



Supplier Quality Manual

1.0 Scope

This document is applicable when its inclusion is specified on purchase orders or contracts issued by USA Rare Earth. Quality System requirements for suppliers who provide products and services that contribute to the manufacture of customer products are defined in this document.

- USA Rare Earth's Quality and Engineering department must approve all deviations to specified requirements, as presented herein, in writing.
- Requests for deviation must be submitted by the supplier in writing and on the appropriate documentation for review and approval by USA Rare Earth's quality department. These requests must be submitted to the appropriate USA Rare Earth buyer.
- All written and oral communications with the supplier and the supplier specifications, procedures, and reports shall be in English.
- USA Rare Earth's quality requirements apply to anyone or any group in the following categories: manufacturers, distributors, special process groups, and any other sub-tier supplier providing parts, services, or raw materials to USA Rare Earth.
- The supplier is required to flow these requirements down to their respective sub-tier suppliers.

With the support and teamwork of our suppliers, USA Rare Earth is committed to providing quality parts that meet our customers' specifications.

1.1 Individual Contributions

- 1.1.1 Product conformity – It is the responsibility of each person performing functions related to a part or product to be fully aware of their contribution and the possible effects (both positive and negative) as they flow through the process. This can be achieved through supplier meetings, communication, and postings.
- 1.1.2 Product Safety – Each person performing functions in the process should operate in a safe and conscious manner to prevent or eliminate possible harm or injury to themselves or to the product or process. Safety is paramount at every turn. USA Rare Earth operates in an environment of "Safety First" and expects its suppliers to do the same.
- 1.1.3 Ethical Behavior – Processes are defined, purchase orders are generated, and manuals are written. The integrity of the system rests solely in the hands of those operating within its guidelines. Attention to detail and respect for the process will ensure conforming products, a safe operation and a system that works without fail, every time.



2.0 Supplier Evaluation and Approval

USA Rare Earth utilizes self-surveys to evaluate supplier and sub-tier quality systems. Self-surveys may be utilized in conjunction with an on-site assessment performed by a USA Rare Earth quality representative. Upon completion of the survey, whether “self” or “on-site”, a completed copy of the survey and a copy of all applicable quality system certifications or special process certificates must be submitted and maintained by USA Rare Earth in accordance with a controlled document protocol. Should any changes in the supplier certification status occur, the supplier is responsible for notifying USA Rare Earth to avoid any adverse conditions in their approval status. In the event there is a change in the supplier’s status, USA Rare Earth reserves the right to re-evaluate the supplier and continuation of approval is subject to overall quality performance and delivery history. In some cases, an ISO 9001:2015 Certification (or comparable), may be accepted in lieu of completing the self-Assessment.

3.0 Notification of Changes in Supplier Status

All changes in supplier management, ownership, location, address, name, product-offering, or certification status must be communicated immediately. This notification must be provided to USA Rare Earth in writing.

4.0 Quality Requirements

Quality System requirements are designed to assist in meeting the overall goals and expectations as outlined in the purchase order requirements. It is the responsibility of the supplier to know and communicate these parameters to the appropriate personnel inside their facility. USA Rare Earth will monitor and measure the quality and delivery performance of its suppliers measured monthly and rate them in accordance with the following outline.

Deliver Performance

OTD > 95%

=Total # of on-time shipments/ Total # of shipments in the month

Quality Performance

Raw Material Suppliers

NC % < 1%

Machine and O/S Suppliers

Reject Qty < 1000 PPM



5.0 Source Inspection Requirements

If a supplier's quality rating falls below 50% for three consecutive months, USA Rare Earth may impose source inspection requirements on the supplier. All source inspections will be performed at the supplier's expense. Expenses may include hourly personnel rates, travel time and any other fees deemed reasonable to the on-site inspection function.

6.0 Company Tooling and Gages

In the event USA Rare Earth must furnish gages, tooling, specially designed tooling items, cutters, etc., USA Rare Earth maintains full authority over the specified item for its intended use. The supplier will log the inbound furnished items, tag as USA Rare Earth owned and prevent them from being altered or manipulated from their original intent. Suppliers are required to perform periodic maintenance and inspections and notify the company in the event there are discrepancies or damage to equipment. USA Rare Earth equipment should be kept in a safe package when not in use and readily available for inspection or recall should the company so desire.

7.0 Quality System and Certification Requirements

Component manufacturers, materials, and sub-assembly contractors must maintain a documented quality system. ISO 9001, AS9100, or equivalent are preferred, but not required. Calibration providers must be able to provide evidence of certification to NIST standards. Additionally, the supplier must meet the minimum requirements as set forth in this document.

8.0 Product Identification

Prior to delivery, the product must be identified in accordance with the purchase order requirements, referenced drawings and specifications. A conformity statement (commonly referred to as a Certificate of Conformance) must be supplied with each shipment. The statement must include and reference the following: part number, revision, description, purchase order number, quantity, and acknowledgement of compliance to technical data and applicable serial numbers. The signature of an authorized company agent must be on, or come with, the Certificate of Conformance.

9.0 Nonconforming Product

Control of nonconforming product and materials is essential. These articles must be identified and segregated from the production area. Nonconforming items must be quarantined immediately upon discovery. During the review process, if the supplier determines that the nonconforming item can be fully restored to conformance of requirements, the supplier is authorized to do so without cause for notification to the company or mandated corrective action.

Significant product discrepancies, other than as noted above, should be submitted in writing on a deviation request form for the company. A supplier's equivalent form is acceptable. Each applicable shipment will include this form as needed. Shipping documents will be required to include a note stating that the shipment contains nonconforming parts and applicable deviation request form. All nonconforming parts should be packaged separately in the shipment and tagged as "nonconforming



part". Shipments containing nonconforming articles should be identified to the buyer prior to shipment to give the company quality personnel advanced notice of the upcoming review.

Counterfeit materials are forbidden from shipment to USA Rare Earth. In the event USA Rare Earth has received counterfeit material, the item(s) shall be placed in the nonconformance area for further evaluation. Should the supplier discover that materials that have been shipped are found to be counterfeit, the supplier shall notify USA Rare Earth within 24 hours via a written document explaining the nonconformance.

10.0 Test, Inspection and Verification

Where applicable and indicated by purchase order requirements and explained in extended purchase order Terms & Conditions and this document, test reports, certifications, and validation documents are required with shipment. In the event these documents are not provided or are not accurate to defined expectation, they will be considered nonconforming or counterfeit and held in a nonconformance area for appropriate disposition.

11.0 In-Process Inspection Control

During the manufacturing process, the supplier is expected to maintain inspection controls to ensure that products or services being provided meet USA Rare Earth requirements. Any internal inspection records or test results pertaining to orders made for USA Rare Earth shall be maintained.

12.0 Supplier Corrective Action Process

The supplier shall have an effective corrective and preventive action program in place to capture, document and prevent repeat issues. This program should include a follow-up action for all defects detected during the manufacturing processes as well as inspection process. Corrective action should be submitted on the company corrective action form (either USA Rare Earth or supplier). Make certain this report includes a preventive action analysis designed to keep the event from re-occurring.

13.0 Packaging and Delivery

Adequate and accurate packaging to prevent product damage is the responsibility of the supplier. Parts damaged in transit because of improper or insufficient packaging will be the responsibility of the supplier. All shipping and packaging documents shall be verified for accuracy and legibility.

14.0 Limited Shelf-Life Product

Products/items shipped to USA Rare Earth are required to have no less than 75% of its documented shelf life remaining.

15.0 Flow Down Requirements

USA Rare Earth understands that there may be a need to use third-party suppliers to achieve the desired results as outlined by the purchase order, standard terms and conditions and this manual. In the event such utilization occurs, it is the suppliers' responsibility to ensure that the suppliers selected meet the same criteria as is outlined in the already mentioned documents. Although the supplier may possess and



operate under an approved or certified QMS, this USA Rare Earth SQM remains the primary document by which product acceptance will occur. Therefore, it is the responsibility of the supplier to flow down any, and all requirements found on the purchase order, within the PO terms and conditions and within this document to assure product conformity. USA Rare Earth reserves the right to reject products, at the supplier's expense, not in compliance with these requirements. The product received by the supplier and subsequently delivered to USA Rare Earth must have all applicable reports, test certificates, etc.

16.0 First Article/PPAP Inspections

When a first article inspection or PPAP is required by USA Rare Earth, the supplier is responsible to provide all applicable PPAP documents, measurement data, and product samples for review prior to the subsequent production builds. USA Rare Earth will, with thoroughness and haste, inspect the submitted parts for conformity and return the parts and applicable acceptance or rejection notification to the supplier. FAI parts should not be billed until the lot is delivered, unless otherwise specified by the PO or instructions from the buyer. Approved First Articles will release the lot for production to PO requirements while rejected First Articles will freeze production until such time as conforming product is submitted and subsequently approved. Once PPAP has been approved, any changes to the process must have a revised PPAP submitted to USA Rare Earth.

17.0 Record Retention

All quality records must be maintained, unless approved by USARE. The company reserves the right to ask for and review these records at any time. These records will include, at a minimum, certifications, test reports, inspection data and other intellectual property used in the manufacture or distribution of products.

18.0 Right of Entry

The supplier will provide USA Rare Earth, its customer, and applicable regulatory agencies, with access to their facility, as well as all levels of the supply chain, and at all locations for process and activity verification as well as review of quality documents and records pertaining to work performed by the supplier for USA Rare Earth.