



Damar AeroSystems Purchase Order Terms and Conditions

Date: _____ Company Name: _____

GENERAL REQUIREMENTS

By accepting this order, Supplier agrees that it will comply with the following requirements and will maintain a quality and delivery system adequate to supply products and services that meet the requirements of this purchase order, applicable specifications and/or engineering drawings. Compliance with the following requirements shall not absolve Supplier of providing acceptable product nor preclude subsequent rejection. Electronic Orders must be acknowledged within 24 hours. Damar's payment policy is to pay from Damar's Order price. By acceptance of this Order, Damar and Seller agree to Order price that includes all cost associated with the Order unless otherwise discussed with Damar.

Purchase Order Terms and Conditions are subject to change at Damar's discretion, and will be updated as required.

Right of Entry:

All items on the purchase order are subject to surveillance, including facilities, equipment, personnel, product, procedures, systems and records at Suppliers facility; such surveillance may be jointly performed by a representative of Damar and its prime contractor, and / or the Federal Aviation Administration (or non-domestic, equivalent agency).

Supplier Relocation:

Damar must be notified 120 days in advance of Suppliers relocation. Damar may request a relocation plan prior to Supplier relocating.

Specifications and Certifications:

All material, parts, and or assemblies ordered herein shall be to the latest applicable engineering, drawings, and/or specifications, unless specific revision numbers or drawing issues are shown in the text of the Order. Supplier does not have authority to substitute without written approval from Damar. By accepting this Order, Seller verifies that Seller and material is authorized per the latest qualified producer/product list. Suppliers are required to only utilize methods/ materials and processes per Order specifications. Damar requires a Certificate of Conformance. The Certificate of Conformance shall include at a minimum:

- Damar Purchase Order number.
- Part Number.
- Applicable Specification and Revisions.
- Signature of a Quality Assurance Representative.

Counterfeit Prevention:

Unless otherwise stated on purchase order the counterfeit prevention requirements per AS5553 stated below shall apply.

a. Guarantee of Product Source(s)

The seller shall ensure that only new and authentic materials are used in production delivered to <BUYER>. The seller may only purchase parts directly from Original Component Manufacturers (OCMs), OCM franchised distributors, or authorized aftermarket manufacturers. Use of product that was not provided by these sources is not authorized unless first approved in writing by <BUYER>. The seller must present compelling support for its request (e.g., OCM documentation that authenticates traceability of the parts to the OCM), and include in its request all actions to ensure the parts thus procured are authentic/conforming parts.

b. Supply Chain Traceability

The seller shall maintain a method of item traceability that ensures tracking of the supply chain back to the manufacture including material in assemblies and subassemblies being delivered per this order. This traceability method shall clearly identify the name and location of all supply chain intermediaries from the manufacturer to the direct source of the product for the seller and shall include the manufacturer's batch identification for the item(s) such as date codes, lot codes, serializations, or other batch identifications.

c. Certificate of Conformance and Traceability (Government Contracts)

The parts supplied must be in strict conformance to the requirements set forth and/or referenced in the item description, including applicable revisions and slash sheets. To ensure this conformance, the contractor must provide a Certificate of Conformance and Traceability (CoC/T) with the information and documentation required by the applicable military specification. This documentation must reference the contract number and include the certification signed by the approved QPL/QML manufacturer. In addition, if the material is not procured directly from the approved manufacturer, all additional documentation required by the specification must be provided to establish traceability from the QPL/QML manufacturer through delivery to the Government. The CoC/T is required to determine acceptability of the supplies. If the CoC/T is not provided, is incomplete or otherwise unacceptable, the supplies will be determined not to meet contract requirements and will be rejected.

d. Product Impoundment and Financial Responsibility

If counterfeit parts are furnished under this purchase agreement, such items shall be impounded. The seller shall promptly replace such items with items acceptable to the <BUYER> and the seller may be liable for all costs relating to impoundment, removal and replacement. <BUYER> may turn such items over to US Government authorities (Office of Inspector General, Defense Criminal Investigative Service, Federal Bureau of Investigation, etc.) for investigation and reserves the right to withhold payment of the items pending the results of the investigation.

e. Federal Penalties Associated with Fraud

This purchase order and activities hereunder are within the jurisdiction of the United States Government. Any knowing and willful act to falsify, conceal or alter the material fact, or any false, fraudulent or fictitious statement or representation in connection with the performance of work under this purchase order may be punishable in accordance with applicable Federal statutes.

Subcontracting:

No goods to be delivered under this order shall be procured by Seller from a third party in completed or substantially completed form without Damar's prior written notification.

Document Control:

All planning, drawing, specifications, etc., issued with the purchase order are of the revision in effect on date of purchase order. Supplier shall keep confidential and protect from disclosure all information and property obtained from Damar. Unless authorized, Supplier shall use Damar supplied information and property only in the performance and purpose of this purchase order. Upon Damar request, and in the event of completion, termination or cancellation of this order, Supplier shall return all such information and property to Damar or make such other disposition as directed. Suppliers to Damar will receive specification updates as mandated by Damar's Customer base. Suppliers shall request specifications required for the manufacturing process on an as needed bases, all requests will be submitted through Damar's Purchasing Agent. Suppliers specification requirements will be added to Damar's keep up to date records with updates communicated to Damar's supply base upon Damar's receipt.

Inspection Requirements and Nonconformances:

100% inspection is required on all product submitted to Damar, unless otherwise specified. Sampling plans and procedures written to ARP9013 may be used once submitted to and approved by Damar. PO specific requirements for 100% inspection override the use of sampling inspection. Inspection of all product features is required, and acceptance or rejection shall be indicated on the applicable certification or packing slip. Upon notification of non-conformances and receipt of a request for corrective action by Damar, the Supplier must respond within ten (10) days of noted shipment to Damar, with cause, corrective, and preventive action. Individual non-conformances must be adequately identified. Supplier shall immediately notify Damar when discrepancies in the Supplier's process or product are discovered or suspected which may affect parts or assemblies that Supplier has delivered or will deliver.

Quality Records:

All quality records must be legible, stored and retained in a suitable environment to prevent damage, deterioration or loss. Quality records shall be retained a minimum of ten (10) years, unless specified otherwise by purchase order.

Inspection, Measuring and Test Equipment (IM&TE):

Suppliers performing to Purchase Order(s) from Damar are expected to maintain a system to control and calibrate IM&TE. At a minimum, suitable calibration standards traceable to NIST or other recognized international standard must be maintained by the Supplier, sufficient in kind and type to verify Supplier's IM&TE is capable of performing accurate measurements to the extent necessary and ensure compliance to Damar Purchase Order requirements. Traceable calibration certification(s) for the calibration standard(s) must be maintained on file and available for review.

Process Control:

Supplier shall provide objective evidence (e.g. charts / data) for all identified key characteristics noted on purchase order / contract, engineering drawings and manufacture and quality plans. Supplier shall maintain records subject to examination. Supplier shall employ continuous improvement techniques relevant to their part and Quality System processes.

Damar Supplied Tooling:

Supplier shall be responsible for proper care, usage, protection and return of all Damar supplied tooling and measuring equipment used by Supplier for purchase order / contract completion. Supplier shall clearly mark, maintain an inventory of and keep segregated or identifiable all said property. *If tooling requires rework, the supplier shall notify Damar immediately for disposition.*

Tax:

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Items purchased under this purchase order / contract by Damar are for resale, not subjected to Washington State and local sales or use tax.

Time:

Deliveries to Damar shall be within the window of five days early – zero days late of the delivery date. If delivery or completion dates cannot be met, Supplier shall inform Damar immediately. Such notice shall not, however, constitute a change to the delivery or completion terms of this Order unless Damar modifies this Order in writing. If any item is not received or if any element of the work is not completed by the delivery date, Damar has the option without prior notice to Supplier to either, approve a revised date, cancel this Order, or obtain such goods or work elsewhere. In either event the Supplier shall be liable to Damar for any resulting loss incurred by Damar. Supplier's sole remedy for a delay caused by Damar shall be an extension in the time for Supplier's performance equal to the duration of Damar's delay. Supplier shall not be liable for delays in delivery or completion occasioned by strikes, lock-outs, fires, war or acts of God. TIMING OF DELIVERY AND/OR PERFORMANCE OF THE WORK IS OF THE ESSENCE OF THIS ORDER.

Damar Receiving Inspection:

Damar reserves the right to use a Sampling Plan to inspect product received from the Supplier. Product that is sampled and nonconformities are found maybe rejected in whole and returned to the supplier, or at the discretion of Damar the product maybe sorted and received in part. Nonconforming product identified by the supplier will be excluded from this practice.

Parts Identified as Nonconforming:

In the event that the non-conformance entails scrapping the parts, costs associated with the non-conformance, such as raw material, labor and processing incurred prior to your receipt of product for manufacture will be calculated and **will be** charged back to your company. If a charge back is processed, you will be notified of the amount. In the event that the non-conformance is reworkable and due to schedule support must be reworked by Damar, you **may be** charged back a **minimum** of 4 hours at \$75.00 per hour to cover the cost of engineering, quality and manufacturing support. Upon receipt of a manufacturing rejection notification it is critical that you review and notify us within 24 hours of any disagreement you may have with it so that we can initiate a meeting with you for further review.

- All excess material including set-up materials supplied are to be returned to Damar.
- All nonconforming parts using Damar supplied material are to be identified and returned to Damar.

First Article Inspection Report:

For manufactured parts, supplier shall prepare and retain first article reports per AS9102. Completed first article inspection reports shall be provided with the first product shipment, any time a new first article inspection report is required and when requested by Damar. First Article Inspection Reports do not constitute acceptance by Damar.

ITAR Requirements:

IMPORTANT/CONFIDENTIAL: All documentation (including but not limited to, drawings and/or attachments accompanying it) may contain confidential information, including information protected by United States Government. The information is intended only for the use of the addressed recipient(s). Upon accepting a purchase order from Damar Aerosystems, the supplier is liable for any loss, damage, theft, of all related documentation. The act of the supplier accepting a purchase order from Damar Aerosystems, assumes the 40406K

supplier is compliant and fully aware of the confidentiality requirements and is not intended to waive any privilege without prior contact with Damar Aerosystems.

All suppliers engaged with any activity of manufacturing, services or product listed either on the Commerce Control List per Bureau of Industry and Security or the United States Munitions List per U.S. Department of State shall be aware of and comply with the laws and requirements of the Bureau of Industry and Security or U.S. Department of State. (Reference ITAR, 22CFR Part 120 for Department of State, or reference EAR, 15 CFR 772.1 for Bureau of Industry and Security.) The supplier shall consult with the Department of State regarding any questions relating to the compliance with ITAR and shall consult with the Department of Commerce regarding any questions relating to compliance with EAR.

If the supplier is accepting a purchase order that is classified by the U.S. Department of State as technical data, services or product listed on the United States Munitions List (Part 121 of the ITAR) the supplier is required to register and maintain registration with the Directorate of Defense Trade Controls (DDTC). If registration is no longer maintained, the supplier shall notify Damar Aerosystems within 30 days.

Any exports warranted by the supplier must be approved by Damar Aerosystems prior to exporting. If the supplier finds that product, technical data or services have been exported to either a foreign national or abroad without proper approvals obtained by the U.S. Department of State or the Bureau of Industry and Security, the supplier must provide a discloser to Damar Aerosystems immediately.

At no point shall the supplier apply for a commodity jurisdiction to determine whether an item or service is covered by the USML without prior consent from Damar Aerosystems.

For Canadian exempt suppliers dealing with shipments classified as ITAR designated by the USML, exports to their facility are made in pursuant to 22 CFR 126.5 120.1 ©. Documentation and/or product received may contain technical data, the use of which is restricted by the U.S. Arms Export Control Act. Data will be provided in accordance with, and subject to, the limitations specified in Para. 126.5 of the International Traffic in Arms Regulations (ITAR). By agreeing to this Terms & Conditions, the consignee agrees to honor the requirements of the ITAR.

If the supplier has pre-approval from Damar Aerosystems for sub-contracting services, the supplier shall include the substance of the ITAR and EAR requirements as listed in this clause to all subcontractors.

Time Sensitive Material:

Where time sensitive materials are used, Suppliers shall not ship material with no less than 80% of remaining shelf life. Supplier shall include on all certifications and/or packing slips the following:

- Type of material
- Expiration date
- Lot or batch number
- Manufacturers date

Special Requirements:

- Unless documented otherwise Damar does not authorize the use of Lead Free solder or materials.
- Supplier shall practice FOD prevention methods.
- For Critical Material (e.g. Flight / Safety / Fracture, Critical Safety Items, airworthiness) requirements will be identified in order. No deviation from order is allowed.

Processing:

Certification is required for all special processing (e.g., heat treat, penetrant inspect, shot peen, etc.). Special processes shall only be performed by approved sources as specified in applicable purchase order / contract, drawing or specification. Functional test reports or results shall be furnished by Supplier as required by the applicable purchase order / contract, specification or drawing.

Calibration Service Suppliers:

Suppliers of calibration services shall meet the requirements of ANSI/NCSL Z540.1 or equivalent standard. Calibrations performed shall be traceable to NIST or other recognized international standards.

DPD/MBD Data Translation Product:

Suppliers receiving digital data shall comply with customer requirements as listed in D6-51991, QUALITY ASSURANCE STANDARD FOR DIGITAL PRODUCT DEFINITION AT BOEING SUPPLIERS (<http://www.boeing.com/companyoffices/doingbiz/supplier/D6-51991.pdf>) and maintain Damar approval per section 4 of form 40401, Supplier Survey.

Other Service Suppliers:

Requirements for other services shall be defined or referenced in the Purchase Order.

Monitor Suppliers Performance:

Damar will monitor supplier quality and delivery performance on a monthly basis. The following rating will be applied to all Suppliers.

Delivery Rating	Delivery range %	Quality Rating	Quality range %
5	100	5	100
4	99.99 – 98.00	4	99.99 – 99.80
3	97.99 – 96.00	3	97.99 – 96.00
2	95.99 – 90.00	2	95.99 – 90.00
1	Under 90.00	1	Under 90.00

Company Name

Name & Title

Signature

Date

REVISION HISTORY FOR DAMAR, INTERNAL USE ONLY

REVISION HISTORY

Rev.	Date	Description
A	04/09/2003	Initial release of 40406.
B	10/01/2005	Updated to meet AS9100 and customer requirements.

Rev.	Date	Description
C	11/16/2005	Added chargeback provision. Added requirements for calibration and other service suppliers.
D	08/13/2007	Added supplier signature and date lines.
E	09/25/2008	Revised; Document Control (KUTD), Inspection Requirements and Nonconformances (response days from 14 to 10 to match SCAR requirements), added ITAR and revised to reflect MBD/ DPD requirements.
F	07/30/2009	Updated to reflect chargeback listed under section " <u>Parts Identified as Nonconforming</u> ".
G	03/08/2010	Added the following requirements: Paragraph 1: PO acknowledged within 24 hours Supplier Relocation Specifications and Certifications Subcontracting Damar Supplied Tooling: Inventory and rework control Parts Identified as Nonconforming: handling with excess material
H	07/19/2010	Updated Company Name to Damar AeroSystems, added delivery date of five day early/ zero days late, Monitoring, Sampling Plan, and updated substitution restriction.
I	08/07/2012	Revised to include perishable requirements and flow down of AS5553 Counterfeit control plan, vendor performance and ITAR.
J	02/14/2013	Revised to Include Q31 Boeing Supplier control Program.
K	06/20/2013	Q31 Note text revised.