

# Natoma Manufacturing, LLC'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
2	Revised for Changes to Section 2	Valerie Haskett	11/15/2022

## 1. GENERAL PURCHASE ORDER REQUIREMENTS

### ACCEPTANCE

The Natoma Manufacturing, LLC 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, LLC 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, LLC'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, LLC and the Supplier agree upon. The prices appearing on Natoma Manufacturing, LLC'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 or defense 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 or defense 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 distributor 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 distributor 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, LLC 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, LLC referencing this procedure indicates an understanding of the defined requirements.

### **Requirements**

1. All Supplier are required to send a copy of their W-9, Natoma Manufacturing, LLC's Supplier Survey and any applicable certifications, and if applicable, other requested documentation.
2. Supplier's quality program must demonstrate recognition of Natoma Manufacturing, LLC's requirements in order to assure conformance of product requirements.
  - 2.1. All work performed under Natoma Manufacturing, LLC purchase orders will be performed within the scope of the Supplier's quality program. Natoma Manufacturing, LLC reserves the right to conduct final inspection and/or testing of the Supplier's product to assure conformance with the requirements.
  - 2.2. Supplier must have an established process for reviewing Natoma Manufacturing, LLC's purchase order requirements, including the requirements of any relevant technical data, specifications, drawings process requirements, or work instructions included or referenced by Natoma, to ensure that they are understood and communicated to appropriate departments within the organization as appropriate.
    - 2.2.1. Process should also include communication with Natoma Manufacturing, LLC on ability to provide or supply the product or service requested by the purchase order and relevant technical data.
3. 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 Manufacturing, LLC must be provided clean and free of contaminants and manufacturing materials.
4. Supplier must ensure that items (Natoma owned products, supplier owned products, documents, equipment, material, etc.) are identified and controlled to ensure proper use and maintained to prevent damage, loss or deterioration due to handling, ageing, or environmental deterioration.
  - 4.1. Markings, authorized stamps, tags, labels, routing cards, physical location, or other suitable means must identify the status of items from the initial receipt and fabrication of items up to and including use
    - 4.1.1. Part markings must be transferred when subdividing a lot, batch, etc. of a part or material.
  - 4.2. Items must be traceable to the applicable specification and grade of the material; heat, lot, batch, part, or serial number; or specified inspection, test, or other records
  - 4.3. Maintenance or replacement of markings and identification records must be provided to protect against damage from handling or ageing, as well as protection of identification on items subject to excessive deterioration due to environmental exposure.
  - 4.4. Status of inspection and test activities must be identified either on the items or in documents traceable to the items where it is necessary to ensure that required inspections and tests are performed.
  - 4.5. Items which have not passed the required inspections and tests must not be installed, used, or shipped without identifying as nonconforming (See Section 15 below) to Natoma.
5. Personnel must be trained and/or qualified to be capable and competent when performing assigned work. Qualification is based on a combination of factors including education, training, skills, and experience.
6. The supplier must notify Natoma Manufacturing, LLC promptly, in writing, of all changes that may affect fit, form, function, availability or reliability of the product prior to shipment. (Examples include: marking, packaging or packaging method, test requirements, or test method, design, material, process, and/or software).
7. Supplier qualification and initial approval of product or services occurs through an initial evaluation of the supplier and a review of products or services rendered. Suppliers gain approved status upon completion of the survey and successful receipt or review of products or services.
  - 7.1. This initial approval also approves the methods, processes and equipment utilized by the supplier to complete the product or service requested on Natoma's purchase order.
  - 7.2. Re-approval will be at Natoma Manufacturing, LLC's discretion, normally at five year intervals. Re-approval process will be based on Supplier's quality certification status.

- 7.3. Natoma Manufacturing, LLC will monitor and review the Supplier's performance. Poor performance on quality or on-time delivery, supplier change of ownership, supplier relocation, or significant changes to the supplier's quality program may result in re-approval sooner than the five year requirement or in disapproval.
    - 7.3.1. Supplier must notify Natoma of any changes to their quality system or processes that could affect conformity of the product or service for approval prior to shipment of product or completion of service.
8. Natoma Manufacturing, LLC or its customer's reserve the right to perform quality system audits, quality assurance surveys, and verification inspections at Supplier locations to evaluate the degree of compliance with this document, Natoma Manufacturing, LLC's purchase order, Natoma Manufacturing, LLC's customer requirements, or other specifications/standards. This includes access to a Sub-Supplier's facility, instructions, procedures, specifications, and records as deemed necessary to conduct such audits, surveys, or inspections. The results must not relieve the Supplier of the responsibility to supply conforming product.
  - 8.1. Disapproval of the Supplier's quality program may be cause for withholding Natoma Manufacturing, LLC's acceptance of product or continuing work with Supplier.
    - 8.1.1. Cause(s) of disapproval must be resolved, with proof of corrective action, prior to continuing work.
    - 8.1.2. Note: Natoma Manufacturing, LLC will coordinate visits and establish dates that are mutually satisfactory to all parties.
9. Suppliers have no authority to define the configuration of any of Natoma Manufacturing, LLC product; however, suppliers are responsible for maintaining the configuration as defined by Natoma.
10. Where special requirements, key characteristics, and/or critical items are identified or deemed appropriate, the processes will be planned and controlled to manage these aspects.
11. Suppliers must perform inspections and/or tests to validate Natoma Manufacturing LLC's purchase order and associated drawing and specification requirements are met as applicable to the product, service, or material provided.
  - 11.1. Inspection and testing of specified items, services, and processes must be conducted under controlled conditions using established acceptance criteria.
  - 11.2. Sampling plans prescribe random sampling and afford a sound statistical basis to ensure product quality.
  - 11.3. Inspection and test results must be documented.
  - 11.4. Equipment used for inspections and tests must be calibrated and maintained.
  - 11.5. Qualified persons, other than those who perform or directly supervise the work being inspected or tested, must perform acceptance inspections and test verifying the product conformance to Natoma Manufacturing, LLC's requirements.
12. Processing suppliers must 100% visually inspect product and Natoma Manufacturing, LLC requires a Zero Acceptance Based Sampling Plan, C=0 with AQL of 1.0 of all processed materials.
13. Suppliers must integrate quality into management and work practices such that Natoma Manufacturing, LLC requirements are met.
  - 13.1. If Natoma Manufacturing, LLC requires the Supplier to implement or maintain an accredited quality management system in order to supply product, services, or processes, this will be determined during the initial supplier approval review and status confirmed during re-evaluation.
  - 13.2. Supplier must notify Natoma Manufacturing, LLC of significant changes to their QMS.
14. Any requirement for using only Natoma Manufacturing, LLC or Natoma Manufacturing, LLC's customer approved special process sources is specifically identified by the Natoma Manufacturing, LLC purchase order when applicable.
15. Supplier intentions to provide materials or products to Natoma Manufacturing, LLC which have been identified as nonconforming must be approved by Natoma Manufacturing, LLC and that approval documented prior to shipment. Only the Natoma Manufacturing, LLC's Top Management team is authorized for this approval.
  - 15.1. In the event of that Natoma owned product is identified as non-conforming or out-of-tolerance 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.
    - 15.1.1. All other dispositions require Natoma Manufacturing, LLC's approval.
    - 15.1.2. If the rework will require a stripping process, Natoma approval must be obtained before stripping.
    - 15.1.3. Reworked items must be reexamined in accordance with the original acceptance criteria.
  - 15.2. Identified nonconforming items must be identified by legible marking, tagging, or other methods on the item or on the container or on the packaging of the item when shipped to Natoma. Marking must be durable and not detrimental to the material.

- 15.3. Nonconforming item must be segregated, when practical, by placing them in clearly identified container or packaging when shipped to Natoma. When segregation is impractical or impossible due to physical conditions such as size, weight, access, or other limitations, other precautions must be employed to preclude inadvertent use of the nonconforming item.
- 15.4. In the event Natoma Manufacturing, LLC's receiving inspection identifies a non-conformance, the Supplier will be notified of the discrepancy. The Supplier will be given options prior to Natoma Manufacturing, LLC reworking or scrapping the product. The options listed are intended to offset the rework/scrap cost that Natoma Manufacturing, LLC currently absorbs.
  - 15.4.1. A representative from Natoma Manufacturing, LLC will make contact with the Supplier discussing reject and return.
    - 15.4.1.1. Supplier to rework / replace the parts as quick as possible, free of cost.
      - 15.4.1.1.1. If parts that have been reworked for a 2<sup>nd</sup> 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
    - 15.4.1.2. Natoma Manufacturing, LLC to sort and rework parts with a cost of \$50 per hour that will be charged to the Supplier.
    - 15.4.1.3. Natoma Manufacturing, LLC 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.
  - 15.4.2. In the event quality related issues continue, Supplier Corrective Action Request (SCAR) will be issued. Supplier is required to follow number 12 below.
  16. Material and Hardware suppliers are required to provide a system for the prevention of counterfeit components/parts from being sold to Natoma Manufacturing, LLC as follows:
    - 16.1. The supplier shall provide counterfeit component/parts/material awareness training to its personnel. The supplier may develop their training program based on counterfeit awareness & detection information available online.
    - 16.2. The supplier shall flow down requirements to their suppliers to reduce the risk of receiving suspect/counterfeit parts.
    - 16.3. If suspect of counterfeit components/parts/material are identified/received the process shall address the containment, evaluation, disposition, and disposal such that they cannot reenter the supply chain.
    - 16.4. Any receipt of suspect or counterfeit components or parts shall be reported to Natoma, when Natoma has received components/parts/material from the supplier that is from the lot of suspect components/parts/material.
  17. Any changes to a supplier-controlled product, process or service, which could impact the form, fit or function requires approval by Natoma Manufacturing, LLC prior to incorporation of the change.
    - 17.1. Suppliers are required to notify Natoma Manufacturing, LLC of any significant organizational or facility changes such as company name, location or senior management.
    - 17.2. These changes also include changes to the Supplier's external providers.
    - 17.3. Notwithstanding the foregoing, Natoma Manufacturing, LLC 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.
  18. Suppliers are required to flow down to sub-tier suppliers the applicable requirements of Natoma Manufacturing, LLC's purchasing documents, including key characteristics where required.
    - 18.1. Natoma Manufacturing, LLC will flow down to suppliers all applicable requirements, including any of Natoma Manufacturing, LLC's customer requirements.
  19. Any requirement for the need to provide test specimens for design or process approval, inspection/verification, investigation, or auditing is specifically identified by the Natoma Manufacturing, LLC purchase order when applicable.
    - 19.1. Controls must be established for materials or items designated for test specimens to ensure specified requirements are met and to prevent inadvertent use or shipment.
    - 19.2. Natoma Manufacturing, LLC 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.
  20. The supplier must prepare and submit a signed certificate of conformance, test data, and any other documentation as required by this agreement under 3. Supplier Certification Requirements or specifically identified by the Natoma Manufacturing, LLC purchase order when applicable. Product certification must be supported by quality evidence.
    - 20.1. Supplier must retain records of manufacture, processing, inspection and tests for purchased or manufactured products. Records must provide objective evidence of quality control operations performed and the results obtained.
    - 20.2. Records must be maintained for a minimum of three years after shipment of product to Natoma Manufacturing, LLC.
    - 20.3. Documents and records must be destroyed when no longer needed, as appropriate for the industry.
  21. Suppliers will grant the right of access to all applicable records and areas of the facility, to Natoma Manufacturing, LLC, Natoma Manufacturing LLC's customers, regulatory authorities, and designees.

- 21.1. This right of access is applicable to all levels of the supply chain.
22. 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.
23. 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 Manufacturing, LLC may initiate a Supplier Corrective Action Request (SCAR) whenever nonconforming product is identified after receipt of shipment.
  - 23.1. The Supplier's Corrective Action shall include the following steps:
    - 23.1.1. Determining the cause(s)
    - 23.1.2. Evaluate the need for action to ensure the nonconformity doesn't recur
    - 23.1.3. Determine the action needed to prevent recurrence
    - 23.1.4. Implement the action needed to prevent recurrence
    - 23.1.5. Review the effectiveness of the corrective action
  - 23.2. The Supplier shall report the results of the Corrective Action to Natoma Manufacturing, LLC 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 Manufacturing, LLC Quality Management Representative.
  - 23.3. The Supplier shall keep records of these activities and make them available to Natoma Manufacturing, LLC upon request. All CAPA support documentation must be received by Natoma Manufacturing, LLC before the CAPA is considered closed. Examples of support documentation include: Training records, procedure revisions, etc.
24. 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.
25. Suppliers, if specified on purchase order, are subject to Export Controls in accordance with the Arms Export Control Act of 1979, or the Export Administration Act of 1979, or the Atomic Energy Act of 1954 As such, suppliers must have a written procedure that describes controls for ensuring that only U.S. persons are allowed access to ECI (Export Controlled Information) / OOU (Official Use Only) information and items. At a minimum, the written procedure must address: Access Control, Storage, Electronic Transmission, and Destruction policies, as noted below.
  - 25.1. The following instructions are provided to assist in proper handling.
    - 25.1.1. ITAR (International Traffic in Arms Regulations) / ECO (Export Controlled Information) / OOU (Official Use Only) is marked on the first page of the document and/or on each page of the document containing ITAR/ECI/OOU information. Additionally, the purchase order will contain an export control statement, advising the supplier when an article, technical data, software is export controlled.
      - 25.1.1.1. Access Control:
        - 25.1.1.1.1. ECI/OOU information and items shall be maintained in a secured area to prevent inadvertent release or disclosure to foreign person.
        - 25.1.1.1.2. Foreign persons (non U.S. persons), including employees, consultants, visitors, and/or subcontractors, shall be restricted from having access to ECI/OOU information and items through any means (this includes overhearing conversations, observing material or information, or otherwise obtaining access in any way).
      - 25.1.1.2. Storage:
        - 25.1.1.2.1. ECI/OOU information and material must be stored in a secured area to restrict access from foreign persons.
      - 25.1.1.3. Transmission:
        - 25.1.1.3.1. The Supplier is responsible for flowing down ECI/OOU requirements to their suppliers used to support the Buyer's product requirements.
        - 25.1.1.3.2. Physical transmission of ECI/OOU information will be in a single opaque envelope or container and sufficiently sealed to prevent inadvertent opening and to show evidence of tampering.
        - 25.1.1.3.3. ECI/OOU information must be sent through a secure method when transmitting electronically (i.e. encryption, password protection, or secure FTP site).
      - 25.1.1.4. Destruction:
        - 25.1.1.4.1. ECI/OOU articles/information must be destroyed when no longer needed as appropriate for their industry as follows:

- 25.1.1.4.1.1. Manufacturers: documents, electronic media, models, and materials (including scrap and in-process scrap) must be destroyed when no longer needed.
  - 25.1.1.4.1.2. Service Providers – documents, electronic media, models, and materials (including scrap and in-process scrap) must be destroyed when no longer needed.
  - 25.1.1.4.1.3. Distributors – documents and electronic media must be destroyed when no longer needed.
  - 25.1.1.4.1.4. Laboratories - documents, electronic media, and test samples (less returned to Buyer) must be destroyed when no longer needed.
    - 25.1.1.4.1.4.1. Note: Destruction must make said items unrecognizable and must subsequently be disposed using normal waste processing.
    - 25.1.1.4.1.4.2. ECI: Export Controlled Information – Documents contain technical data whose export is restricted by the Arms Export Control Act, or the Export Administration Act of 1979 or the Atomic Energy Act of 1954. Violations of these export laws are subject to severe criminal penalties.
    - 25.1.1.4.1.4.3. OOU: Official Use Only – Document may be exempt from public release under the freedom of information act.
26. Supplier shall ensure that personnel are made aware of:
- 26.1. The contribution of each individual to product or service conformity.
  - 26.2. The contribution to product safety, as applicable.
    - 26.2.1. Supplier must communicate the importance of product or service conformity and how that can relate to end use product safety.
    - 26.2.2. Supplier must report nonconformities and if these nonconformities will affect product safety, Supplier must work with Natoma Manufacturing, LLC to resolve the issue.
  - 26.3. 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 AND REQUIRED REPORTS**

#### **Supplier Responsibility**

Supplier acceptance of a purchase order from Natoma Manufacturing, LLC referencing this procedure indicates their understanding that it is the supplier's responsibility to provide certification documentation as required herein.

Supplier understands that all certification documentation must be written in the English language.

A certificate of conformance is required for products, materials, and hardware in support of Natoma Manufacturing, LLC's purchase order. The Certificate of Conformance (COC) must conform with the following requirements:

Must identify the purchased material, part, equipment, or process

Must identify the associated procurement document(s)

Must state the specific procurement requirements met by the purchased material, part, equipment, or process

Be signed or otherwise authenticated by a person who is responsible for this function as described in the Supplier's Quality Management System

#### **Receiving Inspection Responsibility**

Natoma Manufacturing, LLC receiving personnel verify receipt of certifications as required by procedures.

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

#### **Purchasing Responsibility**

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

#### **Use**

This specification is intended for use by suppliers of production materials, parts, components, tooling and purchase of services including special processes, calibration, subcontract machining etc. 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 COC. 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 COC may be provided for raw form aluminum in lieu of a chemical COC. 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**

COC's shall be provided for all special processes performed on supplied product. COC's shall explicitly state the process/service performed. If the purchase order or drawing lists a specific controlling specification for the process, that specification shall be referenced in the COC. If no controlling specification is referenced, the COC shall indicate the general parameters of the process performed.

All special process COC's shall reference Natoma Manufacturing LLC's purchase order, supplied part number, and quantity processed, and the applicable supplier lot/job/batch number.

#### **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, LLC personnel upon request. In addition, the supplier shall provide a general COC referencing all purchase order requirements and quantities shipped. Supplier shall work with any subcontract supplier to allow Natoma Manufacturing, LLC access to audit the subcontract supplier's facility.

**Note:** Certification must accompany all shipments of material to Natoma Manufacturing, LLC. 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 COC statement for calibration services shall reference the appropriate procedures, processes and equipment and indicate the results as acceptable or unacceptable.

## **Section 5 Hardware, Tooling, & Equipment**

For COTS or Public Domain items only, methods used to accept an item or service include a COC, Certificate of Analysis (COA), Certified Material Test Report (CMTR) or other methods (source verification, receiving inspection, testing at the source, testing by the supplier, or a combination of these methods) agreed to by the Supplier and Natoma Manufacturing, LLC. Additionally, when a COC, COA, or CMTR is used as the method of acceptance, the document must contain a certification statement, but a signature is not required if the documents does not indicate or imply a signature is required.

When a C of C, COA, or CMTR is provided, the document must contain a certification statement.

COTS (Commercial-Off-The-Shelf): Parts that are available in the market place for any customer to buy and whose design is controlled by the manufacturer. MIL-STD parts are an exception since they are controlled by a government agency.

I certify that I understand and have read the above Supplier Terms and Conditions.

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_