

## Supplier Purchase Order Quality Clauses

1	<p><b><u>RIGHT OF ENTRY</u></b> – RC INDUSTRIES AND IT'S CUSTOMER, AND THEIR CUSTOMERS, OR ANY APPLICABLE REGULATORY AGENCY WILL HAVE THE RIGHT TO ENTER THE SUPPLIER'S FACILITY TO PERFORM INSPECTION OR ENSURE COMPLIANCE TO THE CONTRACT.</p> <p><b><u>RECORD RETENTION</u></b> - 10 YEARS UNLESS OTHERWISE NOTED ON THE PURCHASE ORDER SUPPLIER SHALL CONTACT RC INDUSTRIES WHEN READ TO DISPOSE ANY OF THE RECORDS RELATED TO ANY OF THE PRODUCTS MANUFACTURED FOR RC INDUSTRIES</p>
2	<p><b><u>AMENDMENTS</u></b> TO THIS ORDER, AND/OR QUALITY CLAUSES SHALL BE SET FORTH IN WRITING, VIA PURCHASE ORDER CHANGE NOTICE, AND /OR REVISIONS TO THE PURCHASE ORDER QUALITY CLAUSES.</p> <p><b><u>CHANGES</u></b> SUPPLIER SHALL NOTIFY THE ORGANIZATION OF CHANGES IN PRODUCT AND/OR PROCESS, CHANGES OF SUPPLIERS, CHANGES OF MANUFACTURING FACILITY LOCATIONS AND WHERE REQUIRED OBTAIN ORGANIATION APPROVAL</p>
3	<p><b><u>NONCONFORMING MATERIAL</u></b> IN THE EVENT THAT THE PRODUCT IS IDENTIFIED AS NON-CONFORMING AFTER THE PRODUCT HAS BEEN SHIPPED, THE SUPPLIER SHALL PROVIDE NOTIFICATION OF SUCH ESCAPE. ADDITIONALLY, SUPPLIER SHALL CONTROL NON-CONFORMING PRODUCT TO PREVENT THE PRODUCT FROM LEAVING THE FACILITY, UNLESS OTHERWISE APPROVED IN WRITING. OBTAIN ORGANIZATION APPROVAL FOR NON-CONFORMING PRODUCT DISPOSITION - REPORTING SHOULD BE COMPLETED WITHIN 48 HOURS OF DISCOVERY.</p>
4	<p><b><u>TRACEABILITY</u></b> ALL PARTS / MATERIAL AND APPLICABLE DOCUMENTS MUST BE IDENTIFIED BY A MANUFACTURING LOT OR BATCH NUMBER BY THE SUPPLIER</p>
5	<p><b><u>QUALITY MANAGEMENT SYSTEM</u></b> SUPPLIERS SHALL IMPLEMENT AND MAINTAIN A QUALITY MANAGEMENT SYSTEM IN COMPLIANCE WITH AS9100; AS9120, ISO9001 AND/OR NADCAP.</p>
6	<p><b><u>FLOW DOWN</u></b> SUPPLIERS SHALL FLOW DOWN THE REQUIREMENTS LISTED ON THE PURCHASE ORDERS INCLUDING CUSTOMER REQUIREMENTS TO THEIR ENTIRE SUPPLY CHAIN FOR ANY SERVICES OR PRODUCTS THAT AFFECT RC INDUSTRIES ORDERS.</p>
7	<p><b><u>PERSONNEL QUALIFICATION</u></b> WHEN REQUIRED BY PURCHASE ORDERS PERSONNEL SHALL BE QUALITY TO SPECIFIC PROCESSES</p>
8	<p><b><u>CERTIFICATE OF CONFORMANCE AND/OR AIRWORTHINESS CERTIFICATES</u></b> WHEN REQUIRED BY PURCHASE ORDERS CERTIFICATE OF CONFORMANCE SHALL BE PROVIDED</p> <p><b><u>TEST REPORTS</u></b> WHEN REQUIRED BY PURCHASE ORDER TEST REPORTS SHALL BE PROVIDED</p>
9	<p><b><u>ITAR</u></b> WHEN REQUIRED BY PURCHASE ORDER, ITAR CONTROLS SHALL BE APPLIED</p> <p><b><u>DFAR</u></b> WHEN REQUIRED BY PURCHASE ORDER DFAR CONTROLS SHALL BE APPLIED</p>
10	<p><b><u>SAMPLE PLAN</u></b> WHEN REQUIRED BY PURCHASE ORDER, ALL INSPECTIONS USED FOR ACCEPTANCE SHALL BE CONDUCTED TO A MINIMUM SAMPLE ACCEPTANCE LEVEL AQL OF 0.40 IN ACCORDANCE WITH ANSI Z1.4 SAMPLING PROCEDURE AND TABLES FOR INSPECTION ACTIVITIES. NORMAL LEVEL (II). LOT ACCEPTANCE SHALL BE AT ZERO. REJECT SHALL BE AT ONE.</p>

11	<p><b>MONITORING OF SUPPLIER</b> RC'S SUPPLIERS SHALL BE MEASURED AGAINST A GOAL OF 95%, A TARGET OF 85% AND ACTIONABLE TARGET OF 75%. RC CAN DETERMINE TO FLOW DOWN A CORRECTIVE ACTION REQUEST ANY TIME A SUPPLIER IS BELOW THE GOAL OF 95%. SUPPLIERS MAY BE SUBJECT TO REMOVAL FROM RC'S APPROVED SUPPLIER LIST IF THE SUPPLIER DOES NOT RESPOND TO THE CORRECTIVE ACTION REQUEST IN A TIMELY MANNER.</p>
12	<p><b>COUNTERFEIT PREVENTION</b> Electronic Components or any other type of product, where there is a potential for counterfeiting, should only be purchased from the Original Equipment Manufacturer (OEM) or a franchised distributor of the OEM. The Original Equipment Manufacturer (OEM) or a franchised distributor of the OEM, should provide, with the shipment a certificate of conformance, certifying that the component provided is the part number being procured on the Purchase Order. A certificate of Conformance is used to establish traceability to the OEM. It is not recommended that electronic components or any other type of product, where there is a potential for counterfeiting, be purchased from a broker that is not a franchise distributor. In the event such a purchase should be made, it is the responsibility of the supplier to assure that the proper certifications are available, to provide traceability to the OEM.</p>
13	<p><b>AWARENESS</b> SUPPLIERS SHALL ENSURE PERSONS PERFORMING WORK ON RC PRODUCT ARE AWARE OF:</p> <ul style="list-style-type: none"> <li>- THEIR CONTRIBUTION TO PRODUCT OR SERVICE CONFORMITY</li> <li>- THEIR CONTRIBUTION TO PRODUCT SAFETY</li> <li>- THE IMPORTANCE OF ETHICAL BEHAVIOR</li> </ul>
14	<p><b>DELEGATION</b> – DELEGATION FOR VERIFICATION AND APPROVAL OF TEST REPORTS/ CHEMICAL ANALYSIS CONTENTS IS APPLIED TO ALL SUPPLIERS OF RAW MATERIALS AND SERVICES WHICH GENERATE SUCH REPORTS. ACCEPTANCE OF THIS PURCHASE ORDER INDICATES ACCEPTANCE OF THESE RESPONSIBILITIES.</p>
15	<p><b>SHELF LIFE</b> - The supplier shall have an effective system of age control whose acceptability is limited by maximum age. The system must include a method of identifying the age of such items and provisions for the rotation of stock. Product must have a minimum of 75% shelf life.</p>
16	<p><b>FOD</b> - The supplier shall have an FOD prevention program in place; to assure that product shipped to RC Industries are free of FOD.</p>
17	<p><b>PRODUCT SAFETY:</b> The supplier is responsible to assure the compliance and controls over any product. The supplier is responsible for assuring that the product is processed, inspected, controlled and shipped in such a manner to assure the integrity of the product and safety of the product is properly controlled as per the defined PO requirements</p>
18	<p><b>DPAS RATED ORDERS:</b> As a Supplier to the US Department of Defense, RC Industries will, from time to time, accept orders or contracts that fall under the provisions of the Defense Priorities and Allocation System (DPAS). The Purpose of DPAS is to: 1. Assure Timely Delivery of materials and services from private industry to meet National Defense needs; and 2. Provide an operating system to support rapid industry response to Government Procurement needs in times of need. RC Industries will not designate individual POs as DPAS rated or not, Suppliers to RC Industries should be aware of and prepare to meet the requirements of DPAS for all POs.</p>