AUDIT SERVICE AGREEMENT - PRI Registrar

THIS AUDIT SERVICE AGREEMENT is made by and between the Performance Review Institute, Inc., a Pennsylvania not-for-profit corporation having a principal place of business at 161 Thorn Hill Road, Warrendale, Pennsylvania, 15086-7527, USA ("PRI"), and the company named on the front of this application ("Client").

PREMISES
WHEREAS, PRI is a certification body which offers services as an ISO 9001, AS9100, AS9110, AS9120, ISO 14001 and ISO 45001 Registrar (hereafter referred to as "Program");
WHEREAS, Client organization (hereafter referred to as “Client”) has submitted to PRI an application for certification pursuant to the Program together with the applicable fee and information;
WHEREAS, PRI is agreeable to initiating the process of certification ("Audit") pursuant to the Program, the policies and procedures promulgated by PRI in accordance with the Program and the terms and conditions of this Agreement; and
WHEREAS, Client desires to continue the certification of the sites specified in its application and understands and agrees that the Audit shall be conducted pursuant to the policies and procedures of the Program and shall be upon the terms and subject to the conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises set forth hereinafter and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I – CERTIFICATION

1.01. Process of Certification. Client hereby confirms its desire to undergo the Audit and be registered to the appropriate ISO Standard specified elsewhere in the Agreement and PRI hereby agrees to undertake the certification of Client in accordance with this application submitted to PRI by Client and as provided by Program's certification procedure. Certification to AS9100, AS9110, or AS9120 shall be performed in compliance to AS9104/1. Client understands and agrees that all reports, records, certification certificates and register listings arising out of the certification process shall be the sole and exclusive property of PRI. PRI shall have the right to publish, disseminate or otherwise distribute such reports and certification information, in whole or in part, and results as required to perform PRI's obligations under the Program, provided that nothing herein shall affect Client's proprietary rights as set forth in this Agreement. In the case of multi-site organizations, it is understood this contract will cover all locations; in the event that sites are added, they shall fall under this agreement unless otherwise documented. AQMS Clients acknowledge and agree to provide copies of audit reports and associated documents / records to their customers and potential customers upon request; unless justification can be provided (e.g. competitor confidentiality, conflict of interest).

1.02. Term. In the event that Client is registered pursuant to the Program, the term of certification shall be for three years less one day, commencing as of the date of certification, unless such certification is earlier revoked or suspended in accordance with the terms of this Agreement. During the term of certification, PRI shall conduct Surveillance Audits to assure the Client is maintaining its operation in accordance with the Program. In the event that Client does not receive certification and does not appeal or concludes an appeal unfavorably, this Agreement shall be deemed terminated. During the existence of the Program, successive additional terms of certification may be established upon Client's timely payment of the applicable fees and reimbursable expenses, passing the Audit, and being in compliance with the policies and procedures of the Program in existence at the time.

1.03. (a) Fees. Client shall pay all fees and expenses as invoiced by PRI, including audit fees based upon a firm quotation, short-notice audit(s) required by a second party, and applicable cancellation or audit rescheduling penalties, travel,
certificate fees and other documented reimbursable expenses incurred by PRI. Payment shall be made within thirty (30) days of invoice and is payable regardless of whether Client is registered. If the Client fails to pay PRI on the due date, PRI may charge interest on such sum from the due date for payment at the monthly rate of 1.5%, and being compounded monthly until payment is made, whether before or after any judgment; and suspend all Services until payment has been made in full.

(b) Special Audit Time: In the event that the Client has non-conformances (NCRs) requiring auditor verification, IAQG programs (AS9100, AS91010, AS9120) rules require certification bodies to allocate time to verify the effective implementation of NCR corrections and corrective actions, in addition to the normal allocated audit time. For ISO 9001, ISO 14001, and ISO 45001, PRI may add time to an audit or conduct a Special Audit to verify NCR corrective actions, if deemed necessary. PRI will determine the appropriate NCR verification time and costs, and will communicate this information to the Client prior to the audit. The fee for Special Audit Time is based on the same day rate listed on the fees schedule identified in this Quotation/Agreement.

(c) Audit Cancellation Fee: In the event the Client cancels or postpones its audit within 30 days of the audit start date, PRI reserves the right to charge the full audit-day fee of the audit, in addition to any incurred travel and miscellaneous expenses, associated with the audit cancellation or postponement. This sum will not be discounted from the fee ultimately charged when the rescheduled audit is carried out.

1.04. Taxes. Any applicable taxes are the responsibility of the Client.

ARTICLE II - TERMINATION

2.01. Suspension or Revocation. If at any time during the term of Client’s certification hereunder Client is found by PRI to be in violation of this Agreement or any of the conditions of the Program, then PRI shall have the right to suspend or revoke the certification. In the event that PRI determines that Client is in violation of this Agreement or any conditions of the Program, PRI shall notify Client thereof in writing and Client shall respond to PRI in accordance with current PRI procedures. Such response of Client shall set forth facts showing that PRI’s determination was incorrect, or that PRI's determination was correct and that Client has taken or is taking corrective action to cure the default, including the time required to effect the cure, or has remedied the conditions giving rise to such violation of the Program or Agreement.

2.02. Final Determination. PRI shall make a final determination pursuant to Client’s response under Section 2.01 of this Article in accordance with current PRI procedures. Final determination shall be made in accordance with the Program procedures and shall include the reasons therefore. If such determination concludes that there is a default or noncompliance with the conditions of the Program which was disputed by Client, Client shall have the right to Appeal in accordance with the Program procedures or agree to correct such violation or noncompliance. Failure to correct or appeal within the applicable time shall result in the revocation of the certification and termination of this Agreement. PRI shall have the right to suspend certification during any period in which Client is effecting corrective action, if in PRI’s sole discretion, such noncompliance is of such substantiality to effect Client’s ability to meet the Program standards.

2.03. PRI Termination. If PRI determines that Client has failed to respond to PRI's determination of a violation or noncompliance pursuant to Section 2.01 of this Article, has not appealed a final determination thereof or has failed to meet the conditions of any appeal determination, then PRI shall revoke the certification and terminate this Agreement. PRI shall notify Client in writing of the termination, shall notify the applicable National Accreditation body(ies) and shall disseminate public notice through the published Register(s) maintained by Program of the recovation or failure to renew Client’s certification. PRI shall not be required to notify Client of any termination or revocation resulting from Client’s failure to pay applicable Fees.

2.04. Client Termination. Client may terminate its Accreditation by giving PRI thirty (30) days prior written notice of the termination. PRI shall notify the applicable National Accreditation body(ies) and shall disseminate public notice through the published Register(s) maintained by Program of the termination by the Client.
ARTICLE III - CLIENT'S ACKNOWLEDGMENTS

3.01. Proprietary Information. Client recognizes and acknowledges that: (a) in the course of the PRI Audit it may be necessary for Client to provide information which could include, in whole or in part, information concerning confidential or proprietary information belonging to Client or relating to Client’s business affairs including the confidential information of contractors with whom Client is working or who are soliciting business (collectively referred to herein as the "Proprietary Information"); (b) that while such Proprietary Information is recognized as the property of Client or its contractors or their Clients, such confidentiality shall not be a reason for nondisclosure to PRI Auditors; and (c) that it shall be the responsibility of Client to identify to PRI Auditors all Proprietary Information, and in particular that which the use, misappropriation or disclosure of could cause irreparable injury to the owner thereof, and to mark all such written information as "Proprietary".

3.02. Authorization of Access to Information. Client expressly authorizes PRI to provide access to and disclose on a confidential basis any and all information pertaining to the Audit and certification of Client as may be required by the body(ies) that provide National Accreditation for Program and, in the case of AS9100, AS9110, or AS9120 certification the Audit Reports and information pertaining to the certification of Client as may be required by the Customer(s), and/or Regulatory or Government agencies.

3.03. Conflict of Interest. Client further recognizes and acknowledges that it is essential for the proper and successful functioning of the Program and Audits that Client avoid all conflicts of interest and appearances of conflicts with respect to PRI and PRI Auditors. In such regard, Client shall refrain (a) from any attempt to solicit or influence any PRI employee engaged in the Program or any PRI Auditor regarding the outcome of an audit or information concerning certification data and (b) from any business association with PRI Auditor during the Auditor's term of engagement with PRI and for a period of two years following the termination of Auditor's engagement with PRI.

3.04 Export Control. Client agrees to make available all relevant ITAR or Export Administration Requirements (EAR) restricted and / or classified materials in the Client's possession to PRI auditors as per the requirements of the applicable regulations and laws.

ARTICLE IV - CLIENT'S COVENANTS AND AGREEMENTS

4.01. Cooperation. Client agrees that it shall provide all information and documents reasonably requested of it by PRI or the PRI Auditor to conduct or complete the Audit. Client agrees that it shall supply all “relevant” audit documentation in the English language. Client agrees that PRI may conduct its Surveillance Audits and any investigations without prior notice at any time during business hours of Client. Client agrees that, if selected as an audit witness site by an accreditation body whose mark is present on the Client certificate (e.g., ANSI National Accreditation Board - ANAB) or by a sector representative (Registrar Management Council - RMC of the Americas Aerospace Quality Group - AAQG) to which they are being audited, said representative(s) will be permitted to witness the audit proceedings.

4.02. Undertakings. Client agrees to maintain the conditions which gave rise to certification and to notify PRI of any changes in any such condition that would have an effect on such certification. Client shall use its best efforts to adhere to the performance of the obligations under this Agreement, to the obligations imposed by the policies and procedures of the Program, and to comply with all rules and regulations established or issued by PRI under the Program. These include changes relating to the legal, commercial, organizational status or ownership, organization and management, contact address and sites, scope of operations under the certified management system and major changes to the management system and processes.

4.03. Misuse of Certification Certificate or Mark. Client has the right, as defined in the Program Operation, to use in its promotional efforts the Program Certification Mark and the logo(s) authorized by the body(ies) that provide National Accreditation for Program (Marks). Client agrees that Client shall, when using the Marks, make reference only to the
specific site(s) and scope for which the quality management and/or environmental management system certification applies and shall not, directly or indirectly, make any improper or misleading references to the Program, the Certification Certificate, or the Marks in any advertisements, brochures, test reports, or other presentations. Client also agrees that Client retains responsibility for its products, processes, or services and will not make any representations or statements concerning certification which imply or impute any approval of any specific Client product or service or acceptance of responsibility by PRI. Client further agrees that misuse of the Certification Certificate or Marks will subject Client to suspension or revocation of certification, as addressed in Section 2.01 hereof.

4.04. Nonsolicitation of PRI Employees or Auditors. Client agrees that during this Agreement it shall not, directly or indirectly, solicit or hire any PRI Employee engaged in the activities of the Program or any PRI Auditor, either as an employee, consultant or expert.

4.05. Indemnity. Client shall indemnify and hold PRI harmless from a claim or action arising out of breach of this Agreement or any condition of certification or based upon a product made by Client and pay any damages and costs, including any attorneys’ fees arising out of such claim or action. PRI agrees to notify Client promptly and in writing of any such claim or action and Client shall have the right to settle, compromise or defend any such claim or action; provided, however, that PRI shall have a right to participate therein at its own cost.

ARTICLE V - PRI’S REPRESENTATIONS AND WARRANTIES

5.01. Best Efforts. PRI represents that it will use its best efforts to conduct all Audits and investigations in accordance with the Program and will carry out the certification, suspension, or revocation processes in accordance with current PRI procedures.

5.02. Non-Disclosure of Proprietary Information. PRI agrees to hold and safeguard the Proprietary Information in trust for Client or owner, its successors and assigns and agrees that PRI shall not, without the prior written consent of Client or such owner, misappropriate or disclose or make available to anyone for use outside PRI’s organization or to anyone not authorized to receive such Proprietary Information at any time, either during the term of this Agreement or subsequent to the termination of this Agreement for any reason, including without limitation termination by PRI, any of the Proprietary Information, whether or not developed by Client, except as required in the performance of PRI’s obligations under the Program and relevant laws, pursuant to Court order or at such time as the Proprietary Information is in the public domain or disclosed to PRI by a third party not under an obligation of confidentiality to Client or is authorized by Client for disclosure.

5.03. Non-solicitation of Client Employees. PRI agrees that during this Agreement it shall not, directly or indirectly, solicit or hire any Client Employee, either as an employee, consultant, or expert.

ARTICLE VI - MISCELLANEOUS

6.01. Waiver. No failure to require performance of any provision of this Agreement will constitute a waiver thereof, nor will any such failure prevent or in any manner affect the enforcement of any other provision of this Agreement.

6.02. Authorization to Modify Restrictions. It is the intention of the parties that the provisions of this Agreement shall be enforceable to the fullest extent permissible under applicable law, but that the unenforceability (or modification to conform to such law) of any provision or provisions hereof shall not render unenforceable, or impair, the remainder thereof. If any provision or provisions hereof shall be deemed invalid or unenforceable, either in whole or in part, this Agreement shall be deemed amended to delete or modify, as necessary, the offending provision or provisions and to alter the bounds thereof in order to render it valid and enforceable.

6.03. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

6.04. Remedies. If PRI prevails in any proceeding for damages or injunctive relief, Client agrees that PRI, in addition to other relief, shall be entitled to reasonable attorneys’ fees, costs and the expenses of litigation incurred by PRI in securing the relief granted by the Court.
ARTICLE VII – ADDITIONAL AEROSPACE REQUIREMENTS

7.01. AQMS (Aerospace Quality Management System) certified organizations shall allow CBs (Certification Bodies) to provide Tier 1 data (i.e., information on the issued AQMS standard certificate – public domain) and Tier 2 data (e.g., information and results of audits, assessments, nonconformances, corrective action, scoring, and suspensions – private domain) to the OASIS database.

7.02. Organizations shall provide access to the Tier 2 data in the OASIS database to their aviation, space, and defense customers and authorities, upon request, unless justification can be provided (e.g., competition, confidentiality, conflict of interest).

7.03. If AQMS certified organizations lose their AQMS standard certification, they shall provide immediate notification to their aviation, space, and defense customers.

7.04. Organizations shall identify an OASIS administrator and be responsible for notifying the CB of significant changes within the organization (e.g., changes related to address, ownership, key management, number of employees, scope of operations, customer contract requirements).

7.05. Organizations shall agree that ABs (Accreditation Bodies), OP (Other Party) assessors, customer representatives, and regulatory authorities may accompany a CB audit for the purpose of oversight witness or the confirmation of the effectiveness of the CB audit process.

7.06. Failure of a certified organization to abide by these expectations shall be cause for withdrawal from the ICOP (Industry Controlled Other Party) scheme and the OASIS database.

This Agreement, the application and current PRI Registrar certification guidelines constitute the entire agreement between the parties and shall supersede all prior negotiations, proposals and purchase orders, whether written or oral. The Agreement shall not be varied in its terms by any oral agreement or representation or otherwise than by an instrument executed in writing by both parties by their duly authorized representatives.

This offer is void after one hundred twenty (120) days after date of issuance.

By signing the Quotation/Agreement,

• we hereby apply for certification by the Performance Review Institute (Registrar) and agree to abide by PRI Registrar’s term of the “Audit Service Agreement” and
• agree and accept the terms and conditions for the “Audit Services Agreement” and
• Have the authority to accept this contract.

Signature: ____________________________ Printed Name: ____________________________ Date: ____________
On behalf of PRI

Signature: ____________________________ Title: ____________________________
On behalf of Client

Printed Name: ____________________________ Billing Purchase Order: ____________ Date: ____________