



GRACE MACHINE COMPANY

AS9100/AS9110 Supplier Terms & Conditions Agreement

As a supplier to Grace Machine Company (GMC), it is understood when accepting our purchase orders, your organization agrees to meet the following AS9100/AS9110 requirements. The requirements, therefore, shall be considered as Terms and Conditions for all aerospace purchases.

EXTERNAL PROVIDER ENSURES, WITH THE ACCEPTANCE OF THIS PURCHASE ORDER, THAT PERSONS ARE AWARE OF THEIR CONTRIBUTION TO PRODUCT OR SERVICE CONFORMITY INCLUDING THEIR CONTRIBUTION TO PRODUCT SAFETY AND THE IMPORTANCE OF ETHICAL BEHAVIOR.

The seller warrants that in the performance of this Purchase Order, seller shall comply with all applicable statutes, rules, regulations and orders of the Government and any of the state or political subdivisions thereof and agrees to indemnify GMC against any loss, damage, cost or liability by seller's violation of this warranty.

Communications to GMC should be made to the Buyer of Record on the Purchase Order.

GMC reserves the right of final approval of product and Services; methods, processes and equipment; the release of final product and/or services. All special processes required by this Purchase Order must be performed by qualified personnel.

Key, critical and special characteristics are to be identified and controlled as noted on the Purchase Order or specification.

RIGHT OF ACCESS

Right of access by GMC, our customer and regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records to include verification and validation on site, as defined on Purchase Order and arranged with the supplier.

QUALITY MANAGEMENT SYSTEM

External Provider, including their sub-providers, must have implemented a Quality Management System (QMS). GMC reserves the right to review and approve the Quality Management System.

Standard QMS Requirements Include:

- Vendors providing calibration services must provide evidence of calibration traceable to NIST. Certificates must also identify AS RECEIVED and AS LEFT conditions in whatever terminology deemed appropriate. Notification must be made if items are damaged or unable to calibrate as soon as possible for potential impact review.
- Customer Directed sources must operate in accordance with the approved specifications and standards, as directed and controlled by the customer in question.
- The Vendor shall maintain the proper identification and revision status of specifications, drawings, process requirements, inspection/verification instructions and all other relevant technical data.



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TEST SPECIMEN

GMC reserves the right to approve or specify any designs, tests, inspection plans, verifications, use of statistical techniques for product acceptance and any applicable critical items including key characteristics. GMC reserves the right to designate requirements for test specimens for design approval, inspection/verification, investigation or auditing (where applicable).

Any statistical techniques used for inspection sampling must be pre-approved, such as sample inspection plans.

NON-CONFORMING MATERIAL(OUTPUTS)

External Provider shall notify GMC of non-conforming product within 24 hours of discovery of such non-conformity, regardless of whether it be prior, during or after receipt of the product. GMC does not grant disposition authority for non-conforming products. No known non-conforming product shall be shipped to GMC without our written authorization.

External Provider shall obtain GMC's approval for non-conforming product disposition.

SERIOUS FAILURES, MALFUNCTIONS OR DEFECTS

External providers shall notify GMC of any serious failures, malfunctions or defects found in the product within 24 hours of discovery via written communication.

CHANGES

External Provider shall notify GMC of changes in product and/or process, changes of suppliers and changes of manufacturing facility locations, within 24 hours.

SUBCONTRACTORS

GMC does not allow its suppliers to subcontract any product or process to sub-tier supplier without prior written consent from GMC. If a subcontractor is required, notification must be provided to GMC in writing, stating the service to be provided and subcontractor(s) to be used.

FLOW DOWN

Flow down to the supply chain the applicable requirements including all Purchase Order requirements and key characteristics to the supplier's vendors of any approved outsourced product or services is required.



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SUPPLIER PERFORMANCE MONITORING

Performance of suppliers is monitored using specific metrics data that includes but is not limited to:

- Quality performance of parts and services and On-Time delivery performance.
 - If GMC's annual supplier evaluation identifies a supplier with an on-time delivery rate less than 80%, a corrective action request can be issued for supplier response.
 - If GMC's annual supplier evaluation identifies a supplier with quality rejections exceeding 5% of their work orders, a corrective action request can be issued for supplier response.
- If delivery cannot be met, the GMC Buyer of Record must be notified in advance.

CORRECTIVE ACTIONS

Corrective actions flowed to the External Provider shall be completed and returned in a timely manner. External Provider is required to flow down corrective action requirements to sub-tier providers, when it is determined the sub-tier provider is responsible for the non-conformity.

INCOMING INSPECTION

GMC performs an incoming inspection to ensure the purchased product meets purchasing requirements. These requirements may include:

- Verification of the certificate of conformity or other certifications
- Products are inspected to ensure they meet requirements (dimensions, etc.) and the results are recorded when appropriate.
- All special processes (plating, NDT, heat treat, etc.) where the compliance cannot be verified by GMC inspection, will require Certificate of Conformity or applicable certification documents.

RECORD RETENTION

External Provider shall retain all Records, including disposition requirements associated with the Purchase Order as required by contract for a minimum period of 10 years and the records to be deliverable to the GMC Buyer of Records within 48 hours after request.

FOREIGN OBJECT DEBRIS/DAMAGE (FOD) PREVENTION

Seller shall maintain a FOD prevention program. FOD program shall include the review of manufacturing process to identify and eliminate FOD entrapment areas through which foreign objects can migrate. Seller shall ensure work is accomplished in a manner to prevent FOD in deliverable items. Seller shall maintain work areas in a manner sufficient to preclude the risk of FOD incidents. Seller shall investigate each FOD incident and ensure elimination of its root cause.



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PREVENTION OF COUNTERFEIT PARTS

External Provider shall plan, implement and control their process for the prevention of counterfeit or suspect counterfeit parts from use or inclusion into the product in accordance with AS9100/AS9110/AS9120 clause 8.1.4 (Prevention of Counterfeit Parts)

PREVENTION OF SUSPECTED UNAPPROVED PARTS

External Provider shall plan, implement and control a process that identifies and prevents the release of unapproved and suspected parts or inclusion into the product in accordance with AS9100/AS9110/AS9120 clause 8.1.5 (Prevention of Suspected Unapproved Parts)