

Jansen's Aircraft Systems Controls, Inc.



**STANDARD TERMS AND CONDITIONS OF PURCHASE
for
Goods and Services**

2303 W. Alameda Drive

Tempe, Arizona 85282

Originator:	Quality Assurance Manager
Approval:	Quality Assurance Manager
Approval:	President

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STANDARD TERMS AND CONDITIONS OF PURCHASE

1. Certain Definitions. As used throughout this Order, the following definitions apply unless otherwise specifically stated:
 - a. **“Buyer”** means Jansen’s Aircraft Systems Controls, Inc., an Arizona corporation, or any subsidiary, division, affiliate, successor or assign of Jansen’s Aircraft Systems Controls, Inc.
 - b. **“Buyer’s Authorized Representative”** means either the then-serving Operations Manager or President of Buyer and their appointees.
 - c. **“Goods”** means goods, supplies, or items that include, but are not limited to, those part numbers, model numbers, and descriptions set forth on the face of the Purchase Order. “Goods” also includes computer software or hardware (including any software, firmware or other hardwired logic embedded within the hardware) delivered or to be delivered under this Order.
 - d. **“Notice of Termination”** means a written notice issued by Buyer under the sections of these Standard Terms entitled “Termination for Default” or the “Termination for Convenience.”
 - e. **“Order”** means, collectively: the Purchase Order together with these Standard Terms, and all change notices, supplements, addenda, amendments, or modifications to the Purchase Order or to the Standard Terms, except where the context indicates that a particular document or other particular document is being referred to.
 - f. **“Purchase Order”** means Buyer’s purchase order specifying, among other things: a description of and specifications for the Goods or Services to be furnished by Supplier; the quantity of Goods or Services being ordered; the price or prices for the Goods or Services; and the date or dates by which Supplier must furnish the Goods or Services. These Standard Terms shall apply to all Purchase Orders issued by Buyer unless otherwise stated by Buyer. “Purchase Order” includes all change notices, supplements, addenda, amendments, or modifications thereto, except where the context indicates that a particular Purchase Order document or other particular document is being referred to.
 - g. **“Services”** means any effort supplied by Supplier incidental to the sale of Goods by Supplier under the Purchase Order including, without limitation, installation, repair and maintenance Services. The term “Services” shall also include, without limitation, any effort specifically required by the Purchase Order, including all associated efforts such as design, engineering, repair, maintenance, technical, construction, consulting, professional, or other services.
 - h. **“Standard Lead Time”** means the number of days between the effective date of the Purchase Order and the specified delivery date for Goods or Services.
 - i. **“Standard Terms”** means these Standard Terms and Conditions of Purchase and all change notices, supplements, addenda, amendments or modifications hereto. 1
 - j. **“Supplier”** means the person or company providing Goods and Services or otherwise performing work pursuant to this Order.
2. Acceptance.
 - a. This Order must be accepted in writing by Supplier within the time specified on the face of the Purchase Order or, if not so specified, within ten (10) days after Supplier’s receipt thereof.
 - b. If for any reason Supplier fails to accept this Order in writing, the shipment by Supplier of any Goods (or lots thereof) ordered hereby, the furnishing or commencement of any Services called for hereunder (including preparation for manufacture), or the acceptance of any payment by Supplier hereunder, or any other conduct by Supplier that recognizes the existence of a contract pertaining to the subject matter hereof, may, at Buyer’s election, be treated as an unqualified acceptance by Supplier of this Order and all terms and conditions hereof.

- c. Any terms and conditions proposed in Supplier's acceptance or in any acknowledgment, invoice, or other form of Supplier that add to, vary from, or conflict with the terms herein are hereby rejected and shall be void unless accepted in writing by Buyer. This Order shall constitute the complete and exclusive statement of the terms and conditions of the contract between the parties and shall apply to each shipment received by Buyer from Supplier hereunder, and such terms and conditions may hereafter be modified only by written instrument executed by Buyer's Authorized Representative and Supplier.
3. Specifications. Supplier shall comply with all specifications stated in this Order and those contained in Supplier's product literature or proposal to the extent consistent with this Order. To ensure product conformity, Supplier shall provide products or services which meet all relevant technical standards and fulfill relevant requirements. As a function of product safety, Supplier shall ensure through its policies and practices that the supplied product is able to perform to its intended design and intended purpose without causing unacceptable risk or harm to persons or damage to property.
 4. Delivery; Time of the Essence. Time is of the essence of this Order and of every term, covenant and condition hereof. The Goods or Services covered by this Order must be delivered by the date or dates specified.
 5. Buyer-Furnished and Buyer-Funded Items.
 - a. All materials, tooling, equipment, and parts for repair or service that Buyer is required to furnish to Supplier under the provisions of this Order (hereinafter "**Buyer-Furnished Items**") shall be delivered in sufficient time to enable Supplier to meet its delivery schedule. However, Buyer shall have no liability to Supplier by reason of any delay in delivery of, or failure to deliver, such Buyer-Furnished Items. If such Buyer-Furnished Items are not delivered to Supplier in sufficient time, the resultant delay of Supplier in delivering to Buyer shall be excusable.
 - b. Title to any Buyer-Furnished Items shall remain with Buyer or Buyer's customer as the case may be.
 - c. Title to all tooling, test equipment and material identified as a separate line item under this or any previous Orders and fabricated or acquired by Supplier required under this Order shall vest in Buyer upon any payment for such items (hereinafter "**Buyer-Funded Items**").
 - d. Any Buyer-Furnished Items and any Buyer-Funded Items shall be used only for and in the performance of this Order unless otherwise directed by Buyer in writing.
 - e. Unless otherwise specified by Buyer, Supplier shall not be required to account to Buyer for the proceeds from the sale of scrap generated during the performance of this Order by the processing of material furnished by Buyer; provided, however, that Supplier shall reimburse Buyer at Buyer's prices then current for any such material used by Supplier in excess of the allowance, if any, set forth in the Purchase Order. The foregoing shall not limit in any manner the measure of damages and/or other remedies otherwise available to Buyer in the event of a breach of Suppliers' obligations under the "Protection of Buyer's Proprietary Information" section of these Standard Terms. Upon completion or termination of this Order, any of the material furnished by Buyer and not properly consumed in the performance of this Order, and any tooling and equipment shall be disposed of in accordance with instructions from Buyer.
 - f. Upon completion or termination of this Order, any Buyer-Furnished Items and any Buyer-Funded Items shall be disposed of in accordance with instructions from Buyer.
 - g. Supplier shall, as a condition of this Order: (i) properly mark/label, identify and segregate any and all Buyer-Furnished Items and Buyer-Funded Items in connection with this Order in such fashion as to clearly identify such items as being the property of Buyer or Buyer's customer as the case may be, at all stages of its possession by Supplier, (ii) prevent the commingling of said Buyer-Furnished Items and Buyer-Funded Items with other material in the Supplier's possession except in accordance with applicable Buyer specifications or Buyer's written approval, and (iii) assume responsibility for all taxes and risk of loss or damage with respect to said Buyer-Furnished Items and Buyer-Funded Items at all times while it is in the custody, care, or control of Supplier, including Supplier's subcontractors, and while in the hands of carriers with responsibility for such materials, and (iv) shall be responsible to provide confirmation of the foregoing as requested by Buyer.
 - h. Buyer may file a copy of this Order with any governmental agencies. Supplier shall from time to time execute and deliver any documents including, without limitation, Uniform Commercial Code financing

statements, and shall take other actions as Buyer deems appropriate in order to protect Buyer's and Buyer's customers' interests in the Buyer-Furnished Items and Buyer-Funded Items delivered.

- i. Supplier, upon request, will produce and provide a schedule of all quantities on hand of Buyer-Furnished Items and Buyer-Funded Items. Supplier will be held accountable for all quantities provided and financially liable for all damages or unaccounted Buyer-Furnished Items and Buyer-Funded Items, unless specifically agreed upon in writing by the Buyer and provided for in this Order.
- j. When Buyer provides Buyer-Furnished Items for the manufacture of parts or assemblies, Supplier shall not substitute material from any other source nor shall Supplier or its subcontractors alter the Buyer-Furnished Item's physical or chemical properties except in accordance with applicable Buyer specifications or with Buyer's written approval.
- k. Supplier shall not copy or duplicate any Buyer-Funded Items, special tooling or special test equipment for any purpose other than performance of this or other Orders for Buyer. Supplier warrants and affirms that it has not used, transferred to any person, firm or corporation, copies or duplicated any such Buyer funded items, special tooling or special test equipment acquired or fabricated under any previous Order for the development or production of particular supplies or parts, or the performance of particular Services required under this Order, for any purpose other than performance of orders for Buyer.

6. Inspection, Acceptance and Rejection.

- a. Supplier shall provide and maintain, without additional charge to Buyer, an inspection system that is compliant with ISO 9000:2000 and AS9100 or, in lieu thereof, any other inspection system acceptable to Buyer and, if applicable, to Buyer's customer. Supplier shall plan and implement the monitoring, measurement, analysis and improvement processes needed to: (i) demonstrate conformity of the Goods to all requirements of this Order, (ii) ensure conformity of the quality management system, and (iii) continually improve the effectiveness of the quality management system. This shall include determination of applicable methods, including statistical techniques, and the extent of their use. Supplier shall provide statistical process control where specific key characteristics are called out on drawings or otherwise imposed by this Order.
- b. Supplier shall tender to Buyer for acceptance only those Goods that have been inspected in accordance with the appropriate inspection system and have been found by Supplier to be in conformity with all requirements of this Order. In the event Supplier discovers a nonconformance, Supplier shall notify Buyer of said nonconformity and shall arrange for the Buyer's approval of supplier's nonconforming material.
- c. As part of the inspection system, Supplier shall prepare and maintain detailed records evidencing all inspections made under the system and the outcome of such inspections. Supplier's inspection records shall be available for review by Buyer, Buyer's Customer and Regulatory Authorities during performance of this Order and for as long afterward as required by this Order or applicable laws and regulations, but in no event less than eight (8) years after Supplier's final delivery of the Goods unless Buyer otherwise instructs.
- d. Buyer shall have the right, commencing on the fifth (5th) day after Buyer notifies Supplier, to review or audit all pertinent books and records of Supplier (including, without limitation, financial and accounting books and records if this Order provides for the payment of progress or advance payments based on cost or any other amounts hereunder based on Supplier's incurred cost prior to final delivery of Goods), and to make inspections of Supplier's premises, in order to verify Supplier's compliance with Supplier's obligations under this Order.
- e. Supplier controls the day-to-day production, delivery and associated documentation of its work. Therefore, Buyer's and Buyer's customer's rights of review and inspection, whether exercised or not, shall not release Supplier of any of its obligations under this Order whatsoever.
- f. Buyer and Buyer's customer shall have the right to inspect and test the material and workmanship of all Goods at all places and times including, when practicable, during the period of manufacture or provision of Services. If any such inspection or test is made on the premises of Supplier, Supplier shall furnish, without additional charge to any such party or parties all reasonable facilities and assistance for the safe and convenient performance of the inspection or test.

- g. Supplier shall ensure that any agreement it has with its subcontractors grants Buyer, Buyer's customer, the customer's customer and regulatory agencies the right to inspect the premises of Supplier's subcontractors and suppliers to determine and verify the quality of work, records and material used, and that subcontracted products conform to specified requirements.
- h. Notwithstanding Buyer's or Buyer's customer's prior inspection, acceptance, payment for, or use of any Goods ordered hereunder, Buyer shall have the following rights with respect to any Goods that do not conform to all requirements of this Order, at Buyer's election, exercisable within the period provided in this Order or, in the absence thereof, within one (1) year following Buyer's receipt of the Goods delivered hereunder:
 - i. Buyer shall have the right to reject such Goods. All such rejected Goods shall be returned to Supplier at Supplier's risk and expense, transportation collect and declared at full value unless Supplier advises otherwise, for full credit or refund (at Buyer's option). The rejected Goods returned to Supplier shall not be replaced by Supplier except upon written instructions from Buyer. Rejected Goods shall not again be tendered to Buyer for acceptance without written disclosure of prior rejection(s).
 - ii. Nonconforming Goods may be repaired by Buyer or a third party selected by Buyer, at Supplier's expense or, at Buyer's sole option, may be retained by Buyer at an equitable reduction in price. Should Buyer elect to repair the nonconforming Goods, all terms and conditions of this Order shall remain in full force and effect as to the Goods furnished by Supplier.
- i. Buyer's rights under this Section shall be in addition to and shall not be deemed to diminish its rights under this Order including the sections of these Standard Terms entitled "Warranty," "Buyer's Remedies for Breach of Warranty or Delivery" or under any other warranties, express or implied, provided by Supplier.

7. Supplier's Warranties.

- a. Goods. Supplier represents and warrants to Buyer, its successors, assigns, customers, and users of Goods sold by Buyer that all Goods provided under this Order or serviced per the work scope provided hereunder shall be: (i) merchantable, (ii) new (unless specifically agreed to in writing), (iii) free from defects in material and workmanship, (iv) with regard to Goods designed by Supplier, free from defects in design, (v) suitable for the particular purposes intended whether expressed or reasonably implied, (vi) in compliance with all applicable specifications, drawings, and performance requirements, and (vii) free from security interests, liens or encumbrances and of good title. Buyer's remedies with respect to this warranty shall not be limited, restricted or disclaimed in whole or part by any other provision of this Order.
- b. Services. Supplier represents and warrants to Buyer that any Services or technical data provided by Supplier under this Order (i) have been performed or prepared in a professional and workmanlike manner and according to best industry standards and practices, (ii) are suitable for the purposes intended whether expressed or implied, and (iii) are in compliance with all applicable specifications and performance requirements.
- c. Price Warranty. Supplier represents and warrants to Buyer that the prices for the Goods sold or Services provided to Buyer under the Purchase Order are not more than those currently extended to any other customer for the same or similar Goods or Services in similar quantities. If Supplier hereafter reduces its price for such Goods or Services during the term of this Order, then Supplier shall reduce the prices under the Purchase Order correspondingly.
- d. General. The foregoing representations and warranties are in addition to any other representations and warranties in this Order. Delivery, inspection, test, acceptance or use of or payment for the Goods and Services furnished under this Order shall not affect Supplier's obligation under this warranty, and such warranties, and all other warranties, express or implied, shall survive delivery, inspection, test, acceptance, payment, and use.

8. Buyer's Remedies for Breach of Warranty or Delivery.

- a. Supplier shall correct defects in or replace any Goods or Services not conforming to Supplier's warranties promptly and without expense to Buyer, when notified of such nonconformity by Buyer, provided Buyer elects to provide Supplier with the opportunity to do so (Buyer having no obligation to provide Supplier with the opportunity to correct defects in or replace any nonconforming Goods or Services).
- b. If Buyer incurs additional costs or if Buyer's customer charges Buyer for additional costs related to a breach of Supplier's warranties or a breach of delivery terms by Supplier, then Buyer shall have the right to take either or both of the following actions:
 - i. Reduce the amount payable under this Order.
 - ii. Charge Supplier for additional costs or customer charges greater than the amount of this Order or otherwise not deductible against this Order. Buyer may offset such charges against amounts otherwise payable to Supplier, whether under this Order or other orders.
- c. Buyer may recover all damages or costs it incurs as a result of or relating to Supplier's breach of any warranties or the failure of Supplier to correct defects in or replace nonconforming Goods promptly including, without limitation, compensatory damages and any and all other damages allowed by law. Buyer may elect to provide corrective Goods or Services to Buyer's customers, or to reimburse Buyer's customers for quality issues, losses and for damages beyond Buyer's strict contractual or legal obligations to such customers. If Buyer's such corrective action payments or expenses result from or are related to defects or failures by Supplier in Supplier's Goods or Services, then Buyer may recover from Supplier for such corrective actions, payments and expenses. Buyer may offset such charges against amounts otherwise payable to Supplier.
- d. For purposes of this Section, "**promptly**" means a period not greater than the number of days comprising the Standard Lead Time or as otherwise may be specified by Buyer.

9. Indemnification.

- a. Supplier covenants and agrees to defend, indemnify, protect and hold harmless Buyer, its shareholders, officers, directors, employees and agents (hereinafter, an "**Indemnified Person**") from any and every liability, claim of liability, allegation, judgment, cost, expense, attorneys' fees, cause of action, loss, or damage whatsoever including, without limitation, death or injury to any person or damage to any property, resulting from or arising out of Supplier's performance under this Order, however arising, including, without limitation, by reason of negligence, breach of warranty, defect in design, material, workmanship or Service, or strict liability, unless caused by the sole negligence of the Indemnified Person.
- b. In every instance where any claims, suits, actions or legal proceedings are brought against Supplier and in any way affect Buyer's interests whether related to this Order or otherwise, the following shall apply:
 - i. Supplier shall notify Buyer of any actual or threatened claims, suits, actions or legal proceedings within five (5) days after learning of same, and Supplier shall not at any time consummate any settlement without Buyer's prior written consent in Buyer's sole discretion.
 - ii. Without releasing any obligation, liability or undertaking of Supplier to defend and indemnify Buyer hereunder, Buyer shall have the right to do any or all of the following: (A) cooperate in the defense of such claim; (B) with permission of the court, intervene in any such action; or (C) supersede Supplier in the defense of any such claim.

10. Shipping Instructions; Risk of Loss.

- a. Unless otherwise specified by Buyer, all shipments to Buyer shall be FOB destination (as defined by the Arizona Uniform Commercial Code). All Goods shall be shipped to Buyer in accordance with Buyer's instructions, including use of Buyer's preferred carriers. Buyer may elect to provide to Supplier routing instructions for shipments to Buyer and, if Buyer so elects, Supplier shall comply with such instructions.
- b. Supplier shall retain the risk of loss until Goods are received at the location designated in the Purchase Order. Supplier shall insure the Goods being shipped at their full value.

11. Payment Terms; Invoicing.

- a. Payment terms will be: (i) as mutually agreed between Buyer and Supplier; or (ii) if there is no other agreement between Buyer and Supplier, Net 30 days. The payment term period for Goods will commence upon Buyer's receipt of conforming Goods.
- b. All invoices submitted by Supplier must be IN ENGLISH. Buyer may advise Supplier of specific information to be included on the invoice. Buyer may elect to provide to Supplier instructions regarding specific information that must be included on invoices and, if Buyer so elects, Supplier shall comply with such instructions. Generally, invoices for Goods shall include at least the following information: Purchase Order date and number, and a complete description of the Goods (including name, part number, serial number, quantity, weights and measures and any other identifying markings).

12. Changes.

- a. Buyer may, at any time and without notice to third parties, including sureties (if any), unilaterally make changes to the general scope of this Order including, but not limited to, changes in whole or part and to any one or more of the following: (i) shipping instructions; (ii) place of delivery; (iii) drawings, designs or specifications; (iv) the statement of work; (v) the method or manner of performance of the work; and (vi) Buyer-Furnished Items or Buyer-Funded Items. Supplier shall perform any changes ordered by Buyer. Any Order terms that incorporate flexibility for variations or modifications in the ordinary course of dealing shall not be considered changes with in the meaning of this Section.
- b. Buyer's engineering and technical personnel are not authorized to change any provision of this Order. No change will be binding on Buyer unless contained in a writing signed by Buyer's Authorized Representative.
- c. If any change causes an increase or decrease in the cost of or the time required for performance, an equitable adjustment shall be made in price or delivery schedule or both, and the Order shall be modified in writing accordingly. Any claim by Supplier for adjustment must be submitted in writing within ten (10) days after Supplier's receipt of the change order, except that no claim for adjustment hereunder shall be allowed if it is submitted after Buyer's final payment of this Order.
- d. If the cost of property or material made obsolete or excess as a result of a change is included in Supplier's claim for adjustment, Buyer shall have the right to prescribe the disposition of such property or material.
- e. Notwithstanding any pending claims for adjustment submitted by Supplier, Supplier shall diligently proceed with the performance of this Order as directed by Buyer. Nothing herein shall be construed as relieving Supplier of its obligations to perform including, without limitation, the failure of the parties to agree upon Supplier's entitlement to, or the amount or nature of, any adjustment.

13. Compliance With Laws.

- a. Supplier shall maintain the highest level of ethical behavior to include all applicable national, state, provincial, county, municipal and other laws, ordinances, rules, moral codes, morals, morality, values, rights and wrongs, standards of behavior, dictates of conscience and regulations including, without limitation, those relating to: hazardous or toxic wastes, materials and substances; labor and employment; taxation; national security; export of technical data; and intellectual property. Supplier shall indemnify, defend and hold Buyer harmless from and against any and all losses, claims, damages and liability arising from Supplier's failure to so comply.
- b. If Supplier is suspended, debarred, or proposed for suspension or debarment from doing business with the U.S. Government, or if Supplier is listed or is proposed to be listed by the U.S. Government in any "denial orders," or is listed as a "blocked person," "specially designated national," or "specially designated terrorist" for U.S. export administration purposes, then Supplier shall notify Buyer in writing with ten (10) days after Supplier first learns of its status. If Supplier fails to so notify Buyer, then Supplier shall indemnify, defend and hold Buyer harmless against any loss or damage suffered by Buyer as a result of its issuing any contracts to Supplier after Supplier should have given such notice.

14. Delays. Supplier shall be liable for its failure or delay in making deliveries except when such failure or delay is due to a cause beyond the reasonable control and without the fault or negligence of Supplier, provided that Supplier gives to Buyer prompt written notice when it appears that such cause will result in failure or delay in making deliveries under this Order. In the event of any such failure or delay, Buyer shall have the right, at its option and without being under any liability to Supplier, to cancel this Order in whole or part by written notice to Supplier. Correspondingly, Buyer shall be excused for failure or delay in performance herein due to any cause beyond its control, including any cause of its customers.

15. Termination for Default.

- a. Buyer may, by issuing a Notice of Termination, terminate the entire Order or any part thereof for default under any of the following circumstances:
- i. Supplier fails to deliver the Goods or to perform the Services under this Order within the time specified in this Order, or any extension of time granted by Buyer in writing.
 - ii. Supplier fails to perform any of the other provisions of this Order or fails to make progress so as to endanger performance of this Order in accordance with its terms, and Supplier does not cure or submit to Buyer a plan to cure such failure to Buyer's reasonable satisfaction within ten (10) days after Supplier's receipt of notice from Buyer specifying such failure.
 - iii. Supplier either: (A) consents to the appointment of a receiver, trustee, liquidator, assignee, custodian, sequestrator, or similar official, of Supplier or of all or a substantial part of its assets; (B) admits in writing its inability to pay its debts generally as they come due; or (C) makes a general assignment for the benefit of its creditors.
 - iv. Supplier files a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in any bankruptcy or insolvency case or an answer admitting the material allegations of a petition filed against Supplier in any such case, or an order for relief is entered against Supplier in any such case, or Supplier seeks relief by voluntary petition, answer or consent, under the provisions of any other now existing or future bankruptcy or other similar law providing for the reorganization or winding-up of the corporation, or providing for an agreement, composition, extension or adjustment with its creditors.
 - v. An order, judgment or decree is entered in any proceeding by any court appointing, without the consent of Supplier, a receiver, trustee, liquidator, assignee, sequestrator, or similar official, of Supplier or of all or any substantial part of its assets, or sequestering all or any substantial part of its assets, and any such order, judgment or decree of appointment or sequestration is not dismissed, stayed or vacated within ten (10) days after the date of entry thereof.
 - vi. A petition against Supplier in any bankruptcy or insolvency case in effect is filed and is not withdrawn or dismissed within ten (10) days thereafter.
- b. If Buyer entirely or partially terminates this Order under this Section, then Buyer may procure, upon such terms and in such manner as Buyer may deem appropriate, goods or services similar to those so terminated, and Supplier shall be liable to Buyer for any and all re-procurement costs for such similar goods or services, including any price for such similar goods or services that is higher than provided under this Order. Nonetheless, Supplier shall continue the performance of this Order to the extent not terminated. Supplier shall not be liable for such additional costs if either of the following apply to Supplier's failure to perform this Order:
- i. Arises from causes beyond the reasonable control and without the fault or negligence of Supplier, including, without limitation: acts of God or of the public enemy; acts of a government in its sovereign capacity; fires; floods; epidemics; quarantines; labor strikes; freight embargoes; and unusually severe weather.
 - ii. Is caused by the default of a vendor or subcontractor to Supplier, so long as such default arises solely from causes beyond the reasonable control of both the Supplier and Supplier's vendor or subcontractor, and the subcontracted goods or services were not obtainable from other sources in sufficient time to permit Supplier to meet the required delivery schedule.

No cause shall constitute a basis for excusable delay unless Supplier has notified Buyer in writing of the existence of such cause within ten (10) days from the beginning thereof.

- c. If Buyer entirely or partially terminates this Order under this Section, then Buyer, in addition to any other rights of Buyer, may require Supplier to transfer title and deliver to Buyer in the manner and to the extent directed by Buyer any completed Goods and any partially completed Goods and materials, parts, components, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter collectively “**Contract Materials**”) as Supplier has specifically produced or specifically acquired for the performance of such part of this Order as has been terminated. In any event, Supplier shall protect and preserve property in the possession of Supplier in which Buyer has an interest.
- d. Payment for completed Goods delivered or rendered to and accepted by Buyer, and for the protection and preservation of property, shall be in an amount agreed upon by Supplier and Buyer. Buyer may withhold from amounts otherwise due Supplier for such completed Goods or Contract Materials such sums as Buyer determines to be necessary to protect Buyer against loss because of outstanding liens or claims.
- e. If, after Buyer issues a Notice of Termination under this Section, it is determined that Supplier was not in default, or that the default was excusable, the rights and obligations of the parties shall be the same as if the Notice of Termination had been issued pursuant to the Section hereof entitled “Termination for Convenience.”

16. Termination for Convenience.

- a. The performance of work under this Order may be terminated, in whole or in part, by Buyer for its convenience. Termination of work shall be effected by delivery to Supplier of a Notice of Termination specifying the extent to which performance of work under the Order is terminated, and the date upon which such termination becomes effective.
- b. After Supplier’s receipt of a Notice of Termination and, except as otherwise directed by Buyer, Supplier shall take all of the following actions:
 - i. Stop work under the Order on the date and to the extent specified in the Notice of Termination.
 - ii. Place no further orders or suborders for materials, services, or facilities except as may be necessary for completion of such portions of the work under the Order as are not terminated.
 - iii. Terminate all orders and suborders to the extent that they relate to the performance of any work terminated by the Notice of Termination.
 - iv. Assign to Buyer, in the manner, and to the extent directed by Buyer, all of Supplier’s right, title and interest under any orders, suborders or subcontracts so terminated.
 - v. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts subject to Buyer’s approval or ratification to the extent Buyer may require, which approval or ratification shall be final for all the purposes of this Section.
 - vi. Transfer title and deliver in the manner, to the extent, and at the times directed by Buyer: (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced as a part of, or acquired in connection with the performance of, the work terminated by the Notice of Termination, and (ii) the completed or partially completed plans, drawings, information, and other property which, if the Order had not been terminated, Supplier would have been required to furnish to Buyer.
 - vii. Use its best efforts to sell in the manner, to the extent, at the time, and at the price or prices directed or authorized by Buyer, any property of the types referred to above; provided however, that: (i) Supplier shall not be required to extend credit to any purchaser; (ii) Supplier may acquire any such property under the conditions prescribed by and at a price or prices approved by Buyer; and (iii) the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by Buyer to Supplier under this Order or otherwise shall be credited to the price or cost of the work covered by this Order or paid in such other manner as Buyer may direct.

- viii. Complete performance of such part of the work as was not terminated by the Notice of Termination.
- ix. Take such action as may be necessary or as Buyer may direct for protection and preservation of the property related to this Order which is in the possession of Supplier and in which Buyer or Buyer's customer has or may acquire an interest.
- c. After Supplier's receipt of a Notice of Termination, Supplier shall submit to Buyer its termination claim promptly, but not later than three (3) months from the effective date of termination, unless one or more extensions in writing are granted by Buyer. Settlement proposals for Supplier's termination claim must be in detail and accompanied by full and complete supporting documentation Buyer may require.
- d. Upon failure of Supplier to submit its termination claim within the time allowed, Buyer may, at its sole discretion, make payment to Supplier an amount determined by Buyer and based on the information available to it, to compensate Supplier in respect to the termination; however, if Buyer determines that the facts justify such action, it may receive and act upon any such termination claim at any time after the three (3) month period or any extension thereof. If Buyer has made a determination under this Section, Buyer shall pay the Supplier the amount so determined. Such determination shall be final and no claim for additional amounts shall be asserted.
- e. Subject to the provisions hereof, Supplier and Buyer may agree upon the whole or any part of the amount or amounts to be paid to Supplier by reason of the total or partial termination of work pursuant to this Section. Such agreed-upon amount or amounts: (i) may include a reasonable allowance for profit on work done; and (ii) shall not, exclusive of settlement costs, exceed the total Order price as reduced by the amount of payments otherwise made and as further reduced by the Order price of work not terminated.
- f. If Supplier and Buyer cannot agree as provided above upon the whole amount to be paid to Supplier by reason of the termination of work pursuant to this Section, Buyer shall pay to Supplier the amounts determined by Buyer as follows, but without duplication of any amounts agreed upon in accordance with this Section:
 - i. For completed Goods or Services accepted by Buyer (or sold or acquired as provided above) and not theretofore paid for, forthwith a sum equivalent to the aggregate price for such Goods or Services computed in accordance with the price or prices specified in the Order, appropriately adjusted for any saving of freight or other charges.
 - ii. The total of the cost of such work, including initial costs and preparatory expenses allocable thereto, exclusive of any costs attributable to Goods or Services paid or to be paid for above.
 - iii. The cost of settling and paying claims arising out of the termination of work under suborders or orders as provided above, exclusive of the amounts paid or payable on account of supplies or materials delivered or services furnished by the subcontractor prior to the effective date of the Notice of Termination of work under this Order, which amount shall be included in the cost on account of which payment is made above.
 - iv. A fair and reasonable sum as profit on the above amount, except that, if it appears that Supplier would have sustained a loss on the entire Order had it been completed, then no profit shall be included or allowed under this Section and an appropriate adjustment shall be made reducing the amount of the settlement to reflect the indicated rate of loss.
- g. The total sum to be paid to Supplier shall not exceed the total Order price reduced by the amount of payments otherwise made and as further reduced by the Order price of work not terminated. Except for normal spoilage and except to the extent that Buyer has otherwise expressly assumed the risk of loss, there shall be excluded from the amounts payable to Supplier the fair value as determined by Buyer of property that is destroyed, lost, stolen or damaged so as to become undeliverable to Buyer or to a purchaser.
- h. Buyer's obligation to make any payments under this Section is subject to deductions with respect to: (i) all unliquidated advance or other payments on account theretofore made to Supplier applicable to the terminated portion of this Order; (ii) any claim that Buyer may have against Supplier in connection with

this Order or any other transaction with Supplier; and (iii) the agreed price for, or the proceeds of sale of, any materials, supplies, or other things retained by Supplier or sold, and not otherwise recovered by or credited to Buyer.

- i. If the termination of this Order is partial, Supplier may file with Buyer a claim for an equitable adjustment in the price or prices specified in the Order for the work in connection with the continued portion not terminated by the Notice of Termination. Supplier must submit its claim for equitable adjustment within forty-five (45) days after the effective date of the Notice of Termination, unless an extension is granted in writing by Buyer.

17. Stop-Work Order.

- a. Buyer may, by issuing a written order to Supplier (hereinafter, a **“Stop-Work Order”**), require Supplier to stop all or any part of the work called for by this Order for a period of 90 days after the effective date of the Stop-Work Order, and for any further period to which the parties may agree. Upon receipt of a Stop-Work Order, Supplier shall immediately comply with its terms and take all reasonable steps to minimize costs incurred allocable to the work covered by this Order during the period of work stoppage.
- b. If a Stop-Work Order is canceled or the period of the Stop-Work Order or any extension thereof expires, Supplier shall contact Buyer for further direction and shall not resume work unless directed to do so. Buyer shall make an equitable adjustment in the delivery schedule or purchase order price, or both in accordance with the “Changes” section of these Standard Terms, and this Order shall be modified in writing accordingly if: (i) the Stop-Work Order results in an increase in the time required for, or in Supplier’s cost properly allocable to, the performance of any part of this Order; and (ii) Supplier submits a claim for the adjustment under the “Changes” section of these Standard Terms.

18. Duty to Proceed. Supplier shall proceed diligently with the performance of this Order. Except as expressly authorized in writing by Buyer, no failure of Supplier and Buyer to reach an agreement provided for by the terms of this Order shall excuse Supplier from performing.

19. Partial Invalidity/Unenforceability. The invalidity or unenforceability of any covenant, term or condition of this Order, or any portion of any covenant, term or condition of this Order, shall not affect any other covenant, term or condition or portion thereof and this Order shall remain in effect as if such invalid or unenforceable covenant, term or condition (or portion thereof) were not contained herein.

20. Survival. The provisions of the sections of these Standard Terms entitled “Inspection, Acceptance and Rejection,” “Supplier’s Warranties,” “Buyer’s Remedies for Breach of Warranty or Delivery,” “Indemnification,” “Compliance With Laws,” “Cumulative Remedies,” “Intellectual Property Rights,” “Infringement Indemnity” and “Protection of Buyer’s Proprietary Information,” as well as all other provisions relating to claims that may be made by Buyer under this Order, shall survive and continue in full force and effect even after the termination or the fulfillment of this Order.

21. No Waiver. Buyer’s failure to seek or delay in seeking a remedy for any breach by Supplier, or Buyer’s failure to insist on Supplier’s strict performance, of any of the terms or conditions set forth in this Order or to exercise any right or privilege hereunder shall not thereafter be deemed a waiver for any such terms, conditions, or privileges or any other terms, conditions, or privileges whether of the same or similar type.

22. Attorneys’ Fees. If either party institutes a suit against the other in any way connected with this Order or its enforcement, the successful party to any such action shall be entitled to recover from the other party all reasonable expenses and costs of any kind or nature whatsoever incurred by the successful party in connection with said suit, as well as in any bankruptcy proceeding involving a party hereto (including, without limitation, contested matters and adversary proceedings), on appeal, and in connection with pre-judgment collections actions and post-judgment collections enforcement including, without limitation, the following expenses and costs: all attorneys’ fees, all taxable court costs, all non-attorney professional fees (including, without limitation, all fees, costs and other charges of accountants, expert witnesses and appraisers), and all non-taxable costs (including, without limitation, all photocopy, facsimile, long distance and cellular telephone, private investigation, computerized legal research, messenger, overnight courier, postage, travel and transportation, and secretarial overtime charges).

23. Applicable Law and Forum. This Order shall be governed by, construed under, and enforced in accordance with the laws of the State of Arizona, USA, without regard to conflicts of law principles, except as to any provisions hereof that are governed or governed primarily by the laws of the United States of America, in which case the

latter laws shall govern. The venue for any mediation or arbitration hearings, litigation, lawsuits, proceedings and other actions initiated by either party against the other party arising out of or related to this Order or the interpretation or enforcement hereof shall be Maricopa County, Arizona. Supplier acknowledges that Supplier and its officers, directors, shareholders, members, managers, partners, agents and employees have had substantial business and personal contacts with Buyer in Arizona. Consequently, Supplier and each of Supplier's officers, directors, shareholders, members, managers and partners hereby: (i) submits to the nonexclusive personal jurisdiction of the courts of the State of Arizona and the federal courts of the United States of America located in the State of Arizona for the purposes of any suit, proceeding or hearing brought to enforce or construe the terms of this Order or to resolve any claim, dispute or controversy arising under, as a result of, or in connection with this Order; (ii) stipulates that the exclusive venue and location of any such mediation or arbitration hearings, litigation, suits, proceedings, hearings or other actions will be Maricopa County, Arizona; and (iii) waives any rights to contest venue and jurisdiction in Maricopa County, Arizona as well as any claims that such venue and jurisdiction is invalid.

24. Cumulative Remedies. The rights and remedies herein reserved to Buyer are cumulative and in addition to any other or further rights and remedies provided in law or equity.

25. Interpretation and Order of Precedence.

- a. Any inconsistency, conflicts or ambiguity in the documents comprising this Order shall be resolved by giving precedence, in the following order, to:
 - i. Any written changes to the Order.
 - ii. Any supplements, addenda, amendments, or modifications to the Purchase Order or to these Standard Terms
 - iii. Specifications, work statements, drawings and other documents incorporated into the Order.
 - iv. Terms entered on the Purchase Order by Buyer that are specific to the Purchase Order and are not part of Buyer's "standard" or pre-printed Purchase Order terms.
 - v. Buyer's "standard" or pre-printed Purchase Order.
 - vi. These Standard Terms and Conditions of Purchase.
- b. This Order shall be interpreted in accordance with the plain English meaning of its terms. Captions, as used herein, are for convenience of reference only and shall not be construed to limit or extend the language of the provisions to which such captions refer.

26. Assignment.

- a. Buyer may assign this Order or any interest hereunder, without recourse, to any subsidiary or affiliate of Buyer or to any entity that acquires Buyer or substantially all of its assets, and Supplier hereby consents to any such assignment without further action by Buyer or Supplier.
- b. Supplier shall not assign performance of this Order, or any interest hereunder, without Buyer's prior written consent, which consent may be granted or withheld in Buyer's sole discretion. Any attempted or purported assignment by Supplier without Buyer's prior written consent shall be null and void, shall constitute a material breach of this Order, and Supplier shall remain liable to Buyer for full performance of Supplier's covenants, duties, liabilities and obligations hereunder.

27. Binding Effect; No Third Party Beneficiary. This Order shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns. This Order is for the sole benefit of Supplier and Buyer (including a permitted assignee), and no third party (including, without limitation, any of Supplier's subcontractors) is intended to be a beneficiary of or have the right to enforce this Agreement.

28. Intellectual Property Rights.

- a. **“Intellectual Property”** means all patents, copyrights, mask works, trademarks, trade secrets and other rights and information of a similar nature worldwide. However, Supplier’s Intellectual Property shall be only those patents, copyrights, mask works, trademarks, trade secrets and other rights and information of a similar nature worldwide to the extent that such rights or information are created or made possible by Supplier alone (or acting with Buyer or others) and result from the Supplier’s performance under this Order or any Goods or Services provided to Buyer. Such information includes, without limitation: designs, unique processes, drawings, prints, unique specifications, reports, data, and other technical information, regardless of form, and all unique equipment, tools, gauges, patterns, process sheets or work instructions related to such Goods or Services.
- b. Supplier hereby represents and warrants to Buyer that all materials, devices, services and other information that Supplier uses, copies or adapts in furtherance of this Order are created originally by Supplier or are licensed lawfully to Supplier.
- c. Buyer shall retain all rights in and to Buyer’s Intellectual Property. Supplier shall retain all rights in and to Supplier’s Intellectual Property.

29. Infringement Indemnity.

- a. Supplier shall not infringe on the Intellectual Property rights of others, and shall indemnify, defend and hold Buyer harmless from and against any and all liability arising from Supplier’s infringement or alleged infringement.
- b. Notwithstanding the foregoing, Buyer shall have the right, in its sole discretion, to supersede Supplier in the defense of any such alleged infringement and thereafter to assume and conduct the same according to Buyer’s sole discretion, in which event Supplier shall be released from any obligation arising from such infringement claim, suit or action under this “Infringement Indemnity” section. Supplier, if requested by Buyer, shall cooperate with Buyer in Buyer’s defense of any alleged infringement claim.

30. Protection of Buyer’s Proprietary Information.

- a. Buyer’s Proprietary Information. Buyer’s Proprietary Information shall at all times be and remain the exclusive property of Buyer. **“Buyer’s Proprietary Information”** means all information on or related to dimensions, materials and processes necessary or useful to define the configuration, design features and structural strength of any of Buyer’s products or any components and parts including, without limitation:
 - i. Designs, processes, drawings, prints, specifications, reports, data and other technical or business information, whether in a document, computer file or any other tangible form of expression.
 - ii. Dimensions, features, materials, markings and tolerances of all parts, equipment, tools, gauges or patterns, other than those which are published by Buyer in manuals, bulletins and other publications which Buyer makes generally available to industry without proprietary limitation.
 - iii. Information in any form bearing Buyer’s “Property Rights Notice” or any similar legend declaring that the information is the property of or otherwise proprietary to Buyer that Buyer provides or has provided, discloses or has disclosed to Supplier at any time in connection with this Order or prior Orders for the provision of Goods or Services of the type or kind described by this Order.
- b. Receipt and Protection of Buyer’s Proprietary Information.
 - i. Supplier shall inspect upon receipt of all information provided to Supplier by or for Buyer bearing Buyer’s Property Rights Notice or any similar restrictive legend and, before copying, using, disclosing or transferring the information, shall notify Buyer in writing of any such information Supplier believes is not Buyer’s Proprietary Information. Supplier’s failure to provide such notice shall constitute Supplier’s waiver of any subsequent claim by Supplier that such information is not required to be treated as Buyer’s Proprietary Design Information.
 - ii. Supplier shall keep Buyer’s Proprietary Information confidential, and strictly protect it against any use, disclosure or transfer not expressly permitted under this Section. Supplier shall

indemnify, defend and hold Buyer harmless from and against any and all losses, damages and liabilities arising from Supplier's failure to protect Buyer's Proprietary Information.

- c. Supplier-Developed Information. Information and ideas specifically developed by Supplier under, or in the course of performing this Purchase Order that are required for the design definition or unique production requirements of the Goods or Services required shall be owned by and may be disclosed by Buyer at Buyer's discretion, and shall be treated as Buyer's Proprietary Design Information. Such information includes, without limitation: designs, unique processes, drawings, prints, unique specifications, reports, data, and other technical information, regardless of form, and all unique equipment, tools, gauges, patterns, process sheets or work instructions related to such Goods or Services.
 - d. Use, Disclosure or Transfer of Buyer's Proprietary Information.
 - i. Buyer hereby expressly consents to Supplier's disclosure or transfer of Buyer's Proprietary Information to Supplier's subcontractors or potential subcontractors to the extent strictly necessary to respond to solicitations from or perform this Order for Buyer. Supplier shall ensure that any such transfer or disclosure is made under a written solicitation, agreement or subcontract by which the recipient of Buyer's Proprietary Information accepts and is bound by each and every obligation of this Section.
 - ii. Supplier shall use Buyer's Proprietary Information only to perform this Order or other Orders for Buyer. Supplier shall not use, and shall not disclose or transfer Buyer's Proprietary Information to any other person, firm, corporation or entity, for any other purpose whatsoever without in each instance Buyer's prior written consent in Buyer's sole discretion.
 - e. Disposition of Scrap or Surplus Goods Manufactured Using Buyer's Proprietary Information. Supplier shall not sell or dispose of as scrap or otherwise any completed or partially completed or defective Goods manufactured using Buyer's Proprietary Information without mutilating said Goods in a manner that renders it unusable for its originally intended purpose, or in any other manner approved in writing by Buyer.
 - f. Disposition of Buyer's Proprietary Information on Completion or Termination. At any time following completion or termination of this Order, Supplier shall, at Supplier's expense, make such disposition of Buyer's Proprietary Information as Buyer may direct.
31. Supplier Responsibilities As Government Contractor. Supplier recognizes that when Buyer is acting in its capacity as a government contractor, Buyer is subject to all statutes, executive orders, regulations, procedures, and rules applicable to government contractors. If, during the performance of this Order, the government determines that Buyer, as a government contractor, must amend this Order to delete or amend any existing provisions or to add any new provisions, then Supplier agrees to amend this Order to comply with such government-required deletions, amendments or additions.
32. Additional Flow Down Requirements: In addition to the requirements as stated above, Supplier shall comply with the additional flow down requirements as listed in the addendum to these Terms and Conditions. Such addendum shall enjoy the full force of these Terms and Conditions and shall form a part thereof.

Additional Terms and Conditions Addendum

1. The supplier

- a. notify the Buyer organization of any nonconforming product and gain Buyer’s approval prior to shipping same
- b. obtain Buyer organizational approval for nonconforming product disposition where Buyer purchased product is involved
- c. notify the Buyer organization of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain organization approval
- d. flow down to the supply chain the applicable requirements including any customer requirements
- e. maintain all records for a minimum of ten (10) years unless otherwise directed by the purchase order
- f. Provide the right of access by the Buyer organization, their customers and regulatory and statutory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records.
- g. AS9102 protocols shall apply to the manufacturing process. The first article shall cover the complete traceability of the part from raw material throughout the finished product. Buyer reserves the right to invoke additional FAI’s at any time via the purchase order.
- h. Maintain Lot Traceability from raw material throughout the entire manufacturing process. A “lot” by definition is a collection of individual pieces from a common source, possessing a common set of quality characteristics, produced continuously without interruption and submitted as a group for acceptance at one time.
- i. Maintain an effective calibration system. The accuracy and reliability of Tools and gauges must be maintained. Suppliers must develop and maintain a calibration system that identifies tools and equipment used in the verification of product quality. The system shall use standards traceable to N.I.S.T or equivalent and shall show date of calibration and recall date at a minimum.
- j. Maintain an effective corrective and preventive action system. At a minimum, corrective action responses must contain immediate action, root cause, root cause correction, a verification plan and a follow-up activity for closure. When requested, evidence of any action taken must be supplied to Buyer organization.
- k. Maintain a FOD (Foreign Object Debris/Damage) Program – The program must mitigate the transfer of any FOD to Buyer organization.
- l. Provide acceptance documentation/certifications to the requirements of the table below:

Category	Type Documentation	Acceptance Criteria
Raw Material	Materials Certificate	A material certificate shall only be acceptable and considered valid when issued by the original manufacturing source, i.e. (Original Mill.) to include <u>mechanicals and chemical properties</u>
Plastics	Materials Certificate	A material certificate shall only be acceptable and considered valid when it is traceable to the OEM and contains data consistent with the manufacturer’s published data.
Consumables	Certificate of Conformance	A CoC shall be sufficient with unbroken traceability back to the OEM
COTS	Certificate of Conformance	For Industry/Military standard parts or COTS items, a CoC is acceptable when it establishes unbroken traceability to the OEM. DFAR requirements are of no effect.
COTS-Mod	Material Certificate	A material certificate attesting to the physical and process characteristics as defined on the customer drawing. In such a case, the added value supplier shall be considered the OEM/OCM. DFAR requirements are of no effect.
Standard Hardware	Certificate of Conformance	A CoC as provided by the vendor. DFAR requirements are of no effect.
Standard Hardware w/MODS	Certificate of Conformance & Material Certificate	A CoC as provided by the vendor and a material certificate attesting to the physical and /or process characteristics as defined on the purchase order. DFAR requirements are of no effect.

Definition(s):

CoC (Certificate of Conformance) – a document provided by a supplier formally declaring that all buyer purchase order requirements have been met. The document may include information such as manufacturer, distributor, quantity, lot and/ or date code, inspection date and is signed by a responsible party for the supplier.

Material Certificate – a document provided by the supplier formally supporting with data, (physical and chemical as appropriate) any declaration relative to the fitness for use and compliance with the purchasing requirements.

COTS – a Federal Acquisition (FAR) term defining a non-developmental item (NDI) of supply that is both commercial and sold in substantial quantities in the commercial marketplace, and that can be procured or utilized under government contract in the same precise form as available to the general public.

COTS-w/Customer Part Number - COTS items as per the above definition with added value. Note: This part number must be defined on the Customer drawing as well as the requirements and test associated with the added value.

Standard Hardware – Standard hardware purchased from such sources as McMaster-Carr for use in revenue products.

Standard Hardware w/MODS - Standard hardware purchased per the definition above which has undergone an added-value process at a secondary vendor.

Raw Material – Crude or processed material that can be converted by manufacture, processing, or combination into new and useful product.

Consumables – Goods that are intended to be used in manufacture or processing of a product and consumed fairly quickly and then replaced. Examples: adhesives, coatings, epoxies, brazing alloys, welding alloys, soldering alloys, fluxes. Lubricants, inks, tapes, thread lock, compounds, paint, resins, primers, silicones, and sealants.

Traceability – the maintaining of traceability for all raw materials and items requiring traceability throughout the manufacturing process, inventory/storage points, and within all levels of the supply chain back to the original source, OEM or OCM.

DFARS - Defense Federal Acquisition Regulation Supplement

The Federal Acquisition Regulations System is established for the codification and of uniform policies and procedures for acquisition of all executive agencies. The Acquisition Regulations System consists of the Federal Acquisition Regulation (FAR) the primary document, and agency acquisition regulations that implement or supplement the FAR.

The DFARS are the Defense Federal Acquisition Regulations Supplement, a supplement to the FAR that provides the DOD specific acquisition regulations. The office of the Under Secretary of Defense for Acquisition Technology and Logistics maintains the Defense Procurement and Acquisition Policy. Notwithstanding the excerpts that follow, DFARS 252.225-7009 is in force in its entirety and as applicable.

[DFARS 252.225-7009](#), Restriction on Acquisition of Certain Articles Containing Specialty Metals (OCT 2014) has the following basic requirements:

Specialty metals must be melted or produced in the United States, its outlying areas, or a qualifying country. “Qualifying country” means any country listed in the definition of “Qualifying country” at [225.003](#) of the Defense Federal Acquisition Regulation Supplement (DFARS)

Exceptions: Exceptions are also listed in DFARS 252.225-7009, specifically electronic components, commercially available off-the-shelf (COTS) items restricted by the identified exceptions also contained in the referenced [DFARS 252.225-7009](#).

"Specialty Metals" means:

(a) Steel with a maximum alloy content exceeding one or more of the following limits: manganese, 1.65%, silicon, 0.60%, or copper, 0.60%, or containing more than 0.25% of any of the following elements: aluminum, chromium, cobalt, columbium, molybdenum, nickel, niobium (columbium), titanium, tungsten, or vanadium.

a) “Steel” means an iron alloy that includes between .02 and 2 percent carbon and may include other elements

(b) Metal alloys - Nickel or iron-nickel alloys that contain a total of alloying metals other than nickel and iron in excess of

10 percent; or Cobalt alloys that contain a total of alloying metals other than cobalt and iron in excess of 10 percent;

(i) "Alloy" means a metal consisting of a mixture of a basic element and one or more metallic, or non-metallic, alloying elements

(ii) For Alloys named by a single metallic element (e.g. titanium alloy), it means that the alloy contains 50 percent or more of the metal (by mass)

(iii) If two elements are specified in the name (e.g., nickel-iron alloy), those metals are the two predominate elements in the alloy, and together they constitute 50 percent or more of the alloy (by mass)

(c) Titanium and titanium alloys, or

(d) Zirconium and zirconium alloys