

R & D Industries LLC. (“Buyer”) Purchase Order Terms & Conditions

- 1. AUDIT.** Contractor’s plant or books (or such part thereof as may be used in the performance of this contract) shall always be subject to inspection and audit.
- 2. CHANGE ORDERS.** The buyer reserves the right at any time to make changes to drawings and specifications as to any material and on any work covered by this Order. The buyer may also change the delivery schedule set forth hereon. If such changes cause a material increase or decrease in Contractor’s cost or time for performance of this Order, an equitable adjustment in the price or time for performance will be made and this Order will be modified in writing, accordingly, provided any claim for adjustment must be made by the Contractor within thirty (30) days after the date this change is ordered.
- 3. INSPECTION AT SOURCE.** If it is indicated elsewhere on this Order that supplies to be furnished hereunder shall be subject to inspection by Buyer and/or Government inspectors upon the premises of the Contractor, Contractor, without additional cost, shall provide all reasonable facilities and assistance for the safety and convenience of such inspectors. At the time of inspections Contractor shall make available to the inspector’s copies of all drawings, specifications and processes, preservation and packaging data applicable to the articles ordered herein. Such inspection shall be deemed as preliminary only and all articles ordered hereunder shall be subject to final inspection and acceptance in Buyer’s plant.
- 4. CERTIFICATION.** Certification of material (chemical and physical composition) and specifications, as referenced, are required and where applicable, statement that papers are on file showing certified sources were used to accomplish special processes. Quantities shown on certifications must correspond with quantities shown on packing slips.
- 5. INSPECTION.** All material and/or equipment shall be received subject to the Buyer’s inspection and right of rejection. If material and/or equipment is found to be defective or not in conformity with the requirements of this Order, the buyer shall have the right, as its sole discretion, to reject the same or to require the Contractor to replace defective or non-confirming material and/or equipment with satisfactory goods. If the buyer rejects the material and/or equipment or if the Contractor fails, when requested by the Buyer, to proceed promptly with replacement or correction of defective or non-confirming goods, the Buyer may terminate this Order for default or may repair or correct the goods and, in any event, may charge the Contractor with the cost of all damages thereby. Rejected defective or non-confirming material and/or equipment will be held by the Buyer for Contractor’s instruction at Contractor’s risk and, if Contractor so directs, shall be returned to Contractor at Contractor’s expense. Unless Buyer notifies Contractor to the contrary, no material and/or equipment rejected or returned to Contractor as defective or non-confirming shall be replaced without a new Order. Payment for material and/or equipment on this Order prior to inspection shall not constitute acceptance thereof by Buyer.
- 6. KEY CHARACTERISTIC(S).** The feature(s) of a material, process, or part whose variation has a significant influence on product fit, performance, service life, or manufacturability constitute key characteristics which Buyer considers integral to its Order.
- 7. DRAWINGS AND SECRECY AGREEMENT.** Drawings may be retained by the Contractor for future reference but only in connection with Buyer’s Orders. Contractor agrees to be

R & D Industries LLC. (“Buyer”) Purchase Order Terms & Conditions

responsible in matters within its control for the safe guarding of all secret, confidential or restricted matters disclosed or developed in the work performed in connection with this Purchase Order, and Contractor agrees not to permit aliens or other unauthorized persons to have access to any plans or specifications used in this connection without first obtaining the written consent of the appropriate Department of the Armed Forces.

8. AS9100 SUPPLIER FLOWDOWN REQUIREMENTS

- a. **Special Processes.** Supplier shall provide certifications for all special processes and non-destructive test results performed with each shipment. The certificate shall identify the processor, process used, controlling specification & revision and the results of test or measurement performed. Supplier used shall be a R&D and/or Customer approved source for said processes. These include operations subject to process controls such as coating, joining, heat treating, cleaning, non-destructive test, etc. The Supplier shall be approved as per above to perform specific required Special Processes or use Special Process vendors acceptable to R&D and R&D’s customer.
- b. **Workmanship Quality.** Manufactured products shall be free from burrs and sharp edges.
- c. **Control of Drawings & Specifications.** The Supplier shall ensure that the drawings and specifications are the relevant revision status specified on the Purchase Order. The Supplier shall comply with any special requirements requested by R&D regarding the control of drawings and specification i.e. ITAR compliance.
- d. **Material Substitution.** Unauthorized material substitutions are not permitted without R&D’s written consent.
- e. **Reporting Discrepancies.** Discrepancies, omissions, and the need for clarifications or interpretations of any nature encountered by Supplier in respect of furnished drawings or engineering data will be brought to the attention of R&D for resolution.
- f. **Quality/Inspection System.** Supplier shall maintain a quality/inspection system that will ensure all goods and services conform to contract requirements whether manufactured or processed by Supplier or procured from Sub-Tier Suppliers.
- g. **Changes in Process, Product or Location.** Supplier shall notify R&D of intended or actual changes that may affect the quality of delivered goods and services. This includes changes to the Quality Management System, the Manufacturing Line, Facility Location, Processes or Natural Disasters. Quality data and/or approved design data to be available in the English language.
- h. **Certificate of Conformance.** Supplier’s acceptance of R&D’s purchase order certifies that the materials and processes supplied under the purchase order shall be or have been controlled and inspected in accordance with R&D’s purchase order and they meet the specified order requirements referenced specifications and drawings. Suppliers must provide a Certificate of Conformance for all orders and lots verifying that all products and lots meet those requirements. All products and lots must be clearly identified and labeled and must be traceable to and linked to the Certificate of Conformance
- i. **Counterfeit Parts.** The Supplier shall certify that only new and authentic materials are used in products or goods delivered to R&D and that the products/goods delivered contain no Counterfeit Parts

R & D Industries LLC. (“Buyer”) Purchase Order Terms & Conditions

- j. Right of Access. R&D, its customers and regulatory authorities shall be granted the right of access to all Supplier and Sub-Tier Suppliers facilities and records involved in fulfilling the Purchase Order requirements to ensure conformance with the requirements.
- k. Foreign Object Debris/Damage. Supplier is required to establish and maintain a Foreign Object Debris/Damage (FOD) prevention program that employs appropriate housekeeping practices to assure timely detection and removal of residue/debris generated during operations and normal daily tasks.
- l. Record Retention. The supplier shall maintain records of inspections, tests and process controls called for by this contract. Unless specified elsewhere in contracts or attachments. These documents shall be on file, stored and protected in such a manner that they remain legible, readily identifiable, and readily available to R&D for no less than 10 years.
- m. Suppliers Corrective Action. Supplier shall, on request, provide statements of corrective action on nonconformities or failures of Supplier’s goods or services.
- n. Letter of Disclosure. When a nonconformance is determined to exist or is suspected to exist on goods and/or services provided to R&D under this Contract, Supplier shall provide a written Post Delivery Notification letter or Letter of Disclosure.
- o. Nonconforming Products and Materials. Suppliers shall obtain R&D’s prior written approval with respect to the disposition of any nonconforming products or materials supplied that do not meet engineering drawing or documents under contract or Purchase Order. In the event that nonconforming materials are present and the materials are deemed acceptable or useable by the Supplier, it is still the responsibility of the Supplier to inform R&D so that a determination can be made for the use of said materials.
- p. Packaging and Handling. As a minimum, the Supplier shall package all material in a manner that will ensure protection against corrosion, oxidation, deterioration and physical damage during shipment. Electrostatic sensitive product shall be packed in an ESD protective bag. In addition, when materials delivered are lot-controlled and multiple material lots are shipped each lot shall be separately packaged and identified.
- q. Confidentiality. Suppliers shall hold all information received from R&D in confidence and no third party request for information will be authorized unless approved in writing by R&D