

CONTRACT COMPLIANCE AND AWARENESS OF MALPRACTICE PREVENTION

1.0 SCOPE

1.1 The purpose of this Policy is to clarify the business ethics and standards of conduct necessary to ensure compliance on Malpractice Prevention across the Curtiss-Wright 901D organization and suppliers. These guidelines apply to all aspects of work performed by Curtiss-Wright 901D including design, manufacturing, inspection, and services. These guidelines also apply to our direct Suppliers and their "sub-tier" Suppliers.

1.2 All Curtiss-Wright 901D employees and Suppliers are required to adhere to Contract Compliance and Awareness of Malpractice Prevention policy at all times. This policy signifies our commitment to comply with our customer's purchase order (contractual) requirements as well as the importance of our Suppliers compliance to ours.

2.0 GENERAL

2.1 Curtiss-Wright 901D Management, Employees, and Suppliers are contractually obligated to meet all purchase order requirements. Suppliers are required to inform and verify that their sub-tier Suppliers are likewise contractually obligated to meet all purchase order requirements.

2.2 Curtiss-Wright 901D Management, Employees, and Suppliers shall be aware and vigilant for Malpractice and Fraud and Falsification (F&F) and how it affects contract compliance. All parties associated with product and services destined for ultimate delivery to the Customer must be aware that Malpractice and F&F are grave and serious matters. The act of Malpractice or F&F has the potential for severe and costly damages.

2.3 It is the responsibility of all parties to avoid the slightest possibility or appearance of impropriety or malpractice and to report known or suspected occurrences to the proper authorities (See 2.6). All personnel working within the program must be aware of Malpractice and F&F, pitfalls that could lead to Malpractice and F&F, methods to eliminate potential situations, and Customer expectations of Curtiss-Wright 901D, Curtiss-Wright 901D Employees, and their Suppliers.

2.4 Consequences of Malpractice and F&F could involve functional failure of product in operation on land or at sea, causing loss of equipment and life. Consequences also include severe dollar loss to the Customer, the Government, Curtiss-Wright 901D and their Suppliers due to lengthy investigations, possible disqualification from future contracts, production shutdown, and loss of employment. Acts of Malpractice or F&F will result in purchase order contractual action and will also be subject to federal criminal prosecution for violations of law under Title 18 of the U.S. Code, Chapter 47, and Section 1001.

2.5 Curtiss-Wright 901D must ensure that their employees and suppliers are provided documentation and information necessary to perform assigned and contracted work correctly. Curtiss-Wright 901D Employees and suppliers must follow established work procedures and contract documents to perform best possible effort within the program.

2.6 Any party aware of, or having reason to suspect, Malpractice or F&F is obligated to report this violation anonymously or in person to:

- a.) Local Supervision or Management,
- b.) Customer Supervision or Management,
- c.) Customer Quality Representative,
- d.) Customer Buyer, or
- e.) Department of Defense Hotline at any of the following:
 - Telephone:
 - (800) 424-9098 or
 - Website:
 - <http://www.dodig.osd.mil/hotline/hotline7.htm>
 - Email:
 - hotline@dodig.osd.mil
 - Mail to:
 - Department of Defense Hotline
 - The Pentagon
 - Washington, DC 20301-1900

Should such a notification be necessary, information including location, date(s), time, names of people involved, and violation suspected would be most helpful to promote an investigation.

2.7 False allegations of Malpractice and F&F are likewise serious matters and subject to federal investigation and prosecution. It is imperative that persons making allegations be knowledgeable and truthful with the facts and not be with vindictive or spiteful intent.

3.0 CONTRACT COMPLIANCE

3.1 To demonstrate compliance with this specification Curtiss-Wright 901D will perform, and maintain records for, the following:

- a.) Alert all employees to this Policy (Contract Compliance and Awareness of Malpractice Prevention) during new hire orientation.

- b.) Annually provide refresher training to this Policy (Contract Compliance and Awareness of Malpractice Prevention) for all employees.
- c.) **Appendix B** is provided as a visible reminder notice, and provides contact information should Malpractice or F&F be observed or suspected. This reminder notice is to be posted in conspicuous and prominent locations throughout our facility(s), especially work areas, at a minimum rate of one (1) copy for every fifty (50) employees.
- d.) Include verification during internal quality audits that Malpractice and F&F training is performed and reminder notices are posted.
- e.) Include an awareness in audit requirements that auditors be alert for Malpractice and F&F during internal and external quality audits.
- f.) Perform periodic and independent overchecks of final inspections and testing.
- g.) Alert all Suppliers of malpractice and F&F by passdown of this specification in supplier purchase orders (WI-12-002).
- h.) While performing on-site quality audits at Supplier's facilities, confirm and verify Supplier awareness of malpractice prevention.

4.0 EXAMPLES OF MALPRACTICE AND FRAUD & FALSIFICATION (F&F)

- Issuing a procedure or instructions known to contain unauthorized deviation(s) to contractual requirements.
- Knowingly waiving or eliminating a contractual requirement without authority to do so.
- Deliberately accepting unsatisfactory work.
- Intentionally performing unacceptable work.
- Failing to report problems or unsatisfactory conditions in one's own workmanship.
- Verifying by signature that an action was taken, knowing in fact the action was not taken, or not performing the required checks or verifications to assure the action was taken.
- Verifying performance of action based on hearsay, not personal observation.
- Tampering with calibrated instruments to avoid rejection of work.
- Falsifying dates on records to comply with frequency or deadline requirements.
- Falsifying data to cover-up a procedure or drawing deviation.
- Falsifying data to have work accepted, thereby avoiding further work or rework.
- Concealing or not reporting information on malpractice, fraud, or falsification known to have been committed by others.

Employee Acknowledgement

I _____ acknowledge that I have read and understood the **Malpractice Policy** and agree to comply with all terms of the policy as provided. I also understand that this policy is effective immediately and if I have any questions regarding this policy, I can ask my supervisor or the Human Resources.

Employee's Name (please print clearly)

Employee Signature

Date

Once signed by employee, please return this acknowledgement to the Human Resources Department for inclusion in the employee personnel file.

Appendix A

GLOSSARY

Contract Compliance- is meant to be "verbatim compliance", i.e., word for word compliance whether the requirement is in the written word or drawing form. Interpretations, assumptions, intentions, taking for granted, editorial or artistic license, exaggeration, partial or suppressed explanation or truth, the way it was done before, etc. do not satisfy verbatim contract compliance. Should corrections or modifications to the contract, drawings, specifications, ordering data, etc. be necessary, appropriate change documentation as described in the contract (purchase order) must be submitted and approvals obtained.

Customer Representative — Customer and/ or Prime Contractor.

Error, when pertaining to compliance, is an unintentional deviation or mistake from accuracy or compliance. Key is the fact that an error is not intentional.

Fraud and/or Falsification (F&F) deal with intentional deceit, lie, misrepresentation, falsehood, negligence, dereliction, etc. to perform contract compliance. Key is the fact that fraud and falsification is intentional.

Generic Alloy Identification - A broad identification of materials by simple, direct, or rapid analysis methods or a combination of methods (e.g., Color, Magnetic Properties Test, Acid Spot Tests, and Metal Comparator Tests). These tests are designed for simple screening and identification of materials by alloy family (as opposed to classification of specific alloys within a family).

Government Representative- In cases where MIL-I-45208 or MIL-Q-9858 specifies the "Government Representative" the supplier shall interpret that to include the issuer of the purchase order (i.e. the customer).

Heat Number- The numeric or alpha/numeric designator assigned to material, produced in a common batch or under a continuous pour process, by the activity that produces the material.

Homogeneous Lot- A group of like items that are produced in a common heat or batch, or are produced under a continuous cast or pour process with the same vendor traceability numbers, are of the same nominal size, and are received in a single shipment. For batch or continuous cast/pour processes, samples for chemical and mechanical properties shall be taken no less than once in every eight hours of operation. If additional production processes are utilized that alter the mechanical properties of the material (e.g., heat treat, cold or hot forge, extrusion), then all items of the same "heat number" and additionally processed under the same conditions at the same time shall be considered as a homogeneous lot.

Identification- The ability to show the required characteristics of a material.

Lot Number / Trace Code- The numeric or alpha/numeric designator assigned to material when a process (i.e., heat treatment, hot forged, extrusion, etc.) alters the original mill source mechanical properties of the material.

Malpractice- Any intentional or inexcusable deviation from established engineering, production, certification or inspection requirements, or procedures and is a dereliction of professional duty or a failure of professional skill that results in less than contract compliance.

Material Lots- Material lots are comprised of a number of associated items grouped collectively and sharing a common reference. For material requiring traceability, lots are referenced to one of the following:

Production Lot- Items that are grouped together by production process.

Shipping Lot- Items that are grouped together for transporting.

Inspection Lot- Items that are grouped together for inspection.

Mechanical Properties- The properties of a material that influence its elastic or inelastic behavior when force is applied, thereby indicating its suitability for mechanical applications (e.g., tensile strength, yield strength, elongation, hardness, etc.).

Objective Quality Evidence (OQE)- Quantitative and qualitative data of all mechanical, chemical, and performance tests performed (as required by the applicable specification, drawing, or purchase document) to prove that material supplied conforms to the specified requirements.

Procurement Document (Purchase Order) - A written agreement for the procurement of supplies or services that describes what is to be supplied and what requirements are to be met. This document takes precedence over all other documents either written, implied, or specified.

Quantitative Chemical Analysis- The determination of the exact concentration of the constituent elements present, in accordance with material specification requirements.

Segregated Material- Material collected together and separated from other material.

Small Items- Items that have a marking surface area less than 3/ 8 of an inch square.

Sub-tier Supplier- Any organization that furnishes material or services in accordance with an issued purchase order to the Supplier.

Supplier- Any organization that furnishes Curtiss-Wright 901D with material or service(s) in accordance with an issued purchase order.

Traceability- A positive means of identifying material to its OQE.

Appendix B

NOTICE

Any party aware of, or having reason to suspect, **MALPRACTICE OR FRAUD & FALSIFICATION** is obligated to report this violation anonymously or in person to:

- a.) Company Supervision or Management,
- b.) Customer Supervision or Management,
- c.) Customer Quality Representative,
- d.) Customer Buyer, or
- e.) Department of Defense Hotline
 - Telephone:
 - (800) 424-9098
 - Website:
 - <http://www.dodig.osd.mil/hotline/hotline7.htm>
 - Email:
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Washington, DC 20301-1900 Should such a notification be necessary, information including location, date(s), time, names of people involved, and violation suspected would be most helpful to promote an investigation.