Purchasing Quality Clauses for Axiom Materials, Inc. Providers

Purpose

This document describes the general and special product quality requirements (clauses) that are used by Axiom Materials, Inc. (hereafter referred to as AXIOM) on the Purchase Order (Contract) or other formal agreement between a Provider and AXIOM. The purpose of this document is to clearly define for each purchase of products or services all the necessary and applicable technical and quality requirements with which the Provider is required to comply to meet AXIOM, AXIOM's customer and/or regulatory and statutory requirements.

Unless otherwise specified on the contract, the following chart shall be used by the Provider to determine the applicable Purchasing Quality Clauses based on the commodity being contracted. Any exceptions to the applicable clauses shall be noted on the face of the purchase order issued.

Products/Services	Includes	Applicable Purchase Quality Clauses
Raw Materials	Fabrics, Fibers, Chemicals, Parts and Components	PQC-010, PQC-040, PQC-060, PQC-070, PQC-090, PQC-100, PQC-110, PQC-120, PQC-150
Calibration Services	Inspection, Measuring and Monitoring devices	PQC-010, PQC-050, PQC-060, PQC-150
Inspection and Testing	Nondestructive and Destructive Testing	PQC-010, PQC-020, PQC-030, PQC-040, PQC-060, PQC-090, PQC-110, PQC-120, PQC-140, PQC-150
Special Processing	Heat Treatment, Milling, Slitting, Machining	PQC-010, PQC-040, PQC-060, PQC-080, PQC-090, PQC-110, PQC-150
Interleave Materials	Paper, polyethylene, and Substrates	PQC-010, PQC-040, PQC-060, PQC-070, PQC-090, PQC-100, PQC-110, PQC-120, PQC-150
Packaging	Boxes, Cores, Bagging Materials, Containers, and Ancillary Packaging Materials	PQC-010, PQC-040, PQC-060, PQC-070, PQC-090, PQC-100, PQC-110, PQC-120, PQC-150
All Others	Other items with direct impact to product or process conformity	PQC-010

PQC-010

Provider Responsibilities

Delivery Certification: By delivering products or services to the Contract, the Provider certifies that such products or services comply with all applicable requirements of the Contract and that objective evidence of Compliance is available and will be furnished to AXIOM for review upon request.

Compliance to Contract Requirements: The Provider is responsible to verify and demonstrate compliance to all Contract requirements. Neither audit, surveillance, inspection and/or tests made by AXIOM, representatives of AXIOM, or representatives of AXIOM's customers, at Provider's facilities or at the facilities of the Provider's sub-tier sources, or upon receipt at AXIOM, relieves the Provider of the responsibility to furnish acceptable products or services that conform to all Contract requirements, nor does it preclude subsequent rejection by AXIOM or AXIOM's customers.

Control of Sub-Tier Sources: The Provider, as the recipient of the Contract, is responsible for meeting all Contract specified technical and quality requirements, whether the Provider performs the work, or the work is performed by the Provider's sub-tier sources. When the Provider uses sub-tier sources to perform work on products and/or services scheduled for delivery to AXIOM, the Provider shall include (flow-down) on Purchase Orders or Contracts, to his sub-tier sources, all the applicable technical and quality requirements of the AXIOM Contract, including when applicable the requirement to document and control 'key characteristics' and/or 'key processes', and to furnish certifications and test reports required by the applicable ‘PQC’ Clauses.

Flow Down of Prime Contractor Requirements - The Provider is responsible for their adherence to the quality system requirements of our customers (Prime Contractors) as stated within the purchase order. When noted on the purchase order, the provider is required to comply and to further flow down –as applicable–such requirements within their supply chain.

Right of Entry to Providers Facilities: During Contract performance, the Provider shall grant reasonable access to Provider’s facilities to representatives of AXIOM, AXIOM customers, US government and/or regulatory agencies for the purpose of evaluating Providers conformance to all Contract requirements. When applicable, the Right of Entry requirement shall be flowed-down by Provider to Providers’ sub-tier sources.

Providers shall have a program in place that ensures the awareness of their employees on their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.

Prevention of Counterfeit Parts: Providers shall plan, implement and control processes that are appropriate for the prevention of counterfeit or suspect counterfeit part use and their inclusion in product(s) delivered to AXIOM or its customers. Counterfeit prevention should consider:

- Training of appropriate persons in the awareness and prevention of counterfeit parts
- Application of a parts obsolescence monitoring program
- Controls for acquiring externally provided product from original manufacturers, authorized distributors, or other approved sources
- Requirements for assuring traceability of parts and components to their original authorized manufacturers
- Verification and test methodologies to detect counterfeit parts
- Monitoring of counterfeit parts reporting from external sources
- Quarantine and reporting of suspect or detected counterfeit parts

Document Control

Applicability of Documents: All documents, including drawings and specifications from Prime Contractors, AXIOM, Industry, National, International, Federal, US Government and others, are applicable to and considered part of the Contract requirements when such documents are specified directly in the Contract or in documents referenced by the Contract. Unless otherwise specified by the Contract, all lower tier documents referenced in Contract specified documents are applicable to the Contract.

Document Revision Status: Unless otherwise specified by the Contract, the document revision in effect on the date of issue of the Contract, applies to the Contract.

Document Sources: Copies of AXIOM proprietary documents, or AXIOM customer proprietary documents, required by the Provider to comply with Contract requirements will be furnished to the Provider by AXIOM with the Contract. Copies of Industry, National, International or US Government documents and Standards are generally available on the internet or from commercial sources. The Provider is responsible for obtaining such documents, including current revision of such documents. Any problems experienced by the Provider in obtaining required documents should be brought to attention of the AXIOM Buyer.

Control & Release of AXIOM Furnished Documents. Proprietary documents furnished by AXIOM (AXIOM's or AXIOM's Customers) to the Provider are furnished solely for Provider to use during performance of work on the AXIOM Contract. Proprietary documents are AXIOM or AXIOM customer documents and may be furnished to the Provider in hard copy, electronic or other formats. The Provider is responsible for controlling and maintaining such documents to preclude loss, damage, alteration and/or deterioration. Unless authorized by AXIOM Buyer in writing, the Provider may not transmit or furnish any proprietary documents, or copies of such documents, to anyone outside the Provider's business organization except to a sub-tier source used by the Provider for performance of work on the AXIOM Contract. The Provider shall return to AXIOM all proprietary documents with the last delivery of products or services on the Contract.

Prohibited Practices

The following acts and practices are prohibited, unless approved by AXIOM in writing. Any violation by the Provider may result in disqualification of the Provider for future business with AXIOM:

Unauthorized Facility Changes: During performance on the Contract, the Provider shall give AXIOM written notice before relocating any production, inspection or processing facilities; or, transferring work between different facilities; or, when applicable, prior to initiating any changes in the source of major components procured by the Provider and designated for use in or for installation on products scheduled for delivery to AXIOM; or, making any other changes which may affect product quality, reliability or integrity. Such changes are subject to approval/disapproval by AXIOM. A change in ownership or a change in the individual designated as the management representative with respect to the Providers quality/inspection system shall be construed as a facility change and requires the Provider to notify AXIOM.

Unauthorized Repairs & Rework: The Provider may not perform any repairs or reworks on parts damaged or found to be discrepant during performance of services contracted or processing of parts, or on defects in parts, unless such repairs or reworks are specifically permitted by the applicable drawing or specification, or are specifically authorized by AXIOM in writing for each occurrence. In those cases, where AXIOM authorized product repair or rework has been accomplished, the Provider shall include on the packing list/shipper or on a separate attached

document a list of the products that have been subjected to such AXIOM approved repair or rework, and the method used.

Unauthorized Product Changes or Substitutions: The Provider may not make any changes or substitutions to any products or services required by the Contract, drawing, specification, standard, or other applicable document without prior written authorization by AXIOM. Authorization may be contingent on AXIOM conducting an on-site review of the proposed product or service changes at the Provider's facilities, or the facilities of the Provider's sub-tier sources.

Altering Data on Documents. The use of any method that causes the original data on documents to be obliterated and unreadable (i.e. the use of correction fluids, correction tape, write-over, or other methods) to correct, modify or otherwise alter the data and/or entries on any certifications, test reports or other documents required by the Contract, is strictly prohibited. Corrections may be made on inspection reports such as FAIR's or processing certifications, providing it is clearly obvious that a correction was made and it is signed (initialed) or stamped by an authorized individual. Upon receipt at AXIOM, products or services represented by documents that show evidence that they have been corrected or altered in an unauthorized manner are subject to return to the Provider at Provider's expense.

Purchase Order Changes & Their Effectivity

AXIOM Initiated Changes: The Provider shall incorporate, at the specified and agreed upon effectivity points, all changes initiated by AXIOM and communicated to the Provider through a formal Purchase Order Change and/or amendment. Such changes may be in the form of revised drawings, specifications, tests, inspection or processing methods, etc., and may apply to products as well as to the Provider's management and administrative systems. The Provider's business management system shall include appropriate controls and records, including controls at the Provider's sub-tier sources, which provide objective evidence that changes were incorporated as required by the Contract. Objective evidence may be in the form of date, lot, serial number, revision letter, or other positive identification. Such documented information is subject to on-site verification by AXIOM at the Provider's facilities or the facilities of the Provider's sub-tier sources.

Provider Initiated Changes: The Provider may not make any changes in product design, drawings, performance specifications, materials or processes without specific approval by AXIOM in writing prior to making such changes in products or data. When applicable, the Provider shall flow-down this requirement to the Provider's sub-tier sources. The Provider shall furnish a copy of the change prior to the initial delivery of products to AXIOM, so that AXIOM can verify that the change does not violate the above requirements.

Certifications

Certification Requirements: The Provider shall furnish all certifications, test reports and other documents (hereafter certifications), issued by the Provider or by the Provider's sub-tier sources that are required by the specific "PQC" Clauses listed on the purchase order. The Provider is responsible to ensure that all certifications furnished by the Provider, or by the Provider's sub-tier sources, are complete, legible and reproducible, accurate and in compliance with all Contract requirements. AXIOM reserves the right to return all products to the Provider at Provider's expense when the certifications that support the products are not properly executed.

Certification Content: All certifications shall, as a minimum include the following information and data:

- Name of the issuing organization (company)
- Clear definition of services or products being provided along with corresponding specifications and their current revision levels
- Part number and revision
- Quantity processed and/or delivered
- AXIOM Purchase Order number
- Name and signature of the authorized official of the issuing organization.
- Clear description and applicable parameters for items with shelf life limitations (as applicable)

Acceptable & Authorized Signatures: All certifications and test reports shall include the typed or printed name and an acceptable signature of the authorizing company official. The following methods are the only AXIOM approved and acceptable methods for applying signatures to certifications: (a) actual signatures rendered in ink by the signing official; (b) facsimiles of actual signatures such as rubber stamps; or (c) machine or computer graphics generated facsimile signatures. When quality or inspection stamps are used in lieu of signatures, such stamps shall clearly identify the issuing organization and the authorized individual to whom the stamp is assigned. The issue, use and control of such stamps shall be governed by documented procedures in the Provider's Quality Management System.

Maintenance of Documented Information

Unless otherwise required by the Contract, the Provider shall maintain all documented information that provides objective evidence of compliance to the purchase order requirements for a minimum of ten (10) years after the last delivery of products and/or services on the purchase order. Such documented information includes drawings, specifications, work instructions, certifications and test reports and any other records generated during procurement, manufacturing, testing, processing, inspecting, preserving, packaging and shipping products to AXIOM, and when applicable include records generated by the Provider's sub-tier sources. Upon request, the Provider shall be capable of retrieval & delivery of required records to AXIOM within forty-eight (48) hours or sooner from day of request by AXIOM. Prior to discarding, transferring to another facility, or destruction of such records, the Provider shall notify AXIOM in writing and allow AXIOM the opportunity to gain possession of such documented information including applicable records at the Provider's sub-tier sources.

Nonconforming Products & Material Review

Any products found to be nonconforming to AXIOM drawings, specifications, Contract, or other applicable requirements either by the Provider or the Provider's sub-tier sources, shall be identified, segregated and reworked or replaced with conforming products prior to delivery to AXIOM. AXIOM reserves the right to reject and return any nonconforming products to the Provider at the Provider's expense.

Provider Material Review Authority

No Provider is granted Material Review authority. All nonconforming material shall be submitted to AXIOM for disposition in accordance with the following:

> Submittal to AXIOM MRB for Disposition. Unless otherwise specified in the purchase order, in order for the Provider to submit nonconforming products to AXIOM's Material Review Board (MRB) for disposition, the Provider shall submit a request to the AXIOM Buyer. When authorized by the Buyer, the Provider shall complete the required MRB forms that will be furnished, along with instructions for their completion, to the Provider by the Buyer. AXIOM MRB will not accept

for review and disposition any products that can be reworked to meet drawing or specification requirements, or, are obviously scrap.

A 'use-as-is' or 'repair' (salvage) disposition by MRB does not relieve the Provider of the legal responsibility and liability for such products. The Provider may not ship to AXIOM any nonconforming products that have not been dispositioned by AXIOM MRB unless authorized by AXIOM in writing. When AXIOM MRB dispositioned products are delivered to AXIOM, the Provider shall reference on the packing list/shipper the serial number of the MRB document which describes the AXIOM MRB disposition.

When the Provider's shipment includes products dispositioned by AXIOM MRB along with conforming products, the products dispositioned by AXIOM MRB shall be segregated and marked or tagged to permit easy identification upon receipt at AXIOM.

Provider Notification of Nonconforming Products Delivered to AXIOM. When the Provider has determined that nonconforming product(s) have been delivered to AXIOM, the Provider shall notify the AXIOM Buyer within twenty-four (24) hours of the initial discovery. The Provider shall use receipt acknowledged e-mail or other positive notification method. The notification shall include the following information:

- Provider name
- AXIOM Purchase Order or Contract number
- Part number, Job Number, and description
- Affected quantity and serial numbers (if known)
- Dates delivered (if known)
- Brief description of the nonconforming condition

The initial notification shall be followed by a formal "Disclosure Letter" delivered to the AXIOM Buyer within five (5) days of the initial notification. The Disclosure Letter shall include the following information:

a. complete description of the nonconforming condition(s)
b. the affected quantity of products (including serial numbers when applicable) and dates delivered to AXIOM
c. potential effect of the nonconformance on the performance, reliability, safety and/or usability of the product(s)
d. recommendations for AXIOM action including for products that AXIOM may have already delivered to its customers
e. immediate action taken by Provider to contain the nonconforming products
f. root cause analysis of the nonconforming condition
g. root cause corrective action plan and schedule
h. the plan and schedule for verifying the effectiveness of the corrective action. In those cases where data (a) through (h) above is under investigation and incomplete, the Provider may request, from the AXIOM Buyer, authority to submit an interim disclosure letter. The interim letter shall include as much information as available and identify the due date for completion of the investigation and the date final disclosure letter that includes all (a)though (h) data will be submitted to AXIOM. AXIOM reserves the right to participate in the nonconforming product investigation at the facilities of the Provider or its sub-tier sources.

Re-Submittal of Products Previously Rejected by AXIOM.
Products returned to the Provider by AXIOM and re-worked or replaced by the Provider and re-submitted to AXIOM shall be clearly identified as re-submitted products. The Provider's packing list/shipper shall include a statement that the products delivered are:

- Replacement, or
- Reworked to meet all applicable requirements, and
- Include reference to the AXIOM rejection document serial number.

Product Identification
The Provider shall identify all products delivered to AXIOM in accordance with the drawing, specification and/or purchase order requirements. Unless permitted by drawing and/or specification, steel stamping and engraving identification methods are prohibited, except on product identification nameplates or decals and on attached metal tags.

Preservation, Packaging and Shipment
Unless otherwise required by the purchase order, the Provider shall incorporate good commercial standard practices for the preservation, packaging and shipment to preclude damage to products during shipment to AXIOM or deterioration while in storage at AXIOM. Identification on packages shall include the contract number to which they apply.

PQC-020
Variation Management Program per SAE AS9103 – The Provider shall establish and maintain a Variation Management Program in compliance with the current requirements of SAE AS9103 - "Variation Management of Key Characteristics." AS9103 requires the use of statistical methods to control manufacturing and processing operations. Provider's variation management program is subject to audit, verification and approval and/or disapproval by AXIOM designated representative(s).

PQC-030
Inspection & Test System per SAE AS9003 – The Provider shall establish and maintain an Inspection & Test System in compliance with the current requirements of SAE AS9003 - "Inspection and Test Quality System." Provider's Inspection & Test System is subject to audit, verification and approval and/or disapproval by AXIOM designated representative(s).

PQC-040
Quality Management System – The Provider shall establish and maintain a Quality Management System in accordance with ISO9001 and/or AS9100 that is certified by an accredited registrar, and is in good current standing, or other Quality Management System approved by AXIOM.

The Provider's Quality Management System is subject to audit, verification and approval and/or disapproval by AXIOM designated representative(s).

PQC-050
Requirements for Calibration Laboratories per ISO 17025 - The Provider shall establish, document and maintain a system that complies with the current revision of document ISO 17025. The Provider's calibration system must have current accreditation by an accredited body of registration. The provider's quality system is subject to audit, verification and approval and/or disapproval by AXIOM designated representative(s).

PQC-060

Certificate of Conformance (C of C) – With each delivery of products on this Contract, the Provider shall include on the packing list/shipper or on a separate attached document, a written statement titled "Certificate of Conformance" and is worded as follows:

> "This is to certify that all products or services delivered on Purchase Order (number) and packing list/shipper (number) comply with all requirements of the purchase order. Objective evidence to substantiate this certification will be made available for review upon request."
> Company Name: _____
> Address: _____
> Authorized Person: _____Date: _____
> Title: _____Signature/Stamp: _____

PQC-070

Raw Material Verification Program – The Provider shall develop, document and implement a raw material (stock material for parts or components) verification program that will ensure that material received from the Provider's sub-tier sources meets all applicable technical and quality requirements. The Provider's verification program shall include provisions for monitoring and periodic testing of raw material upon receipt to ensure that such material meets all applicable requirements, and implement appropriate storage and controls to preclude commingling of different heat/lots or batches of material. Raw material testing shall be in accordance with specification requirements and may be performed by the Provider or a recognized testing laboratory. Provider's verification program shall document the frequency of such tests and the test results. Records showing the results of the Provider's material verification program and its effectiveness shall be available to AXIOM for review upon request.

PQC-080

AXIOM Furnished Material – AXIOM may furnish material, parts and/or components to the Provider for use in or on products to be delivered on, or for the realization of this purchase order. In such cases the Provider shall establish and maintain strict accountability for all AXIOM furnished material to ensure that it is properly used and accounted for. When material is furnished, the Provider shall establish required controls to ensure traceability of the material to the finished product and furnish material traceability records with the delivery of products to AXIOM. For components, unless individual component traceability is required by Contract, the Provider shall ensure that such components are used only on products to be delivered to AXIOM on the Contract. Unless otherwise specified by the Contract, the Provider shall return any unused AXIOM furnished material to AXIOM with the last delivery of products on the Contract.

PQC-090

Traceability of Products to Raw Material - For each lot of products incorporated or used during the realization of this contract, the Provider shall provide positive traceability of each individual product to the material certification/test report that represents the raw material from which each of the products was manufactured. Traceability on supplied material shall also be maintained by identifying the material job number, batch or PO number as originally provided by AXIOM from the certification/test report on tags attached to each product and/or on packaging (when used).

PQC-100

Limited Shelf Life Materials - With each delivery of materials on this Contract, that have a limited or specified shelf life, the Provider shall furnish the following data: (a) manufacture date; (b) expiration date or shelf life; (c) lot or batch number, and (d) when applicable, any special storage requirements and handling procedures to be followed. The above information shall be marked on each container or certification and shall be in addition to normal identification requirements such as material name, part or code number, drawing, specification number and revision, type, size and quantity and other markings as applicable. For each delivery of limited shelf life materials on the purchase order the time lapse between the cure or manufacturing date of such materials, and the date of scheduled receipt by AXIOM, shall not exceed one fourth (1/4) of the total shelf life of the material without prior written waiver from AXIOM.

PQC-110

FOD Control Program – The Provider shall establish, document, and maintain a program to control and eliminate Foreign Object Damage (FOD) and/or contamination during the Provider's manufacturing, assembly, test and inspection operations. When applicable, the Provider's FOD control program shall include controls to preclude FOD or contamination at the Provider's sub-tier sources. AS9146 may be used as a guide to establish and implement the Provider's FOD program. The Provider's FOD program is subject to on-site review and approval by AXIOM.

PQC-120

1st Article Inspection Requirements (FAIR) – The Provider shall perform a First Article Inspection (FAI) in accordance with the requirements of the current revision of SAE AS9102. Excess parts, remaining from a previous production lot, may not be used to fulfill the 1st Article requirements unless it is specifically approved by AXIOM in writing. The Provider shall furnish a copy of the completed 1st Article Inspection results with the initial delivery of products on the Contract.

PQC-130

100% Inspection Report – The Provider shall perform 100% inspection of all characteristics on all products delivered on this purchase order. The Provider's 100% inspection data shall show the part number and drawing revision and the actual values obtained during inspection versus the requirements of the applicable drawing or specification. When applicable, copies of material and/or process certifications shall be attached to the inspection report.

PQC-140

Final Inspection Report – Prior to delivery of products to AXIOM, the Provider shall perform final inspection on all products and document the results. The format of the report is optional; however, it shall show the actual inspection results obtained, versus the drawing or specification requirements. The Provider shall maintain the completed reports as part of Providers quality records. Upon request, the final inspection reports shall be made available to AXIOM, or AXIOM customers or regulatory agencies for review.

PQC-150

Traceability Requirements – The Provider shall establish and maintain traceability of all detail components used in the processing or completion of our parts as delivered on this Contract. Data (such as parts inventory or bill of material lists, that include lot numbers, job numbers or work orders., etc.) which provides traceability of each detail component, including sub-assemblies, to the raw material from which it was made, including all processing, testing and inspection operations performed during processing cycle shall be furnished with the delivery of products to AXIOM on this Contract.

PQC-160

Process FMEA Requirements - The Provider shall implement Failure Mode & Effects Analysis or a similar tool to use for identifying variation in processes, their effects and causes, and to develop solutions that will minimize/eliminate the effects of variation in products delivered on this Contract. The Provider's process FMEA program shall be submitted to AXIOM for review and approval prior to start of work on the Contract.

PQC-170

Process Control Plan Requirements - The Provider shall implement a Process Control Plan or a similar tool to use for identifying the controls in production processes, the applicable procedures and reaction plans, and to develop plans that will ensure the process controls to prevent variation in products delivered on this Contract. The Provider's process Control Plan program shall be submitted to AXIOM for review and approval prior to start of work on the Contract.