



# 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 products (materials, parts, hardware, etc) processes, and/or 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 products, processes, and/or services that fully comply with all Drawing(s) and Specification(s) Requirements, nor does it guarantee acceptance of products, processes, and/or services by AC/ACIS. In the event that the products, processes, and/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 products, processes, and/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 products 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, products, or services including changes of external providers (suppliers) or location of manufacture, 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 products, processes, services and/or Quality Management System. Corrective action statements may require supplier's Quality Assurance signature and Government Quality Representative, as applicable.



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- QR9 CONTROL OF SUSPECT OR COUNTERFEIT PRODUCT:** Supplier shall establish a program to eliminate the risk of introducing counterfeit electronic parts as well as non-electronic parts and materials. . This includes:
- Identification, mitigation, detection, and avoidance techniques, and reporting of suspect or confirmed counterfeit parts, assemblies, and/or materials;
  - Training for the detection and prevention of counterfeit parts.
- a)** The supplier shall establish and maintain a counterfeit parts prevention and detection process that meets the intent of the industry standard, as applicable.
- AS5553 – Counterfeit Electrical Parts; Avoidance, Detection, Mitigation, and Disposition;
  - AS6174 – Counterfeit Materiel; Assuring Acquisition of Authentic and Conforming Material.
- 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. 1.4 (a-e) and Northrop Grumman SQAR para 3.11/ SQARSUP-0130 for F-35 Program para 2.22, apply to all items purchased on this P.O.
- QR10 FLOWDOWN TO EXTERNAL PROVIDERS/SUB-TIER SUPPLIERS:** The supplier shall flow down customer requirements and the requirements specified in this PO and this document to external providers (including sub-tier suppliers) utilized to fulfill this order, including the right of access (See QR37). Suppliers must list on their certifications all external providers used along with the applicable process specification in fulfilling this P.O.  
External providers (including sub-tier suppliers) must be on AC/ACIS Approved Supplier List or 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)/SHIPPING:** 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.  
Shipments shall be made in accordance with AC/ACIS specific shipping instructions identified on the PO. If not specified, the supplier shall follow industry standard.
- 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,



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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 received 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).
- QR15 IDENTIFICATION:** All items 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 customer drawing or specification.
- 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, products (material, parts, and assemblies), processes, and/or services shall be accompanied by a legible and reproducible copy of supplier Certificate of Conformance with the signature of responsible representative stating products, processes, and/or services' being shipped meets requirements of applicable drawings or specification cited in Purchase Order. Supplier shall include date of manufacture/service on Certificate of Conformance, as applicable.
- 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 products (material, parts, or assemblies), and/or services, as applicable. Test



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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 products 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.

**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. Latest revision of AS9102 form is preferable. The supplier shall tag or otherwise non-evasively identify the part(s) used for the FAI and submit with shipment.

**QR25 REPORT OF NONCONFORMING PRODUCT/PROCESS/SERVICE:** The supplier shall document and notify AC/ACIS of nonconforming processes, products, or services and obtain approval for their disposition. A copy of the disposition document shall accompany each affected shipment.

No deviation will be considered approved without written confirmation of that fact from AC/ACIS.

**QR26 TRACEABILITY/LOT AND BATCH CONTROL:** The supplier shall maintain lot and batch control of products, processes, and/or services to purchased items through use of lot, batch, serial number, or date of manufacture, as applicable, for all items in the shipment.

**QR27 OBSOLESCENCE:** Supplier shall be aware and proactively monitor all items and material used in the manufacture of AC/ACIS orders for impending obsolescence issues. If obsolescence issues are identified, the supplier shall provide immediate notification to AC/ACIS buyer and impacted personnel, describing the obsolete item, reason for obsolescence, estimated date the product will no longer be available, and any proposed alternatives. Timely notification is imperative to allow sufficient time to identify alternates for the affected parts, and perform any necessary certifications, which may involve regulatory agencies.

The Supplier shall procure or will maintain, during the performance of AC/ACIS's orders, sufficient components and materials necessary to perform the orders, including obtaining commitments from its suppliers required to meet all requirements.

The Supplier shall flow down and manage this requirement with its suppliers to ensure they can meet the Supplier's obligations.

The Supplier agrees to maintain an obsolescence policy/procedure adequate to ensure that the Supplier and its suppliers can provide AC/ACIS adequate notice that components and material necessary to supply additional new-order quantities can be purchased through the Supplier by placing on order within 90 days of receiving said notice. Further, the Supplier agrees to supply AC/ACIS with such additional products or components of which are due to be discontinued subject to AC/ACIS agreeing to compensate the Supplier for its reasonable cost plus profit for such additional orders.

**QR28 GOVERNMENT SOURCE INSPECTION:** Government Inspection is required prior to shipment: from your plant, as applicable.

**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 products, processes and/or



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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.

AC/ACIS disposition policy is as follows:

- Hardcopy records are shredded.
- Electronic records are deleted.

**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.

**QR31 APPROVED SUPPLIERS:** All processes to be completed by Boeing D1-4426 approved suppliers or as required by its customers.

**QR32 APPROVED SUPPLIERS:** All processes to be completed by Lockheed Martin approved suppliers or as required by its customers.

**QR33 APPROVED SUPPLIERS:** All processes to be completed by Northrop Grumman ISA approved suppliers or as required by its customers.

**QR34 APPROVED SUPPLIERS:** All processes to be completed by Triumph Group approved suppliers or as required by its customers.

**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 allow the right of access by AC/ACIS, its customer and regulatory authorities to the applicable areas of all facilities and to applicable documented information (e.g. documentation, records), at any level of the supply chain.

**QR38 IDENTIFICATION & RETENTION OF RECORDS FOR CRITICAL PARTS:** The part criticality specified by our purchase order should be placed (rubber stamp or printed) in a visible place on your records. 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 thirty (30) years in cardboard boxes labeled with part criticality and the date of expiration, when the files can be destroyed.

AC/ACIS disposition policy is as follows:

- Hardcopy records are shredded.
- Electronic records are deleted.

**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



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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 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 or as required by its customers.
- 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.
- QR44 WORK COMPLIANCE TO LAWS AND REGULATIONS:** All work performed for AC/ACIS shall be in full compliance with all applicable federal, state, and local government environmental, health, and safety laws and regulations.
- QR45 EMPLOYEE AWARENESS AND TRAINING:** Suppliers shall ensure that their employees are aware of:
- their contribution to product or service conformity;
  - their contribution to product safety;
  - the importance of ethical behavior.
- QR46 APPROVED SUPPLIERS:** All processes to be completed by Raytheon Systems Co approved suppliers or as required by its customers.
- QR47 SUPPLIER PERFORMANCE METRICS:** Suppliers are expected to ship quality products and on-time. AC/ACIS monitors external provider's quality and delivery performance on a regular basis.

If the supplier does not meet defined purchasing requirements (quality and/or delivery), AC/ACIS may consider the following, as applicable:

- Coordinating with the supplier to correct the issue;
- Agreeing on recovery plan(s);
- Issuing a formal corrective action request based on the severity of the issue;
- Scheduling onsite visit, evaluation, and/or audit; and/or
- Disapproving the supplier.

If Seller's corrective action plan does not fully eliminate the problem, then Buyer reserves the right to impose any costs resulting from such failure, including, but not limited to, source inspection at Seller's expense.



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- QR48 SUPPLIER EMPLOYEE COMPETENCE.** Supplier shall ensure that personnel performing work associated with the Order are competent based on Supplier's internal training requirements, unless otherwise specified in the Order.
- QR49 DELIVERY:** Deliveries shall be made in quantities and at the times specified in the Order. AC/ACIS reserves the right to reject or return to Supplier, at Supplier's risk and expense, all Products shipped later than the time specified for delivery. Supplier shall promptly notify AC/ACIS, in writing, of any anticipated or actual delay, the reasons therefore and the actions being taken by Supplier to overcome or minimize delay. If requested by AC/ACIS, Supplier shall, at Supplier's expense, ship via expedite routing to avoid or minimize the delay to the maximum extent possible.
- QR50 ACCEPTANCE OF PRODUCTS:** AC/ACIS acceptance of products shall be subject to AC/ACIS receiving inspection. AC/ACIS reserves the right to perform source inspection at the supplier's facilities or where designated in the PO prior to shipment. AC/ACIS also reserves the right to perform in-process inspection at the supplier's facilities. In such case, AC/ACIS will communicate with the supplier on the date and time of inspection.
- QR51 ORDER ACKNOWLEDGEMENT:** The supplier shall acknowledge AC/ACIS purchase order.

As necessary, the supplier shall contact AC/ACIS to clarify any discrepancies, ambiguities, or to request additional information such as supporting documents, drawings, standards, specifications, etc.

In addition, the supplier shall maintain ongoing communication with AC/ACIS and provide an update with regards to the order status and issues (e.g., delays, nonconformities).