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## SUPPLIER TERMS AND CONDITIONS

### SUPPLIER'S OBLIGATION

Supplier/Subcontractor/Seller ("Supplier") hereby agrees to comply with the following Terms & Conditions and flow down the requirements in the T&C, Request for Quote or Purchase order to its lower-tier Supplier or subcontractors. [AS9100D 8.4.3 k]

Supplier shall:

- maintain a quality management system to ensure on-time delivery of high quality products which meet all specified requirements.
- ensure personnel competency to perform per documented procedures.
- ensure personnel awareness of their contribution to product conformity, safety, and the importance of ethical behavior.
- accept orders from, and ship to Buyer's only as authorized herein. Delivery of, or services ordered by anyone other than specifically authorized herein shall be at Supplier's risk.

Supplier is authorized to ship and bill against approved orders only.

- There will be no changes in pricing of this order unless authorized in writing by Buyer.
- The total amount obligated hereunder and available for payment is shown on the face of this order.
- Amount may not be exceeded unless and until increased by Buyer in writing.
- If at any time Supplier has reason to believe that said amount is insufficient to complete performance, Supplier shall promptly notify Buyer.

### CANCELLATION PREMAC INC.

Reserves the right to cancel this purchase order at any time, upon thirty (30) days' notice, written or verbal, prior to the date on which termination shall become effective, and/or immediately, with due cause. Verbal cancellations will always be followed by written confirmation of said cancellation.

### COMMUNICATION

All communication regarding this purchase order should be directed to PREMAC Inc. The External Provider is required to: Notify our organization of changes in product and/or process, changes of suppliers, and changes of manufacturing facility locations; our organization reserves the right to approve such changes.

### NO CHANGE CLAUSE

Supplier shall make no change in design, materials, manufacturing location, manufacturing processes, or sources of supply, after Buyer's acceptance of the first production test item or after acceptance of the first completed end item, without the written approval of the Buyer. [AS9100D 8.4.3 k.]

### PURCHASE ORDER DELIVERY SCHEDULE

Purchase order delivery schedules must be strictly adhered to. Late, over or under shipments to scheduled deliveries will not be tolerated. Any deviation to this policy, unless authorized by PREMAC Inc. Procurement Personnel, will result in material being returned at the supplier's expense. PREMAC Inc. does not recognize any "Industry Shipping Tolerances".

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## **PURCHASE ORDER INVOICE**

Supplier shall invoice each line item exactly as shown in order to insure prompt payment. Invoice must show: Supplier name, Order Number, Line Item Number, Part Number, Quantity Shipped and Price.

## **BUILD TO SPECIFICATION/DRAWING/PRINT**

Supplier shall produce to the Specification/Drawing/Print and to the revision level contained in the technical data package supplied with the Request for Quote, Purchase Order or approval of the Buyer. If no revision level is specified, parts must be supplied to the latest data package by PREMAC Inc. as of the date of this purchase order. [AS9100D 8.4.3]

## **RATED ORDER FOR NATIONAL DEFENSE**

This order may be a rated order if there is a Defense contract number for national defense use, and you are required to follow all the provisions of the defense priorities and allocations system regulation (15 CFR Part 700). Supplier is required to place rated orders with sub-tier suppliers for items needed to fill this order.

## **MILITARY STANDARD PROCEDURE**

Supplier shall furnish military standard hardware to the drawing revision level contained in the technical data package. If no revision level is specified, parts must be supplied to the latest revision level established by government agencies as of the date of this purchase order.

## **DESIGNATED OR APPROVED EXTERNAL PROVIDERS**

Supplier shall use Buyer's (or its customer's) designated or approved external providers, including process sources (e.g. special processes) as specified in the technical data package, Request for Quote, or Purchase Order. [AS9100D 8.4.3 k]

## **SUPPLIER NONCONFORMING PRODUCTS/PROCESSES**

Supplier shall immediately notify Buyer in writing when non-conformances in Supplier's process or goods are discovered or suspected regarding products delivered or to be delivered under this contract. Supplier shall request and receive the approval of Buyer prior to disposition of any nonconforming product.

## **GOVERNMENT OWNED PROPERTY**

Government-owned property in the possession of the Suppliers/subcontractors shall be managed in accordance with Supplier procedure complying with AS9100D and legal requirements.

## **INSPECTION**

- Right to inspect/Right of access: Buyer and/or its end customer shall have the right to inspect at Supplier's facility, sub-tier supplier facilities or elsewhere at any time during the manufacture/fabrication phase and for a period three years after delivery or as specified in on contract or purchase order. Supplier and/or its sub-tier suppliers shall provide reasonable facilities and assistance for the inspection personnel. [AS9100D 8.4.3 i]
- Such inspection may include, without limitation, raw materials, components, work in process, and completed products as well as drawings, specifications, and released data. [AS9100D 8.4.3] c. Final inspection and acceptance shall be after delivery to the delivery point designated by buyer.
- Sampling Inspections may be performed per ANSI/ASQC Z1.4-2008, Sampling Procedures and Tables for Inspection by Attributes, General Inspection Level II, and Acceptance Quality Level (AQL) 1.0. PREMAC Inc. reserves the right to reject all or a portion of any lot which fails sampling inspection per ANSI/ASQC Z1.4. [AS9100D 8.4.3 k]
- Rejected goods may be returned to Supplier at Supplier's expense. No inspection, examination or test, regardless of extensiveness or type, and no approval given in connection with any such inspection, examination or test, whether by Buyer or the Government and whether under the Contract or another contract for the same or similar goods, shall relieve Supplier, or be claimed by Supplier to relieve it, of any obligation to comply fully with all requirements of the Contract, including the obligation to produce goods that conform to all requirements of the drawings, specifications and other Contract Documents. At Buyer's request, Supplier shall repair or replace defective goods at Supplier's expense.
- Failure to inspect goods, failure to discover defects in goods or payment for goods shall not constitute acceptance or limit any of Buyer's rights, including without limitation those under the WARRANTY provisions of the Contract. In the event inspection reveals a defect or defects and schedule urgency requires that the defect or defects be corrected by Buyer to support production, all cost of such correction, including without limitation installation and removal, will be charged to Supplier; such charges will also include time and material and appropriate indirect and overhead expenses.
- Supplier shall maintain an inspection system acceptable to Buyer covering the goods furnished hereunder. Supplier shall permit Buyer to review procedures, practices, processes and related documents to determine such acceptability. [AS9100D 8.4.3 l]
- Supplier will keep records evidencing inspections and their results and will make these records available to Buyer and the Government for inspection at Supplier's facility, where applicable, during contract performance and for a period of three years after final payment or as specified in on contract or purchase order. [AS9100D 8.4.3 k]

## **NOT TO EXCEED ORDERS**

- Prices stated herein are ceiling prices subject to downward only adjustment resulting from buyer's or U.S. government's audit review of Supplier's cost and pricing data and subsequent final negotiation.
- Discrepancies in pricing shall be noted and agreed upon prior to commitment of work. Completion of Purchase Order shall constitute as acceptance of price on Purchase Order.

## **OVERSHIPMENT**

Goods shall not be supplied in excess of quantities and shipping tolerances, if any, specified in the Contract. Supplier shall be liable for handling charges and return shipment costs for any excess quantities, and unless Supplier agrees to pay for such costs, the over-shipped material will be retained by Buyer at no cost.

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## **PACKAGING AND SHIPPING:**

Packaging and packing of items to be delivered by Supplier under the Contract shall insure safe arrival at their destination, secure lowest transportation cost, conform with requirements of common carriers and, in any event, comply with Buyer's minimum specifications set forth on the Purchase Order, and Government Packaging Instructions ASTM-D3951 (1998) (or the successor instructions current at the date of the Contract). Unless this contract specifies otherwise, Supplier will ship the Goods in accordance with the following instructions:

- Shipments by Supplier or its subcontractors must include packing sheets containing Buyer's contract number, line item number, description and quantity of Goods shipped, part number or size, if applicable, and appropriate evidence of inspections including Certificates of Conformance (COC), Certificate of Analysis (COA) or Certificates of Conformance and Traceability (COCT) as required. [AS9100D 8.4.3]
- A shipment containing hazardous and non-hazardous materials must have separate packing sheets for the hazardous and non-hazardous materials. Supplier shall not include vermiculite or other hazardous substance in any packing material included with the Goods. Items shipped on the same day will be consolidated on one bill of materials unless Buyer's Authorized Procurement Representative authorizes otherwise.
- The shipping documents will describe the goods according to the applicable classification and/or tariff. The total number of shipping containers will be referenced on all shipping documents. Originals of all Government bills of lading will be surrendered to the origin carrier at the time of shipment.
- For material shipped F.O.B. origin, the Supplier shall not insure and not declare a value except when transportation rates are based on "released value", in which instance the Supplier shall annotate on the bill of lading the lowest released value provided in applicable tariffs.
- Supplier will label each shipping container with the contract number and the number that each container represents of the total number being shipped (e.g. box 1 of 2).
- Supplier will take measures to ensure packaging material minimizes risk of Foreign Object Debris (FOD).
- Supplier shall pack parts using the same boxes and trays that parts arrived in.

## **TECHNICAL DATA**

Technical Data furnished by Buyer to Supplier in order to facilitate Supplier's execution of this purchase order is governed by the U.S International Traffic in Arms Regulations (ITAR) section 124.13. Under no condition shall such data be exported (deemed or otherwise) outside of the USA. Supplier Hereby Agrees To:

- Limit the use of the technical data to the manufacture of the defense articles required by the purchase order only.
- Prohibit the disclosure of the technical data to any other person except subcontractors within Supplier's country.
- Prohibit the acquisition of any rights in the technical data by any foreign person.
- Assure that any subcontract issued by Supplier to subcontractors within Supplier's country, in order to facilitate Supplier's execution of this purchase order. Include all six (6) limitations contained in this clause.
- Destroy or return to Buyer all of the technical data provided by Buyer pursuant to execution of this purchase order and upon fulfillment of its terms.
- Assure delivery of the defense articles manufactured by Supplier under the terms of this purchase order only to Buyer in the U.S. or to an agency of the U.S. government.

Furthermore: Technical data which may be acquired or generated under this purchase order may require appropriate authorization from the Department of State office of Defense Trade Controls or Department of Commerce, office or Export Administration before it is released to a foreign person Therefore, Supplier understands it shall not disclose to any foreign person any technical data acquired under this purchase order until after notifying Buyer and written authorization from the appropriate U.S. government agency is obtained.

### **TOXIC SUBSTANCE (TSCA) TSCA**

Compliance statements by accepting this award, the Supplier hereby certifies that all chemicals to be delivered under this purchase order comply with the requirements of the toxic substance control act (TSCA) 15 USCA 2601-2629.

### **WARRANTY**

- Supplier warrants that goods ordered to specifications will conform thereto and to any drawings, samples, or other description furnished or adopted by Buyer, and will be fit and sufficient for the purpose intended; and that all goods are merchantable, of good material and workmanship, and free from defect.
- Such warranties, together with Supplier's service warranties and guarantees, if any, shall survive inspection, test, acceptance of, and payment for the goods and shall run to Buyer, its successors, assigns, customers at any tier, and ultimate user and joint users.
- Notices of any defects or nonconformity shall be given by the Buyer to the Supplier within twelve (12) months after acceptance by ultimate user.
- The rights and remedies of the Buyer concerning latent defects shall exist indefinitely, and shall not be affected in anyway by any terms and conditions of this Contract, including this clause. Buyer may, at its option, and in addition to other remedies available at law, either:
  - Return for credit.
  - Require prompt correction or replacement of the defective or nonconforming goods, or
  - have the defective items corrected or replaced at Supplier's expense and deduct the cost thereof from any monies due to Supplier.
- The return to Supplier of any defective or nonconforming goods and delivery to Buyer of any corrected or replaced goods shall be at Supplier's expense. Goods required to be corrected or replaced shall be subject to the provision of this paragraph and the paragraph of this Contract Document entitled "inspection" in the same manner and to the same extent as goods originally delivered under this Contract. In addition to correcting or replacing any defective or nonconforming goods, Supplier shall also reimburse Buyer for all costs and expenses incurred by Buyer in connection with inspection and discovery of the defects, identifying and correcting the cause of such defects and all other activities reasonably undertaken by Buyer to obtain conforming goods or attempting to obtain from the ultimate user a waiver to permit the defective goods to be used with all or part of the defective conditions.

### **CONTROL OF NONCONFORMING PRODUCT**

For nonconforming products supplied to PREMAC Inc., the Supplier may be held responsible for all costs to correct the nonconformance, including the costs of sorting, elevated inspection, rework, shipping, scrap, expedite charges and reimbursement of charges from PREMAC Inc.'s Customer. Nonconforming product returned to the Supplier shall be shipped at Supplier's expense and risk of loss. If good parts are subsequently returned to PREMAC Inc., they shall be accompanied by notice stating whether they are new replacements or reworked parts.

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## **SUPPLIER REQUEST FOR NON-CONFORMANCE DEVIATION**

A Supplier shall not knowingly ship product that deviates from the drawing, specification limits, or design intent without prior written authorization from PREMAC Inc. If such a condition exists, the Supplier shall document all non-conforming conditions and submit them to the PREMAC Inc. Buyer (Purchasing Agent) for review. PREMAC Inc. may reject all or a portion of the nonconforming parts. The Supplier may be held responsible for costs incurred in obtaining customer acceptance of the deviation. If requested by PREMAC Inc., the Supplier shall send nonconforming items to PREMAC Inc. or a PREMAC Inc. approved source (e.g. metallurgical lab) for evaluation. The cost of shipping, inspection, and testing to determine the potential acceptability of such product may be charged to the Supplier. Authorization to ship nonconforming product must be communicated to the Supplier in writing and final acceptance is conditional on PREMAC Inc.'s evaluation.

PREMAC Inc. approval of a deviation is specific to the products for which it has been submitted and approved and shall not to be construed as a permanent engineering change. Any parts shipped to PREMAC Inc. that have been approved for deviation shall be clearly identified as such on the packaging and on shipping documentation and be packaged separately from conforming parts so that the non-conforming product is easily identifiable. Inside of each box shall contain a copy of the deviation approval document sent by PREMAC Inc..

## **SUPPLIER CORRECTIVE ACTION & CONTAINMENT**

The Supplier shall begin work immediately to put appropriate corrective actions in place to prevent future deviations. In all cases, the Supplier shall identify and fully contain all product suspected of being nonconforming. Until formal corrective action has been taken and approved, the Supplier shall provide documented evidence with subsequent shipments to PREMAC Inc. that such product has been inspected for the identified nonconformance and meets all applicable requirements.

## **COUNTERFEIT PREVENTION**

Suppliers of parts and materials shall establish and maintain a Counterfeit Parts Prevention & Control plan using industry standards AS5553 & AS6174, as applicable. The Supplier shall notify PREMAC Inc. of any parts acquired through the use of 3rd party distributors or any other non-OEM (Original Equipment Manufacturer) sources and shall obtain authorization from PREMAC prior to shipment. The supplier shall provide full traceability to the OEM and complete documentation for supplied products, including the original manufacturer name, original manufacturer part number, serial/lot number, and shelf life (if applicable). The supplier shall comply with all applicable OEM requirements for the distribution and sale of products and shall certify that products were purchased directly from the OEM or an authorized distributor.

## **BYRD AMENDMENT CLAUSE**

- The undersigned certified, to the best of his or her knowledge and belief, that: No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of congress, an officer or employee of congress, or an employee or a member of congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- If any funds other than federal appropriated funds have been paid, or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of congress, an officer or employee of congress, or an employee of a member of congress in connection with this federal contract, grant, loan, or

cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form To Report Lobbying," in accordance with its instructions.

- The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements).
- This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a pre-requisite for making or entering into this transaction imposed by Section 1352, Title 31, and U.S. Code.

#### **CERTIFICATION THAT SUPPLIER IS NOT ON EXCLUDED PARTIES LIST**

- Supplier certifies that their organization, employees and lower-tier suppliers or subcontractors are not listed as an excluded party at [www.sam.gov](http://www.sam.gov) - Search Records.

#### **PRICE COMPETITIVE**

The Seller warrants that the price for the Articles set forth herein does not exceed that price which is charged by the Seller to any other commercial customer purchasing similar services or Articles of like grade and quality.

#### **ETHICAL STANDARDS OF CONDUCT**

The Seller shall neither receive nor give any gifts or gratuities in connection with this Purchase Order or Contract. The Seller's employees are required to conduct company business with integrity and maintain a high standard of conduct in all business-related activities. The Seller shall not participate in any unethical conduct during performance of this Purchase Order or Contract. The Seller shall not engage in any personal, business, or investment activity that may be defined as a conflict of interest, whether real or perceived.

#### **PRODUCT SAFETY**

Analysis and reporting of occurred events affecting safety shall be as follows:

1. Organize the collection of potential and occurred events, and analyze their impacts with specialists.
2. Organize the internal escalation process and external reporting to interested parties.
3. Analyze the adverse trends of products in service reliability and define appropriate actions.
4. Communication of these events and training of personnel:
  - Promote safety culture and lessons learned from occurred events (impacts of the parts delivered by the organization on the final product safety).
  - Prevent occurrence of safety issues by taking into account industry experience (including occurrences on other products with similar functions).

#### **AWARENESS**

Suppliers' team members must understand:

- The importance of conformance with the Quality Policy and requirements of the Quality Management System;
- The impact of their work to achieve quality and organizational objectives
- Their role/responsibilities in achieving conformance with the Quality Policy and requirements of the Quality Management System.
- The importance of ethical behavior
- Ensure personnel awareness of their contribution to product conformity and safety

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## RECORDS

Records resulting from the processing of this order shall be retained for a minimum of seven (7) years after completion of PREMAC Inc.'s customer's contract, or as otherwise required by that customer

### Internal Communication:

Processes are established for communication within the organization. Methods of communicating the effectiveness of the QMS include department and management meetings, Management Review, Internal Audit closing meetings, and other routine business communication. Email and bulletin board postings are also utilized to communicate and raise awareness of important topics such as the policy, objectives, metric graphs and other notifications.

### External Communication:

The President, or General Manager will communicate with regulatory authorities when required, and to customers regarding information pertaining to their orders and the PREMAC Inc. quality management system.

General Manager provides right of access for its customers, its customers' customers, statutory and 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.

General Manager will communicate when appropriate and make proper provisions for the health, safety and welfare of its people, visitors, contractors, customers and those in the community who may be affected by our activities.

Changes to PREMAC Inc. that may affect quality, product fit form or function, or delivery shall be communicated in writing by the President or General Manager to its customers and applicable regulatory agencies prior to incorporation of such changes. These changes may include, but are not limited to; company ownership, company name, top management, manufacturing facility location, quality approvals, and where required obtain customer approval.

If there is any change in the status of our AS9100 certification, the President or General Manager will notify its customers within 2 business days of receiving notification of that change from the registrar.

The President or General Manager of PREMAC Inc. will notify its customers within 1 business day of discovery of any escapes (nonconforming product that has shipped).

If there are any planned changes identified that could affect quality of the product, the customer will be notified by the President or General Manager of PREMAC Inc. prior to the effectivity of the change.

Any forms or methods required by the customer or regulatory authorities to notify them of such changes will be utilized.



**REVISION HISTORY PAGE**

Revision Level	Revision Date	Revised By	Summary of Changes	Approved By	Approval Date
D	8/27/2020	AG	ADDED REVISION HISTORY & INITIAL CREATION	MHW	8/27/2020