



Title

# Supplemental Purchase Order Conditions

<b>Approved</b>	<b>By:</b>	Gus A. Gonzalez
<b>Approval</b>	<b>Date:</b>	09/06/2022
<b>Print</b>	<b>Date:</b>	09/06/2022
<b>Document</b>	<b>Number:</b>	Appendix E
<b>Document</b>	<b>Revision</b>	C

On Printing Hard Copy, This Document becomes **“Reference Only” 1 Day after Print Date.** Refer to On-Line System for Current Revision.

1. **QUALITY REQUIREMENTS:** The Seller & sub-contractors shall, in performance of this PO, provide & maintain Quality systems which are IAW ISO 9001 & AS 9100, if applicable.
  - 1A. The Seller & sub-contractors shall provide & maintain a sampling plan program in compliance with ASQC Z1.4.
  - 1B. The Seller & sub-contractors shall provide & maintain a calibration system.
  - 1C. The Seller sub-contractors shall provide DFAR complaint materials only, unless approved by the customer or stated on the blueprint.
2. **DRAWING CONTROL:** Seller’s drawings & applicable specifications, when approved by APCI, shall not be changed except by written approval of APCI. Articles provided which incorporate an approved change shall be identified to indicate incorporation of change.
3. **TRACEABILITY:** The Seller shall provide & maintain a system of traceability on all material, components, and parts, using a form of Lot Control or Serialization.  
. **FIRST ARTICLE (FAI):** The initial lot of details, subassemblies & assemblies in the configuration defined in this PO shall be subjected to a FAI by the Seller. Subsequent lots shall require a new FAI in the event there is a change in design, or a change in the Seller’s tooling, process methods, or material. FAI shall be verified & approved by APCI subsequent to the seller’s acceptance, if applicable & shall be notified in writing of APCI disposition.
5. **HANDLING, PRESERVATION, CLEANLINESS & PACKAGING:** Precision machined & manufactured parts on this PO shall be handled during processing & transportation within the Supplier’s facility to ensure protection to prevent nicks, dings, scratches & other handling damage.
  - 5A. Part cleanliness shall be in compliance with the specification(s) (where required) to prevent degradation of the part or material does not occur during the procurement routing & subsequent transport or storage.
6. **COUNTERFEIT PRODUCT:** Purchased part(s) or material from anyone other than the OEM, the part(s) or material shall be procured from a APCI active manufacturer distributor. Appropriate paperwork will accompany each shipment to meet Government, Customer & APCI conformance & traceability requirements upon receipt at APCI.
7. **APPROVED PROCESS SUPPLIERS:** All processes Ex: welding, heat treat, electroplating, cleaning, anodizing, chem-film, etc., shall be performed by ACTIVE vendors.
8. **REPLACEMENT/REWORK ORDER:** All replacement and/or rework items shipped to APCI under this PO shall be accompanied with a statement certifying the items have been replaced & are IAW all applicable specifications & drawings
9. **DEVIATIONS & DISCREPANCIES:** Deviating from drawing, specification, or other PO requirement must be pre-authorized by APCI & recorded.
10. **CERTIFICATION OF CONFORMANCE:** Prior to shipping to APCI against this PO, the Seller shall with each lot the following requirements have been met:
  - 10A. Conformance to all PO Quality Assurance system requirements.
  - 10B. Retention of quality records pertaining to this PO for Seven (7) years minimum. If disposing of records after the minimum retention period, dispose of expired records by means of deletion from all servers/databases (for electronic records) or shred (for physical records).
  - 10C. Conformance to specification(s) requirements, regarding chemical & physical properties of raw materials, if applicable.
  - 10D. The certification shall bear the signature & title of an authorized representative of the Seller.
  - 10E. Certified test data or true legible reproducible copy thereof, on stationary of the organization performing the testing shall be supplied to APCI with each shipment. This report shall contain all factual information necessary to demonstrate conformance to the requirements reflected on the drawing or in the PO.
  - 10F. Seller shall furnish with the initial shipment on this PO, one (1) legible reproducible copy of applicable acceptance test procedures, test results, specifications & drawings or catalogs. In addition, one (1) legible reproducible copy of applicable test schematic shall be supplied for each electrical/electronic item, if applicable.
  - 12G. A validated, legible & reproducible report will accompany each shipment to APCI against each item of this PO, if applicable. For each lot or heat lot of material supplied on this PO, Seller shall furnish a certified material test report (chemical composition) meeting the requirements & showing the description, including as applicable, the material name or designation, alloy, type, grade or condition, the producer’s (mill) name, the lot or heat number & the material specification & revision to which the material complies.
13. **TERMINATION:** Buyer may terminate this PO or any part by Fax, E-mail or written notice of default to Seller for any of the following circumstances:
  - 13A. If Seller refuses or fails to make deliveries or perform the services within the time specified or extension approved.
  - 13B. If Seller fails to comply with provisions of the PO & does not correct any such failure within a period of ten (10) days (or such period as Buyer may authorize by written notice) after receipt of notice from Buyer specifying such failure.
  - 13C. If Seller becomes insolvent, or makes a general assignment for the benefit of or relief from creditors, pursues any remedy under any law relating to benefit for or relief from debtors, or in the event a receiver is appointed for the Seller’s property & to the extent Buyer may lawfully exercise such right of termination.
  - 13D. In the event of such termination, Buyer may purchase or manufacture similar supplies or require Seller to transfer title & deliver to Buyer any & all property produced/procured by Seller under this PO. Seller shall be liable to Buyer for any excess costs to Buyer. However, the Seller shall not be liable to Buyer for such



Title

# Supplemental Purchase Order Conditions

<b>Approved</b>	<b>By:</b>	Gus A. Gonzalez
<b>Approval</b>	<b>Date:</b>	09/06/2022
<b>Print</b>	<b>Date:</b>	09/06/2022
<b>Document</b>	<b>Number:</b>	Appendix E
<b>Document</b>	<b>Revision</b>	C

On Printing Hard Copy, This Document becomes "Reference Only" 1 Day after Print Date. Refer to On-Line System for Current Revision.

excess costs when the default of Seller is due to causes beyond the control, or without fault and negligence of the Seller. Seller shall not be excused from liability unless Seller has notified Buyer in writing of existence of such cause within ten (10) days.

13E. The Buyer may terminate this PO in whole or in part, at any time for its convenience, by notice to the Seller in writing. On receipt by Seller of such notice, seller shall stop work & the placement of subcontracts there under, terminate work under subcontracts outstanding & take any necessary action to protect property in Seller's possession in which Buyer has or may acquire an interest. In such event, Buyer shall pay to Seller, without duplication.

13F. The actual costs incurred by Seller if property allocable or apportion-able under recognized commercial accounting practices to the terminated portion of this PO, including liabilities to subcontractors which are so allocable & excluding any charges for interest, material, parts which may be delivered to other PO's.

13G. The reasonable cost of settlement: the total settlement shall not exceed the PO price & provided further if it appears the Seller would have sustained a loss on the entire PO had it been completed, no profit shall be included or allowed & an appropriate adjustment shall be made reducing the amount of the settlement to reflect the indicated rate of loss. Termination claim shall be submitted to the Buyer within sixty (60) days after the effective date of termination. Buyer shall have the right to audit all elements of any termination claim & Seller shall make available to Buyer in request all books, records & papers relevant.

14. APCI SOURCE SURVEILLANCE & INSPECTION: APCI/government Inspection is can be applicable at the Sellers facility during & upon completion of manufacture. Seller shall provide all necessary inspection data, facilities & equipment.

15. RIGHT OF ENTRY: It is mandatory on this PO to allow APCI & our customer surveillance at seller's facility.

16. MERCURY FREE CERTIFICATION: Seller shall list on C of C stating something to the effect: We further certify our processes & material are free from mercury contamination.

17. CLEAN AIR ACT: If the Seller uses a product or substance during manufacturing or processing that has been determined to contain ozone depleting substances, Certification/Packing List shall contain the following statement; "WARNING: Contains or manufactured with (as applicable) (insert name of substance), a substance which harms public health & the environment by destroying ozone in the upper atmosphere."

*Warning statements for products containing or manufactured with ozone depleting chemicals (as required by the Clean Air Act of 1990, section 611, 40 C.F.R., Part 82) should not be applied directly to the parts or items. All such statements are to be included in a separate writing such as a Bill of Lading, shipment papers, or any other proper notification that complies with the listed regulation. If a product is a pure chemical or chemical compound, the warning statement shall be applied directly to the product.*

18. The obligations of Seller under this clause shall survive termination, cancellation or completion of this contract.

## Supplier Requirements

All new suppliers may be certified to ISO-9001: when applicable and determined by the organization. This in effect for those suppliers who directly supply product or services to **COMPANY**, including service, and special process suppliers, regardless of tier level.

- Distributors - Distributors shall have a quality system that conforms to specific ISO / Industry specific guidelines (AS-9120)
- Calibration Suppliers / Testing Houses (if applicable) - Calibration suppliers shall have a quality system that conforms to A2LA, ISO 17025 (Guide 25) or other country certifying body.
- Raw Material Suppliers (if applicable) - Raw material suppliers shall have a quality system that conforms to relevant industry quality standards, and airworthiness regulatory requirements, as required.
- **Certification of Conformance (CoC) or Certificate of Analysis (CoA)**

Unless otherwise specified by PO/contract, a supplier must provide adequate certification of conformance for all materials and processes specified on the purchase order or contract, for each shipment. Where available, these may be submitted electronically. Suppliers are responsible for all PO terms and conformity characteristics per the PO/contract accepted, i.e., for (direct) suppliers delivering a product which includes sub-contracted or special processes, all such processes must be indicated on the direct supplier's certificate of conformance.

This CoC shall include the part number and revision level, purchase order number, quantity of parts in the shipment, date and the release authority's must be in compliance with AAM (Authority Acceptance Media) signature, stamp or any other way of approval must be on it. Material reports shall accompany all raw material or contact material shipments. Supplier shall supply current Material Data Safety Sheet (MSDS) for raw material and compounds.

Shelf Life / Age-Sensitive materials. General Certificates

A general certification of conformance, where required, shall be used for all parts and materials, unless otherwise indicated herein. This form, or an Arcal Precision Components-approved equivalent, shall be used unless otherwise specified by contract/PO. For machined components. If the supplier also supplies the raw metallic material, a copy of the original mill certificate shall be provided.

Special Process Certificates

In addition to the general certification, where an additional special process certification is required.

The certificate of conformance shall contain at a minimum:

- Part number and revision level
- Purchase Order number
- The process(s) performed
- Lot Size / Quantity
- the process (s) performed
- The Specification number and level



Title

# Supplemental Purchase Order Conditions

Approved	By:	Gus A. Gonzalez
Approval	Date:	09/06/2022
Print	Date:	09/06/2022
Document	Number:	Appendix E
Document	Revision	C

On Printing Hard Copy, This Document becomes "Reference Only" 1 Day after Print Date. Refer to On-Line System for Current Revision.

- Sample size (optional)
- Applicable process specifications/controls
- Applicable test results
- Serial numbers where applicable to contract

If the job was processed using a NADCAP accredited process, the supplier shall include a statement indicating the job was processed per their NADCAP accreditation, and shall include their accreditation number and expiration date. Raw Material (Mill) Certificates.

Raw metallic materials (including forgings and castings), supplied shall include a copy of the original mill certificate or material test report (certification). Supplier shall submit the name of the test laboratory to the Arcal Precision Components Purchasing or Quality department for review and acceptance by APC Quality and/or Engineering personnel. Raw material mill certifications may not be altered or have any markings other than check marks from verification of physical and chemical values and/or indication of inspection acceptance. Stamps may be applied by warehouses/distributors to add incidental information such as the Arcal Precision Components purchase order, weight shipped, etc.

- Casting and forging suppliers shall also include the physical or mechanical properties with heat treat batch-lot numbers.
- When required by contract/PO, certification shall show that all materials comply with all Government requirements including country of origin and country where the material is melted.
- Use only domestic or DFAR material

## Ethical Conduct

### LABOR AND HUMAN RIGHTS

- Providing Opportunity for All
- Human Rights
  1. Freely chosen Employment All employment will be voluntary, and workers should be free to leave upon reasonable notice.
  2. Child Labor: Child labor is not to be used in any stage of manufacturing
  3. Working Hours: Work weeks are not to exceed the maximum allowable hours set by local law
  4. Wages and Benefits: Compensation paid to workers shall comply with all appropriate wage laws, including those relating to minimum wages, and legally mandated benefits
  5. Humane Treatment: There is to be no harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment
  6. Non-Discrimination: Our suppliers must be committed to a workforce free of harassment and unlawful discrimination
  7. Freedom of Association: Open communication and direct engagement between workers and management are the most effective ways to resolve workplace and compensation issues.

### HEALTH AND SAFETY

Making Workplace Safety and Security a Priority.

- ENVIRONMENTAL CONCERNS
  1. ENVIRONMENTAL PERMITS AND REPORTING: All required environmental permits (e.g. discharge monitoring) and registrations
  2. (including, but not limited to, general, air, water, and waste) are to be obtained, maintained and kept current and their operational, monitoring and reporting requirements are to be followed.
  3. HAZARDOUS SUBSTANCES: Chemical and other materials posing a hazard if released to the environment are
  4. to be identified and managed to ensure their safe handling, movement, storage, recycling or reuse and disposal
  5. WASTEWATER AND SOLID WASTE
  6. AIR EMISSIONS: Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.
  7. NO UNAUTHORIZED DISCHARGES OR DISPOSAL: Suppliers shall not directly or indirectly dispose of liquid or solid waste onto or into the ground, into any body of water or into a wastewater disposal system except in compliance with a permit or other express regulatory authorization.

### CONFLICT MINERALS COMPLIANCE

- Arcal Precision Components Inc commits to purchase materials and services in compliance with all applicable laws and fair practices with respect for Human Rights and our responsibility of holding our suppliers to the same standards. In recognition of global minerals trade financed by armed groups and the ruling under the Securities Exchange Act of 1934 Rule 13, page1, requiring SEC-reporting companies that manufacture or contract to manufacture products containing "conflict minerals" including tin, tungsten tantalum and gold. We commit to requiring our supplier to source responsible, to source from conflict free mines and verify smelters are conflict free.

### ETHICS

The **COMPANY** defines **COMPANY's** ethical standards of business conduct and provides a framework for promoting the highest standards of integrity in business practices. In considering how to act in issues of social responsibility, ethics and integrity play a key role in making good decisions.

### PRODUCT SAFETY

Arcal Precision Components Inc. manufactures precision machined parts for the aerospace industry. All the parts are to be taken or assumed to go on flight hardware. For this reason, any vendor or supplier to this company must implement extra care/caution to supply products or services worthy of the application,