



# Total Quality Systems, Inc.

## QT-003 Supplier Quality Terms and Conditions (Advanced)

**General:** As a valued supplier (or vendor) to Total Quality Systems, it is understood that your organization agrees to meet the following stipulations whenever a Total Quality Systems Purchase Order (PO) is issued:

- 1) Total Quality Systems reserves the right of final acceptance (or not) of product, procedures, processes, and/or equipment. The Supplier's performance will be monitored on a regular basis – on-time delivery, product quality and customer service at a minimum.
- 2) All special processes required by this PO must be performed by qualified personnel.
- 3) Our organization reserves the right to review and accept (or not) the Supplier's Quality Management System (QMS). QMS requirements include:
  - a. Suppliers providing special processing must maintain a system for validating those processes.
  - b. Total Quality Systems' qualified suppliers must operate in accordance with approved specifications and standards as required by Total Quality Systems.
  - c. Suppliers initially approved for use via certifications (e.g., ISO9001, AS9100, ISO 17025, etc.) must notify Total Quality Systems of any changes to that certification.
- 4) The Supplier shall maintain the proper identification and revision status of specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data and supporting documentation of the supplied products or services.
- 5) Total Quality Systems reserves the right to approve or specify any designs, tests, inspection plans, verifications, use of statistical techniques for product or service acceptance, and any applicable critical items, including key characteristics.
- 6) Total Quality Systems reserves the right to enforce requirements for test specimens for design approval, inspection/verification, investigation or auditing.
- 7) The Supplier is required to:
  - a. Notify our organization of nonconforming product or service.
  - b. Obtain Total Quality Systems' acceptance of nonconforming product disposition decisions.
  - c. Notify Total Quality Systems of changes in product and/or process, changes of

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suppliers, and changes of manufacturing facility locations and where required, obtain Total Quality Systems' approval.

- d. Flow down to the supply chain all applicable requirements including Total Quality Systems' requirements and terms & conditions.
  - e. Ensure that Supplier employees are aware of:
    - Their contribution to product or service conformity
    - Their contribution to product safety
    - The importance of ethical behavior
- 8) The Supplier is required to supply product that has a remaining shelf life of at least 75% of original life as of the date of shipment unless otherwise agreed upon in writing by Total Quality Systems.
- 9) The Supplier is required to retain all records associated with the Purchase Order for seven (7) years or as required by contract. The vendor must communicate to Total Quality Systems of any supplied product or service records being destroyed or otherwise dispositioned.
- 10) Right of Access by Total Quality Systems and/or regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records.
- 11) All vendors providing Calibration Services must be compliant to ISO 17025, ISO 10012, ANSI/NCSL Z540, (or equivalent). All Calibration Certificates must identify standards used and must be traceable to NIST Quality Manual for Measurement Services (NIST-QM-I).
- 12) Seller shall provide an accurate and complete Bill of Lading (or any other legally applicable documents providing title to the goods to Purchaser upon delivery) signed by the Carrier, fully protecting all parties in case of damages in transit. All cost incurred due to improper packing will be paid by Supplier.
- 13) Certification of materials and/or processes supplied or performed must accompany materials/parts/service received. Invoice will be aged for payment based on date a copy of the certification(s) is received.

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14) Any disputes arising out of any PO issued pursuant to the Terms and Conditions shall be interpreted in accordance with and governed by the Laws of the State of Utah, USA.

15) Counterfeit Material Avoidance.

- a) The Supplier's Certification of Conformance represents that the shipment does not contain any 'suspect' or 'known' counterfeit part, material, or work, and ensures that parts, materials or work are procured only through Original Equipment Manufacturers (OEMs)/Original Component Manufacturers (OCMs) or their Franchised Distributors or Authorized Supplier. Any use of other than an Authorized Supplier requires Total Quality Systems' written approval prior to procurement and/or use, which shall be accompanied by the Supplier's certification furnished to Total Quality Systems.
  - i) The Supplier shall verify the procurement source and associated certifying documentation.
  - ii) Supplier's receiving inspection process shall utilize incoming inspection or test methods, or both, to detect potential counterfeit parts, material or work.
  - iii) The Supplier shall flow this clause in its entirety (or equivalent) down to all lower tier suppliers (or vendors) to prevent the inadvertent use of Counterfeit Parts, Material or Work. When an authorized supplier is not utilized by the Supplier's lower tier, the Supplier shall provide a copy of the risk assessment and their written approval with the certification furnished to Total Quality Systems.

16) Conflict Minerals.

- a) Supplier shall provide Total Quality Systems with a written certification as to the presence of "Conflict Minerals" contained in or used in the production of the items purchased by Total Quality Systems and the country of origin of such "Conflict Minerals" as defined by the Dodd-Frank Wall Street Reform and Consumer Protection Act. "Conflict minerals," as defined in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, are:
  - i) Columbite-Tantalite  $(\text{Fe, Mn, Mg})(\text{Nb, Ta})_2\text{O}_6$  –  $(\text{Fe, Mn})(\text{Ta, Nb})_2\text{O}_6$  (coltan) –

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- Tantalum (Ta),
- ii) Cassiterite ( $\text{SnO}_2$ ) – Tin (Sn),
- iii) Wolframite ( $\text{Fe,MnWO}_4$  – Tungsten (W), and
- iv) Gold (Au),

or any other derivatives; or any other mineral or its derivatives determined by the Department of State to be financing conflict in the Democratic Republic of the Congo or an adjoining country. Supplier(s) must include a statement of compliance on all Certificates of Conformance delivered to Total Quality Systems.

### 17) RoHS Compliance.

- a) When requested on the Total Quality Systems' purchase order, the Supplier shall provide, with each delivery, a Certificate of Compliance stating that all materials supplied are within safe limits for hazardous substances as established by EU Directive 2002/95/EC. Should any material not comply, the concentration of the hazardous substance shall be reported on a chemical test report provided to Total Quality Systems. At the discretion of Total Quality Systems, the material may be rejected and returned to the supplier if the concentration of the hazardous substance is over the established limits. Total Quality Systems also reserves the right to request a written plan from the Supplier detailing the necessary steps required to bring the material into compliance and the date when compliance will be established.