



APPI PURCHASE ORDER TERMS, CONDITIONS AND QUALITY CLAUSES

DOCUMENT OVERVIEW

This document describes the Aero Precision Products, Inc.'s terms and conditions and quality clauses for its Suppliers.

In the event of inconsistency between this offer and any purported acceptance, terms of this offer shall prevail. This document shall constitute the entire agreement between us.

All Suppliers must comply with these general Terms and Conditions and Quality Clauses according to the specific data on our purchase order (PO). These additional requirements will be noted in the Purchase Order as applicable.

Aero Precision Products, Inc., the buyer is hereafter referred to as APPI, with the seller referred to as Supplier.

ACCEPTANCE

By acceptance of the purchase order the Supplier acknowledges and accepts these general APPI Purchase Order requirements.

Purchase order line items will specify adequate relevant information for fulfilling the purchase order (item numbers, specifications, drawings, process requirements, work instructions, etcetera).

Referenced documentation (drawings, specifications, etcetera) may accompany purchase orders where applicable.

Also as applicable, the purchase order may specify any special requirements, critical items, or key characteristics.

If any exception is taken to these requirements APPI must be notified before any work is performed and/or within ten (10) calendar days of receipt of the Purchase Order.

COMMUNICATION

Communications regarding the purchase order should be with the APPI employee who issued the purchase order, must be written in English, and either delivered via email or mailed to the company address.

The Supplier's Quality System shall assure all relevant purchase order requirements are flowed down to the Supplier's sub-tier suppliers and subcontractors. Sub-tier sources are responsible to the Supplier to comply with the same specifications in this contract or purchase order. APPI will consider the failure of any sub-tier sources to comply with terms of this contract or purchase order as the responsibility of the Supplier. Supplier shall require sub-tier suppliers to record and maintain the same details as applicable to this order, including acknowledgement or requirements for which they are responsible.

CONFIDENTIALITY

The Supplier shall keep confidential all technical and proprietary information furnished in connection with this order, including blueprints, data, designs, drawings, engineering data for production, product know how, and any other information furnished in connection with this contract.

QUANTITIES

Shipments must equal exact amounts ordered unless otherwise agreed by APPI.

APPI reserves the right to reject any and all goods shipped in excess of those specified and to return such goods to Supplier at the risk and expense of the Supplier, including transportation and handling costs.

APPI reserves the right to retain any over shipments and consider them as having been delivered with the total price set forth in the Purchase Order.

PRICE

Order may not be filled at prices higher than shown on APPI's Purchase Order without the prior written approval of Buyer.

DELIVERY

Any delay in shipment for any reason must be conveyed to APPI as soon as the delay is known by the Supplier.

Delivery of the goods shall be made to such location as APPI has indicated in the Purchase Order. The Supplier will notify APPI about the estimated delivery date after receipt of the order by a written order acknowledgement.

In the absence of such written confirmation the Supplier agrees to the terms of the Purchase Order.

In case of any delay in delivery the Supplier will inform APPI immediately about the delay and the new delivery date. APPI will then notify Supplier of its acceptance or cancellation (free of charge) of the respective order. The same applies in cases where Supplier is only able to partially deliver. APPI shall be entitled to recover damages from Supplier for any loss caused as a result of Supplier's failure to deliver the goods and/or as a result of the cancellation of the whole or part of the Contract.

REVISIONS

All products shall be furnished in accordance with the latest drawing and/or specification unless otherwise specified on the purchase order. Additionally, all certifications must indicate the latest drawing, specification and/or applicable revision levels.

When the purchase order or drawing lists a specification, material or product that has been superseded or canceled the supplier must contact APPI for authorization to use any superseding and/or substitute specification, material or product.

If there is a conflict between the purchase order and any specification or drawing, it is the Supplier's responsibility to notify APPI's Purchasing department prior to starting work.

CHANGES

The Supplier shall notify the organization of changes in product and/or process, changes of sub-tier suppliers, changes of manufacturing facility location and, where required obtain APPI approval.

CANCELLATION OR TERMINATION

Notwithstanding prior payment, if inspection or the use of the goods are not in accordance with this Order or Supplier's representations or warranties, express or implied, APPI may, in addition to any other rights it may have in law or equity, reject or revoke acceptance, return any goods for full credit or cash refund at its option and cancel any remaining unshipped portion of this Order without obligation.

If it is impractical to make an inspection at the time of receipt, the foregoing shall apply whenever inspection may reasonably be made.

PACKING SLIPS

Separate packing slips shall be included in each shipment showing:

APPI's order number, quantity, APPI part number, as applicable industry part numbers and description of the goods being delivered.

PACKAGING AND SHIPPING

The Supplier shall use appropriate methods of handling, packaging, and preservation to prevent damage of product in process and during delivery.

APPI may specify packaging instructions for specific deliverables.

DELIVERY OF MATERIALS

Supplier shall be responsible for loss of goods purchased hereunder until such goods are all delivered to the address designated on the purchase order, unloaded, inspected, and receipt acknowledged by an authorized representative of APPI.

Failure to comply fully with all requirements indicated on the Purchase Order/Sub-Contract may be cause for rejection of shipments and delay payment of Supplier's invoice.

INSPECTION

Verification, inspection, or acceptance by the Buyer shall not absolve the Seller of the responsibility to provide acceptable product, nor shall it preclude subsequent rejections of said product by the Buyer.

APPI shall include special requirements, critical items, and/or key characteristics when applicable and require that you perform inspections with competent personnel and calibrated equipment.

When first article requirements are noted on the Purchase Order, a completed AS9102 or equivalent form meeting the requirements of AS9102 shall be provided with the first shipment.

Verification by APPI shall not absolve the Supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejections by APPI.

When parts are rejected, APPI may at its own option:

Return the parts to the Supplier for correction or require that the parts be replaced at no cost to APPI.

Return the parts to the Supplier without payment and cancel the contract.

Rework the parts within the factory and deduct labor plus overhead costs from the Supplier's billing. Parts to be reworked at APPI will be discussed in detail with the Supplier prior to starting the rework.

APPI can reject and return part to the Supplier at any time during the APPI assembly process (line rejects).

STATISTICAL PROCESS CONTROL

When noted on the APPI Purchase Order, the Supplier shall perform statistical analysis for applicable key characteristics and provide results upon request.

CALIBRATION

When required by contract, Calibration and Testing Suppliers must furnish calibration/test reports to APPI purchase order requirements, and be traceable to the specific equipment or item for which they are calibrating or testing, traceability to NIST and/or other national or international standards must be supplied.

WARRANTY

Supplier expressly warrants that all the articles, material, and work covered by the purchase order will conform to specifications, drawings, samples or other descriptions, will be merchantable, of good material and workmanship, and free from defect, will be fit and sufficient for the purpose intended. Seller shall be responsible for both direct and consequential damages resulting from any breach of warranty.

PAYMENT

Cash discounts, if any, shall be computed as commencing with the receipt of the invoice or of the goods or completion of the services, whichever is received later.

Starting with the day material is received, payments will be made within terms and after receipt of invoice.

TAXES

Prices stated include all taxes, duties and other governmental charges, except state or local sales or use tax or similar taxes which are expressly imposed by law on APPI and which Seller is required by law to collect from buyer.

RIGHT OF ENTRY

APPI, APPI Customer's, the Customer's Customer, and Regulatory Agencies shall be allowed the right of access to determine and verify the quality of work, records, and material at any place, including the plant of the supplier and sub-tier facilities, if required.

QUALITY SYSTEM

To support our and our customers' AS9100 quality management systems, you must ensure your employees are aware of:

- Their contribution to product or service conformity.
- Their contribution to product safety.
- The importance of ethical behavior.

All work and added quality inspections shall be performed by competent personnel who have applicable training documents supporting the tasks performed.

If applicable, you are required to perform design and development per AS9100, Clause 8.3 and maintain documented information to support the control. Included in this requirement is the need to provide test specimens for design approval, inspection/verification, investigation, or auditing.

APPI evaluates your performance by monitoring and measuring your quality and on-time delivery performance.

APPROVED PROCESSING SOURCES

Suppliers shall use only end item customer approved processing sources when noted on the purchase order.

PROPERTY

Seller agrees not to make any use of data, designs, drawings, specifications and other information furnished to it by APPI except for the performance of the contract and Supplier further agrees not to disclose such data, designs, etcetera to others except for the performance of the contract under similar restrictions against use and disclosure.

Upon completion, cancellation or termination of this contract, Supplier shall return to APPI on demand, all such data, designs, drawings, specifications and other information, including copies made by Supplier.

CERTIFICATIONS

When required, Supplier certification of quality are indicated on the Purchase Order.

A legible and reproducible Certificate of Conformance, Compliance or Seller's statement of quality to the procurement requirements shall accompany each shipment.

Certifications must show the part number, quantity, specification, purchase order number and revision, and have a legible printed and signed signature and title of representative signing the certification.

Records supporting the certification shall be on file and shall be provided to APPI upon request at no additional cost.

When required, Material Certification and/or Inspection/Test data shall be furnished to APPI as requested on the purchase order. Materials used in the processing of parts must be identified and traceable to the manufacturer's part number, lot number, date code, etcetera.

SHELF LIFE AND SDS

When the product or service from the Seller includes hazardous materials or materials with a limited shelf life, the Seller shall include the expiration date of the materials used and batch identification on the required certifications.

Identification shall include the start date, (date of manufacture or manufacturer's recommended start date) and the expiration date for the use of controlled materials. Seller shall identify any special storage conditions.

When applicable, SDS sheets are required with each shipment.

For shelf-life materials, (Perishable Goods), APPI reserves the right to refuse any material that does not have at least 80% of the useable shelf life remaining.

NONCONFORMING PRODUCT AND COUNTERFEIT PARTS CONTROL

Goods rejected as nonconforming will be returned at the Supplier's expense, including transportation and handling.

Nonconforming product that is produced from APPI provided material, will be segregated, tagged, and returned to APPI along with completed Supplier's internal nonconformance report.

Suppliers are required to notify APPI on all known nonconformities, which may have already been shipped to APPI. Notification shall be timely and in writing.

DFAR

When noted on the Purchase Order, Suppliers must comply with DFARS 252.225-7008 and DFARS 252.225-7009.

ITAR

When the supplier is notified that ITAR applies, the documents, drawings, etc. supplied by APPI to a supplier may constitute Technical Data within the definition of the U.S. International Traffic in Arms Regulations (ITAR) and as such are subject to the export control laws of the United States. Transfer of this Technical Data by any means to a foreign person or foreign entity, whether in the United States or abroad, without prior export license or other approval from the U.S. Department of State, is prohibited.

FOD/FOE

The Supplier shall establish and maintain an effective FOD-FOE prevention program to control and eliminate FOD-FOE and/or contamination assuring work is accomplished in a manner that prevents foreign objects or material from entering and remaining in deliverable products.

RECORD RETENTION

Quality records will be maintained for eleven (11) years (unless specified longer in the PO based on customer requirements) and should be retrievable upon APPI request.

Records shall be identified and stored in a manner that allows them to be easily retrievable and adequately protected.

SOCIAL RESPONSIBILITY

HEALTH AND SAFETY

Seller shall comply with "The Federal Occupational Safety and Health Act of 1970" as amended and all standards and regulations issued there under and any other rules or regulations issued by bodies having jurisdiction over this class of work.

CONFLICT MINERALS COMPLIANCE

Supplier shall determine the presence of tantalum, tungsten, tin and gold (the "3TG Metals") in its Products. If any 3TG Metals are present in its Products, Supplier shall exercise due diligence, as recommended by the Organization for Economic Cooperation and Development (e.g., Due Diligence Guidance for Responsible Supply Chains), to determine the country of origin of such 3TG Metals.

NONDISCRIMINATION

In accordance with Executive Order 14398, and FAR 52.222-90 the Seller agrees not to engage in any disparate treatment based on race or ethnicity in the recruitment, employment (e.g., hiring, promotions) contracting (e.g., vendor agreements), program participations, or allocation or deployment of an entity's resources.

LAWS AND REGULATIONS

Seller warrants that the manufacturing, packaging, pricing, sale and delivery of all goods and performance of services supplied pursuant to this Purchase Order shall comply with all applicable industry standards and governmental laws, ordinances and regulations and further Seller shall provide all permits, certificates and licenses which may be required for the performance of the Purchase Order.