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## PURCHASE ORDER (PO) TERMS AND 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. Supplier's acknowledgment or commencement of performance shall constitute Supplier's unqualified acceptance of this Contract. Additional differing terms or conditions proposed by Supplier or included in Supplier'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 Supplier's responsibility to validate the latest revision of D&R Terms and Conditions at time of PO receipt.

### 2. DELIVERY

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

### 3. SHIPPING & HANDLING

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

### 4. FURNISHED PROPERTY

- 4.1. D&R may provide to Supplier 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. Supplier shall promptly notify D&R of any loss or damage to Furnished Property while in Supplier'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. Supplier 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, Supplier shall maintain complete and accurate processing records in accordance with good commercial practices for a minimum of seven (7) 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, Supplier shall validate that their relevant approvals are in good standing. At any time during the life of the PO, Supplier shall notify D&R if their relevant approvals have been revoked, diminished, expired, or otherwise altered. Supplier will also ensure that all sub-tier Suppliers 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 Supplier 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 Supplier 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. Supplier 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. Supplier shall guarantee right of access to their facilities and applicable records to regulatory agencies, D&R customers, and D&R.

## **11. FOREIGN OBJECT DEBRIS (FOD)**

11.1. Supplier 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. Supplier shall flow down to sub-tier Suppliers 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 SUPPLIER**

14.1. Supplier shall keep confidential all information, drawings, specifications, or data either furnished by D&R or prepared by supplier specifically in connection with the performance of this PO.

14.2. Supplier 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, Supplier certifies that: 1) Supplier is a "U.S. Person" as defined in the ITAR to whom such technical data may be disclosed or that Supplier 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) Supplier 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. Supplier 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 Supplier or by a foreign person is prohibited.

#### **16. ENFORCEMENT**

16.1. 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).