

SELLER QUALITY REQUIREMENTS

M-15 Rev 1.0

Seller Responsibilities

It is the responsibility of all Sellers including distributors and sub-contract suppliers to review and understand these Quality requirements as condition of doing business with Divergent.

Communications

Divergent recognizes English as its language of business. Written and verbal communication shall be in English.

Government Regulatory Compliance

Sellers shall comply with all applicable governmental statutory and regulatory requirements. These regulations relate to the health and safety of the workers, environment protection, toxic and hazardous materials, and free trade.

SELLER QUALITY MANAGEMENT SYSTEM REQUIREMENTS

Sellers are encouraged to develop, implement, and improve a Quality Management system (QMS) certified to ISO 9001 (at minimum), certified by a 3rd party registrar. All Sellers not having Quality Management System (QMS) 3rd Party certification, must be able to demonstrate compliance to ISO 9001 or certification to ISO 9001 with compliance to IATF 16949 by a 2nd Party system audit to include the following:

- a) Quality Planning - Sellers shall follow industry standard Quality Planning.
- b) Sub-Tier Supplier Control - The Seller must maintain sub-tier suppliers/contractor's qualification records along with on-going quality and performance test data as applicable on products purchased through these sub-tier suppliers.
- c) Product Traceability - Sellers shall establish a product traceability system that tracks components throughout the manufacturing process, from receiving raw material through shipment of final product to Divergent. This includes all process steps including inspection and test procedures, rework, and sub-tier supplier operations.
- d) Internal Audits - Sellers must conduct regular internal audits to ensure continued compliance with internal procedures and customer requirements.
- e) Operator and Inspection Instructions - Manufacturing and quality personnel must be qualified. The Seller will prepare written operator and inspection instructions for employees who have responsibilities for completing production process and inspection tasks.

f) Drawing and Change Control - The Seller's quality system must ensure that the latest engineering drawings and specifications are available at the manufacturing, test, and inspection locations.

g) Change Management - Divergent requires all Sellers to submit and obtain change request approval in writing prior to any change being implemented.

h) Control of Nonconforming Product - The Seller shall notify Divergent immediately if the Seller suspects nonconforming product has been delivered to Divergent. Notification shall be provided in writing (e-mail accepted) to Divergent Purchasing and Quality contacts, and must include sufficient description of the nonconformance, the products affected, and associated timeframes.

i) Corrective Action Report (CAR) - A Corrective Action Report (CAR) must be submitted to Divergent when nonconforming material is identified, and corrective actions are required. Divergent's Purchasing and Quality team will identify and communicate the need for a CAR. CAR's must be submitted with the appropriate level of detail and in a timely matter such that it does not impact future production deliveries.

j) Quality Records - The Seller's quality system shall be documented using traceable quality records that can be provided upon request.

SELLER PERFORMANCE MEASUREMENT

Divergent Seller Quality Goal is Zero (0) Rejected Parts (complete conformance to Divergent requirements) and perfect on-time delivery. All Sellers are expected to achieve this goal.

a) Performance Measurement

1) Quality - This metric defines Seller's ability to ship parts that conform to Divergent Quality requirements. This metric includes rejected parts at incoming inspection or during assembly process, disruptions to ship orders to customers due to quality issues, special returns from customers (warranties, field actions and recalls), corrective actions taken and documented, and Quality Management System status.

2) Delivery - This metric defines Seller's ability to ship parts on-time. This metric includes delivery scheduling vs plans, disruptions to ship orders to customers due to delivery issues, and premium freight occurrences.

b) Seller Performance Scoring

1) Sellers will be evaluated once a year according to Seller specific established evaluation processes conducted by Divergent's Purchasing and Quality team. Evaluation results and actions will be communicated as needed.