

Quality Clauses:

QCI Certifications

Copies of any applicable material, processing, and test certificates must accompany each shipment of material or product.

QC2 Inspection

Parts shipped to Precision CNC Inc. must be 100% inspected and accepted by the supplier. Any rework which needs to be performed by Precision CNC Inc. will be debited from the supplier's invoice.

QC3 Nonconforming Product

When a product non-conformance has been identified, all items must be tagged with discrepancy. The packing slip should be noted with the number of items discrepant.

QC4 Right of Access

During the performance of the purchase order the supplier shall give Precision CNC Inc. Company, Inc., its customers, and regulatory authorities' right of access to applicable areas of all facilities, at any level of the supply chain, involved in this order and to all applicable records.

QC5 Product Preservation

All product must be protected against damage and corrosion during delivery and performance of the order, utilizing sound packaging practices.

QC6 Traceability

The supplier is responsible for ensuring that material utilized for the performance of the order whether consigned by Precision CNC Inc. or furnished by the supplier, is to be stored and identified to ensure traceability and to prevent intermingling with other material.

QC7 Material Substitution

Material consigned by Precision CNC Inc. may not be substituted by any other material to complete the order unless authorization by PRECISION CNC INC. is given in writing.

QC8 Engineering Data

Upon receipt of a drawing from Precision CNC Inc., it is the supplier's responsibility to thoroughly review and understand the drawing and any associated engineering documentation and be capable of complying with the requirements prior to manufacturing. Any technical questions regarding interpretation should be discussed with Precision CNC Inc (631-847-3999).

QC9 Hardware

Standard hardware (MS, NAS, BAC, AN, etc.) shall be manufactured to the latest revision specification and will require certification of compliance indicating the original hardware manufacturer.

QC10 Calibration House

Suppliers providing calibration services shall be compliant with ISO 17025 requirements. All calibrations performed must be traceable to a national (NIST) or international standard and traceability identified on provided calibration certification. Calibration certifications shall identify, where applicable, measurement standard traceability, unique equipment ID # and/or serial #, calibration date, next calibration due date, calibration method, acceptance criteria, as found/as left conditions, and any adjustments made.

QC11 Change Notification

Precision CNC Inc. must be informed in written notification if there are any changes in product and/or process definition. The supplier shall notify Precision CNC for approval of changes concerning:

- a) Product, processes or services ordered
- b) Changes to 3rd party certification (ex ISO9001, AS9100, AS9120, ISO 17025, etc.)
- c) Change of ownership
- d) Change of company name
- e) Change to company, external providers, or manufacture location

Change will be reviewed by Precision CNC Inc. and approval may be needed.

QC12 Notifications of NC Product

Supplier is required to inform Precision CNC Inc., within 48 hours, of any nonconforming product. Precision CNC Inc. reserves the right to disposition nonconformances related to this PO.

QC13 Record Retention

Supplier records must be retained for a minimum of 10 years. When Precision CNC Inc. customer has a requirement for retention time of greater than 10 years, the customer requirement will take precedent. Disposition after retention periods is at discretion of supplier unless specifically noted by Precision CNC. Preferred disposition after retention is to either retain for longer period or shred hard copies prior to disposal.

QC14 Supplier Sub-tier Flow down

When a sub-tier supplier is used by Precision CNC Inc's supplier, the supplier will flow down to the sub-tier all applicable requirements cited in purchasing documents.

QC15 End Item Customer Flow down

When PRECISION CNC INC.'s customer is identified on the purchase order, supplier must comply with the most current quality system and record retention requirements of the PRECISION CNC INC. 's customer.

QC16 C of C

Suppliers must provide a Certificate of Conformance for products purchased by PRECISION CNC INC. C of C must include PRECISION CNC INC. purchase order number.

QC17 Employee Awareness

Supplier will ensure that employees involved in the fulfillment of this PO have awareness of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.

QC18 Foreign Object Debris

The supplier shall employ appropriate housekeeping practices to ensure timely removal of residue/debris generated during the manufacturing operations and/or normal daily tasks. Seller shall determine if sensitive areas that may have a high probability for the introduction of Foreign Objects should have a special emphasis control in place that are appropriate for the manufacturing environment. The supplier shall determine the need for, and implement, a FOD prevention program, including awareness training. Refer to NAS 412 or AS9146 standards for guidance.

QC19 Counterfeit Part prevention:

- a) "Counterfeit parts are parts/material/services that are or contain items that are misrepresented as having been designed and/or produced under approved system or other acceptable method. The term also includes approved parts/material that have reached a design life limit or has been damaged beyond possible repair but is altered and misrepresented as acceptable.
- b) Seller shall 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 Precision CNC. Counterfeit prevention procedures shall be in accordance with SAE AS6174 and or SAE AS5553.
- c) Seller shall ensure that all sub-contractors (supply chain intermediaries) used by the seller shall have a counterfeit parts prevention program in compliance with SAE AS6174 and or SAE AS5553.
- d) The seller agrees and shall ensure that counterfeit work is not delivered to Precision CNC.
- e) Seller shall only purchase products to be delivered or incorporated as work to Precision CNC directly from Original Component Manufacturers (OCM)/Original Equipment Manufacturers (OEM), or through an OCM/OEM authorized distributor chain. Work shall not be acquired from independent distributors or brokers unless approved in advance in writing by Precision CNC
- f) The seller shall immediately notify Precision CNC with the pertinent facts if seller becomes aware or suspects that it has furnished counterfeit parts/material. When requested by Precision CNC, Seller shall provide

OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM.

g) Precision CNC has the right to refuse to accept any materials, services and or component parts it has determined to be suspect or known counterfeit or fraudulent.

QC20 Supplier Performance

Precision CNC monitors the supplier's performance though measuring suppliers on time delivery and quality of product delivered to Precision CNC. When supplier performance does not meet Precision CNC objectives, supplier may be requested to take appropriate action to correct the cause of the below objective performance. Continued poor performance or not taking appropriate corrective action may result in removal from the Precision CNC Approved Supplier List.

QC21 ITAR/EAR:

When ITAR requirement is identified on the PO, supplier shall ensure adequate ITAR controls are in place per arms export control act (title 22, u.s.c. 2751 et seq) or export administration act of 1979, as amended title 50, u.s.c., app. 2401 et seq. violations of these export laws are subject to criminal penalties.

QC22 DFARS:

when DFAR for specialty metals is identified on the po; material must be made in the United States of America or a qualifying country per DFARS 225.872-1(a) and meet requirements of DFARS 252.225 for domestic content.

QC23 DPAS

defense priority allocation system requirements
applies to awards equal to or greater than \$125,000 and any award at any value where the required delivery date may not be met based on current available information.

When applicable, the DPAS rating is specified in the line item(s) contained in this purchase order.

mandatory written acceptance
if this is a defense priorities & allocations system (DPAS) rated order, certified for national defense use. Supplier is required to follow all the provisions of the defense priorities and allocation system regulation (15 cfr 700) including providing written notice of acceptance or rejection of this order and flow-down to lower-tier suppliers.

written acceptance/rejection required
(do rated order) - within fifteen (15) business days after receipt of order
(dx rated order) - within ten (10) business days after receipt of order

penalties for willful violation of DPAS, punishable by a \$10,000 fine, or one year in prison, or both (per occurrence).

QC24 FIRST ARTICLE PER AS9102

When identified on the PO A copy of the first article inspection report is required with the initial shipment of the parts noted on order. A previously performed first article report may be submitted, provided it reflects the engineering revision levels stated on this purchase order, there has not been a change to manufacturing location or process, and there has not been a lapse of production of 2 years. The first article reports shall be in accordance with AS9102.

QC25 Quality Management System

Supplier shall maintain a quality management system that is compliant with a recognized international standard (ex. ISO9001, AS9100, AS9120, AS9110, AC7004).

If supplier loses (ex. *Suspension*) or changes (ex. *Initial certification, Change to standard, change to registrar, change of location*) 3rd party certification status for any reason you will notify Precision CNC of change and where applicable provide new certification.

Table of Applicable Clauses

(Please review table for any applicable clauses for the product or services provided)

| Clause Number | Raw material | Finishing/ NDT | Hardware | Calibration | Machining |
|---------------|--------------|----------------|----------|-------------|-----------|
| QO1 | X | X | X | | X |
| QO2 | X | X | X | | X |
| Q03 | X | X | X | | X |
| Q04 | X | X | X | X | X |
| Q05 | X | X | X | X | X |
| Q06 | | | | | X |
| Q07 | | | | | X |
| Q08 | | X | | | X |
| Q09 | | | X | | |
| Q10 | | | | X | |
| Q11 | X | X | X | | X |
| Q12 | X | X | X | | X |
| Q13 | X | X | X | X | X |
| Q14 | X | X | X | X | X |
| Q15 | X | X | X | | X |
| Q16 | X | X | X | | X |
| Q17 | X | X | X | X | X |
| Q18 | X | X | X | | X |
| Q19 | X | X | X | | X |

| | | | | | |
|-----|---|---|---|---|---|
| Q20 | X | X | X | X | X |
| Q21 | X | X | X | | X |
| Q22 | X | | | | X |
| Q23 | X | X | X | | X |
| Q24 | | | X | | X |
| Q25 | X | X | X | X | X |