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Title: QUALITY ASSURANCE PROCUREMENT CLAUSES		Effective Date: 10/18/2014	Revision: C

Whenever the Quality Assurance Procurement Clauses are circled on the face of this Purchase Order, the Seller must comply with the Clauses so circled.

CLAUSES

Clause # 1 - Quality System: The supplier shall maintain a documented and implemented Quality System in accordance with MIL-Q-9858, ISO9001, or AS9100 (Preferred.)

Clause #2 - Certificate of Conformance Required: A certificate of conformance shall be supplied with each shipment of parts or material. The C of C must contain a written statement that all requirements of the Purchase Order, including all specification(s) listed on the drawing, have been met. The C of C should refer to Applied Companies Part Number, Manufacturer Part Number, Lot Number, and Quantity. An authorized signature with the signer's title must be included and be legible.

Clause #3 - Raw Material Certifications and Test Reports: A written raw material certification, from either the supplier and/or original manufacturer must be supplied. The raw material certification must contain actual chemical analysis of each heat lot, melt lot, batch, etc., showing the percentage of each element. Aluminum alloys are be certified to element composition range, mechanical properties, tensile strength or hardness.

Clause #4 - Functional Test Reports: A written report of actual test results obtained during the tests must be provided to verify product and/or material conformance to applicable engineering specifications.

Clause # 5 - First Article Inspection: A First Article Inspection Report using form AS9102 or equivalent is required, referencing the serial number of the first article sample. This unit is verified at Applied prior to acceptance of the balance of the lot. The first article unit may be shipped alone or with the balance of the order as instructed by Applied Companies Purchasing Department.

Clause #6 - Special Process Certified Supplier Required: All non-destructive testing, welding, heat treating, plating or surface treatments or any other special processing shall be performed by suppliers selected by Applied Companies or their customers. These suppliers must have special certification approval, (e.g., NADCAP.) If your supplier is not specified on the Purchase Order, contact Applied Companies purchasing or Quality Department.

Clause #7 - Certification for Special Processes: Supplier must supply specific certifications for special purposes, i.e. heat treat, welding, soldering, and all non-destructive and destructive testing. The certification must reference the industry standard under which the special processing was performed. Authorized signature with title must be legible.

Clause # 8 - Source Inspection: Acceptance by Applied Companies authorized representative is required on this order prior to shipment from your plant. Contact Applied Companies Quality Department three (3) days prior to completion of the order to schedule source inspection (If applicable).


Clause #9 - DCMA source inspection: This order is subject to Defense Contracts Management Agency oversight. Contact your local DCMA QAR with the government contract number to schedule source. Upon completion, a signed and stamped packing sheet or C of C is required to accompany each shipment (If applicable).

Clause #10 - Identification: Mark all packages and parts (size allowing) with part number, revision letter and supplier identification, as per blueprint.

Clause #11 - Protection of Critical Parts: Parts are subject to damage and require individual packaging (bag and tag) and/or protection to minimize the possibility of damage during shipment or processing.

Clause #12 - Shelf Life Materials: Materials are subject to expiration. Supplier must provide shelf life data with shipment and shelf life must be a minimum of 75% of the products' useful life.

Clause #13 - Defense Application: If a Prime Contract and DPAS Rating are referenced on the PO, then this is a rated order and you are required to follow all provisions of Defense priorities and Allocations Systems Regulation (15CFR350).

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Clause #14 – Deliverable Data – Dimensions: The supplier shall provide a final inspection report of dimensions for each item, in supplier’s format and authorized by a representative of the supplier’s quality function, with each shipment.

Clause #15 – Requirement for 100% inspection by the Supplier: The supplier shall perform 100% inspection of all items to ensure conformance to drawing and specification requirements. Evidence of such inspections shall be on file and available for review by Applied Companies.

Clause #16 - Source of Supply/Counterfeit Avoidance: Suppliers are responsible to ensure compliance for materials used to manufacture parts supplied to Applied Companies. Suppliers shall only purchase materials from Original Equipment Manufacturers (OEM’s), Original Component Manufacturers (OCM’s), standard catalogues, or the OEM/OCM authorized franchised distributors. Purchasing from independent brokers or other sources is not authorized unless approved in writing by Applied Companies.

Clause #17 - SPECIALITY METALS:
All purchased specialty metals must be in compliance with DFARS 252.225-7009 Domestic Specialty Metals are imposed on this purchase order.

Clause #18 - Supplier Sub-tier Control
Supplier is responsible for ensuring the following:

- All items procured from its subcontractors conform to all requirements of the AC purchase order
- All applicable provisions of this document are flowed to its subcontractors including copies of the latest process specification revision(s).
- Specifying on their purchase order for special processes “AC” as your customer and the latest process specification revision(s).


Clause #19 -Receiving Inspection: Material furnished on this order will have Receiving Inspection performed by Applied Companies Quality Department upon receipt.

Clause #20 - Nonconforming Material and Corrective Action: Material rejected during inspection or subsequent processing may be returned for rework or replacement. A Supplier Corrective Action Request may be provided to prevent further escapes or non-conformances. If required, the SCAR will be provided by Applied Companies Purchasing with the request for RMA. Suppliers have 30 days to respond. Lack of response is possible cause for disqualification and removal from Applied Companies Approved Supplier List.

Clause #21 - Right of Access: Applied Companies suppliers are subject to having their Q.A. inspection systems and manufacturing processes reviewed for compliance to the purchase order requirements by authorized representatives, which may include Applied Companies or their customer, up to and including government representatives.

Clause # 22 - DFARS Sourcing Flow Down Requirements:

- 252.225-7007 – Prohibition on Acquisition of United States Munitions List Items From Communist Chinese Military Companies
- 252.225-7009 – Restriction on Acquisition of Certain Articles Containing Specialty Metals
- 252.204-7008 – Requirements for Contracts Involving Export-Controlled Items
- 252.225-7001 – Buy American and Balance of Payments Program
- 252.225-7006 – Quarterly Reporting of Actual Contract Performance Outside the United States
- 252.225-7013 – Duty Free Entry
- 252.225-7016 – Restriction on Acquisition of Ball and Roller Bearings
- 252.225-7021 – Trade Agreements
- 252.225-7033 – Waiver of United Kingdom Levies

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Clause # 23 – Configuration Control: All Design Responsible suppliers of Applied Companies / Applied Pressure Vessels (having responsibility for design, validation and service of a product) must inform Applied Companies / Applied Pressure Vessels of proposed changes to their product(s). All changes at any level of the deliverable bill of material must be supplied to Applied Companies / Applied Pressure Vessels for approval.