

SUPPLIER PURCHASE ORDER (PO) TERMS & CONDITIONS

1. ACCEPTANCE

- 1.1. The Purchase Order supersedes all prior offers and agreements concerning the subject matter and constitutes the entire agreement between the parties. The External Provider's acknowledgment or commencement of performance shall constitute External Provider's unqualified acceptance of this Contract. Additional differing terms or conditions proposed by External Provider or included in External Provider's acknowledgement have no effect unless accepted in writing by D&R Machine Company, hereinafter referred to as D&R.
- 1.2. It is the External Provider's responsibility to validate the latest revision of D&R Terms and Conditions at time of PO receipt.
- 1.3. External Provider is responsible for meeting all Engineering and Purchase Order requirements. Should there be a conflict between Purchase Order and Engineering requirements, the External Provider will contact D&R for written guidance prior to proceeding.

2. DELIVERY

- 2.1. Time is of the essence in External Provider's performance of its obligations. External Provider shall immediately notify D&R if External Provider's timely performance under the Purchase Order is delayed or is likely to be delayed. D&R's acceptance of External Provider's notice shall not constitute a waiver of any External Provider obligations.

3. SHIPPING & HANDLING

- 3.1. In the absence of any specific PO requirements, External Provider shall preserve, package, and handle products so as to protect product from loss or damage.
- 3.2. If External Provider receives damaged product or product in inadequate packaging, External Provider must notify D&R immediately.
- 3.3. External Provider must follow shipping instructions provided on D&R PO. D&R is not liable for rejected shipping charges if External Provider does not follow PO instructions.
- 3.4. External Provider accepts that payments of unauthorized shipping costs are the responsibility of the External Provider.

4. FURNISHED PROPERTY

- 4.1. D&R may provide to External Provider property owned by either D&R or its Customer. Unless previously authorized in writing by D&R, Furnished Property shall be used only for the performance of this Contract. External Provider shall promptly notify D&R of any loss or damage to Furnished Property while in External Provider's care, custody, or control.

5. CERTIFICATION REQUIREMENTS



- 5.1. For **PROCESS** PO's requiring certifications. The certification must include, at a minimum, the following items:
- 5.1.1. Part# and Revision
 - 5.1.2. Required specification including Revision (Type, Class, Grade, etc.)
 - 5.1.3. Quantity processed (quantity acceptable / rejected if required)
 - 5.1.4. Date processed
 - 5.1.5. Signature and printed name of authorized person attesting to the certification.
 - 5.1.6. Certification on company letterhead / stationary.
 - 5.1.7. D&R purchase order number.
- 5.2. For **RAW MATERIAL** PO's requiring certifications. The certification must include, at a minimum, the following items:
- 5.2.1. Material type (e.g. 1018, 4130, 6061, etc), including condition (annealed, C4, D4, etc.)
 - 5.2.2. Required specifications with revisions listed.
 - 5.2.3. Material size.
 - 5.2.4. Material heat number / lot number.
 - 5.2.5. Country of Origin.
 - 5.2.6. Signature, printed name, and title of authorized person attesting to the results of the certification.
 - 5.2.7. Actual Chemical results when required.
 - 5.2.8. Actual Physical results when required.
 - 5.2.9. Grain size when required by specification.
 - 5.2.10. D&R purchase order number.
- 5.3. External Provider accepts that a PO is not considered fulfilled until all required certifications are provided and that they meet the requirements as defined by the PO.

6. MAINTENANCE OF RECORDS

- 6.1. Unless otherwise specified, External Provider shall maintain complete and accurate processing records in accordance with good commercial practices for a minimum of ten (10) years from final payment of this Contract. Audit rights shall be available to D&R on all performance related reports and other records.

7. APPROVALS

- 7.1. Upon receipt of a PO, External Provider shall validate that their relevant approvals are in good standing. At any time during the life of the PO, External Provider shall notify D&R if their relevant approvals have been revoked, diminished, expired, or otherwise altered. External Provider will also ensure that all sub-tier External Providers used to satisfy a D&R PO have approvals in good standing.
- 7.2. Relevant Approvals apply to the following categories:
- 7.2.1. PRIME CUSTOMER CONTROLLED PROCESSES
 - 7.2.2. QUALITY MANAGEMENT SYSTEM (QMS)
 - 7.2.3. PROCESS APPROVALS (I.e. NADCAP)
 - 7.2.4. Other relevant approvals

8. NONCONFORMING PRODUCT

- 8.1. If External Provider suspects that nonconforming material may have been inadvertently shipped, D&R must be immediately notified. If prior notice is received, arrangements may be made to manage defective material.
- 8.2. D&R's acceptance of product documents shall not relieve External Provider from complying with any requirements of this Contract.
- 8.3. D&R may reject any work or material which does not conform to the PO requirements.

9. PRODUCT/PROCESS CHANGES

- 9.1. External Provider must notify D&R of any changes in product and/or process definition and obtain D&R approval prior to processing.

10. RIGHT OF ACCESS

- 10.1. External Provider shall guarantee right of access to their facilities and applicable records to regulatory agencies, D&R customers, and D&R, at any level of the supply chain.

11. FOREIGN OBJECT DEBRIS (FOD)

- 11.1. External Provider shall maintain an active FOD program to make employees aware of what FOD is and the consequences of not removing FOD from production parts.

12. SUB-TIER FLOW DOWN

- 12.1. External Provider shall flow down to sub-tier External Providers all applicable requirements in the purchasing documents, including key characteristics where required.

13. DOCUMENT CORRECTIONS

- 13.1. Corrections to quality records must be recorded, dated and signed in ink or other permanent marking method with the original data being legible. Use of white out and correction tape is prohibited.

14. INFORMATION DISCLOSED TO EXTERNAL PROVIDER

- 14.1. External Provider shall keep confidential all information, drawings, specifications, or data either furnished by D&R or prepared by External Provider specifically in connection with the performance of this PO.
- 14.2. External Provider shall not disclose such information, drawings, specifications or data except to those of its officers, employees (including independent contractors, contract labor employees and leased employees), third party vendors or subsidiaries who have a "need-to-know" the information, drawings, specifications or data for the purposes of performance under this PO, and of this provision. This provision shall not apply to information after its entry into the public domain by means other than as a result of a breach of this provision, nor shall it limit any rights the Government may have in such information.

15. EXPORT OF TECHNICAL DATA

- 15.1. Information provided by D&R that is categorized on either (i) the United States Munitions List and, as such, is subject to the International Traffic in Arms Regulations (ITAR, 22 CFR 120-130), and/or (ii) the Commerce Control List and, as such, is subject to the Export Administration Regulations (EAR, 15 CFR 730-799).



Technical data that is controlled by the ITAR or the EAR may not be given to foreign persons (including foreign corporations) by a U.S. person unless and until the U.S. person has obtained the appropriate export license and/or approvals from the U.S. Government.

- 15.2. Accordingly, External Provider certifies that: 1) External Provider is a “U.S. Person” as defined in the ITAR to whom such technical data may be disclosed or that External Provider possesses the appropriate licenses and/or approvals from the U.S. Government to receive the D&R-furnished technical data under this PO, and further, 2) External Provider shall not transfer such technical data directly or indirectly to any third person or firm, country or countries unless in compliance with all applicable laws and regulations and having obtained specific written authorization from D&R in advance to effect such a transfer.
- 15.3. External Provider agrees that it will not permit any employee access to furnished technical data nor permit any employee to perform services under this PO unless such employee qualifies as a “U.S. person,” defined as: (i) a U.S. citizen or national; (ii) an alien lawfully admitted for permanent resident (those possessing a valid Form I-550 or “green card”); an alien admitted following a 1986 amnesty statute; (iv) an asylee or refugee as defined in 8 U.S.C. 1324b(a)(3); or (v) an alien lawfully admitted for temporary agricultural employment.
- 15.4. The acquisition of any rights in any technical data by External Provider or by a foreign person is prohibited.

16. CONFLICT MINERALS

- 16.1. External Provider certifies that all raw materials used to produce gold, tin, tantalum and tungsten (and any other minerals designated as “conflict” minerals by the US Government), used in fulfillment of purchase orders to D&R Machine Company, originate from outside the “Conflict Region” or if they originate from within the “Conflict Region”, that the mines or smelters be certified as “conflict free” by an independent third party. The aim is to ensure that only “conflict free” materials and components are used in products that we procure.

17. ENFORCEMENT

- 17.1. Failure by D&R to enforce any provision(s) of these terms shall not be construed as a waiver of the requirement(s) of such provision(s), or as a waiver of the right of D&R thereafter to enforce each and every such provision(s).

18. COUNTERFEIT PARTS

- 18.1 External Providers shall plan, implement, and control processes, as appropriate for the prevention of counterfeit or suspect counterfeit part use and their inclusion in product(s) delivered to D&R Machine.

19. COMMUNICATIONS

- 19.1 Ensure that persons are aware of: their contribution to product or service conformity; their contribution to product safety; the importance of ethical behavior.
- External Providers must be committed to the highest standards of ethics and business conduct.



- External Provider must comply with the law, honor commitments, act in good faith, and be accountable.
 - External Provider must strive to maintain full compliance with all laws and regulations applicable to the operation of the business and customer relationships. Supplier must not offer, promise, authorize, or provide, directly or indirectly, anything of value (including business gifts or courtesies) with the intent or effect of inducing anyone to engage in unfair business practices.
 - External Provider will avoid involvement in activities that may be perceived as a conflict-of-interest.
 - External Provider will respect the legitimate proprietary rights and intellectual property rights of Customers and External Providers and take proper care to protect sensitive information, including confidential, proprietary and personal information.
 - External Provider will support product safety by ensuring robust management of special requirements, critical items and key characteristics. If there are concerns with respect to product safety, External Provider will communicate them to D&R Machine. If there is a concern at the External Provider's premises with respect to safety during the manufacture of the product, External Provider will notify its own employees of the concern and whenever possible, mitigate the concern.
- 19.2 External Provider will ensure that employees and people working on its behalf are aware of:
- Their contribution to product or service conformity;
 - Their contribution to product safety;
 - The importance of ethical behavior.