

# Peerless Aerospace Fastener Corporation

## Material Purchase Order Requirements

### 1. SCOPE

1.1. This document establishes standard purchasing terms and conditions that shall apply to all purchase orders issued by Peerless Aerospace Fastener Corporation.

### 2. PURPOSE

2.1. The requirements specified in this document are designed to ensure that all materials procured by Peerless Aerospace Fastener Corporation, from its' suppliers meet certain requirements relevant to quality, packaging, and delivery.

### 3. DEFINITIONS

- 3.1. The term "Order" shall mean the purchase order, contract or subcontract agreement and revisions thereto, incorporating by reference these conditions and instructions and all applicable data incorporated by reference thereto.
- 3.2. The term "Contract Products" shall mean the goods, technical data, drawings, services or other items constituting the subject matter of Purchase Orders, which are to be furnished by the Seller.
- 3.3. The term "Buyer" shall mean Peerless Aerospace Fastener Corporation or its duly authorized representative(s).
- 3.4. The term "Seller" shall mean the person, firm or corporation by whom the Contract Products described in Purchase Orders are to be furnished.

### 4. APPLICABILITY

4.1. These general terms and conditions apply to all issued purchase orders and contract agreements, unless specifically excluded or amended on the actual purchase order document. As appropriate, Seller shall flow PO clauses down to sub-tier suppliers.

### 5. QUALITY SYSTEM

5.1. Seller shall provide and maintain a documented quality system, acceptable to the Buyer and Buyer's customers. The system shall assure that all supplies submitted to Buyer conform to PO requirements. The Seller shall perform or have performed the inspections and tests required to substantiate product conformance to drawing, specification, and PO requirements. At a minimum, the quality system shall be in compliance with the requirements of ISO 9000, AS 9100, AS9120 or other widely accepted industry standard and as specified in this document or as specifically cited on actual purchase order documents.

### 6. MEASURING AND TEST EQUIPMENT

- 6.1. The Seller shall maintain a documented system for the calibration and maintenance of inspection equipment that meets the requirements of ISO 10012-1, or other widely accepted industry standard. In all cases calibrated equipment shall be traceable to NIST Standards.
- 6.2. Calibration records for all equipment shall be maintained on file for a period of not less than 10 years and shall be available for review by the Buyer or Buyers' customer upon request.

### 7. DRAWING CONTROL

7.1. The Seller shall control drawings, specifications and work instructions to the extent necessary to assure that only documents of the revision contractually specified are used. These controls shall assure removal or proper "superseded" annotation of obsolete documents from the manufacturing, inspection and test areas.

### 8. MANUFACTURING

- 8.1. The Seller shall utilize written instructions for all manufacturing and inspection operations. Instructions may be in the form of planning, manufacturing operation sheets, work orders, shop orders, travelers or any other identifying document.
- 8.2. Such instructions shall specify, in sufficient detail, the controls and conditions of manufacture pertaining to the item being manufactured, assembled, inspected and tested. These controls shall include without limitation:
- 8.2.1. sequence of manufacturing, test and inspection operations;
  - 8.2.2. identification of manufacturing and inspection tools and equipment to be used;
  - 8.2.3. process instructions such as feeds and speeds of cutters, oven times and temperatures, etc;
  - 8.2.4. reference to applicable drawings, specifications of this PO, and supplemental instructions, including the revision;
  - 8.2.5. accept and reject criteria; and
  - 8.2.6. lot quantity accountability.
- 8.3. Seller may use sampling plans, provided the sampling plans are in accordance with existing military, government or commercially accepted standards or have been submitted to, and approved, in writing, by Buyer.
- 8.4. All Contract Products supplied to Buyer shall be manufactured to the latest engineering revisions, unless specified otherwise on the actual purchase order document for all referenced part numbers.

### 9. INSPECTION

- 9.1. The Seller shall establish receiving inspection procedures with adequate instructions to assure materials received from outside sources are inspected to meet PO requirements and also to ensure authenticity. Verification of product conformance to drawing, specification, and PO requirements shall be per inspection sampling plans, audits, Certificates of Conformance, at Seller's or Manufacturer's facilities, as appropriate. In addition to verifying conformance to the PO, the supplies shall be verified against the latest applicable engineering changes.
- 9.2. The Seller shall segregate inspected acceptable material from un-inspected materials and shall maintain product identification and traceability at all processing stages through shipment.

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- 9.3. The Seller shall perform final inspection on all purchase orders, to the extent necessary, to ensure that the requirements of this document and/or specified on purchase order documents have been adhered to. In addition, final inspection shall ensure that all packaged materials are correct in-terms of quantity, manufacture revision level, quality requirements, FOD absence (Note: FOD prevention program should be in place) and that required documentation is correct and included with the order.
- 9.4. All Contract Products entering into the performance of issued Orders maybe inspected and tested at all times and places, either before, during, or after manufacture, by representatives of Buyer and/or Buyer's customer. If inspection and/or test is made on the premises of Seller or its supplier, Seller shall furnish without additional charge all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties. All inspections and tests shall be performed in such a manner as to not unduly delay the work.
- 9.5. All inspection records shall be maintained on file for a period of not less than 10 years and shall be available for review upon request of Buyer or Buyers' customer.

#### **10. NON-CONFORMING MATERIAL CONTROL**

- 10.1. The Seller shall establish and maintain a system for: controlling nonconforming material, notifying Buyer of non-conforming materials supplied to them, and processing Buyer's requests for corrective action (responses due within 30 days).
- 10.2. In case any of the Contract Products are found to be defective in material or workmanship, or otherwise not in conformity with the requirements of the Order, Buyer shall have the right to reject the same or require that such Contract Products be corrected or replaced promptly. Nonconforming Contract Products shall be identified by the Seller and removed from normal production flow, until correction or replacement is complete.
- 10.3. Seller should have a documented program, procedure or plan in place to identify and prevent the acquisition of fraudulent/ counterfeit materials including an appropriate action response should any be identified (e.g., quarantine, customer and regulatory authority notification). Seller should flow down/ request that sub-tier suppliers implement similar prevention programs.
  - 10.3.1. Should Buyer identify any fraudulent/counterfeit materials or documentation provided by Seller, said items shall be impounded. Seller shall be notified of any suspected fraud/counterfeit issues and shall be afforded the right to provide appropriate documentation supporting the authenticity of supplied materials. If sufficient cause still exists after review with the supplier, regulatory authorities will be contacted as appropriate to investigate the issue further (e.g., FAA, FBI, etc...) and buyer reserves right to withhold payment pending the results of the investigation.

#### **11. CORRECTIVE ACTIONS**

- 11.1. The Seller's quality system shall provide means for ready detection and prevention of discrepancies.
- 11.2. The Seller shall respond to Buyers request for material conformance inquires, for any supplied materials, for the purpose of determining acceptability of manufacturing to required specifications, that are initiated either by Buyer or Buyers' customers.
- 11.3. Responses to corrective action requests on defective or potentially defective products shall be supplied by Seller within the specified days from receipt (typically 30), to the Buyer representative responsible for the disposition of non-conforming material issues.
- 11.4. The Seller shall undertake any necessary actions to correct and/or prevent the occurrence of non-conforming materials and shall be receptive to Buyer auditing to ensure that said actions have been enacted and are effective.

#### **12. PACKAGING AND DELIVERY INSTRUCTIONS**

- 12.1. The Seller shall package and ship Contract Products in accordance with PO requirements. In the absence of specific shipping requirements, materials shall be packaged in accordance with accepted commercial packaging standards. Materials shall be packaged and preserved to prevent damage in shipment or introduction of FOD. Boxes, crates, and other shipping containers will be of sufficient strength to prevent breakage in transit.
- 12.2. The Seller shall provide adequate inspection control of the preservation, packaging, and shipping process to assure all products are complete and all required documentation has been provided.
- 12.3. Shipments must equal exact amounts ordered unless otherwise agreed upon in writing by Buyer. Invoices shall be honored and paid for only those quantities indicated on the Order or otherwise authorized in writing by Buyer.

#### **13. SUPPLIED PAPERWORK**

- 13.1. All ordered products are to be supplied with full test reports including: manufacturers certificate of conformity, chemical and physical reports, raw material certifications and any other relevant documentation necessary to ensure compliance to manufactured specifications and/or are necessary to ensure full unbroken traceability requirements to the OEM.
- 13.2. Copies of all supplied documentation shall be maintained on file with Supplier for a period of not less than 10 years from date of shipment to Buyer.

#### **14. INSPECTION RECORD RETENTION**

- 14.1. The Seller shall maintain records of all inspections and tests and such records shall contain, at a minimum, the following information (as applicable): material inspector, inspection specification/revision, sampling plan used, material batch/lot number, nature of observations; number of observations; number of discrepancies; type of discrepancies; quantity accepted; quantity rejected; and corrective actions taken. Records should be maintained for a minimum of 10 years.

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### 15. RIGHT OF ACCESS

15.1. The Seller shall allow a Buyer or Buyers' customer representative access to their facility and any relevant sub-contractor facility, for the purposes of verifying the Sellers quality system, inspection records and general operations. The Seller shall allow access to its facilities during normal business hours upon a minimum of 48 hours prior notice.

### 16. FLOW DOWN

16.1. When applicable customer requirements will be flowed down either directly with our PO or may be invoked by clause/customer reference. When invoked by reference, the documents can be accessed by visiting the following location on our website: <http://www.pafcorp.com/quality/POTERMS/PurchaseOrderClauses.xls>.