

# ACTIVE GRINDING, INC.

## PURCHASE ORDER QUALITY CLAUSES

### **Purpose:**

To assure customer requirements are communicated to the supply chain when goods or services are procured.

### **Application:**

Active Grinding, Inc. purchase orders flow down customer requirements to its process suppliers and/or sub-tier suppliers by adding AGI quality clauses (requirements), when purchasing services and/or goods from outside suppliers.

QC1 – TERMS AND CONDITIONS This PO constitutes buyer's offer to seller and becomes a binding contract per the terms and conditions set fourth herein. When accepted by the seller, either by acknowledgement or by commencement of performance hereof.

QC2 – CHANGES No revisions of this order or any terms and conditions thereof, shall be valid unless in writing and signed by an authorized representative of buyer. No condition stated by seller, in accepting or acknowledging this order shall be binding upon buyer, if in conflict with, inconsistent with, or in addition to the terms and conditions contained herein, unless expressly accepted in writing by buyer.

QC3 – TRACEABILITY Parts and materials shall be traceable throughout all processing, from source to shipping.

QC4 – CERTIFICATE OF CONFORMANCE A Certificate of Conformance attesting compliance to all related specifications and/or general requirements must accompany services and/or goods procured under this purchase order.

QC5 – RIGHT OF ENTRY AGI, their pertinent customers, and authorities (including Government representatives) reserve the Right-Of-Entry into a supplier organization, at any level of the supply chain, to determine and verify quality of work at all stages of production. All information, including digital information, records, logs, inspection tests and any other data are subject to review by AGI and their customers.

QC6 – SUPPLIER SURVEY Supplier's Quality Assurance system is subject to an initial survey and approval by AGI and/or their customers. Deficiencies identified because of a survey shall be noted and follow-up activities taken to ensure proper corrective actions have been implemented. Subsequent review of supplier and/or processors are conducted semi-annual for on-time delivery and product acceptance. Supplier performance goals are set at 90% for on-time delivery and quality acceptance ratings. AGI may contact suppliers and issue corrective actions and/or request a supplier audit in the event suppliers fall below expectations, as needed.

QC7 – SUPPLIER SUB-TIER APPROVAL All material, supplies and services not supplied to vendor by AGI must be obtained from AGI approved source prior to start of effort. Substitutions may be made only with written approval provided from AGI.

QC8 – CALIBRATION Supplier's calibration system shall meet the requirements of MIL-STD-45662, ISO 10012 or ANSI/NCSS Z540-1 as applicable. All calibration standards will be traceable to NIST.

QC9 – NON-CONFORMING PRODUCT Any deviation from product specifications or drawing requirements shall be documented and submitted to AGI upon discovery for disposition and shipping instructions.

QC10 – PROPRIETARY AGREEMENT All drawings, specifications, technical information and electronic definition used in conjunction with purchase order are considered confidential and proprietary to AGI and its customers. No unauthorized reproduction of media is allowed in any form other than that intended to produce product and/or services directly associated with purchase order.

QC11 – RETENTION OF RECORDS Supplier shall retain all viable quality and/or test records in accordance with this order and make readily available to AGI, or its customer, upon request for a period of no less than seven (7) years after date of delivery, unless otherwise stated. After retention period expires, supplier shall return or destroy records.

QC12 – SUPPLIER CHANGE OF LOCATION, PROCESS Supplier to notify AGI of a change in product and/or processes, changes of suppliers, or change of manufacturing facility location.

QC13 – COUNTERFEIT PARTS PREVENTION Supplier shall establish and maintain a Counterfeit Parts Prevention and Control Plan using Industry Standard AS-5553 as a guideline. The purpose of this document shall be to prevent the delivery of counterfeit parts and control parts identified as counterfeit.

QC14 – EMPLOYEE AWARENESS Supplier shall ensure personnel are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.

-End of Clauses-