




<b>Title:</b> <b>Purchasing Order Terms &amp; Quality Clause Conditions</b>	<b>Date:</b> 08/12/2013	<b>Rev:</b> 3	<b>Page:</b> 1 of 3	<b>File Name:</b> FRM 002
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<b><u>PG-01: TERMS</u></b>	<p><b>A:</b> Seller shall keep confidential all technical and proprietary information furnished to Seller by Buyer in connection with this order, including blueprints, data, designs, drawings, engineering data for production, product know-how, and any other information furnished to Seller by Buyer in connection with this contract. Seller shall not use such items or information in the design, manufacture, or production of any goods, or for any other purchase or for the manufacture of production of larger quantities than those specified, except with the express consent in writing from the Buyer. Seller, including its agents, employees, and representatives will exercise extreme caution to prevent disclosure of such information to third parties. The obligations of this provision shall survive the completion of performance and expiration or termination of this contract.</p> <p><b>B:</b> Buyer and authorized representatives of Buyer's Customers and / or Regulatory Authorities shall have direct access to all applicable areas of all Seller's and Seller's Subcontractor's Plants (at any level of the supply chain) where work under this P.O. is being performed, to review progress, records and witness testing of the items related to this P.O. Seller shall include this Clause in all of Seller's subcontracted Purchase Orders.</p> <p><b>C:</b> Prior to shipment, Supplier shall notify Phoenix Group, Inc. if a non-conformance condition exists with the product and obtain approval for nonconforming product disposition.</p> <p><b>D:</b> Supplier shall notify Phoenix Group, Inc. of changes in product and/or process changes of suppliers, changes of manufacturing facility location and, where required, obtain organization approval.</p> <p><b>E:</b> Supplier shall flow down to the supply chain the applicable requirements including customer requirements.</p> <p><b>F:</b> Gauges supplied by Phoenix Group, Inc. shall be returned with the last shipment on this order. Gauges shall be returned in the same condition as received. Supplier will be responsible for any Gauge repair costs if necessary. Gauges must have a current certified calibration sticker when returned to Phoenix Group, Inc.</p> <p><b>G:</b> Quantity variances and / or partial shipments are not permitted unless prior written authorization is received from the buyer.</p> <p><b>H:</b> All goods supplied shall be suitably packaged to protect, marked, and shipped in accordance with buyer instructions. In the absence of instruction, Supplier shall contact the Buyer. All supplied goods will be returned to the Supplier for inspection if parts are received damaged.</p> <p><b>I:</b> Accelerated delivery is not permitted. Any modification to the delivery schedule requires written authorization from the buyer.</p>
<b><u>PG-02: SCHEDULE</u></b>	For delivery will be the responsibility of the supplier. The supplier shall not be held liable for damages in respect to delivery delay due to clause beyond supplier's reasonable control. However, if the supplier does not meet the delivery date as depicted on the face of the order, The buyer may approve a revised delivery date schedule, or terminate the order without liability for such termination.
<b><u>PG-03: QUALITY MANAGEMENT SYSTEM</u></b>	The supplier shall have a Quality Management System that meet one of the following requirement: Customer Designated History sales services Survey Certs (ISO-AS-NadCAP-17025 ...)
<b><u>PG-04: SUPPLIER SURVEY</u></b>	The Supplier's QMS is subject to initial survey and approval by Phoenix Group, Inc. Surveys or audit Including Sub-tier suppliers and processors may be conducted before or after issuance of a purchase order. The supplier shall be notified of deficiencies and shall follow up and ensure that deficiencies are promptly corrected. Corrective Action shall be subject to review and approval by Phoenix.
<b><u>PG-05: CERTIFICATE OF CONFORMANCE:</u></b>	Supplier Certification of Conformance is required with this order. A legible and reproducible Certificate of Conformance or Seller's statement of quality will accompany each shipment. Certifications must show the part number, quantity, specification, and revision number, and have a legible printed and signed signature and title of responsible person signing the certification. This certifies the material / services provided by the seller meet all drawing and / or specifications requirements. Records supporting this certification shall be on file and shall be provided to Buyer upon request at no cost to Phoenix Group, Inc.
<b><u>PG-06: MATERIAL AND SPECIAL PROCESSING CERTIFICATIONS</u></b>	Actual material certifications are required for all Seller provided material. All Certifications must be traceable to the original Mill Lot and Heat Number. Processing Certifications are required for all Sellers providing processing. All certifications must indicate that the process has been performed to drawing requirements. Parts are subject to rejection without correct documentation. All Certifications must show the part number, quantity, process being performed, specification, revision number, and have a legible printed and signed signature and title of responsible person signing the certification. Supplier shall notify the undersigned prior to shipment if specification has been replaced / superseded / updated. List specification as show non drawing, and then list the replacement specification with current revision.



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<b><u>PG-07: FIRST ARTICLE INSPECTION</u></b>	First article Inspection shall be performed per AS9102 on the first part Produced for new parts, or change the tools, NC tapes, configuration or processes.
<b><u>PG-8: RUN MATERIAL</u></b>	The Run material shall meet the requirements of industry Specification AMSQQ-A-250A (workmanship) and the requirement of the Specific alloy specification(s) detailed on the Purchase Order. Material shall be oiled/preserved and full surface area interleaved after manufacture and whilst in storage/transportation, packaged/protected. All material furnished against the above purchase order were produced in conformance with all applicable specification and drawings as referenced therein. Additionally, We certify the Material and/or part supplied are free from mercury contents and all production has been conducted in a mercury free environment
<b><u>PG-9: NON-CONFORMING PRODUCT OR PROCESS:</u></b>	<p>Any deviation to requirements set forth in this purchase order shall be documented and submitted to Phoenix Group for disposition prior to shipment from supplier's facility. In the event that product or material is received for processing in a nonconforming condition (i.e. damaged, paperwork/traceability issues, etc.), supplier shall notify Phoenix Group Quality Assurance PRIOR to performing work.</p> <p>Note: When a nonconformance is discovered that may affect already delivered goods Seller shall notify Buyer promptly by a Seller generated Notification of Escapement (NoE) letter sent to the Buyer's Authorized Procurement Representative with a copy to the assigned Buyer's Supplier Quality Source Representative. Additionally, an electronic NoE shall be submitted via the Corrective Action Request System (CARS),</p>
<b><u>PG-10: CORRECTIVE AND PREVENTATIVE ACTION</u></b>	Supplier shall establish and maintain documented procedures for Corrective and Preventive Action, which shall include: effective handling of customer complaints and reports, investigation of cause of non-conformance, determination of corrective action needed to eliminate cause, application of controls to ensure corrective action effectiveness.
<b><u>PG-11: MONITORING AND MEASURING DEVICES</u></b>	All monitoring and measuring devices used in the performance of this purchase order shall be certified against a standard having greater accuracy. Random and systematic error in any article or material measurement process shall not exceed 10% of the tolerance of the parameter being measured. Random and systematic errors in any calibration measurement process shall not exceed 25% of the tolerance of the parameter being measured
<b><u>PG-12: RECORD RETENTION:</u></b>	Quality Records shall be retained for a minimum of Ten (10) years after completion of purchase order, or as directed by Phoenix Group Customer's Quality Requirements. Records shall be identified and stored in a manner that allows them to be easily retrievable and adequately protected
<b><u>PG-13: PRESERVATION:</u></b>	<p>In order to prevent corrosion, supplier shall store all raw materials and work-in-process in a covered structure, except forgings, castings and extrusions from which subsequent machining requirements will remove 100% of the as forged, cast or extruded surface. Any corroded condition of such material after acceptance by the supplier shall be the supplier's responsibility.</p> <p><b><u>PACKAGING AND PROTECTION</u></b> Of the product shipped shall be in accordance with the Phoenix Group. PO or best commercial practice to protect product from damage and /or deterioration. Supplier must take in to consideration <b><u>THE PREVENTIO OF FOD FOR ANY PRODUCT SHIPPED TO Phoenix Group INC.</u></b></p>
<b><u>PG-14: MATERIAL ACCOUNTABILITY:</u></b>	Supplier is to return all unused/scrap material to Phoenix Group for accountability.
<b><u>PG-15: 100% TRACEABILITY</u></b>	Traceability to raw material must be maintained throughout the manufacturing process. Supplier is to maintain heat lot, work order and/or serial number traceability at all times.
<b><u>PG-16: TEMPORARY PART MARKING:</u></b>	<p>Each individual article on this purchase order shall have temporary identification applied/maintained prior to shipment to Phoenix. Any one of the following methods of identification may be used:</p> <p>Vibro-etching of part/serial number on tool tab, or in excess areas of no tool tab is present.</p> <p>Tag tied to part indicating part/serial number.</p> <p>Attach label to the outside of each individually wrapped, boxed or bagged part.</p> <p>Lot tag indicating part number and quantity.</p>
<b><u>PG-17: TRAINING /CERTIFICATION:</u></b>	Supplier shall conduct training, personnel certification and recertification as necessary to assure effective accomplishment of special processes and inspection operations.
<b><u>PG-18: SAFETY:</u></b>	Supplier shall maintain in Industrial Safety Program applicable to their operations, facilities and equipment. Industrial Safety includes identification, elimination and/or control of hazards in employee accident prevention and fire prevention/protection in accordance with Federal, State and local standards and regulation
<b><u>PG-19 CERTIFIED TEST REPORT/RAW</u></b>	<p>Product or Material shall be supplied with Certified Test Report and Raw Material Traceability/Certification at all times unless noted by Buyer P/O.</p> <p><b><u>TEST SPECIMENTS</u></b> Shall be required when there is a design approval from Phoenix Group. Customer, Inspection, Investigation or Audit.</p>

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<b><u>MATERIAL CERTIFICATION:</u></b>	<b>MATERIAL SUBSTITUTION PROHIBITION</b> <b>A. Unauthorized Material Substitution (General)</b> Unauthorized material substitutions are not permitted on Buyer's Goods. Unauthorized material substitution includes any deviation from the engineering definition of a raw material.
<b><u>PG-20 FOREIGN OBJECT DEBRIS (FOD) –</u></b>	Supplier shall have a written system for the prevention of FOD. This system must show evidence of a written practice, effective employee training and a corrective action system when FOD is detected. This system must demonstrate employee awareness and be audited on an on-going basis. Supplier shall certify in their Certificate of Conformance (C of C) that parts are free from FOD.
<b><u>PG-21 Calibration</u></b>	<ul style="list-style-type: none"> <li>• Supplier shall have calibrate using standards traceable to the National Institute of Standards &amp; Technology (NIST).</li> <li>• The supplier shall have send the Certificate of calibration with each equipment and the sticker including identification and frequency of checks and acceptance criteria.</li> <li>• Supplier shall ensure that environmental condition are Suitable for calibrations ( Control of Temperature and Humidity)</li> </ul>