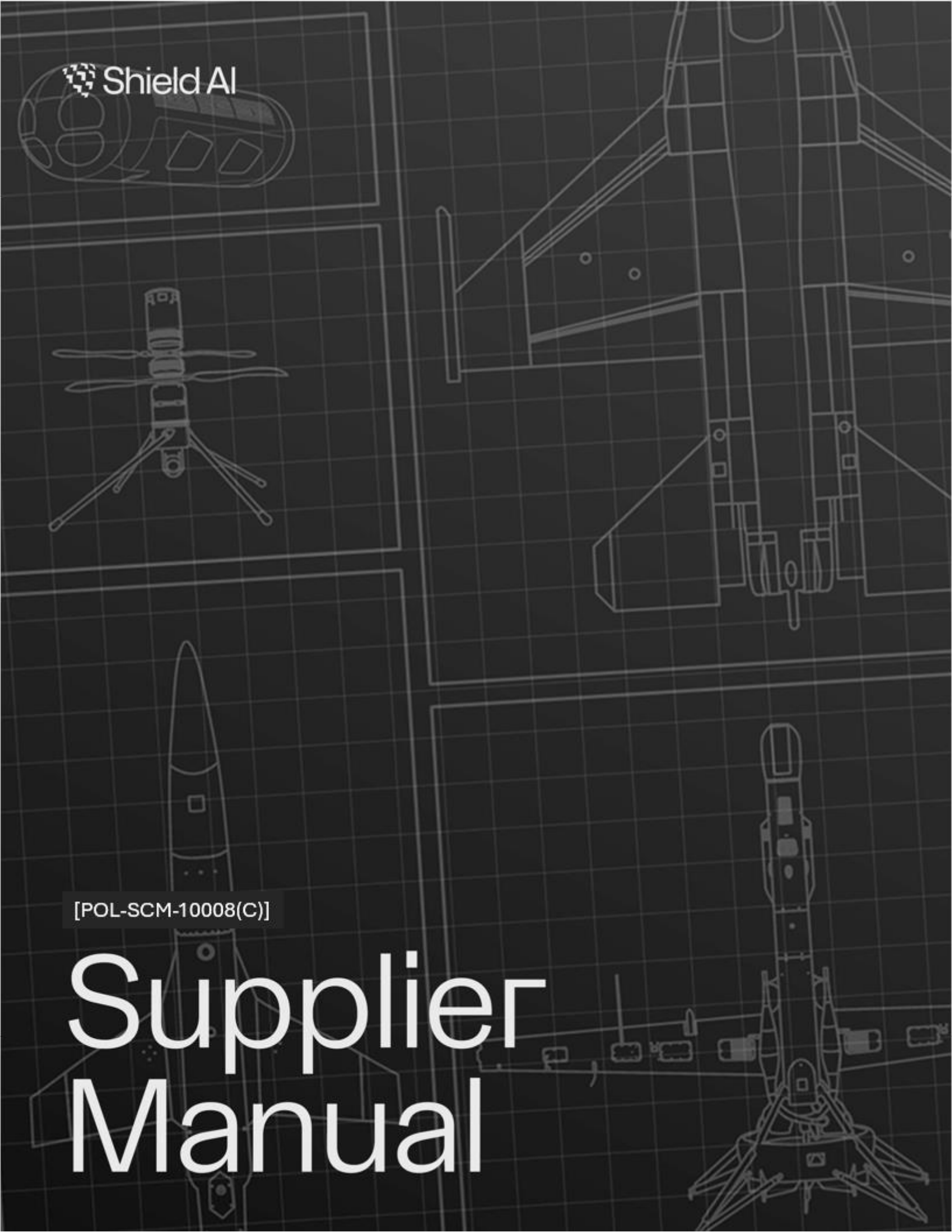
Shield AI

[POL-SCM-10008(C)]

Supplier Manual



[CORE MISSION]

“Protect service members and civilians with intelligent systems.”

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1. Introduction and Mission

The Shield AI Supply Chain Team has compiled this manual to communicate common processes to ensure flawless production and continuous defect-free production of components.

Our mission is simple: to protect service members and civilians with intelligent systems. Shield AI is thus committed to ZERO DEFECTS and CONTINUOUS IMPROVEMENT via:

- On-time delivery of fully conforming parts and/or products
- Rigorous adherence to approved processes and requirements
- Building mutually profitable relationships with our suppliers
- Pro-active risk management

2. Scope

This manual, the Shield AI Supplier Quality Manual (SQM), communicates the operating principles, general expectations, requirements, standards, and procedures of Shield AI. It describes the expectations that Shield AI has for its suppliers in order to ensure that purchased product meets our requirements, with a common goal to achieve a high level of quality and customer satisfaction at the best possible cost.

Acceptance of any Purchase Order constitutes acceptance and commitment on behalf of the supplier to comply with the intent of this SQM. It does not replace or alter any purchase agreement, global terms and conditions, or requirements included in the applicable engineering drawings, specifications, and other contractual documents for the supply of production materials.

This manual applies to all direct material suppliers, including bulk material and sub-suppliers. It applies to indirect material and service suppliers only when required in writing through Shield AI's PO. The SQM is a living document and suppliers are encouraged to regularly confirm the latest version on the Shield AI Supplier Portal (please reference https://shield.ai/supplierterms/).

The US English language version of this document shall be the official version for any purposes. Translations of this document will be for reference only.

3. Purpose

The purpose of this manual is to create the basic quality system expectations that we can use to work closely with our suppliers and develop a strong and successful working

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relationship. The Supplier's full cooperation and commitment to quality is essential to achieving Shield AI's mission.

4. Supplier Code of Conduct

All Shield AI suppliers are expected to uphold the highest standards of ethical conduct, integrity, and compliance with applicable laws and regulations. Suppliers must respect human rights, ensure safe working conditions, and implement responsible environmental practices.

5. Purchase Order Agreement

5.1 Acknowledgement

An affirmative acknowledgement of a Shield AI Purchase Order incorporating referenced specifications constitutes the Supplier's acceptance of those specifications. Acknowledgement via email to the buyer is required

5.2 Purchase Order Requirements

The requirements in this document are applicable for all Shield AI orders. In addition, the Purchase Order may cite specific numbered quality clauses. When referenced, conformance to those clauses is required, and acceptance or performance of the order is a record of the Supplier's understanding and conformance to those requirements.

5.3 Unauthorized PO Work

Suppliers shall not perform work without released PO authorization. This includes rework, repair, additional work due to design changes, scope of work increases, and/or expedites. Any unauthorized work shall be assumed as a supplier known liability.

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5.4 Packaging

Packaging all items must be adequately preserved, packaged, handled, and contained to prevent deterioration and damage during shipment. Each lot or batch shall, as far as is practicable, consist of units of product of a single type, grade, class, size and composition, manufactured under essentially the same conditions and at essentially the same time.

When shipping multiple Purchase Order line items, Seller shall segregate multiple lots of the same part number. Product submitted against a single purchase order line should consist of units manufactured under essentially the same conditions and at essentially the same time. In cases where this is not achievable, lots shall be segregated and appropriately identified within the shipment.

Damage during transit may be the responsibility of the supplier if inadequate packing is identified as a contributing cause.

5.5 On-time Delivery

Seller shall meet all scheduled delivery dates as specified on Shield AI Purchase Order. If Seller becomes aware of any circumstances that are likely to give rise to a delay in promised delivery date, the Seller shall immediately notify their Shield AI buyer, in writing, stating the reason for the delay and the new time for delivery.

For overseas products, this notification should be given no later than 14 days before the promised date. For all other products, notification should be provided no later than 48 hours before the promised date. The Seller shall seek authorization from Shield AI if they wish to deliver any parts more than five days earlier than the promised delivery date. In case of delay in delivery without proper notification, Shield AI reserves the right to cancel the Purchase Order without liability to Shield AI or any other third party. Unauthorized over shipments and early shipments may be returned at Seller's expense. Seller shall be liable for all storage/handling charges incurred as a result of over shipments and early shipments.

6. Quality System Requirements

6.1 Conformance

The Supplier shall ensure that material provided to Shield AI conforms to all Purchase Order, specification, and drawing requirements, whether processed by the Supplier or procured from subcontractors. Tests, inspections, and record retention requirements, in addition to those required by drawings, may be incorporated in specifications and/or Purchase Orders in specific terms. Neither surveillance, inspection and/or tests made by Shield AI or their representatives at either the Seller's or buyer's facility nor the Seller's compliance with all applicable product assurance requirements shall relieve the Seller of the responsibility to furnish items which conform to the requirements of the Purchase Order.

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6.2 General System Requirements

The Supplier must be able to maintain a quality system that meets or exceeds industry standards and ensures adequate product conformance and appropriate objective evidence to meet usual business responsibilities. It is preferable that Sellers are able to maintain a quality system that meets or exceeds ISO 9001(current revision) or AS9100 (current revision). The Seller shall notify the buyer within two working days if any ISO, AS, or NADCAP certifications are revoked or suspended. Failure to notify Shield AI of such revocation shall constitute a breach of contract any may result in termination of any outstanding Purchase Orders and/or disqualification. Notification of certification upgrade is required:

- The Supplier shall have a suitable, controlled means for determining the acceptability of product.
- The Supplier shall have a documented procedure for controlling nonconforming material.
- The Supplier shall have a documented procedure for implementing corrective and preventative action.
- The supplier shall control non-deliverable software (i.e. CNC programs, testing software, etc.) ; these should be controlled independently of part revisions.
- The Supplier shall flow down these quality system requirements to subcontractors
- Supplier personnel performing work on contracted products and services shall be adequately trained to ensure that their skills and competency levels will result in products that meet all contract requirements. Supplier shall have records to show this training.

If where the Supplier is based the official language/local language is not English, supplier shall make provisions for maintaining English versions of their Quality Management System related procedures and documents. Documents submitted to Shield AI, as a part of documentation package shall be in 'English' or have all the information provided in an English version. In the event of any conflict between the English and the local language version of the Agreement (or part), the parties agree that the English version shall prevail

6.3 Quality Manual and Standards

Suppliers shall maintain an up-to-date quality manual outlining key processes, certifications, and quality standards. Any suspension or revocation of certification must be reported to Shield AI within 2 working days.

6.4 Order of Precedence

In the event of a conflict in technical requirements, the following order of precedence shall prevail:

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1. Issue Tickets or Supplier Deviations Requests (SDR)

2. Drawings

3. Specifications cited on the drawings

Note: Contact the authorized buyer regarding any questions or concerns. The configuration requirements specified in the Purchase Order will contain applicable drawing, associated revision levels, supplemental drawing data, quality flow-downs, and customer flow-downs.

In the event that requirements on a Purchase Order/Contract conflict with accompanying technical requirements, this deviation must be separately authorized by an Issue Ticket.

6.5 Configuration Management

For Seller-controlled drawings of Shield AI custom alpha revision components, the Seller shall maintain a specific and unique part number with revision control for Shield AI. No significant change affecting the design or manufacturing process or location shall be made without prior written authorization from Shield AI in the form of a Supplier Deviation Request (SDR). Significant changes include, but may not be limited to, changes that affect performance, integration, system compatibility, size, function, functional performance, testing requirements, material, material types etc.

6.6 Expiration Dates

When the Seller provides Shield AI with any Expiration Date, the format shall be in “Month-Day-Year”, such as, “MM-DD-YY” or “MM-DD-YYYY”. In cases where the Seller is unable or does not provide Day in the expiration date, Shield AI will interpret Day to refer to the 1st of the month.

6.7 Traceability

The supplier shall have a documented process to maintain trace of product & services, constituent parts, special processes, and material through all stages of production, processing and distribution. The supplier shall have capability of tracing backward from fabricated hardware to the records or material from which the item, part, and material originated. In cases where the customer provides specific traceability or serialization requirements, this traceability shall be maintained throughout the process. Identification and retrieval shall be required through all levels of higher assembly.

7. Supplier Selection, Performance, and Monitoring

Shield AI employs a rigorous supplier selection and monitoring process to ensure alignment with our quality objectives. Key stages include supplier self-assessment, on-site evaluations, and continuous performance monitoring through scorecards and audits.

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7.1 Supplier Selection Process

Includes confidentiality agreement, new supplier information request, and initial quality assessment.

7.2 Supplier Audits and Monitoring

SAI reserves the right to perform on-site assessments, that suppliers may be audited periodically to verify continued compliance with quality and delivery standards.

7.3 Supplier Performance

Performance is tracked through quantitative metrics such as on-time delivery and defect rate. Suppliers with a history or trend of poor performance may be subject to corrective actions or removal from the approved supplier list.

7.4 Designated Supplier Quality Representative (DSQR)

The Designated Supplier Quality Representative (DSQR), or the Supplier Development Engineer (SDE), will be the supplier's main point of contact for all quality-related issues. At their discretion, they are to perform in-process and final source inspections at the supplier's manufacturing facility.

Through the inclusion of this clause, SAI is granted authority to perform source inspections on certain or all goods covered by the purchase order. SAI reserves the right to withdraw or limit authority under this clause, including limiting source inspection to certain goods, at any time by providing written notice. SAI reserves the right to conduct surveillance audits at Supplier's facility to ensure conformance with SAI requirements. SAI retains the right to perform additional inspections and product verification on any goods subject to source inspection and to reject or revoke acceptance of any defective or non-conforming goods.

SAI further retains the right to monitor inspectors' performance of source inspections.

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8.0 General Quality Requirements

8.1 Nonconforming Material

Suppliers shall establish a method to internally review and control nonconforming items and notify SAI in a timely fashion of nonconformities. Nonconforming material shall be identified, documented, evaluated, segregated, and dispositioned to prevent its unintended use. Unless otherwise stated in the purchase order, the Supplier is authorized to conduct limited material review and disposition of nonconforming products identified by the Supplier using the following disposition alternatives:

A. Rework to applicable requirements

B. Scrap

C. Return to Vendor (RTV): return to (the Supplier's) sub-tier source for rework or replacement

The Supplier may propose and formally request Repair or "Use-As-Is" dispositions from SAI by electronically submitting a Supplier Deviation Request (SDR) to the SAI Supplier Development Engineer (SDE). Nonconforming disposition decisions of Repair and/or Use-As-Is (UAI) require approval from SAI before shipment of the product. All Repair and UAI disposition requests shall have the root cause and corrective action identified on the SDR. No nonconforming product may ship without an SAI approved SDR.

A copy of the approved SDR shall be shipped with the product. Any product received from the Supplier that deviates from the drawing, specification, or purchase order requirements, for any reason that has not been authorized by an SAI approved SDR will be rejected.

8.2 Revision Control Level

When providing products manufactured per SAI drawings, Supplier shall use the following methodology for determining revisions of military, industrial, and commercial references. Supplier shall use the latest revision at the time of purchase order placement, unless otherwise stated in the purchase order. For cancelled specifications, the Supplier shall contact SAI's authorized Procurement Representative for guidance

8.3 Supplier Deviation Request (SDR)

A supplier is never permitted to knowingly ship product that deviates from the print, specification limits, or design intent without written authorization from SAI. If such a condition exists, the supplier may request SAI to allow shipment of the product. This is accomplished by initiating a Deviation Request.

If directed by SAI, the supplier must send samples of non-conforming items to SAI for evaluation. The cost of any testing required to determine the acceptability of the product

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will be charged to the supplier. SAI will determine the item's acceptability and what corrective actions (if any) are required beyond the deviation. If approved, SAI will send a written deviation approval to the supplier.

The deviation is only intended to be an interim action and is not to be construed as an engineering change. The supplier must begin work immediately to correct the condition in question. This must be accomplished within the time frame stated on the deviation. Failure to comply with the mutually agreed upon closure date for the deviation may result in the supplier's rating being affected.

In all cases, the supplier must fully contain all product suspected of being non-conforming at their facility. In addition, the supplier may be required to sort any suspect product at SAI.

Any products sent to SAI that have been approved on a Deviation must be clearly identified on the packaging with the appropriate markings decided jointly by SAI and the supplier. The physical copy of the SDR must accompany the shipment itself along with any other requested paperwork.

8.4 Supplier Corrective Action Request (SCAR)

SAI reserves the right to issue a Corrective Action Request (SCAR) to a supplier in response to an issue. These issues could be items like, incoming inspection non-conformances, line rejections, mis-labelling, incorrect packaging, testing failures, failed inspection results, customer concerns, warranty and/or customer returns, receipt of obsolete material or material certification or other failure modes.

When issued a SCAR, the supplier shall conduct a RCCA activity that addresses:

- Immediate containment to prevent further escapes
- Review of why made and any preventative actions taken
- Review of why missed and any improvement actions taken

Supplier agrees to provide formal responses to all SCAR within the timeframes indicated below. Failure to answer SCARs promptly negatively affects seller's quality rating and could result in suspension or removal from SAI's Approved Supplier List (ASL).

The supplier is required to respond by returning objective evidence of their RCCA activity back to SAI. Suppliers should comply with the following requirements:

- SAI requires that the supplier take and implement immediate containment actions upon notification of the nonconformance. The supplier must submit a written response to SAI, reporting the supplier's initial findings and containment activities promptly.
- The containment plan must clearly define all containment actions through the entire value stream to assure that no nonconforming product is shipped to or

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used at SAI. If suspect product has already been shipped, the supplier must address all suspect stock in transit and any stock at SAI. The supplier will assist SAI in identifying customer risk by identifying all suspect lot numbers and associated quantities involved.

- Within 72 Hours of the original notification, the supplier should report the initial results of the Supplier's investigation into the root cause analysis of the problem.
- Within 30 days from the initial notification date, the supplier should submit the permanent corrective action to be taken to prevent recurrence of the issue, and the effectivity date (the date the corrective action will be implemented) In certain circumstances this may take longer to resolve.
- Corrective actions that have been implemented may require a new First Article Inspection (FAI) / Production Part Approval Process (PPAP) submission.
- SAI must be informed of progress towards implementing the corrective action. When corrective action implementation is complete, the supplier and SAI verify that the corrective action is effective in preventing the problem's recurrence.
- Quality and delivery non-conformances will be reflected in the future supplier rating.
- Suppliers will be responsible for all validated costs for non-conformance issue based on, but not limited to the following:
    - Sort of supplier product at SAI
    - SAI Production line shutdown
    - Product sort and/or scrap of material including unapproved and unauthorized material sent to SAI
    - Non-conforming material transfer of any type including transportation.
    - SAI staff time for problem investigation
    - Any SAI testing that is required
    - Any sort/re-work charges done by SAI and/or 3rd party.
    - Any costs incurred by SAI as a result of Customer issues relating to non-conformance SCAR Reports

8.5 Notification of Change

Suppliers shall not implement any changes in design, material, processes, or controls without prior written approval from SAI where authorized Procurement Representative controls the specifications and processes. The intent of this requirement is to ensure that all products supplied under this purchase order shall be homogeneous and the performance, reliability, and quality of the product is not degraded.

Suppliers with design authority shall notify SAI of any changes to fit, form, function, or safety of product and obtain approval prior to manufacture and delivery. Supplier shall submit proposed changes to SAI in writing.

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8.6 Key Characteristics

When key characteristics are specified on the drawing or purchase order, Supplier shall utilize methods to collect and analyze key characteristic data and take appropriate action to reduce variation. Documented methods and procedures for variability reduction shall be established and maintained. Use of statistical process control (SPC) methods are recommended. When key characteristics are not specified, seller is encouraged to utilize variable reduction methods to improve product quality and reduce quality costs

8.7 Calibration

The Supplier shall maintain a calibration system in accordance with MIL-45662 calibration system requirements, ANSI Z540-1 or equivalent.

Material furnished in kits consisting of two or more components must have equal calibration expiration dates.

As applicable to the business, the Supplier shall perform all inspections and tests using calibrated equipment. The Supplier shall establish and maintain a system for the calibration of all inspection, measuring, and test equipment (IMTE) and measurement standards used to perform all tests and inspections.

- The calibration system shall be coordinated with the supplier's inspection or quality control system and shall be designed to provide adequate accuracy in use of IMTE and measurement standards.

- The calibration system shall provide ready detection and notification of deficiencies, such as out of tolerance conditions, device repair, overdue devices, and lost devices, and a timely positive action process in place for their correction. Equipment shall be identified by ID or S/N and traceable to recall date and person performing calibration.

- Materials used to meet applicable drawing or procurement requirements shall not be excluded.

- If any IMTE or measurement standard is found to be out-of-tolerance during the calibration process, the suppliers calibration system shall provide for the notification to the respective user and designated contractor quality element of the out-of-tolerance condition with associated measurement data so that impact analysis and appropriate action can be taken.

- Calibration service providers shall be compliant to ISO 17025.

- Calibration standards shall be traceable to NIST or equivalent standards.

- The Supplier is responsible for the maintenance and calibration of Shield AI supplied tooling, gages and test equipment. Any repair or rework of Shield AI supplied tooling, gages, and test equipment requires prior approval.

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8.8 Safety Data Sheet

The Supplier shall provide a reproducible copy of the Safety Data Sheet (SDS) with each shipment of chemicals, and for all hazardous or regulated materials. All hazardous materials shall be packaged and shipped in accordance with the Code of Federal Regulations (CFR) 49. In the case of certain hazardous or regulated materials, the detail specification shall take precedence over, or in concurrence with this requirement.

8.9 Shelf Life

Material shipped with less than 75% of the shelf life remaining shall result in the rejection of the material.

8.10 Foreign Object Debris/Damage (FOD) Control Plan

The Supplier shall have a documented FOD Control Program in place for the purpose of prevention, detection, and removal of foreign objects. The Supplier is responsible to ensure that Shield AI receives clean, undamaged, and contamination-free product. FOD prevention must be implemented in all areas as applicable and the Supplier must provide FOD awareness training. The Supplier must protect parts from handling damage in all areas; Supplier must provide material handling awareness training to all employees and handling standards shall be documented

8.11 Record Retention

Seller shall maintain and make available to Shield AI or its agents all records for, or related to, Shield AI products regardless of Purchase Order dollar amount. Records must be retained at least seven (7) years following completion of contracted work. Corrections to any processing records shall only be made with a single line-through, date, and initial or stamp method. White-out or other similar methods are prohibited.

9.0 Inspection

9.1 Inspection Responsibility

It is the Supplier's responsibility to ensure that all material shipped to Shield AI conforms to the Purchase Order, drawing and drawing specifications (if applicable). Shield AI will evaluate incoming material to ensure conformance with all applicable requirements. This may be accomplished by Receiving Inspection verification, periodic audits, in-process performance, random laboratory testing, or Source Inspection. Shield AI reserves the right to inspect purchased material using any suitable sampling program to determine if total conformance exists

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10.0 Counterfeit Prevention

Shield AI is committed to providing the safest, most reliable and economical access to space and as Shield AI continuously innovates, sub-standard and unreliable parts present a serious threat to our mission and ultimately to our customers.

Shield AI considers its suppliers as partners in achieving success in its mission and goals, Shield AI requires that its supplier take steps in continually identifying and eliminating risks associated with sub-standard and counterfeit parts. Counterfeit parts are defined as "A suspect part that is a copy or substitute without legal right or authority to do so or one whose material, performance, or characteristics are knowingly misrepresented by a supplier in the supply chain"(*per AS 5553). Various examples of counterfeit include:

- Parts which do not contain the proper internal construction (die, manufacturer, wire bonding, etc.) consistent with the ordered part.
- Parts which have been used, refurbished or reclaimed, but represented as new product.
- Parts which have different package style or surface plating/finish than the ordered parts.
- Parts which have not successfully completed the Original Component Manufacturer's (OCM)'s full production and test flow, but are represented as completed product.
- Parts sold as up-screened parts, which have not successfully completed up-screening.
- Parts sold with modified labeling or markings intended to misrepresent the part's form, fit, function, or grade.

As counterfeit part prevention evolves, Shield AI relies on its supplier to have robust counterfeit parts program and they take extra diligence to inspect, identify, track, and management of parts within the supply chain. A robust counterfeit part prevention program shall address following elements:

- Training and awareness on identification, reporting and prevention of counterfeit parts.
- Processes to communicate and eliminate counterfeits.
- Product traceability of procured items back to their manufacturer.
- Utilization of original component manufacturers or their authorized distributors.

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- Active participation in GIDEP (Government Industry Data Exchange Program).
- Established processes for identification, quarantine, test and confirm counterfeit.
- Flow-down of counterfeit detection and avoidance requirements to sub-tier suppliers.
- Continually following counterfeiting information and trends and updating trainings and awareness.
- Processes for monitoring GIDEP or other credible sources of counterfeiting information to avoid the purchase or use of counterfeit electronic parts.
- Processes to control and address obsolescence issues.

The simplest and most effective way of combating counterfeit items is to know you are using a manufacturer-authorized supply chain. If you "buy the parts right," your risk of receiving counterfeit product is minimized. Always refer to your Shield AI purchase order terms and conditions, and the quality clauses for part specific requirements.

11.0 Information Security

Information provided by Shield AI to Seller or derived from such information remains the property of Shield AI. Seller agrees to comply with the terms of any nondisclosure agreement ("NDA") with Shield AI, which is incorporated herein by reference, and to comply with all proprietary information markings and restrictive legends applied by Shield AI to anything provided by Shield AI or its agents to Seller. Seller agrees not to use any Shield AI Information for any purpose except to perform this Contract and agrees not to disclose Shield AI Information to third parties without the prior written consent of Shield AI.

Seller shall implement physical, technical, and administrative safeguards to protect all Shield AI Information and prevent Security Threats to Shield AI's System, and shall maintain standards and procedures to address the configuration, operation, and management of systems and networks, services, and Shield AI Information, consistent with ISO/IEC:27001 or equivalent industry standards, to protect such information and Shield AI's System against unauthorized processing or disclosure, or accidental loss, destruction or damage. Upon request, Seller shall:

(1) respond to Shield AI requests for information regarding its information security practices;

(2) submit to Shield AI evidence of passing a third-party audit of such practices, completed at Seller's expense or

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(3) submit to Shield AI an unexpired certification under ISO/IEC:2001 or equivalent industry standards, obtained at Seller's expense. "System" means any electronic device, computer, peripheral device or accessory, network, or any similar devices or any group of such devices. "Security Threat" means any threat, vulnerability, exploit, flaw or weakness that could be exploited to violate System integrity or operation

In the event of the identification of any security-related risk to the Shield AI Information or Security Threat to Shield AI' System,

(1) if identified or known by Seller, Seller shall notify Shield AI; and

(2) whether identified by Seller or Shield AI, Seller shall take remedial action specified by Shield AI. In the event that Seller fails to promptly take such remedial action or in the event such remedial action does not correct the risk, Shield AI shall have the right, at Shield AI's sole option, to terminate this Agreement.

Seller shall send a notification to their buyer within 24 hours:

(1) upon discovery that the unauthorized intentional or unintentional access to, or disclosure, modification, compromise, destruction, or loss of, Shield AI Information or financial transactions, or the copying of Shield AI Information to unauthorized media, may have occurred or a Security Threat to Shield AI's System exists; and

(2) upon receipt of any request for disclosure or inquiry regarding Shield AI Information from any governmental authority or other third party

12.0 Record of Changes

DATE	REVISION	CHANGES
26 Nov 2025	A	Initial release of Revision A.
27 Jan 2026	B	Updated rev to B Updated SCAR section to reflect patterns of non-conformances and expectations for suppliers Updated Source Inspection section and updated certification expectations
4 Nov 2026	C	Simplified section 8.4 for supplier corrective actions

