may be necessary to place the supplier on new business hold. In addition, it may be required to establish an exit strategy to remove the supplier from IMT's approved supplier list and terminate relation

## 15.0 Counterfeit Part and the requirements from AS9100D

For those Suppliers selected for Aerospace and Defense programs that are not certified AS9100:2016 Rev D, please see below the definition of Counterfeit Part and minimum prevention measures

### Counterfeit Part

- An unauthorized copy, imitation, substitute, or modified part (e.g., material, part, component), which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer.
- NOTE: Examples of a counterfeit part can include, but are not limited to, the false identification of marking or labeling, grade, serial number, date code, documentation, or performance characteristics.

### Prevention of Counterfeit Parts

- The organization shall plan, implement, and control processes, appropriate to the organization and the product, for the prevention of counterfeit or suspect counterfeit part use and their inclusion in product(s) delivered to the customer.

NOTE: Counterfeit part prevention processes should consider:

- controls for acquiring externally provided product from original or authorized manufacturers, authorized distributors, or other approved sources
- requirements for assuring traceability of parts and components to their original or authorized manufacturers
- quarantine and reporting of suspect or detected counterfeit parts.

## **16.0 Supplier Requirements for Aerospace and Defense Programs**

### Information for External Providers

The organization shall ensure the adequacy of requirements prior to their communication to the external provider.

The organization shall communicate to external providers its requirements for:

- a) the processes, products, and services to be provided including the identification of relevant technical data (e.g., specifications, drawings, process requirements, work instructions);
- b) the approval of:
  - 1. products and services;
  - 2. methods, processes, and equipment;
  - 3. the release of products and services;
- c) competence, including any required qualification of persons;
- d) the external providers' interactions with the organization;
- e) control and monitoring of the external providers' performance to be applied by the organization;
- f) verification or validation activities that the organization, or its customer, intends to perform at the external providers' premises;
- g) design and development control;
- h) special requirements, critical items, or key characteristics;
- i) test, inspection, and verification (including production process verification);
- j) the use of statistical techniques for product acceptance and related instructions for acceptance by the organization;
- k) the need to:
  - implement a quality management system;
  - use customer-designated or approved external providers, including process sources (e.g., special processes);
  - notify the organization of nonconforming processes, products, or services and obtain approval for their disposition;
  - prevent the use of counterfeit parts
  - notify the organization of changes to processes, products, or services, including changes of their external providers or location of manufacture, and obtain the organization's approval; flow down to external providers applicable requirements including customer requirements;
  - provide test specimens for design approval, inspection/verification, investigation, or auditing;
  - retain documented information, including retention periods and disposition requirements;
- l) the right of access by the organization, their customer, and regulatory authorities to the applicable areas of facilities and to applicable documented information, at any level of the supply chain;
- m) ensuring that persons are aware of:
  - their contribution to product or service conformity;
  - their contribution to product safety;
  - the importance of ethical behavior.