

Supplier Quality Requirements Agreement

1.0 Document Overview

- a) This document describes the minimum quality requirements and expectations of Integrated Technology Group (ITG) Suppliers.
- b) ITG is comprised of its divisions including Integrated Magnetics, CMI Integrated Technologies, Magnet Sales & Manufacturing, and Integrated Magnetics de Mexico.
- c) This document forms a part of all ITG Purchase Orders (unless otherwise negotiated and agreed to in writing) that relate to products and services which impact the provision of products and services to our Customers.

2.0 Quality Management System (QMS)

- a) Supplier shall maintain a documented QMS that has been certified by independent third party audit as meeting the minimum requirements of ISO 9000, AS 9100, ISO 14000, or other acceptable and recognized QMS.
- b) If Supplier is not certified as above, Supplier agrees to provide ITG with timely self-audits when requested per ITG's Supplier Audit Tool F-A101, and to allow ITG to verify self-audits with on-site audits or other objective evidence as may be requested by ITG personnel.

3.0 Supplier Scorecard

- a) Supplier agrees to cooperate with ITG personnel if Supplier's performance scorecard falls below acceptable levels and to propose and implement Corrective Actions in order to improve scores to acceptable ranges.

4.0 Inability to Perform

- a) Supplier must inform ITG personnel immediately if, upon subsequent analysis of ITG requirements, Supplier is unable to provide products or services contracted for. If Supplier informs ITG of such inability to perform unreasonably late, subjecting ITG to extra costs in re-sourcing contract, Supplier and ITG will negotiate in good faith a fair compensation to ITG.

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5.0 Supplier Notification and Disclosures of Non-Conformances

- a) Upon discovery of non-conformance to ITG specifications, Supplier's disposition authority is limited to rework to specification, or to request ITG in writing for a deviation from specifications.
- b) If a non-conformance or possible non-conformance is discovered after shipment to ITG, Supplier must notify ITG immediately of findings, parts affected, and any other identifying data that will allow ITG to properly identify parts affected.

6.0 Inspection Data and Traceability

- a) Supplier shall document all inspection data relating to products or services provided to ITG, and maintain such data for a minimum of 3 years (or longer if required by Purchase Order). Such data must be able to be cross referenced to ITG Purchase Orders, Part/Drawing Numbers, and shipping dates.
- b) Supplier shall provide together with products or services furnished to ITG, final inspection data and any certifications requested through ITG Purchase Order.
- c) Supplier shall maintain an effective system to allow traceability of materials to their source and provide, if requested, traceability information, sub-tier certifications, and product or service verification data as required by ITG.

7.0 ITG Notification of Non-Conformances

- a) If ITG discovers through random inspection discrepant materials provided by Supplier, ITG may reject any or all Supplier delivered product whether shipped, in stores or in process. Such rejection may cause suspension or delay in payments for subject invoices until resolution is achieved by ITG and Supplier.
- b) The cost of field returns due solely to Supplier furnished discrepant material will be borne by Supplier.
- c) Supplier shall review all stock on hand or materials in process that may be affected by the discovery of the discrepancy, and if necessary purge stock and/or rework or otherwise disposition products so as to ensure that ITG does not receive further discrepant materials.
- d) Supplier shall respond to Supplier Corrective Action Requests (SCARs) within 5 days in order to positively prevent recurrence. If Supplier requires more time to respond to the SCAR, Supplier must communicate with ITG Quality Assurance personnel with reasons for due date response extension. SCARs

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will be evaluated for effectiveness by ITG personnel and Supplier agrees to allow ITG personnel to verify the effectiveness and successful implementation of preventive actions taken.

- e) Persistent recurrence of the same discrepancies shall be cause for no-cost to ITG cancellation of open contracts, removal from ITG's Approved Vendor List, and other actions to compensate ITG for the cost of Supplier's poor quality.

Acknowledged and agreed to by Supplier.

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| <i>Company Name</i> | Integrated Technologies Group |
| <i>Signature</i> | <i>Signature</i> |
| <i>Title</i> | <i>Title</i> |
| <i>Date</i> | <i>Date</i> |

Revision Log

| Date | Revision | Description |
|----------|----------|--------------------|
| 11/14/08 | A | Simplified wording |