

SUPPLIER QUALITY CLAUSES, TERMS, AND CONDITIONS

1. DEFINITIONS

- A. **Purchase Order (P.O.)** -The Purchase Order, subcontract, Letter of Agreement, Letter of Intent or other written agreement with the Supplier
- B. **All Integrated Services (AIS)**- The legal entity issuing the Purchase Order.
- C. **Supplier** - The legal entity that is the contracting party with AIS with respect to the Purchase Order.
- D. **Repair** – The subjection of nonconforming material to an approved process designed to reduce but not eliminate the nonconformance. The purpose of repair is to bring nonconforming material into an acceptable condition. Repair is distinguished from rework in that the item after repair still does not completely conform to the applicable drawings, specification, or contract requirements but does not meet intended function(s).
- E. **Rework** - The reprocessing of nonconforming material to make it conform completely to the drawing's specifications or contract requirements.
- F. **COTS** - Commercial off-the-shelf hardware that is ready-made and available for sale to the general public that includes MIL Spec hardware, fittings, etc.
- G. **First Point of Contact** - The first point of contact for any questions or concerns the Supplier may have will be the Buyer or AIS Purchasing Representative.
- H. **Special Processes** - Those processes which cannot be verified by AIS prior to installation or delivery. In these processes, defects become apparent after the product is in service. Typically, these processes can only be tested or inspected by destructive testing. Examples include but are not limited to: Welding, brazing, plating, heat treating, non-destructive testing, etc.
- I. **FOD** – Foreign Objects and Debris. Any material that is not a part of the item being manufactured/shipped to AIS. FOD is a product safety issue that may inhibit the ability of said product or end user system to perform to its designed or intended purpose or cause unacceptable risk or harm to persons or damage to property.
- J. **PRODUCT SAFETY**: The state in which a product is able to perform to its designed or intended purpose without causing unacceptable risk of harm to persons or damage to property.

2. GENERAL REQUIREMENTS

The following general requirements shall apply unless otherwise specified in the Purchase Order or non-applicability to the service or products being ordered by AIS:

A. CHANGES TO PRODUCT, PROCESS OR BUSINESS

AIS must be informed by written notification if there are any significant changes to supplier Business (loss of 3rd party certification, change of ownership, change in facility, change to business name, etc.), product, and/or manufacturing process related to Purchase Order. Change will be reviewed by AIS Fastener and approval may be required.

Change in Approved Processes, Materials or Procedures: Supplier shall not make any change to manufacturing process, material, or procedure that would have an effect on form, fit or function of product without prior written approval from AIS Fastener Representative.

Notification of Facility Change: Suppliers shall notify AIS when relocating any production, manufacturing, and/or processing facilities during performance of a AIS Purchase Order without prior notification to AIS. This is necessary to afford AIS an opportunity to examine such facilities for compliance with Quality Assurance requirements, including any necessary approvals.

Notification of Loss of 3rd Party Certification: Supplier Shall notify AIS of any changes to status of 3rd party certifications (ex. AS9100, AS9120, ISO9001, NADCAP). This can include change of CB/register, loss of certification, change to standard/s certified too, and/or change to expiration date.

B. ORDER OF PRECEDENCE FOR TECHNICAL DOCUMENTS

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

1. Purchase Order/Contract

2. ECN/ECO
3. Drawings
4. Specifications cited on the drawings

Note: Contact the AIS authorized Buyer or Purchasing Representative regarding any questions or concerns. The Configuration Requirements specified in the Purchase Order will contain applicable drawing, associated revision levels and supplemental drawing data.

C. DOCUMENTATION

AIS may refuse to accept items delivered under the Purchase Order if the Supplier fails to submit required documentation (e.g., test data), certificate of origin or inspection reports, as specified in the Purchase Order. A hard copy of all required documentation shall be sent with each shipment.

D. RESPONSIBILITY FOR CONFORMANCE

Neither surveillance, inspection and/or tests made by AIS or its representatives at either the Supplier's or Buyer's facility nor the Supplier's compliance with all applicable Product Assurance Requirements shall relieve the Supplier of the responsibility to furnish items which conform to the requirements of the Purchase Order.

E. LOT INSPECTION SAMPLING

When supplier performs inspections for any products or service delivered against AIS Purchase Order, the inspections will be performed to either 100% Lot inspection or sampling to a statistically valid industry or end customer sample plan. Industry sample plans can include ANSI Z1.4, IFI (ASME B18.18) sampling standard, or equivalent.

F. CERTIFICATE OF CONFORMANCE

When identified on a AIS Fastener Purchase Order, the Supplier shall provide a Certificate of Conformance that certifies all materials and processes (plating, heat treatment, etching, painting, etc.) supplied are in accordance with AIS's Purchase Order requirements. The Certificate shall indicate, at a minimum, the following as applicable: part number, revision, lot code, serial number (if applicable), Purchase Order number, quantity, and relevant specifications. If the shipment contains multiple processed lots/batches/date codes, then each processed lot/batch/date code must be represented on the Certificate of Conformance, along with their respective quantities. This document shall be signed and dated by the Supplier's Authorized representative. Certification packages shall be included in the box with their respective parts.

G. REVISION CONTROL OF INDUSTRY STANDARDS

Any Industry standard specifications noted on AIS Purchase Order or drawing shall be per the latest revision unless otherwise specified.

H. RIGHT OF ACCESS TO SUPPLIER AND SUB-TIER FACILITIES

The Supplier shall grant AIS, its customers, and/or any regulatory authority's right of access to the applicable areas of all facilities at any level of the supply chain involved in the Purchase Order and to all applicable records & processes used to manufacture parts for the PO.

I. CORRECTIVE ACTION REQUESTS

When a quality discrepancy exists, AIS may request corrective action from the Supplier. Such request shall be responded to in the specified time and shall include the following information:

- Containment Actions Taken
- Analysis of the root cause of the problem
- Statement of the action taken
- Action to prevent recurrence of issue
- Effectiveness of the action
- Copies of supporting documentation

When a formal Supplier Corrective Action Request (SCAR) is submitted to the Supplier, the Supplier shall use AIS Fastener form as submitted. Supporting documentation is to be part of the SCAR's response. Alternate corrective action formats may be acceptable if approved by AIS's Management.

J. QUALITY MANAGEMENT SYSTEM

When identified on AIS Fastener Purchase Order the Supplier will maintain a Quality Management System that meets or exceeds industry standards and ensures adequate product conformance. It is preferable that Suppliers are able to maintain a Quality System that meets or exceeds ISO 9001, AS9100/AS9120, or NADCAP AC7004. The Supplier shall notify Buyer within two working days if any ISO, AS, or NADCAP certifications are revoked or suspended. Notification of certification upgrade is mandatory.

K. DELIVERY SCHEDULES / DELAY OF DELIVERY

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

L. SUPPLIER PERFORMANCE RATING

AIS tracks supplier performance based on quality of product delivered and On-time delivery. AIS reviews performance measurements biannually. If supplier performance is below objective AIS may require supplier to take appropriate actions to address either quality or delivery issues.

M. PACKAGING / HANDLING / PRESERVATION / SHIPMENT

All items delivered on this order must be adequately preserved, packaged, handled, and contained to prevent deterioration and damage during storage and shipment. The shipping method should ensure safe arrival at destination in accordance with best commercial practices unless special packaging and shipping instructions are specified by Purchase Order, drawing, or specification. The PO will identify and special package requirements. If the shipment contains multiple processed lot/batches/date codes, then each processed lot/batch/date code must be segregated and clearly identified to maintain complete traceability in each shipment.

N. DIRECT SHIPMENT

When identified, suppliers authorized for direct shipment shall provide the recipient, and AIS, all documentation as required per AIS Supplier Quality Clauses, Terms and Conditions, and/or the AIS Purchase Order.

O. CONTROL and DISPOSITION OF NONCONFORMING PRODUCT

The Supplier shall provide prompt written notification to AIS when nonconforming material or products are discovered by supplier. Supplier will notify AIS Purchasing representative of any instance of discovered nonconformance. The supplier shall not ship identified nonconforming material or product until authorization to ship in the form of a written response from AIS. Upon authorization to ship, the non-conforming product must be labeled as non-conforming by the Supplier before shipment and all documentation related to the nonconforming product shall accompany the product at time of shipment.

Product or Services Identified as nonconforming will have appropriate Action Taken/Disposition. Supplier will coordinate with AIS Fastener Representative for approval or actions/dispositions. Dispositions can include:

- a. Accepted: Follow up investigation showed product initially identified as nonconforming was found to be conforming.
- b. Rework: Restore material to specification compliance without any effect on form, fit, or function. All product that has rework performed will be inspected to original inspection criteria and sampling.
- c. RTV- Return to Vendor: Return of purchased product found to be discrepant due to a supplier fault.
- d. Scrap: Permanent removal and destruction of product found to be unfit for use. Scrapped product shall be conspicuously and permanently marked until physically rendered unusable.
- e. Use-As-Is: If authorized by the AIS and/or design authority owner, product identified as Nonconforming but determined to have no effect on form, fit, function, safety, performance, interchangeability, or reliability can be dispositioned "Use As Is" .

- f. Repair: If Authorized by AIS Fastener Representative, action on a nonconforming product to make it acceptable for the intended use.
- g. Replacement: Replace found nonconforming product with new product.
- h.

P. SUPPLIER SUB-TIER INFORMATION FLOWDOWN

When supplier uses additional sub-tier suppliers for products or service related to a AIS Fastener Purchase order, the supplier will flow down all applicable requirements identified on AIS Fastener PO and this PO Quality Clauses, Terms, and Conditions record to the sub-tier.

If the AIS Fastener PO identifies the need to use approved sources, supplier will ensure that only approved sources are used. This can include the use of specific sub-tiers or NADCAP approved special processing.

Q. COMMERCIAL OFF-THE-SHELF (COTS) ITEMS

The Supplier shall notify AIS of any parts acquired using 3rd. party distributors/brokers or any other non-OEM/OCM sources when such sources are not certified to an industry or international standard (ISO9001, AS9100, AS9120, AC7004, etc.) . In these cases, the Supplier shall provide full traceability of parts detailing the characteristics, original manufacturer name, original manufacturer part number, serial/lot number, and shelf life (if applicable).

R. FOREIGN OBJECT DEBRIS / DAMAGE (FOD)

Suppliers shall ensure product delivered to AIS are free of Foreign Objects Debris (FOD). The supplier shall employ appropriate housekeeping practices to assure timely removal of residue/debris generated, if any, during the manufacturing operations and/or normal daily tasks. The supplier can reference AS9146 specification for guidance on creating a FOD Prevention program.

S. FIRST ARTICLE INSPECTION REPORT

When identified on the AIS Fastener PO supplier will perform First Article Inspection. A First Article Report (FAI) utilizing AS9102, or a pre-approved equivalent form is required. The inspection report shall indicate the actual measurement obtained for each characteristic listed on engineering documents (blue print, model, parts list, etc.) or any other document defining the configuration of product supplied to seller by AIS Fastener.

An amended (Delta) FAI report is required when any changes to the configuration of product are made. New FAI or Delta FAI is required when:

- a. A new product first production run.
- b. AIS documentation requires FAI inspection.
- c. A change in design affecting fit, form, or function of part.
- d. A change in manufacturing source(s), process(es), inspection methods(s), location of manufacture, tooling, or materials, that can potentially affect form, fit, or function.
- e. A natural process or man-made event, which may adversely affect the manufacturing process.
- f. A lapse in production for 2 years or as specified by the customer.
- g.

T. SHELF-LIFE ITEMS and SDS (Safety Data Sheet)

For all shelf-life sensitive material, Supplier shall provide certifications for temperature, perishable and age sensitive materials (e.g. epoxies, paints, bonding agents, adhesives, etc.), which reflect date of manufacture, date of test, shelf life, expiration date, and storage temperature as it applies to each lot/batch. Container label(s) must also reflect applicable lot/batch number(s), storage temperature, expiration date, and date of shipment. Product delivered to Buyer shall have a minimum of 75% remaining of shelf life upon receipt. When applicable, Material Safety Data Sheets are to be included with each shipment.

Where applicable, supplier shall provide any SDS (Safety Data Sheets) with product at the time of shipment or have sheets available to AIS Fastener upon request.

U. PRODUCTION PART APPROVAL PROCESS (PPAP)

When identified on AIS Fastener PO a PPAP submission is required. PPAP will be based on the latest edition of the Production Part Approval Process (PPAP) Manual, available through AIAG (Automotive Industry Action Group). A AIS CO INC. representative from Quality Assurance will identify the appropriate PPAP submission level and

additional requirements for the part or component to be sourced. Unless otherwise specified, a Level 3 PPAP shall be submitted.

All PPAP samples must be produced using production tooling and processes at the production line rate. Supplier shall ensure compliance to all requirements listed on AIS drawings, purchase orders, and engineering specifications. Sample parts shall be submitted to Quality Engineering and/or specified AIS personnel. Suppliers may be required to perform annual layout/validation and PPAP submission as directed by AIS.

V. COUNTERFEIT PARTS PREVENTION

- a. Counterfeit” means work that is or contains items misrepresented as having been designed and/or produced under approved system or other acceptable method. The term also includes approved work that has reached a design life limit or has been damaged beyond possible repair but is altered and misrepresented as acceptable.
- b. Seller should establish and maintain a counterfeit parts prevention program ensuring that all counterfeit material(s), services, and component parts are not delivered or incorporated into products being acquired by AIS. Supplier can use industry specs AS6081, AS6174 and or AS5553 as guidance for counterfeit prevention programs.
- c. Where applicable Seller should ensure that sub-contractors (supply chain intermediaries) used by the seller have a counterfeit parts prevention program.
- d. Seller agrees and shall ensure that counterfeit work is not delivered to AIS.
- e. Seller will take appropriate action to have preference to purchase products to be delivered or incorporated as work to AIS directly from Original Component Manufacturers (OCM)/Original Equipment Manufacturers (OEM), or through an OCM/OEM authorized distributor chain. Seller shall take efforts to limit the purchase of products from independent distributors or brokers.
- f. Seller shall immediately notify AIS with the pertinent information if seller becomes aware or suspects that it has furnished counterfeit products.
- g. AIS has the right to refuse to accept any materials, services and or component parts it has suspected or determined to be counterfeit or fraudulent.
- h.

W. CALIBRATION

The Supplier shall perform all inspections and tests using verified and/or calibrated equipment. Supplier will maintain a process for the control of verified/calibrated monitoring and measurement equipment.

When calibration of monitoring and measurement equipment are performed, supplier will ensure that all calibrations are traceable to a national or international standard (ex. NIST).

X. CALIBRATION SERVICES

Outside calibration requirements are contained in purchasing documents. Calibration certificates shall show as applicable:

- “As Found” result
- Equipment ID#
- Equipment description
- Calibration date
- Calibration due date
- International and/or Standards used
- Required Accuracy
- Environmental Conditions (Temp/Hum)
-

Y. CONFIGURATION MANAGEMENT

For Supplier-controlled design/engineering, the Supplier shall maintain a specific and unique part number with revision control. Significant change affecting the design or manufacturing process/location made by the supplier must be made aware to AIS Fastener. 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.

Z. SPECIAL PROCESSES

For all special processes, the Supplier shall maintain adequate controls to ensure processes are performed in accordance with applicable specifications and will achieve planned results. For each special and/or controlled process performed, the supplier shall furnish certificates of conformance in accordance with applicable specifications and/or engineering drawings. The certificates must reference the vendor performing the process. Certificates for serialized parts and/or assemblies must reference the applicable serial number(s) for traceability.

AA. MAINTENANCE OF RECORDS

Supplier shall maintain and make available to AIS all records for, or related to, AIS's products. Records must be retained at least ten (10) years following AIS's final payment under its prime contract unless otherwise specified.

AB. OVER / UNDER SHIPMENTS

Unauthorized over/under shipments and early shipments may be returned at Supplier's expense. Supplier shall be liable for all storage/handling charges incurred as a result of over/under shipments and early shipments.

AC. NON-DISCLOSURE / CONFIDENTIALITY AGREEMENT

Supplier will treat as confidential all information, specifications, drawings, blueprints, and other technical data supplied by or on behalf of Buyer. Supplier further agrees to (1) limit use of the data to the performance of the specific Purchase Order, and (2) limit disclosure to those employees necessary for the performance of the Purchase Order, unless prior written consent has been granted by the Buyer or Purchasing Representative to permit other use or disclosure. Supplier shall upon Buyer's request or upon completion of the Purchase Order promptly return all data supplied by Buyer and destroy all copies.

AD. AWARENESS

Supplier will ensure that all persons working on AIS orders are aware of the following:

1. *their contribution to product or service conformity.*
2. *their contribution to product safety.*
3. *the importance of ethical behavior.*
- 4.

AE. MATERIAL AND PRODUCT COMPLIANCE

When supplying raw material or products manufactured with raw material the supplier will review AIS PO for any of the following requirements:

- DFARS COMPLIANCE
The Defense Federal Acquisitions Regulations Supplement (DFARS) section addressing domestic specialty metals preferences). The Supplier shall certify that all products supplied against the purchase order fully comply with DFARS clause DFARS 252.225-7009. Certification to be included with each shipment.
- ROHS COMPLIANCE
RoHS Compliance to the RoHS Directive regulations (2002/95/EC) required. Certification required with each shipment.
- REACH COMPLIANCE
REACH compliance to Regulation (EC) No. 1907/2006 shall be adhered to in the manufacturing of product supplied. Certification required with each shipment.
- MERCURY FREE
Supplies furnished under this order shall contain no mercury and shall be free from mercury contamination. Mercury-bearing instruments and/or equipment which may cause contamination shall not be used in the manufacture, fabrication, assembly, or testing of materials furnished under this order. Contact the buyer if there is suspicion of contamination or questions regarding acceptable practices. The seller shall flow-down this requirement to applicable lower tier Suppliers associated with this order. Seller shall provide a "mercury free" certificate of conformance with the furnished

supplies.

- CONFLICT MINERALS

The Supplier/subcontractor is required to comply with section 1502 of the “Dodd-Frank Wall Street Reform and Consumer Protection Act” and must certify its supply base to be “Conflict Mineral” free.

- CALIFORNIA PROPOSITION 65

The Supplier/subcontractor is required to comply with Proposition 65. Proposition 65 requires that packages of products containing certain chemicals identified by the State of California as causing cancer, birth defects or other reproductive harm contain warnings.

- CHILD LABOR

The Supplier/subcontractor agrees that no products supplied to AIS have been laundered or produced by sweatshop labor, convict labor, indentured labor under penal sanction or abusive forms of child labor, exploitation of children, or any other form of forced labor or human trafficking (including products sourced from Xinjiang, China). Supplier/subcontractor will, upon request, provide an accurate description of the steps you have taken to ensure there is no such connection.