

Natoma Manufacturing Corporation's Supplier Terms and Conditions

PURPOSE

To define the requirements of suppliers providing purchased materials, products, and special services.

REVISION AND APPROVAL

Revision	Change	Approval	Date
"0"	Original Release – Took place of QNS-001, QSN-002, and QSN-003	Valerie Haskett	05/01/2017
1	Added sections in Supplier Quality Agreement; 6.1, 7, 8, 9, 10, 11, 12	Valerie Haskett	09/01/2017

1. GENERAL PURCHASE ORDER REQUIREMENTS

ACCEPTANCE

The Natoma Manufacturing Corporation Purchase Order is for the purchase and sale of goods and/or services described on the face of the order. Acceptance of the Purchase Order shall be limited to the terms and conditions contained herein. The Order shall be deemed accepted upon the return of the acknowledgement copy of the Order or other form of acknowledgment, or by failing to indicate rejection within 5 days of the Order date or the commencement of performance by Seller.

COMPLETE AGREEMENT

The Natoma Manufacturing Corporation Purchase Order is a complete and exclusive statement of the terms of the agreement between Seller and Buyer and supersedes all prior discussions and agreements. The price quoted includes all applicable sales, use, excise and other taxes arising in connection with the manufacture, sale and delivery of goods.

MODIFICATION

No modification of the Order (including any additional or conflicting terms in Seller's acceptance) shall be binding on Buyer unless agreed to in writing by a representative of the Buyer's purchasing department.

SHIPMENTS/DELIVERY

Shipments or delivery should be strictly in accordance with quantities, schedules and shipping instructions called out on the face of the Purchase Order. No partial shipments shall be made unless authorized by the Buyer. If at any time it appears that Seller will not meet schedule, Seller shall promptly notify Buyer and, if requested by Buyer, will ship by the most expeditious manner to minimize delay, the premium cost to be borne by Seller.

PACKING/MARKING

All items shall be packaged in accordance with Buyer's instructions or, if none are specified, in accordance with good commercial practice in a manner sufficient to ensure arrival in an undamaged condition. The Buyer will not pay any charges incurred for preparation, packing, crating, cartage, or storage unless specifically stated in the Purchase Order. All invoices, packing lists, packages, shipping notices, manuals and other documents relative to the Order shall reference Natoma Manufacturing Corporation's Purchase Order number.

LIFE-LIMITED ITEMS

Materials or articles having characteristics susceptible to degradation with age shall be identified and marked with the date critical life was initiated and the expiration date of useful life. In addition to normal marking requirements, the containers of life-limited items shall identify special storage and/or handling requirements, if any, for both opened and unopened conditions.

INVOICES/PAYMENT

A separate invoice and bill of lading shall be issued for each shipment. No invoice shall be issued prior to shipment of goods and no payments shall be due prior to receipt and acceptance of good and a correct invoice. Payment periods will be computed from the date of delivery of the items ordered and will be in terms that both Natoma Manufacturing Corporation and the Supplier agree upon. The prices appearing on Natoma Manufacturing Corporation's Purchase Order include all packaging, crating, and federal, state and local taxes, if applicable, and are firm for the delivery period shown.

RISK OF LOSS

All risk of loss shall be borne by Seller unless FOB source is noted on the face of the Purchase Order. Seller assumes all risks for (A) loss or damage until delivery to and acceptance by Buyer, (B) loss or damage on returns of excess quantities, premature deliveries or rejects, and (C) loss or damage to materials or other property furnished to Seller by Buyer and/or U.S. Government.

INSPECTION/ACCEPTANCE

Notwithstanding payment, passage of title, or prior inspection or test, all items are subject to final inspection and acceptance or rejection by Buyer at Buyer's facility. At all reasonable times, including the period of manufacture, Buyer, its customers, and/or representatives of the Federal Aviation Administration (FAA) or other cognizant aviation regulatory bodies may inspect and/or test the items to be furnished hereunder at the places where the work is being performed, including those of the Seller's suppliers, and Seller shall provide, without additional charge, reasonable facilities and assistance for safe and convenient inspection and test. Seller will work with any Seller's supplier to allow Buyer and representative of the FAA or other cognizant aviation regulatory bodies to inspect Seller supplier's facility. Buyer may inspect 100% or a sample of all items or any lot of items at Buyer's option, and Buyer shall have the right to reject all or any portion of the items or lot of items if any such inspection reveals them to be, in Buyer's sole opinion, defective or nonconforming. Seller shall provide and maintain a test and inspection system acceptable to Buyer and its customers, if required. Records of all inspection work by Seller shall be kept complete and available to Buyer during the performance hereof and for seven (7) years after final payment by Buyer or for such longer periods as may be specified elsewhere herein.

DEFECTIVE WORK

Buyer reserves the right to inspect lots of parts delivered under the Order on a sample inspection plan basis. Rejection of the sample shall be cause for rejection of the entire lot delivered and any lots so rejected may be returned to the Seller for re-inspection, reprocessing or replacement as directed by Buyer and Seller, all at Seller's expense, within 30 days after receipt of the material/product. If Seller fails to proceed promptly to replace or correct them, Buyer may replace or correct such material. Instead of re-inspection, reprocessing or replacement of the parts, Seller may credit Buyer for the price of the parts.

WARRANTIES

- A. Seller warrants to Buyer, its successors, and customers that for a period of twelve (12) months after delivery of items or completion of services, that all items furnished to Buyer will be free from defects in material and workmanship, will conform to applicable drawings, designs, specifications, and samples, will meet all functional and performance requirements and, to the extent the order calls for services to be performed, that such services will meet all of the requirements of this order and will be performed to the highest standards of workmanship in the industry (all of which are hereinafter collectively call "conforming products and/or services").
- B. In the event conforming products and/or services are not furnished, within twenty (20) days after the nonconforming product is returned to Seller or notice to Seller of a nonconforming service is received, Seller shall, at its option, repair or replace such nonconforming products, correct such nonconforming services, and/or credit Buyer for the purchased price of such product. The failure of Seller to repair or replace and redeliver such nonconforming products and/or to correct such nonconforming services within such twenty (20) day period shall entitle Buyer, at its election and in addition to any other rights or remedies it may have at law or in equity, to have such nonconforming products repaired or replaced or such nonconforming services corrected at Seller's expense. In addition to the costs of repairing or replacing such nonconforming products and/or correcting such nonconforming services, Seller agrees that, notwithstanding the provisions of any warranties, expressed or otherwise, shall reimburse Buyer for labor and material cost, including overhead and general administrative expense reasonably incurred by Buyer.
- C. The warranty period shall be suspended upon notice that nonconforming items have been furnished until they have been repaired or replaced and redelivered to Buyer postage or freight prepaid, or in the case of nonconforming services, have been corrected. The un-expired portion of the warranty shall be applicable to the repaired, replaced, or corrected conforming products and/or services.

CHANGES IN MATERIALS/SERVICES

Seller agrees not to make any changes that affect the order without prior written approval of Buyer. Seller agrees that material or finished parts and/or services furnished hereunder shall be controlled and tested in accordance with, and will meet all specified order requirements, and that applicable records are on file subject to examination by Buyer. Seller shall not use surplus, used, remanufactured or reconditioned materials as to impair the usefulness or safety thereof, unless otherwise specifically stated on the face of the order. Notwithstanding the foregoing, Buyer acknowledges that Seller's, who are distributors only and not manufacturers can only provide such notices of product, process, and material changes as provided to Seller from the manufacturer.

TOOLING AND METHODS

All materials, tools, jigs, fixtures, specifications, methods, processes and other property, owned or paid for by the Buyer, shall be the property of Buyer, subject to removal at any time without cost or expense to the Buyer. All such shall be identified and marked as Buyer's property, used only for Buyer's order and covered by adequate liability, damage and fire insurance for the fair and reasonable value. Seller shall assume full liability for and maintain and repair the same and return the same to Buyer in good condition, reasonable wear and tear excepted.

SUBCONTRACTING

Seller shall obtain written approval for all Purchase Orders prior to any assignment or subcontracting of materials and/or services involving all or substantially all of the work required herein. Notwithstanding anything to the contrary herein, Buyer acknowledges that Seller's, who are distributors only and, as such, Buyer agrees that Seller's may utilize suppliers and subcontractors in order to provide the materials and/or services for the Buyer.

DEFECTIVE PRICES

Seller represents that the prices charged are not in excess of the prices currently charged to others for the same item(s) for like or similar quantities, and are otherwise in accordance with all applicable price laws, orders and regulations. If any price is in excess of such, Seller agrees to reduce the price by the amount of such excess.

TERMINATION FOR CAUSE

- A. Buyer may terminate the Purchase Order in whole or in part if acts of God, war, threats of war, civil disorder, government acts or restrictions, labor difficulties, shortages of transportation, fuel energy, labor or materials, cancellations or terminations of any of Buyer's sales contracts or any other causes beyond the reasonable control of Buyer to make receipt or use of the ordered goods impracticable after 30 days have passed. If so terminated, Buyer has the option to either (1) accept goods in transit and those received, but not previously accepted, or (2) reject such goods and return them to seller. Except for non-cancelable, non-returnable (NCNR) goods, Buyer shall have no liability to Seller for goods so rejected or for goods in process or materials on order in the time of such termination.

- B. If bankruptcy, insolvency, dissolution, receivership, or equivalent proceedings be instituted by or against Seller, or upon Seller's making any assignment for the benefit of creditors or entering into any arrangement or upon Seller's becoming insolvent, Buyer shall have the right to terminate the Purchase Order in accordance with subparagraph (A) of this paragraph.
- C. Except for NCNR goods, Buyer may terminate the order, in whole or in part without further obligations or liabilities in the event of Seller's failure to deliver or ship goods on schedule or any other failure to comply with the terms of this agreement. Buyer, may at its option, purchase the same equivalent goods from another supplier.
- D. The Seller may terminate the Purchase Order in whole or in part if the Buyer does not make its payments according to the Invoices/Payments Section herein.
- E. The Seller may terminate the Purchase Order in whole or in part if the Buyer does not respond to Seller's inquiries about the Purchase Order within 30 days of such inquiries.

TERMINATION FOR CONVENIENCE

Except for the payment of NCNR goods, Buyer reserves the right to terminate the agreement in whole or in part at any time for the convenience of Buyer, by so notifying the Seller in writing. In the event of such termination, Buyer will give Seller instructions with respect to delivery of goods (in process, purchased, or committed) and Seller shall be compensated therefore based on Seller's actual direct out-of-pocket costs, less amounts realized by Seller from the later sale of such items not purchased by Buyer.

PATENT INDEMNITY

Seller shall indemnify and defend Buyer, Buyer's customer, and any subsequent Seller or user of the goods against all claims and proceedings alleging infringement of any U.S. or foreign patent by any goods delivered under this order, and Seller shall hold them harmless from any resulting liabilities, losses and expenses (including reasonable attorneys' fees), provided Seller is reasonably notified of such claim and proceedings. Seller's obligation shall not apply to goods manufactured or processed in accordance with detailed designs, furnished by Buyer, nor to any infringement arising from the use or sale of goods in combination with items not delivered by Seller if such infringement would not have occurred from the use or sale of such goods solely for the purpose for which they were designed or sold to Buyer. Notwithstanding the foregoing; Buyer acknowledges that Seller's, who are only distributors, do not own or license intellectual property (IP) rights in the design, composition or manufacture of the goods purchased hereunder and same are not transferable by Seller to Buyer nor can Seller provide any IP indemnification.

INDEMNIFICATION

Seller shall indemnify and defend and hold Buyer harmless from all suits, claims (including attorneys' fees), losses (direct and consequential including loss of profit), and liability as a result of any injury to or death of any person or damage to any property caused by the gross negligence or willful misconduct of the Seller or its personnel in performance of this Purchase Order. All other indemnities are specifically disclaimed.

ASSIGNMENT

No assignment of rights or delegation of duties under the order shall be binding upon Buyer without its written consent.

CONFIDENTIAL DISCLOSURE

Both Parties shall keep confidential all proprietary information that is marked as confidential or proprietary including, but not limited to, statements of work sketches, designs, processes, drawings, specifications, reports, data, and other technical or business information and the features of all parts, equipment, tools, gauges, patterns and other items furnished or disclosed to the receiving Party by the disclosing Party. Both Parties shall use such information and items and the features thereof only in the performance of the order, including the Seller's ability to share Confidential Information with its suppliers and subcontractors. Upon request after completion, cancellation or termination of the order, the receiving Party shall, at its expense, dispose of all such documentation and items as directed by disclosing Party. In all subcontracts for performance of work related to the order, Seller shall include provisions that provide Buyer the same protection as provided by this paragraph.

CHANGES

Buyer may at any time, by written order, make changes within the general scope of the Purchase Order. If any change causes an increase or decrease in the cost of time required in the performance of the order, an equitable adjustment shall be made in the price or delivery schedule, or both. Any claim by Seller for adjustment under this paragraph shall be submitted within thirty (30) days of the date of receipt by Seller of Buyer's written order, Buyer shall have the right to examine any of the Seller's pertinent books and records for the purpose of verifying Seller's claim at reasonable times. Nothing in this paragraph shall excuse Seller from proceeding with the order as changed, including failure of the parties to agree upon any adjustment to be made.

NON-WAIVER

Failure of either Party to enforce any provision of this document (1. General Purchase Order Requirements), or failure of either Party to perform any provision of this Order shall not constitute a waiver of the provision unless consented to by the Party waiving the provision in writing.

RIGHTS AND REMEDIES

The rights and remedies of the Parties set forth herein. The failure or delay by either Party to exercise any rights or remedies under this Order shall not operate as a general waiver thereof.

APPLICABLE LAW

The construction, interpretation and performance hereof and all transactions hereunder shall be governed by the law of the state of Kansas, excluding any such laws which may direct the application of the laws of another jurisdiction. Jurisdiction and venue shall be proper only in a state or federal district court of Kansas.

COMPLIANCE WITH LAWS

Seller shall comply with all applicable U.S. federal, state and local laws, Executive Orders, rules and regulations during performance of this Order, including but not limited to, the Occupational Safety and Health Act of 1970 as amended ("OSHA"); Toxic Substances Control Act as amended ("TSCA"); the Fair Labor Standards Act of 1938 as amended ("FLSA"); the Clean Air Act as amended; the International Traffic in Arms Regulations ("ITAR") as amended; the Anti-Kickback Act of 1986 as amended; and the Executive Order 13224 of September 23, 2001 as amended, Blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism. Seller agrees to include these requirements to lower-tier sub-contractors and/or suppliers.

ACQUISITION REGULATIONS

When a Government Contract is designated on the face of a Natoma Manufacturing Corporation Purchase Order, all applicable Defense Federal Acquisition Regulations (DFAR) and Federal Acquisition Regulations (FAR) shall apply. In the event of any conflict between the DFAR/FAR clauses and the remaining Purchase Order terms and conditions, the federal regulations shall apply.

LIMITATION OF LIABILITY

Notwithstanding anything to the contrary contained herein, in no event shall either Party be liable under this Purchase Order to the other or any third party under any statute or under any legal or equitable theory, for consequential, special, indirect, incidental, punitive or exemplary losses, damages or expenses, or for lost profits, lost business, lost goodwill or for lost opportunities, regardless of whether the Party has been advised of the possibility of such damages.

2. SUPPLIER QUALITY AGREEMENT

Supplier Responsibility

Supplier acceptance of a purchase order from Natoma Manufacturing Corporation referencing this procedure indicates an understanding of the defined requirements.

Requirements

1. Any requirement for Natoma Manufacturing Corporation approval or qualification of product, material, manufacturing process or equipment to be used is specifically identified by the Natoma Manufacturing Corporation purchase order or engineering drawing when applicable.
2. Any requirement for using only Natoma Manufacturing Corporation or Natoma Manufacturing's customer approved special process sources is specifically identified by the Natoma Manufacturing purchase order when applicable.
3. Any requirement for certification documents for materials, products or processes is identified by this agreement under 3. Supplier Certification Requirements.
4. Any requirement for the qualification of personnel is specifically identified by the Natoma Manufacturing Corporation purchase order when applicable.
5. Any specific requirement of the supplier's quality management system is identified by the Natoma Manufacturing Corporation purchase order when applicable.
6. Any requirement for design, test, examination, inspection or related instructions for acceptance by Natoma Manufacturing Corporation are identified by the Natoma Manufacturing Corporation purchase order or customer's engineered drawing when applicable.
 - 6.1. Processing suppliers must 100% visually inspect product and Natoma requires a Zero Acceptance Based Sampling Plan, C=0 with AQL of 1.0 of all processed materials.
7. Natoma reserves the right to request certification to verify material by way of an independent laboratory test site. Mixed heat lots of material are NOT acceptable.
8. Packaging materials shall not have a harmful effect on items shipped with the purchase order. Unless otherwise specified, packaging shall be performed to completely protect the materials being shipped from damage or deterioration and protect against part-on-part impingement. When packaging products, Supplier should use the original packaging materials that product was sent in or equivalent; product should not be able to move in boxes to reduce shipping damage occurrences.
9. All items on order shall be fabricated, processed, protected, and finished in such a manner as to be uniform in quality and appearance and be free of defects that will affect fit, form and function, life, safety, or serviceability. The overall appearance shall have a consistent finish and be free of blemishes (scratches, nicks, or other damage). Products submitted to Natoma must be provided clean and free of contaminants and manufacturing materials.
10. Supplier intentions to provide materials or products to Natoma Manufacturing Corporation which have been identified as nonconforming must be approved by Natoma Manufacturing Corporation and that approval documented prior to shipment. Only the Natoma Manufacturing Corporation's Top Management team is authorized for this approval.
 - 10.1. In the event of non-conforming product that is identified at the Supplier, and the Supplier deems re-work is needed; the Supplier shall be permitted to proceed with the rework provided that the rework process is the same as the original process and that the rework will not affect the form, fit, function, life, safety, or serviceability.
 - 10.2. In the event Natoma's receiving inspection identifies a non-conformance, the Supplier will be notified of the discrepancy. The Supplier will be given options prior to Natoma reworking or scrapping the product. The options listed are intended to offset the rework/scrap cost that Natoma currently absorbs.
 - 10.2.1. A representative from Natoma will make contact with the Supplier discussing reject and return.
 - 10.2.1.1. Supplier to rework / replace the parts as quick as possible, free of cost.
 - 10.2.1.1.1. If parts that have been reworked for a 2nd time and are found non-conforming a \$100 processing fee will be charged on top of the cost's specified in lines 10.2.1.2 and 10.2.1.3
 - 10.2.1.2. Natoma to sort and rework parts with a cost of \$50 per hour that will be charged to the Supplier.
 - 10.2.1.3. Natoma to sort and scrap parts found to be non-conforming with a cost of \$50 per hour plus scrap cost will be charged to the Supplier.

- 10.2.2. In the event quality related issues continue, Supplier Corrective Action Request (SCAR) will be issued. Supplier is required to follow number 12 below.
11. Any changes to a supplier controlled product or defined process, which could impact the form, fit or function requires approval by Natoma Manufacturing Corporation prior to incorporation of the change.
- 11.1. Notwithstanding the foregoing, Natoma Manufacturing Corporation acknowledges that Supplier's, whom are distributors only and not manufacturers can only provide such notices of product, process, and material changes as provided to Supplier from the manufacturer.
12. Supplier shall define, implement, and maintain a Corrective and Preventative Action process (CAPA). This process should include a disciplined approach to determining the root cause of problems, and developing, implementing, and verifying the solutions needed to resolve them. Natoma may initiate a Supplier Corrective Action Request (SCAR) whenever nonconforming product is identified after receipt of shipment.
- 12.1. The Supplier's Corrective Action shall include the following steps:
- 12.1.1. Determining the cause(s) of nonconformity
- 12.1.2. Evaluate the need for action to ensure the nonconformity doesn't recur
- 12.1.3. Determine the action needed to prevent recurrence
- 12.1.4. Implement the action needed to prevent recurrence
- 12.1.5. Review the effectiveness of the corrective action
- 12.2. The Supplier shall report the results of the Corrective Action to Natoma within 20 working days of initiation. The SCAR completion date shall not exceed 8 weeks from the initiation date unless an extension is granted from Natoma Quality Management Representative.
- 12.3. The Supplier shall keep records of these activities and make them available to Natoma upon request. All CAPA support documentation must be received by Natoma before the CAPA is considered closed. Examples of support documentation include: Training records, procedure revisions, etc.
13. Suppliers are required to notify Natoma Manufacturing Corporation of any significant organizational or facility changes such as company name, location or senior management.
14. Suppliers are required to provide the right of access to all applicable records to Natoma Manufacturing Corporation's customers, regulatory authorities, and designees.
15. Suppliers are required to flow down to sub-tier suppliers the applicable requirements of Natoma Manufacturing Corporation's purchasing documents, including key characteristics where required.
16. All Supplier are required to send a copy of their W-9, Natoma Manufacturing Corporation's Supplier Survey and any applicable certifications, and if applicable, Natoma Manufacturing Corporation's Nondisclosure Agreement, before any payment can be made.
17. Hardware suppliers are required to provide a system for the prevention of counterfeit components and the evaluation, confirmation, and disposition of received counterfeit components.
- 17.1. The supplier shall have an established process for the prevention of Counterfeit Components/Parts from being sold to Buyer as follow:
- 17.1.1. The supplier shall provide counterfeit component/parts awareness training to its personnel. The supplier may develop their training program based on counterfeit awareness & detection information available online.
- 17.1.2. The supplier shall flow down requirements to their suppliers to reduce the risk of receiving suspect/counterfeit parts.
- 17.1.3. If suspect of counterfeit components/parts are identified/received the process shall address the containment, evaluation, disposition, and disposal of the components/parts.
- 17.1.4. Any identification of suspect or counterfeit production components or parts shall be reported to the Buyer, when the Buyer has received components/parts from the supplier that is from the lot of suspect components/parts
18. Suppliers, if specified on purchase order, must ensure that Foreign Objects and subsequent Foreign Object Damage (FOD) is eliminated from all parts prior to shipment. All suppliers must maintain a FOD free environment during all processing operations. Suppliers must ensure all parts are clean and FOD free prior to shipment. Suppliers are required to maintain a FOD prevention program, which includes prevention and elimination of FOD from processing operations. Supplier shall ensure that the responsibility for the FOD prevention program is clearly defined and appropriate personnel have received FOD awareness training.
- 18.1. Specific attention should be given, where applicable, to items such as:
- 18.1.1. Housekeeping and cleanliness
- 18.1.2. Food and beverage control

- 18.1.3. Tool and small part accountability
- 18.1.4. Loose Objects
- 18.1.5. Material handling and parts protection
- 18.1.6. External cleaning following evidence of external contamination

19. Suppliers, if specified on purchase order, must ensure that they have an export control program in place. If an order specifies ECI/OUO information, the use, disposition, export and re-export of this property is *Export Controlled* under the Arms Export Control Act; or the Export Administration Act of 1979; or the Atomic Energy Act of 1954, as amended. The property is subject to export control laws, regulations, and directives.

19.1. The following instructions are provided to assist in proper handling.

19.1.1. ITAR/Export Controlled Information/Official Use Only or ITAR/ECI/OUO is marked on of the first page of the document and/or on each page of the document containing ECI/OUO information. Additionally, the purchase order will contain an export control statement, advising the supplier when an article, technical data, software is export controlled.

19.1.2. Suppliers shall have a written procedure that describes controls for ensuring that only U.S. persons are allowed access to ECI/OUO information and items. At a minimum, the written procedure shall address: Access Control, Storage, Electronic Transmission, and Destruction polices as noted below.

19.1.2.1. Access Control:

19.1.2.1.1. How the Supplier prohibits foreign person's access to Natoma Manufacturing Corporation, and their customers, provided export controlled product and information. The Supplier shall maintain documentation to validate that adequate operational procedures and physical security measures are in place to protect export controlled information and items from inadvertent release or disclosure to foreign nationals or other unauthorized third parties.

19.1.2.1.1.1. ECI/OUO information and items shall be maintained in a secured area to prevent inadvertent release or disclosure to foreign person.

19.1.2.1.1.2. Access to export controlled documents and items are restricted from foreign persons access, including supplier's foreign persons employees, consultants, visitors, and or subcontractors. The Supplier shall ONLY allow U.S. persons deemed to have a business need, to have access to export controlled items and/or documents, and only U.S. persons will be allowed to perform any work on behalf of Natoma Manufacturing Corporation. Precautions are taken to prevent unauthorized individuals from overhearing the conversation, observing a material item, or otherwise obtaining the information. Foreign persons, who are permanent resident aliens (green card) and deemed to have a business need, are authorized to access export controlled documents and/or items.

19.1.2.1.1.2.1. Foreign persons (non U.S. persons), including employees, consultants, visitors, and/or sub-contractors, shall be restricted from having access to ECI/OUO information and items through any means (this includes overhearing conversations, observing material or information, or otherwise obtaining access in any way).

19.1.2.2. Storage:

19.1.2.2.1. Storage of export controlled information must be in a locked receptacle such as a file cabinet, desk drawer, overhead furniture credenza system, or similar locked compartment. The information can also be stored in a room or area that has sufficient physical access control measures (guard, cipher lock, card reader, etc.) to afford adequate protection and prevent unauthorized access.

19.1.2.3. Transmission:

19.1.2.3.1. The Supplier is responsible for flowing down ECI/OUO requirements to their suppliers used to support the Buyer's product requirements.

19.1.2.3.2. Transmission of export controlled information will be in a single opaque envelope or container and sufficiently sealed to prevent inadvertent opening and to show evidence of tampering.

19.1.2.3.3. Electronic transmission (fax or email) of export controlled information requires the use of encryption or other secure approved methods of transmission.

19.1.2.3.4. Servers shall be hosted in the United States and maintained by U.S. persons. Supplier shall maintain adequate controls in its information technology system to protect against unauthorized access, disclosure, and transfer of export controlled technical data and software. To process export controlled information on a computer, the system must prevent access from foreign persons. This includes, but not limited to, foreign person employees who are not permanent residents and foreign owned parent or subsidiary offices. If the Supplier has a network breach that affected Natoma Manufacturing Corporation data, the supplier shall contact Natoma Manufacturing Corporation of such an incident.

19.1.2.4. Destruction:

19.1.2.4.1. Destruction of export controlled information, including documents and electronic storage media, when no longer needed, may be accomplished by shredding into strips no wider than 1/4 inch,

burning, pulping, or pulverizing beyond recognition or reconstruction. After destruction, material may be disposed of with normal waste. Export controlled items (products) must be rendered useless and destroyed. Supplier shall not sell, or otherwise transfer any product provided to a foreign person(s) in either its original or changed form.

- 19.1.3. The property may not be exported, resold, diverted, transferred, transshipped, made available to a foreign national within the United States, or otherwise disposed of in any other country outside of its intended destination, either in the original form or after being incorporated through an intermediate process into other data, without prior written approval.

If the Supplier intends to use, disposition, export, re-export, or release the data to Foreign Persons, the Supplier shall assume the responsibility for obtaining an export license or other approval from the applicable U.S. Government Agency. The Supplier must first obtain written approval from Natoma Manufacturing Corporation prior to submitting any request for authority to export any such technical data. These clauses are applicable to and shall flow down to all appropriate subcontractors.

20. Supplier shall comply with the Aerospace Industries Association of America (AIA) *Global Principals of Ethics in Aerospace and Defense Industry*, available for review here: <http://asd-europe.org/business-ethics>

3. SUPPLIER CERTIFICATION REQUIREMENTS

Supplier Responsibility

Supplier acceptance of a purchase order from Natoma Manufacturing Corporation referencing this procedure indicates their understanding that it is the supplier's responsibility to provide certification documentation as required herein. All certification documentation must be written in the English language.

Receiving Inspection Responsibility

Natoma Manufacturing Corporation receiving personnel verify receipt of certifications as required by purchase orders.

Note: Material acceptance and/or payment may be withheld pending receipt of required certification.

Purchasing Responsibility

Natoma Manufacturing Corporation purchasing personnel ensure this specification is referenced on purchase orders.

Use

This specification is intended for use by suppliers of production materials and purchased special processes. The following sections list relevant identifying certification requirements.

Section 1 Raw Materials

Steel purchased in soft condition which will be heat treated during processing requires a chemical Certificate of Conformance (C of C). Steel purchased in a hardened condition that will not be heat treated (including stainless steels) requires both a chemical certificate of conformance and physical test reports. This applies whether the material is purchased in bar stock, tubing, sheet, casting, or forging form. Aluminum purchased in raw form requires physical test reports. A general C of C may be provided for raw form aluminum in lieu of a chemical C of C. Aluminum castings require both physical test reports and chemical certification. Materials such as copper, brass, bronze, etc. require a general certificate of conformance statement. All materials must be DFARS compliant.

Section 2 Special Processes

Specific C of C's shall be provided for all special processes performed on production material. If the purchase order or drawing lists a specific controlling specification for the process, that specification shall be referenced in the C of C. If no controlling specification is referenced, the C of C shall indicate the general parameters of the process performed. All special process C of C's shall reference a specific purchase order, part number, and quantity.

Section 3 Subcontract Machining/Special Process

When subcontract machining of product requires that a supplier purchase raw materials or special processes, the subcontract supplier shall be responsible for requiring and obtaining raw material and special process certifications as outlined in Section 1 and 2 of this document. These certifications must be retained for a minimum period of 7 years and be available for audit by Natoma Manufacturing Corporation personnel upon request. In addition, the supplier shall provide a general C of C referencing all purchase order requirements and quantities shipped. Supplier shall work with any subcontract supplier to allow Natoma Manufacturing Corporation access to audit the subcontract supplier's facility.

Note: Certification must accompany all shipments of material to Natoma Manufacturing Corporation. Certifications submitted with the first shipment of material on a purchase order do not cover subsequent shipments).

Section 4 Calibration

Supplier shall control the Calibration of all Measuring and Test Equipment (M&TE) to certified measurement standards traceable to National Bureau of Standards (NIST). The calibration program shall conform to specification ANSI/ISO/IEC 17025, General Requirements for the Competence of Testing and Calibration Laboratories.

Calibration must be done according to manufacturer's recommendation or referenced specification's. The C of C statement for calibration services shall reference the appropriate procedures, processes and equipment and indicate the results as acceptable or unacceptable.