

Aero Chip Inc /Aero Chip Integrated Systems

Purchase Order Terms and Conditions

1. DEFINITION

AC: Aero Chip Inc
ACIS: Aero Chip Integrated Systems

2. SCOPE

This document establishes the purchasing quality requirements for goods (materials, parts, hardware, etc) and services purchased by AC/ACIS. The document is applicable when one or more of the following Purchasing Quality Requirements are specified by code (QR) on AC/ACIS purchase order (P.O.). These requirements are an integral part of our P.O. and in addition to those set forth in any other contractual document. The compliance with these requirements does not reduce the supplier responsibility for furnishing goods and services that fully comply with all Drawing(s) and Specification(s) Requirements, nor does it guarantee acceptance of materials or services by AC/ACIS. In the event that the goods or services are found to be defective and cannot be demonstrated by the supplier to be in conformance with the Purchase Order Requirements, AC/ACIS shall have the right to reject them.

3. QUALITY REQUIREMENTS

- QR1 QUALITY SYSTEM:** The supplier agrees to implement and maintain a quality system acceptable to AC/ACIS and its customers for the purchased goods or services.
- QR2 QUALITY SYSTEM:** The supplier shall maintain a quality management system that complies with ISO 9001, the latest edition.
- QR3 QUALITY SYSTEM:** Supplier shall maintain a quality management system that complies with AS9100 the latest edition.
- QR4 ADVANCED QUALITY SYSTEM:** Supplier shall comply with the requirements of Boeing D6-82479 Addendum 1.
- QR5 BALL AND ROLLER BEARING ACQUISITION:** Ball and roller bearing should be procured from qualified manufacturers or their distributors and shall be wholly manufactured in the United States, its outlying areas, or Canada as per DFARS clause 252.225-7016 or per customer approved vendor list (AVL), as applicable per contractual clauses.
- QR6 CONTROL OF DIGITAL DATA:** The supplier is required to maintain a process for the control and use of the digital datasets in compliance with customer requirements or AC/ACIS DPD-QP latest revision, as applicable.
- QR7 CONTROL OF CHANGES:** Supplier agrees not to make changes in materials or design details which would affect the part or any component hereof without prior written AC/ACIS approval. The supplier will identify, on the Statement of Conformance and/ or packing sheet, the as-built engineering revision level of the end item product being delivered. Furthermore, the supplier agrees to notify AC/ACIS of changes in processes, changes of suppliers, and change of manufacturing location, and obtain AC/ACIS approval prior to implementing the change.
- QR8 SUPPLIER CORRECTIVE ACTION:** Supplier shall, on request, on forms designated by AC/ACIS, provide statements of corrective action on failures of supplier's goods/ services or Quality Management System. Corrective action statements may require supplier's Quality Assurance signature and Government Quality Representative, as applicable.

Aero Chip Inc /Aero Chip Integrated Systems Purchase Order Terms and Conditions

QR9 COUNTERFEIT PARTS PREVENTION:

- a) The supplier shall establish and maintain a counterfeit parts prevention and detection process that meets the intent of the industry standard AS-5553 and/ or AS-6174, as applicable.
- b) Suppliers, distributors or brokers that supply electrical/ non-electrical standard parts, hardware like fasteners, nuts, washers, springs, o-rings, inserts, and pins, must have a certification from the Original Component Manufacturer (OCM)/ Original Equipment Manufacturer (OEM), and that certification shall be delivered with each lot/ shipment.
- c) The requirements of Lockheed Martin Supplier Quality Appendix QX para. 1.3 (a-d) and Northrop Grumman SQAR para 3.11, apply to all items purchased on this P.O.

QR10 FLOWDOWN TO SUB-TIER SUPPLIERS: The supplier shall flow down the requirements specified in this PO and this document to sub-tier suppliers utilized to fulfill this order, including the right of access (See QR37). Suppliers must list on their certifications all subcontractors used along with the applicable process specification in fulfilling this P.O. Sub-tier suppliers must be on AC/ACIS Approved Supplier List or AC/ACIS prime contractor Approved Vendor List, as applicable.

QR11 SHELF LIFE AND TEMPERATURE SENSITIVE MATERIALS: The supplier shall identify all materials and articles that have definite characteristics of quality degradation with age or environment. The supplier shall affix this information directly on the material container or article. This identification shall indicate the date useful life was initiated and the date or cycle at which the useful life will be expended. When the environment is a factor in determining useful life, the identification shall include the storage conditions (i.e., temperature humidity etc.) required to achieve the stated life. A minimum of 75% of the applicable material/article shelf life shall remain upon receipt of the material by AC/ACIS or the material is subject to rejection and return to the supplier.

QR12 PACKAGING/ FOD (Foreign Object Debris/ Damage): Unless otherwise specified by the item drawing, specification or P.O, the supplier is responsible for assuring that all items are delivered without damage or deterioration and are efficiently and economically packed for the method of transportation and type of handling involved. Unit and intermediate packaging shall be employed as necessary to prevent damage or deterioration in transit. Supplier shall develop, implement and maintain a FOD prevention program to preclude introduction of foreign objects into any deliverable items.

QR13 STATIC SENSITIVE MATERIALS: The following requirements apply to materials, devices or assemblies capable of being degraded, damaged or destroyed by static electrical charges or discharges. All items shall be preserved, packaged and packed in such a manner as to preclude their exposure to the generation or discharge or static energy. Packaging (including unit, intermediate and shipping containers) shall be clearly marked or labeled to indicate that the contents are subject to damage or degradation by static electricity.

QR14 SAFETY DATA SHEETS: Material(s) noted on this Purchase Order must be supplied in accordance with OSHA's hazard communication standard 29CFR1910-1200, OSHA instruction CPL2-2.38 current revision. Materials not receive in compliance with aforementioned OSHA requirements and California State codes will be subject to immediate rejection and return at supplier's expense. In addition, if supplier is aware of any additional precautions and/or handling techniques instituted with regard to other customers, the suppliers is required to submit those safeguards, with SDS. Supplier is required to forward a Toxic Substances Control Act (TSCA) certification letter to the AC/ACIS Buyer for product(s) purchased on this Purchase Order, with the statement that every chemical component of the product(s) is listed by the Toxic Substances Control Act Inventory (P.L.94-94-969).

Aero Chip Inc /Aero Chip Integrated Systems Purchase Order Terms and Conditions

- QR15 IDENTIFICATION:** Parts, assemblies and components shall be identified per the engineering drawing, specification or purchase order requirements, as applicable.
- QR16 RUBBER CURE DATA:** All synthetic rubber/elastomeric parts such as hoses, o-rings, gaskets or raw goods shall be permanently marked with the cure date of the rubber elastomer in accordance with MIL-STD-129 current revision. If any other cure date requirement is called out on the customer drawing or specification it shall take precedence over MIL-STD-129 current revision.
- QR17 CALIBRATION SYSTEM REQUIREMENTS:** The supplier shall have a calibration system that assures compliance with ANSI Z540.1. AC/ACIS Quality Assurance must approve any deviation or waiver to this requirement.
- QR18 INSPECTION DATA:** The supplier shall furnish a legible and reproducible copy of inspection data sheets that record objective evidence of acceptance for each serialized assembly, sub-assembly, or component covered by this Purchase Order. This requirement applies to AC/ACIS suppliers and sub-tier suppliers to the extent necessary to determine acceptability of items under this Purchase Order.
- QR19 TOOLING:** Tooling provided by AC/ACIS should be maintained in good status and shall be returned when job is done. No permission to modify or alter the tooling provided.
- QR20 CERTIFICATE OF CONFORMANCE:** Each shipment of material, parts, or assemblies shall be accompanied by a legible and reproducible copy of supplier Certificate of Conformance with the signature of responsible representative stating material, process, or article being shipped meets requirements of applicable drawings or specification cited in Purchase Order. Supplier shall include date of manufacture on Certificate of Conformance.
- QR21 RAW MATERIAL TEST REPORT:** A legible and reproducible copy of material test report shall accompany each shipment of material, parts, or assemblies. Test report shall be identified with original mill producer, specification number and melt, heat, batch, lot and/or cure lot number, as applicable. Chemical and physical test report shall include actual numerical values for each property tested in accordance with the applicable specification. When more than one specimen is required, test result of each is required on the report. Specification and revision shall be shown on each test report furnished.
Note: Material distributors are prohibited from sawing the (ST) thickness dimension to the final size. Product must be rolled, extruded, forged, etc as outlined in the applicable purchased material specification.
- QR22 CERTIFIED TEST DATA:** A legible and reproducible copy of certified test data shall accompany each shipment of material, parts, or assemblies. Test shall be identified with specification number and heat and/or cure lot number. Chemical and physical test data shall include actual numerical values for each property tested in accordance with the applicable specification and revision shall be shown on each report furnished. Test data shall include the following statement (or equivalent): "Test reports are on file and available upon Request".
- QR23 APPROVED PROCESS REQUIREMENTS:** A legible and reproducible copy of special process certifications (i.e. testing, heat treat, NDT, plating, finishing, etc.) shall accompany each shipment of goods or services. Special processes shall be performed by customer's (process specification owner) approved sources. Certifications are to include all specifications listed in the order of sequence and the date performed. General or specific (part number) NDT approval numbers shall be referenced on process certifications and/or Certificate of Conformance.

Aero Chip Inc /Aero Chip Integrated Systems Purchase Order Terms and Conditions

- QR24 FIRST ARTICLE INSPECTION:** The supplier shall perform and submit a First Article Inspection (FAI) report to the initial part or lot (as applicable) at the detail, subassembly and/or assembly level. The supplier shall tag or otherwise non-evasively identify the part(s) used for the FAI and submit with shipment. FAI records shall also be on file and available for each part the supplier is under AC/ACIS contract for, including purchased parts, customer-supplied parts, and raw materials such as castings, forgings, extrusions, and standards. The results of the FAI shall be documented on data sheets and shall indicate 100% conformance to engineering drawing characteristics, special processes, functional test, and laboratory requirements. The data recorded on the FAI records shall include as list of the characteristics required by the drawing (including applicable drawing notes), the required tolerance range, the actual measured dimension results, the drawing zone, the inspection media, and where physical testing is required, the results of the tests. FAI records shall be updated to include the delta changes whenever there is a change to the drawing, operation, supplier or manufacturing process. Subsequent FAI's shall to be performed under the following conditions: tooling rework or modification and/or change(s) in supplier's manufacturing method. Engineering drawing revisions or WMC revision affecting dimensional characteristics shall require a new FAI incorporating the differences and/or tool proofing inspection.
- QR25 REPORT OF NONCONFORMING PRODUCT:** Any departure from drawing specifications or other Purchase Order requirements shall be documented by the supplier and submitted to the AC/ACIS Buyer for consideration and disposition. A copy of this disposition document shall accompany each affected shipment.
- QR26 TRACEABILITY/LOT AND BATCH CONTROL:** The supplier shall maintain lot and batch control of raw materials and detail parts to purchased items through use of lot, batch, serial number, or date of manufacture, as applicable, for all items in the shipment.
- QR27 AC/ACIS SOURCE INSPECTION:** AC/ACIS Source Inspection is required prior to shipment. The supplier shall provide notification to the assigned Source Inspector a minimum of three (3) days in advance of product being ready for inspection. Supplier shall provide a copy of the applicable and current Purchase Order to the assigned Source inspector upon request. Evidence of AC/ACIS Source Inspection (acceptance stamp on shipping document) must accompany each shipment of product to AC/ACIS. In the event of the need for waiver of Source Inspection, written authorization must be obtained from the Buyer and accompany each applicable shipment of product.
- QR28 GOVERNMENT SOURCE INSPECTION:** Government Inspection is required prior to shipment: from your plant. Upon receipt of this contract the supplier shall provide a reference copy of the Purchase Order to the cognizant Defense Contract Management Area Operation (DCMAO) representatives within one (1) working day of its receipt, so that appropriate planning for Government Inspection can be accomplished. A record of this transmittal shall be retained by the supplier and provided to AC/ACIS upon request. If supplier cannot locate the DCMAO, notify AC/ACIS Immediately. Evidence of Government Source Inspection (acceptance stamp or office number and signature on shipping document) must accompany each shipment of product to AC/ACIS.
- QR29 RECORDS RETENTION:** The supplier shall retain in a safe place the manufacturing plan, all certifications, test reports and any records required to assure that goods or services conform to the contractual and technical requirements of the PO for a minimum of ten (10) years (unless otherwise stated by PO). The records should be available when requested by AC/ACIS and/or its customers.

Aero Chip Inc /Aero Chip Integrated Systems Purchase Order Terms and Conditions

- QR30 AC/ACIS FURNISHED MATERIAL:** Parts or assemblies manufactured from AC/ACIS furnished materials shall be accompanied by reproducible copy of a certification stating that parts and/or assemblies were produced from AC/ACIS furnished material. Certification shall be identified with the part number and Supplier's lot number, Material Manufacturer's name and material certification number if drop shipped from material manufacturer to Supplier.
- QR31 APPROVED SUPPLIERS:** All processes to be completed by Boeing D1-4426 approved suppliers.
- QR32 APPROVED SUPPLIERS:** All processes to be completed by Lockheed Martin approved suppliers.
- QR33 APPROVED SUPPLIERS:** All processes to be completed by Northrop Grumman ISA approved suppliers (Military).
- QR34 APPROVED SUPPLIERS:** All processes to be completed by Vought Aircraft Ind. Approved suppliers (Commercial).
- QR35 PREFERENCE FOR DOMESTIC SPECIALTY MATERIALS:** The purchase order incorporates the contract clause at DFARS 252.225-7009 (Restriction on acquisition of certain articles containing specialty metals) . Any specialty metals included in any articles delivered under this purchase order shall be melted in the United States, outlying areas or qualifying countries less certain exceptions as defined in DFARS clause 252.225-7009. The original mill producer must be a domestic source unless otherwise listed on the material APL/ QPL. This provision includes any subcontractors.
- QR36 RATED ORDER:** THIS IS A RATED ORDER "CERTIFIED FOR NATIONAL DEFENSE USE UNDER DPAS" (Defense Priorities and Allocations System). Supplier is required to follow all the provisions of the Defense Priorities and Allocations System regulation (15 CFR part 700). An order assigned with a "DX" rating takes priority over "DO" rated orders, as well as all unrated orders.
- QR37 RIGHT OF ACCESS:** To perform inspection / surveillance upon acceptance of this purchase order, the supplier agrees to provide the right of access by AC/ACIS, its customer 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.
- QR38 IDENTIFICATION & RETENTION OF RECORDS FOR CRITICAL PARTS:** The part criticality (Fracture, Maintenance, Safety, Durability Critical, etc) specified by our purchase order should be placed (rubber stamp or printed) in a visible place on your records (traveler, manufacturing plan forms, certificates & etc). All records for critical parts shall be available when requested by AC/ACIS and/or its customers and should be maintained in a safe storage environment, for a minimum of 30 years in cardboard boxes labeled with part criticality and the date of expiration, when the files can be destroyed.
- QR39 CHEMICALS PRODUCING CANCER OR REPRODUCTIVE TOXICITY:** As a result of passage of California's safe drinking water and toxic enforcement act of 1986 proposition 65), AC/ACIS suppliers are hereby required to identify any chemicals on the California list of chemicals known to cause cancer or reproductive toxicity that are contained in any products being furnished to AC/ACIS. Such as information may be provided on material safety data sheets furnished with your product which clearly identifies the chemicals and which includes a statement concerning its carcinogenicity or reproductive toxicity. A list of currently regulated chemicals is available from the State of California Health and Welfare Agency, 1600 Ninth Street, Room 450, Sacramento, CA 95814. In order for you to be assured of knowing the chemicals currently on the list, and those that

Aero Chip Inc /Aero Chip Integrated Systems Purchase Order Terms and Conditions

will be listed, it is necessary that you request the Health and Welfare Agency to include you in its distribution of proposition 65 materials.

- QR40** **ITAR & EAR REGULATIONS:** Any technical data received from AC/ACIS Inc, in any form, fulfilling this purchase order is Export-Controlled Data. Supplier/ Vendor is to meet and to flow-down to their sub-tiers the requirements of ITAR (International Traffic in Arms Regulations) and EAR (Export Administration Regulations). Adequate security shall be provided to safeguard unclassified controlled technical information from compromise as defined in DFAR 252.204-712 (Safeguarding requirements and procedures for unclassified control technical information).
- QR41** **APPROVED SUPPLIERS:** All processes to be completed by United Launch Alliance approved suppliers.
- QR42** **APPROVED SUPPLIERS:** All processes to be completed by Encore Aerospace LLC approved suppliers or as required by its customers.
- QR43** **APPROVED SUPPLIERS:** All processes to be completed by IAI N.A. approved suppliers or as required by its customers.