

# AI SYSTEMS

## Purchasing Terms and Conditions

Procedure: WI-742

Revision: B

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Approved by & date: Office Manager

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### I PURPOSE

This document provides a set of minimum quality assurance (QA) requirement (clauses) for use in specifying the level of quality control AI SYSTEMS will exercise over suppliers on procurements.

### II APPLICATION

This procedure applies to all activities comprising the Quality Management Systems, relating to the procurement of product and or services supplied by AI SYSTEMS.

This procedure directly concerns all personnel performing the buying process.

### III DEFINITIONS

A) Buyer = AI SYSTEMS International Corporation.

B) Supplier/Seller = The party to the purchase agreement supplying materials, parts, assemblies, subassemblies, systems, subsystems or services in accordance with the provisions of the purchase order.

C) Purchase Order = the document(s) that detail the entire purchase agreement. These may include, but is not limited to, procurement documents such as purchase agreements/orders, and referenced documents such as FAA 8130-1, EASA Form-1 records, Certificate of Conformance, Test reports.

### IV GENERAL

The Supplier/Seller is responsible for managing their organization, as well as their entire supply chain, to ensure compliance to all AI SYSTEMS International Incorporated requirements as contained in, but is not limited to, the purchase order, flowed down prime source requirements, specifications, and this document. In case of conflict with this document and any other requirements, the order of precedence shall be:

A) AI SYSTEMS International Incorporated Purchase Order

B) Flowed down prime source requirements, specifications & quality clauses.

C) This Document

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### V APPLICABILITY

The requirements contained in this document shall apply to all AI SYSTEMS International suppliers of product or services. Excluded are suppliers of MRO items.

VI The Following are the **minimum** quality assurance (QA) requirements (clauses) applicable to all Purchase orders.

#### A] SUPPLIER QUALIFICATION

All suppliers of AI SYSTEMS International Incorporated shall be qualified in accordance with AI SYSTEMS International Incorporated qualification process. Suppliers qualified and approved by the prime source will be utilized and the supplier will still be required to complete the AI SYSTEMS International Incorporated qualification process. Suppliers qualified and approved by AI SYSTEMS International Incorporated shall be added to approved supplier list. New and approved suppliers shall allow AI SYSTEMS International Incorporated personnel access to perform an on-site survey for qualification / requalification (as needed) with the understanding that the supplier reserves sensitive and proprietary information. Supplier qualification does not waive supplier of the need to insure acceptable product and all product received by AI SYSTEMS International Incorporated shall be reviewed, which may include but is not limited to any of the following, process for handling damage, check of certification(s) and PO requirements. A failure to the prior requirements or lapse in work for an extended period of time may be cause for removal of supplier qualification.

#### B] SUPPLIER REQUIREMENTS QUALIFICATION OF PERSONNEL

The Supplier/Seller is responsible for managing the training and qualification of its personnel and maintaining appropriate records of training and certification for their employees. The supplier/seller's personnel must be appropriately trained, qualified and or certified to the applicable work called for on the purchase order, flowed down prime source requirements and specifications. Personnel certification documents shall be supplied to AI SYSTEMS International Incorporated upon request.

#### C] SUPPLIER ASSISTANCE

In the event that requirements are not completely clear, or where special assistance is needed, AI SYSTEMS International Incorporated will provide personnel to consult with the supplier.

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### D] SUPPLIER QUALITY MANAGEMENT SYSTEM REQUIREMENTS

The Supplier/Seller shall, in performance of this purchase order, maintain a quality system that insures a quality product that meets requirements as contained in, but is not limited to, the purchase order, flowed down prime source requirements, specifications, deliver to AI SYSTEMS International Incorporated. The Supplier/Seller is responsible for managing the quality of their organization, as well as their entire supply chain, to ensure compliance to all AI SYSTEMS International Incorporated requirements.

### E] REQUIRED SPECIFICATIONS

The supplier is responsible for obtaining all specifications needed to complete the purchase order. AI SYSTEMS International Incorporated will, upon request, furnish any AI SYSTEMS International Incorporated specifications/certifications needed and may assist in obtaining any other specifications required. All materials listed must meet the defined requirements and specifications listed in the specified purchase order.

### F] SUPPLIER REQUIREMENTS FOR INSPECTION

The supplier shall inspect all dimensional requirements 100%, the use of statistical techniques for product acceptance is not allowed. All product received by AI SYSTEMS International Incorporated shall be inspected against the requirements listed on the issued purchase order.

### G] SUPPLIER REQUIREMENTS FOR TEST SPECIMENS / TEST CERTIFICATIONS

The supplier shall forward copies of certification for all required testing and required trace documentation to AI SYSTEMS International Incorporated quality assurance. All certifications shall be reviewed by AI SYSTEMS International Incorporated quality assurance to the purchase order, flowed down prime source requirements, specifications that apply.

- **Materials:** Supplier/Seller shall provide a copy of required certification / test reports, and MSDS (as applicable) for the material being supplied. For shelf life and age controlled materials the supplier/seller shall ensure that at least 75 % of the materials life is remaining at time of delivery, this requirement can be waived by AI SYSTEMS International Incorporated quality manager/supervisor on a case by case basis.

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### HJ] SUPPLIER REQUIREMENTS FOR NONCONFORMING PRODUCT / PROHIBITED PRACTICES

Any nonconforming materials, parts, assemblies, subassemblies, systems, subsystems or services shall be documented and reported to AI SYSTEMS International Incorporated within 24 hours. No deviation will be considered approved or be allowed to ship to AI SYSTEMS International Incorporated without written confirmation from AI SYSTEMS International Incorporated quality assurance. All nonconforming materials, parts, assemblies, subassemblies, systems, subsystems or services shipped to AI SYSTEMS International Incorporated shall be clearly identified as such. AI SYSTEMS International Incorporated quality assurance must be informed immediately (not to exceed 24 hours or the next business day) of suspect nonconforming product shipped regardless of destination.

### PROHIBITED PRACTICES

- **Material Substitution:** Material substitution by supplier/seller is forbidden for all materials, parts, assemblies, subassemblies, systems, subsystems or services supplied by AI SYSTEMS International Incorporated.
- **Scrap:** The supplier shall return to AI SYSTEMS International Incorporated any furnished materials, parts, assemblies, subassemblies, systems, subsystems or services that supplier has dis-positioned as scrap when requested. AI SYSTEMS International Incorporated shall determine whether the proper disposition will be scrap and will require evidence of scrapping (pictures and/or a statement of scrapping) if the material, parts, assemblies, subassemblies, systems, subsystems or services are not to be returned.
- **Repair:** The supplier shall not repair a product without prior written approval of AI SYSTEMS International Incorporated quality assurance.
- **Rework:** The supplier shall not perform rework outside of the specific specification limits. Dimensional rework by conventional machining is allowed.
- **Re-Submittal of Rejected Items:** The supplier shall clearly identify items that were previously rejected by AI SYSTEMS International Incorporated quality assurance and are being resubmitted to AI SYSTEMS International Incorporated.
- **Use of Sub Tier Suppliers:** The supplier shall not farm out work to a sub tier supplier unless authorized by the AI SYSTEMS International Incorporated.
- **Notification of Location Change:** The supplier shall notify AI SYSTEMS International Incorporated prior to any change in location of manufacturing facility to allow AI SYSTEMS International Incorporated quality assurance time, if required, to perform an on-site survey for qualification / requalification .

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### H] SUPPLIER REQUIREMENTS FOR RECORD RETENTION / RECORDS REQUIREMENTS

The supplier is responsible for retention of quality records to the latest requirements of AI SYSTEMS International Incorporated that is defined as a minimum of 7 years or per customer contract requirements. All quality records are to be written in English, legible, reproducible and identifiable to the purchase order. All quality records (non electronic) shall be documented in ink or other permanent marking. Corrections to quality records must be recorded, dated and signed in ink or other permanent marking method with the original data being legible and retrievable after the change.

### I] SUPPLIER REQUIREMENTS FOR RIGHT OF ACCESS

The supplier shall provide right of entry / access, to AI SYSTEMS International Incorporated and/or its prime source customers, U.S. government, foreign government, quality assurance personnel and regulatory agencies personnel, appropriate for the specific purchase order and customer to any of the supplier's facilities where any work is or was performed. Access shall allow for inspection and surveillance to verify conformance to requirements, determine and verify quality of work, records, materials, validation of procedures to the specific requirements of the purchase order. Inspection and surveillance verification shall not absolve the supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by AI SYSTEMS International Incorporated and/or its prime source customers

### J] SUPPLIER REQUIREMENT FOR PERSONNEL CONTRIBUTION

All the personnel are responsible for identifying non-conforming products in the course of their activities.

All the personnel have to address product safety considerations throughout the product lifecycle and ensure the products do not represent harm or hazards to the customers.

Workplace ethics and behavior are a crucial part of employment, the supplier have to make sure that all the employees are followed company guideline.