



HYDRAULICS INTERNATIONAL, INC. (“HII”) QUALITY ASSURANCES CLAUSES

Purchase orders (“PO”) are subject only to below QA clauses as specifically noted on each individual request for quote (“RFQ”) or PO and/or each line item thereof.

Hereinafter HII shall be referred to as “the Buyer.”

QC-1. ISO9001 or AS9100 QMS Requirement.

The Supplier is required to maintain a system that complies with the provisions set forth by ISO 9001, “Quality Management System,” or AS9100, “Aerospace Standard.” Notwithstanding the provisions of this clause, the Supplier is in no way relieved of the final responsibility to furnish conforming supplies or services specified.

QC-2. Inspection Requirements & Nonconforming Product/Process.

The Supplier is required to maintain an inspection system to ensure that all items furnished have been inspected and/or tested in accordance with the inspection system and have been found by the supplier to be in conformity with contract requirements. The Supplier is solely responsible for material identification, acceptability, performance and are aware of their contribution to product or service conformity, product safety and the importance of ethical behavior.

The Supplier is required to notify the Buyer for approval, prior to delivery, of any nonconforming process or product, and of any major process changes, including changes of their external supplier or location of manufacture, that would affect form, fit, function, interchangeability and reliability. The Buyer may reject and require corrective action for any products that do not conform to all requirements and/or referenced documents. The Buyer shall determine disposition of rejected items and advise its purchasing department, who shall undertake all required subsequent actions. If a Supplier Corrective Action Request (“SCAR”) is issued, the Supplier must respond within fourteen (14) days, otherwise the Supplier will be unapproved for further procurements until said SCAR is satisfactorily resolved. Additionally, if the Supplier fails to promptly replace or correct nonconforming processes or products, the Buyer has the right to terminate the contract for default.

QC-3. Source Surveillance by Buyer Quality Representative.

All items covered by this PO are subject to source surveillance by the Buyer’s Quality Representative. This includes, but is not limited to, surveillance of the Supplier’s procedures and facilities. The Supplier shall furnish, at no cost to Buyer, necessary facilities and equipment for the Buyer’s Quality Representative. Additionally, the Supplier must supply the Quality Representative with necessary documentation and perform tests as required by applicable drawings, specifications and inspections instructions under surveillance of the Buyer’s Quality Representative. Documented evidence of such surveillance shall accompany each shipment.



QC-4. Source Inspection (Buyer).

All items covered by this PO are subject to inspection, prior to shipment, at the Supplier's facility by a Quality Representative of the Buyer. The Supplier shall furnish, at no cost to Buyer, necessary facilities and equipment to the HII Quality Representative for the source inspection.

The Supplier shall provide no less than forty-eight (48) hours advance notice to the Buyer to permit scheduling of source inspection. Documented evidence of source inspection shall accompany each shipment.

QC-5. First Article and Production Tooling.

When required, the First Article produced under this PO shall be submitted to the Buyer for inspection prior to production, preferably in AS9102 requirement format. First Article shall conform to all design drawings and/or specification requirements defined within this PO. Documented evidence, must accompany first article shipment, in the form of inspection records indicating materials chemical and physical properties and actual dimensional results in accordance with drawings, specifications and/or PO requirements. If required, acceptance of production tooling under this PO shall be contingent upon inspection and acceptance of the submitted First Article.

QC-6. RESERVED

QC-7. Test Bars (Castings).

The Supplier shall furnish with each shipment:

- (a) Two (2) test bars representative of each heat lot and made from the same melt as castings supplied; and
- (b) One (1) spectrographic disc representative of the entire heat or melt.
- (c) Test bars and disc shall be permanently identified with the Supplier's name or trademark, melt and heat lot numbers and alloy identification.

QC-8. Test bars (Forgings).

The Supplier shall furnish with each shipment:

- (a) Two (2) test bars produced from the same heat lot of material as the forgings supplied. Test bars must have the same percentage of reduction as parts supplied.
- (b) Test bars shall be permanently identified with the supplier's name or trademark, material heat number, heat lot number and alloy identification.

QC-9. Statement of Conformity and Traceability

Each shipment must be accompanied by a Certificate of Conformance, referencing the PO and shipper number, stating conformance to all part, material and process specifications. Authorized distributors shall provide supply chain, acquisition traceability, chain of custody back to Original Equipment Manufacturer (OEM) or Authorized Aftermarket Manufacturer (AAM). The Supplier must obtain approval from the Buyer, prior to shipment, for any changes in either, part number, materials and/or processes specified or referenced in the PO.



QC-10. RESERVED

QC-11. RESREVED

QC-12. Chemical and/or Physical Test Reports.

All shipments must be accompanied by a legible and reproducible copy of all chemical and/or physical test reports, identifiable with test parameters, materials and/or products submitted. These reports must contain the title and signature of the Suppliers authorized representative or of the agency performing the test and must assure conformance to specification requirements.

QC-13. Environmental Test Reports.

All shipments must be accompanied by a legible and reproducible copy of environmental test reports identifiable with products tested, test parameters and actual test results. These reports must contain the title and signature of the Suppliers authorized representative or of the agency performing the test and must conform to the specification requirements.

QC-14. Functional Test Reports.

All shipments must be accompanied by a legible and reproducible copy of all functional test reports identifiable with products tested, test parameters and actual test results. These reports must contain the title and signature of the Suppliers authorized representative or of the agency performing the test and must conform to the specification requirements. Functional tests are defined as operational inspections, e.g. mechanical, electronic, hydraulic etc.

QC-15. Process Certification.

Each shipment must be accompanied by a legible and reproducible copy of a certification containing the signature and title of Suppliers authorized representative for all processes performed. The certification shall include the process performed, the specifications to which they conform and the name of the agency that performed the process if other than the Supplier. If order has multiple line items of different part numbers or parts are serialized, parts shall itemized individually and serial numbers must appear on the process certification.

QC-16. Nondestructive Test Reports.

All shipments must be accompanied by a legible and reproducible copy of all nondestructive test reports identifiable with products tested, test parameters and actual test results. These reports must contain the title and signature of the Suppliers authorized representative or the agency performing the test and must conform to the specification requirements.

QC-17. Certification of X-Ray.

All parts requiring radiographic certification will be submitted to a Buyer approved X-Ray laboratory and processed in accordance with Buyer and/or Government specifications and standards. X-Ray findings will be reported on an appropriate form, including the name of the reader and the title and signature of the authorized laboratory representative. The X-Ray film



and legible and reproducible copies of the report must accompany the material submitted. An adequate method of identifying and cross referencing each film exposure report and item must be provided.

QC-18. Source Inspection (Government).

Government Source Inspection (GSI) is required prior to shipment from the Supplier's facilities. Upon receipt of a PO which requires GSI, the Supplier must promptly notify their Local Defense Contract Management Agency's ("DCMA") Quality Representative to ensure inspection is properly delegated. When material is ready for inspection, the Supplier must give the local DCMA seven (7) days of advance notification in order to schedule the Government Source Inspection.

QC-19. Final Acceptance.

Final acceptance will be based on Buyer inspection and testing results at destination.

QC-20. Material Traceability.

The Supplier shall certify that the material furnished is from the same heat lot or batch as applicable. The Supplier shall identify each item, package or container of perishable, shelf life material with its cure or manufacture date, expiration date and special storage and handling conditions in addition to the standard identification requirements. Where shipments contain parts with different cure dates or are from different heat lots or batches, separation into sub-lots and separate certifications of sub-lots are required. A copy of certification shall be included with each shipment for each lot or sub-lot.

QC-21. Buyer Furnished Material.

The Supplier shall provide a certification statement upon delivery that the material used, partial or in full, in fabrication of this PO is the material furnished by the Buyer.

QC-22. Inspection and/or Production Tooling.

Supplier is responsible for the proper working condition, protection, calibration if required, aside from normal wear and tear, of all production and/or inspection tooling furnished by the Buyer for use in the performance of PO requirements. Supplier is responsible for notifying Buyer when tooling is no longer in proper working condition for remedy. All tooling shall be subject to Buyer's surveillance and/or inspection upon request. Tooling or replacement tooling of equal quality, shall be returned to the Buyer in acceptable condition upon demand.

QC-23. Calibration.

All items under this PO shall be accompanied by certifications of calibration, stating: Standards used are traceable to the National Institute of Standards and Technology), ANSI-Z540 or ISO 10012-1, current revisions.

QC-24. Right of Access.



If necessary, Supplier shall, upon coordination, grant right of access to the Buyer, their customer and/or regulatory authorities to applicable areas of all facilities, at any level of the supply chain, involved in the performance of this PO and provide access to all applicable documentation and records.

QC-25. Part Identification Requirements.

The Supplier shall ensure that all items are permanently and legibly identified. Identification requirements must include part number with revision level, lot or date code, serial number and manufacturer's identification.

QC-26. Record Retention.

The Supplier shall retain all relative documents, data and Records shall remain legible, readily available, and retrievable for a Period of 10 years after the final payment of that line item unless extended record retention requirements are specified elsewhere in this contract or until advised by the Buyer. Supplier has the option to forward to the Buyer, full copies of material, process data and certifications for retention at Buyers facility.