

Purchase Order Clauses for Suppliers Working with Hydraulics International, Inc. ("Buyer")

Scope

This Quality Assurance Specification establishes the specific quality requirements that apply when one or more of the following Quality Requirements (QR's) are specified by code on Hydraulics International, Inc. (HII) purchase orders. These requirements are in addition to those set forth in any other contractual document. The provisions indicated herein are an integral part of a Purchase Order.

Conformance with these requirements does not reduce Supplier responsibility for furnishing materials and services that fully comply with all Drawing(s) and Specification(s) Requirements, nor does it guarantee acceptance of materials or services by HII. In the event that materials or services are found to be defective and cannot be demonstrated by the Supplier to be in conformance with the Purchase Order Requirements, HII will have the right to reject them.

Clause Description

QR-01 Certificate of Compliance / Conformance

Each shipment must be accompanied by one legible copy of a Certificate of Compliance/Conformance (C of C). The purpose is to certify that the supplier's material, processes, and finished parts were controlled and tested in accordance with the applicable specifications. All material, components or other goods or services, as applicable, supplied to HII must be traceable to the Original Equipment Manufacturer, as identified on the Purchase Order. The OEM certification must be maintained by the supplier and be made available upon request by HII. The certification shall be signed by a corporate officer or other designated responsible individual. The following information is required in the conformance certification:

Purchase Order Number (HII P.O. Number)

Purchase Part Number (as shown on the P.O.)

Drawing revision when included on P.O.

Manufacturer's Part number, if different from above

Manufacturer Name (not Distributor name)

Authorized Signature per the above

QR-02 Preservation and Packaging

Unless otherwise specified by the item drawing specification or Purchase Order, Packaging must meet the following best commercial practices: The supplier is responsible for assuring that all items are delivered without damage or deterioration and are efficiently and economically packed for the method of transportation and type of handling involved as per ASTM-3951.

Packaging shall be performed in a manner that protects parts from Foreign Object Debris (FOD) contamination.

Identification: Each shipping container and intermediate package shall be identified with:

- Purchase Order number
- Part number
- Quantity
- Electro Static Discharge (ESD) sensitive warning (when applicable)
- Cautionary Handling Instructions (as applicable)

QR-03 Chemical and Physical Test Reports

All purchase orders for chemicals must be accompanied by one legible and reproducible copy of all chemical and physical test reports. The report must contain the signature and title of the authorized representative for the agency performing the test and must conform to specifications. The purchase order number must be included on the report.

QR-04 Material Certification

All material certification and test specifications must be to the latest revision of the applicable specification.

QR-05 Foreign Object Damage Control

Supplier will ensure that product delivered to HII is controlled in a manner that will prevent FOD from being introduced into the final product.

QR-06 MSDS Requirement

Supplier shall maintain an effective system for tracking Material Safety Data Sheets (MSDS) for all products supplied to HII. An appropriate MSDS will be provided to HII, prior to first delivery, for all products by 29 CFR 1910 to have a MSDS. The supplier shall provide the MSDS information unless a written waiver has been received from HII.

QR-07 Preference for Domestic Specialty Metals

This Purchase Order incorporates the following contract clauses (as applicable) which shall be flowed down to all of your vendors that supply any articles delivered under this purchase order that include specialty metals. All clauses prohibit HII and all of its suppliers at every tier from incorporating specialty metals into military parts, components and/or end item deliverables unless the specialty metals have been smelted (the Deviation clause adds “or produced”) in the United States, its outlying areas, or a qualifying country listed in DFARS 225.872-1.

QR-08 Right of Entry

HII, its authorized representatives, regulatory agencies and customers reserve the right of access to the supplier’s premise and all applicable records at any level of the supply chain involved in the contract. This may be done at any reasonable time and will be performed with the knowledge of the supplier.

QR-09 Flow Down of Requirements

All Seller procured supplies/services which become a part of the item(s) delivered in accordance with this Purchase Order shall conform to drawing(s) and specification(s) requirements. Seller’s system shall assure: Purchase order flow-down of applicable quality and technical requirements, suppliers’ capability to produce items and adequate methods of assuring compliance. Seller’s suppliers shall be required to flow-down and verify requirements of supplies/services they subcontract.

QR-10 Counterfeit Part Prevention

All electrical, electronic, electro-mechanical or standard non-electrical parts (example: fasteners, nuts, inserts, pins, bolts, washers, etc.) shall be from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), their franchised distributor or approved independent vendors with proven history. Parts shall not be used or reclaimed and misrepresented as new. Suppliers shall flow this requirement down to their suppliers to prevent inadvertent use of counterfeit parts and materials. Certification from the OCM/OEM shall be delivered with each lot/shipment.

QR-11 Accredited and Certified Quality Management System Required

Evidence of a nationally accredited Quality Management System (QMS) is required for HII to accept delivery of this purchase order. If a specific certification is required it will be noted on the order.

QR-12 Record Retention

Suppliers must retain all documentation/records related to the provision of products, materials, or services specified in the PO for a minimum of 7 years, unless otherwise stated in the PO, and must allow HII, their customers and regulatory authority’s access to these records.

QR-13 Traceability & ID

Material to be marked and traceable to manufacturing lot/batch and purchase order.

QR-14 Unique Identification (UID)

Each individual item is to be identified with the specific identification requirements per purchase order and drawings.

QR-15 Physical Material ID

Seller is required to identify each piece of physical material being shipped with information from order. The information required is: (a) the part number; (b) the revision level of the part number; lot/batch number, where applicable.

QR-16 Notification of Nonconforming Product

HII must be notified of any nonconforming product produced in fulfillment of this PO, regardless of disposition of the product.

QR-17 Approval for Nonconforming Product Disposition

The approval of HII must be obtained for any disposition other than “scrap” of nonconforming product produced in the fulfillment of this order. Such dispositions would include, but not be limited to, rework, use-as-is or regrade (sell to another customer).

QR-18 Notification of Changes

HII must be notified of changes in product and/or process, changes of suppliers and changes of manufacturing facility location before implementing such changes on product supplied on this purchase order.

QR-19 Corrective Action

Upon request from HII, a corrective action shall be provided when it is determined that the supplier is responsible for a detected nonconformity. Failure to provide timely and/or effective corrective actions may result in loss of HII supplier approval.

QR-20 Special Process Sources

Where special processes are to be performed in the execution of this order, the special processes to be used shall be performed by customer-approved sources. Customer-approved sources shall be provided by HII. Special processes are defined in the AS9100 international standard as processes where the resulting output cannot be verified by subsequent monitoring and measurement and, as a consequence, deficiencies become apparent only after the product is in use or the service has been delivered. Common examples of special processes include plating and welding processes.

Any special processes performed in the execution of this order shall have requirements for records determined in harmony with Special Processes clauses of AS9100D and records maintained for a minimum of seven (7) years.

QR-21 First Article Inspection

Full 100% inspection of all dimensions is required on the first article. A first article inspection report must be supplied to HII indicating actual values of all dimensions. The first article inspection report can be documented in whatever format is appropriate, but following the AS9102 standard is strongly recommended. Inspected first article must be clearly marked and segregated if shipped with other production articles.

QR-22 Confidentiality

All products on this purchase order and related information, including drawings, are confidential and proprietary data originated by HII. All design, manufacturing, reproduction, use and sale rights are expressly reserved. The recipient agrees by accepting this Purchase Order not to supply or disclose any information regarding it to any unauthorized person or to incorporate this data into any other design or use thereof. All patent rights are expressly reserved.

QR-23 Age Sensitive Product

Materials procured on this order are considered age sensitive (i.e. adhesives, paints, etc.). Seller is required to mark the date of manufacture and expiration date on all material related quality documents. 75% or more of the shelf life must be remaining upon receipt to be accepted by HII.