

C&M Machine Holding Inc.

BY ACCEPTANCE OF ORDER, SELLER/PROCESSOR AGREES TO BE BOUND BY THE FOLLOWING TERMS, CONDITIONS, AND INSTRUCTIONS.

QUALITY CLAUSES (QC) AND STANDARD REQUIREMENTS (SR) FOR ALL PURCHASE ORDERS

QC100 – Inspection and Acceptance

All items ordered shall be subject to final inspection at a C&M Machine Holding Inc. (C&M) designated facility. C&M or its authorized agent shall make such inspection within a reasonable time after receipt, irrespective of whether payment has been made. If at the time of inspection, any item fails to be fully satisfactory, C&M may, in addition to any other rights, reject the unsatisfactory goods and demand full credit or require that the seller/processor promptly correct or replace the unsatisfactory item at the seller/processor's expense.

QC110 – Inspection Right of Entry

C&M and our customers reserve the right to inspect any or all of the materials included in order or sub-contract. Advance notification of such a visit will be provided as required. The FAA reserves the right to enter and inspect designated FAA Repair Stations for applicable items as required. Acceptance by customer/C&M at Supplier/Processor facility does not preclude subsequent rejection at final inspection at C&M designated facility.

QC120 – Corrective Action Requests

When material is found to be discrepant, a request for Corrective Action by supplier/processor may be required. Corrective Action must be completed within time specified. The action must be effective and permanent in removing the root cause of the defect. Failure to respond, or abnormal delays, is cause for C&M to refuse to accept further shipments and/or removal from the Approved Vendors List.

QC130 – Reporting of Discrepant Material (Nonconformance Notification)

Any departure from drawings, specifications or other requirements requires notification to C&M in written form and physical identification/tag on product. Items that require disposition of "USE AS IS" or "REPAIR" requires written notification to and approval from the Quality Manager at C&M Machine Holding Inc. MRB (Material Review Board) authority is not granted to the supplier. C&M Machine Holding Inc. will coordinate disposition of nonconforming product, as appropriate, with our customer/design authority.

QC140 – Retention of Test & Inspection Data

For a period of seven (7) years after the completion of this contract the seller/processor shall keep on file, at their facility, all the test and inspection records related to material, processes, services, and parts shown on order. These records shall be available for release upon demand by C&M Machine Holding Inc. or their customers.

QC150 – Preservation, Packaging and Shipping

When a blueprint specification or order lacks these instructions, it shall be the seller/processor's responsibility to maintain adequate control of packaging to ensure the quality of the part is maintained and that damage, deterioration, substitution and loss in transit are prevented. When containers are provided, parts must be packaged in the provided containers with equal or better than cushioning and dunnage for protection. When shipping, parts shall be segregated into lots by part number, purchase order and clearly identified on the outside of the container C&M Machine Holding Inc. The purchase order number must be plainly marked on all invoices, packages, bills of lading and shipping orders. Packing lists shall accompany each shipment, showing the purchase order, description of part or material and item number. Without prior consent from C&M Machine Holding Inc., deliveries shall not be made in whole or in part prior to the date or dates shown on an order, nor shall they exceed the quantities specified in delivery schedules. Return charges for excess quantities will be at seller's expense.

QC160 – Termination

C&M Machine Holding Inc. may terminate this order in whole or in part by written notice to seller/processor. Upon receipt of such notice, seller/processor shall immediately stop work on this order or the terminated portion thereof. Thereafter, C&M shall pay the seller/processor the full price for all acceptable goods completed in compliance with the terms of Order and shall pay seller/processor an amount to be negotiated for acceptable work in process and material inventories. In the settlement negotiations, the parties shall consider manufacturing costs, salvage values, anticipated profits as related to the percentage of completion of the terminated work, and material purchases made by the seller/processor specifically for Order and before its receipt of the termination notice. To the maximum extent possible, seller/processor shall reduce its claim by promptly terminating subcontracts/orders and/or by diverting completed goods and work in process to their other work. Seller/processor shall notify C&M in writing within thirty (30) days after its receipt of the termination notice whether a termination claim is to be submitted. Seller/processor also agrees to submit its detailed claim to C&M within six (6) months from the date of its receipt of the termination notice. Upon Buyer's request, seller/processor shall deliver to C&M completed goods, work in process and property in the possession of the seller/processor.

QC170 – Contractual Communication

All communiqués, documents, and certifications must be presented and/or translated into the English language prior to C&M Machine Holding Inc. receiving and/or processing them.

QC180 – Compliance with Laws

Seller/processor agrees that the performance of any purchase order shall be subject to applicable Federal, State and Local laws, rules, regulations and ordinances.

QC190 – Calibration Requirements

All measuring equipment used in the manufacture of items on order (including gauges supplied by C&M) shall be calibrated and controlled. Calibration must be performed and certified in a manner to satisfy the requirements of C&ML-QC-45662 and/or ANSI Z540. Standards must be traceable to the National Institute of Standards and Technology (NIST).

QC200 – Quality System Approval

Supplier is required to maintain the quality system as recognized by C&M Machine Holding Inc. (AS9100, ISO9000, etc.). C&M Machine Holding Inc. (C&M) reserves the right to conduct audit at seller's facility to confirm that supplier's quality system continues to meet those requirements. As part of C&M initial and continuing supplier approval process, surveys will be distributed periodically and must be completed and returned without undue delay. Failure to return a completed survey will affect the supplier's approval rating and could affect the ability to receive future orders. Quality System changes (address/location, approvals, company name change, and change in ownership/management) require prompt notification to C&M Machine Holding Inc.

QC210 – Approved Vendors

Processes, including Special Processes or Services that are subcontracted to seller/processor's supplier or sub-tier supplier must meet requirements and specifications of order as stipulated. Contact C&M Machine Holding Inc. Purchasing for C&M and/or customer approved vendor requirements and/or approval.

QC220 – Foreign Object Damage Prevention

Supplier shall have an active FOD (Foreign Object Debris / Damage) prevention program. Product shipped to C&M Machine Holding Inc. shall be FOD (Foreign Object Debris/Damage) free.

QC230 – Revision Control

The seller/processor (and vendor's suppliers and sub-tier suppliers) shall be responsible for maintaining control of the latest revision of models, drawings, specifications, non-deliverable software and other pertinent documents specified in the purchase order and/or attachments/addendums. Vendor shall satisfy PO requirements with applicable materials, products, and/or processing to the latest specification and/or revision level in effect and comply with all obsolescent/replacement criteria when applicable.

QC240 – Product Impoundment and Financial Responsibility

If counterfeit materials and or parts are furnished under this purchase agreement, such items shall be impounded. The seller shall promptly replace such items with items acceptable to the C&M Machine Holding Inc. and the seller may be liable for all costs relating to impoundment, removal, and replacement. C&M Machine Holding Inc. may turn such items over to applicable US Governmental authorities (Office of Inspector General, Defense Criminal investigative Service, Federal Bureau of Investigation, etc.) for investigation and reserves the right to withhold payment for the items pending the results of the investigation.

QC250 – Suspect Material

Prior to submittal of potentially non-conforming product, the non-conforming product must be clearly identified, packaged or shipped separately from any other product within that shipment.

QC260 – Changes to product and/or process definitions or a change in manufacturing line, facility or location

Any changes to product and /or process definitions as well as a location change require C&M Machine Holding Inc. approval. This includes any changes to the contract requirements (PO). C&M Machine Holding Inc. must approve this in writing.

QC270 – Right of Entry

In addition to C&M Machine Holding's right of entry and access, the supplier agrees to right of entry and access for C&M Machine Holding Inc. customers, or regulatory agencies into all facilities and access to related records in the performance of this contract.

QC280 – Requirement Flow Down

Suppliers must flow down requirements and/or key characteristics in the purchasing documents to sub-tier suppliers as applicable.

QC290 – Certificate of Compliance

The Certificate of Compliance statement shall include certification to part number as stated by C&M Machine Holding Inc. purchase order and compliance with specified requirements. By acceptance of the purchase order, the supplier certifies that materials and processes supplied under the purchase order shall be or have been controlled and inspected in accordance with the purchase order and that they meet the specified order requirements, application specifications and drawings.

QC300 – ITAR Regulation

The Supplier certifies that it will advise its employees who have access to ITAR-controlled Technical Data of their obligations regarding compliance with the following:

1. The Supplier understands its responsibilities under U.S. export control laws and regulations, including ITAR, and certifies that it will not disseminate any ITAR-controlled Technical Data that would violate applicable export control laws and regulations.
2. The Supplier understands that ITAR restricts Foreign National access to ITAR-controlled technical data. The Supplier certifies that it will not allow access by any Foreign National to ITAR-controlled technical data packages without the prior written approval of the Prime Contractor. This includes Foreign National employees as well as Foreign Nationals outside the Supplier's company.

3. The Supplier certifies that it will not assign any Foreign National to perform work which requires access to ITAR-controlled Technical Data without the prior written approval of the Prime Contractor.

4. If the Supplier provides documentation or information containing ITAR-controlled Technical Data to subcontractors, it will mark such documents, emails, etc. with the following statement:

“This document contains technical data that is controlled by the International Traffic In Arms Regulations. Access to this document is restricted to U.S. citizens and lawful permanent residents (US “green card” holders).”

By accepting this data, the consignee agrees to honor the requirements of the U.S. International Traffic in Arms Regulations (ITAR).”

QC310 – Shipment Delays or discrepancies

C&M Machine Holding’s requires all purchase orders issued to be 100% on-time. Delay in shipment for any reason or part count discrepancies must be conveyed to C&M Machine Holding Inc. purchasing department in writing prior to delivery date of the purchase order. Notification of delinquency does not eliminate C&M Machine Holding Inc. on time delivery requirement. Unless C&M Machine Holding Inc. accepts the vendor delinquency notification and a revised purchase order is issued.

QC320 – Packaging & Preservation

Product shall be packaged and preserved to the extent necessary (or as noted by purchase order) to prevent physical damage during shipment. This includes protection from physical damage during handling while in your possession or in transit.

QC330 – Confidentiality

All customer information (electronic data, drawings, etc.) received in the request for quote stage or from the Purchase Order must be held in confidence by the supplier and no third party request for information will be authorized unless instructed in writing by C&M Machine Holding Inc. See QC300 ITAR Regulation Clause.

QC340 – Change in Quality Management Representative or Quality Management System

Seller shall promptly notify C&M Machine Holding Inc. of intended or actual changes in the management representative with assigned responsibility and authority for its quality management system. Furthermore, any major quality system changes must be identified to C&M Machine Holding Inc. in writing with a list of the changes and the revision level along with a signed statement that these changes do not diminish the quality system’s approval in any manner.

QC350 – Natural Disaster Occurrence

Seller shall promptly notify C&M Machine Holding Inc. of any occurrence of natural disaster that diminishes seller’s ability to deliver conforming goods or services.

QC360 – MSDS

All hazardous materials purchased, the supplier must supply C&M Machine Holding Inc. with a copy of the latest revision of the MSDS sheets at the time of shipment or purchase.

QC370 – Calibration Clause

All calibration must be traceable to the National Institute of Standards and Technology (N.I.S.T.) and the as found condition of all calibration equipment.

QC380 – Supplier Control

Suppliers, who fail to meet C&M Machine Holding Inc. expectations for three consecutive quarters, or at the discretion of C&M Machine Holding Inc. Supplier Development Team, Purchasing, and /or Quality System Coordinator, may be placed on probation. This could lead to removal from C&M Machine Holding Inc. Approved Suppliers List (ASL).

QC390 – English Language

When specifically requested by C&M Machine Holding Inc., Seller shall specifically make specified quality of data and/or approved design data available in the English language. Seller shall maintain an English language translation of (1) its quality manual, (2) the operating instructions that implement the quality requirements, and (3) an index of Seller's procedures that contain quality requirements. C&M Machine Holding Inc. may require additional documentation to be translated, including but not limited to: shop orders, technical specifications, certificates, reports, and nonconformance documents.

QC400 – Supplier Liability

Documented First Article Inspection reports shall be submitted to C&M Machine Holding Inc. Quality department prior to the beginning of production. The supplier assumes all financial responsibility for replacement, rework and material related to production/supplies, manufactured prior to First Article approval by C&M Machine Holding Inc.

QC410 – Specification Revision

All suppliers are responsible to supply materials to the latest specification(s) revision defined on the drawing or within the specification(s).

QC420 – Warranty

Seller/processor warrants that all equipment, material and services ordered by C&M Machine Holding Inc. will conform in all respects with the specifications, drawings, samples or other descriptions furnished or specified by C&M Machine Holding Inc. and will be merchantable and free from any defects in material and workmanship, and shall be fit and sufficient for the purpose for which it was designed.

SPECIAL REQUIREMENTS FOR PURCHASE ORDERS

SR100 – Notification

The items listed on order shall be re-sold.

SR110 – Sampling Inspection

If the supplier uses a sampling plan to accept product, it must be statistically valid and appropriate for its use. Sampling shall preclude the acceptance of any known defects. C&M Machine Holding Inc. reserves the right to require the supplier to provide 100% inspection of identified characteristics.

SR120 – Interpretation of Drawings

Drawings shall be interpreted in accordance with the provisions of American Standard Drafting Practices, ANSI Y14.5, Dimensioning and Tolerancing plus any special instructions submitted with Order.

SR130 – Nondisclosure of Confidential Matter

Materials/Processes purchased under an order with C&M provided specifications and/or drawings shall not be quoted for sale to others without C&M Machine Holding Inc. written authorization and consent.

SR140 – Special Tooling

If all or substantially all of the costs of special tooling used in the performance of an order have been charged to an order, or to other orders placed by C&M Machine Holding Inc., title to such special tooling shall belong to C&M Machine Holding Inc. such tooling shall be used only in the performance of such purchase orders unless otherwise approved by C&M Machine Holding Inc. The seller/processor agrees that it will follow normal industrial practice in the identification and maintenance of property control records on all such tooling, and will make records available for inspection by C&M Machine Holding Inc. upon request. After the termination or completion of such order (s) and/or upon request, the seller/processor shall make such tooling available for disposition by C&M Machine Holding Inc.

SR150 – Source Inspection

All items covered by Order are subject to inspection at the Seller's facility by a C&M Machine Holding Inc. Quality Representative prior to shipment. Evidence of acceptance by C&M Machine Holding Inc. Representative must accompany materials on shipment. Acceptance at Supplier/Processor facility does not preclude subsequent rejection at C&M Machine Holding Inc. Failure to comply will result in rejection of the material at receiving inspection. Advance notification of such visit will be provided.

SR160 – Dimensional Inspection Data Submittal

Each shipment shall be accompanied by an Inspection Report with the following information as a minimum: Part Number and Revision, Lot Quantity, Sample Size, Accept/Reject Criteria, List of Dimension inspected with actual results, and Signature of Inspector.

SR170 – First Article Inspection Required

First Article Inspection report(s) must be on file at C&M Machine Holding Inc. or must accompany your first shipment of such part(s). FAI reports shall include a list of the characteristics required by the design data and any required tolerances, the actual results and when testing is required, the results of the test. The report shall be updated to include changes to production processes, product configuration, or any other change that invalidates the previous first article inspection results. Compliance to AS9102 (Aerospace First Article Inspection Requirements) is required as applicable.

SR180 – Identification of Shelf-Life Materials

Seller/processor shall identify each item, package or container of Shelf-Life material with the Cure or Manufacture Date, Expiration Date, and special storage and handling conditions. Identification requirements shall also include, but are not limited to: Name, Part or Code Number, Specification Number, Type, Size, and Quantity. This identification shall be recorded on Certifications and Shipping documents for the material. Materials must have at least 80% of Shelf Life upon receipt at C&M Machine Holding Inc.

SR190 – Raw Material Identification

Castings, Extrusions, and Forging produced for Order shall be identified by one of the following: Heat or Melt Number and Heat Treat Number. Aluminum Bars, Sheet, and tubing shall be stenciled per material specification requirements displaying Heat, Lot or Batch Number and Temper as applicable. Steel Bars, Sheet, Plat and Tubing shall steel stamped at both ends identifying the Grade of Steel and Melt Number. Filler Metals shall be stamped or flagged with identification.

SR200 – X-Ray Reporting Requirements

When X-Rays are required, the results shall be reported on a form which identifies:

Results of X-Ray Evaluation, Name of X-Ray Reader, Date, Signature of responsible Laboratory Representative, and an adequate method of identifying and cross referencing each film exposure to specific parts being X-Rayed. Unless otherwise directed, Films and Reports shall accompany each shipment.

SR210 – Boeing Requirements

To ensure compliance to the Boeing Company Production Certificate Requirements at all levels of Design and Manufacturing Seller/Process (and Seller's Suppliers and Sub-Tier Suppliers) shall include the following statement:

“This order is placed to support manufacture of civil aircraft components under The Boeing co. Production Cert. No. 700”.

In addition, any process that requires Special Process Approval shall also note the following statement:

Special Process Approval: the seller/processor must have and present evidence of Boeing D1-4426 and/or applicable Customer approval for all special processes that require such approval prior to acceptance of C&M Orders. Seller/processor must notify C&M Purchasing department if Order is placed for which seller/processor is not currently approved prior to starting any work as defined on Order. If the Seller/processor does not maintain Customer approval for all special processes required per the Order, Seller/processor must stop all work and immediately notify C&M Purchasing department.

Additionally, seller/processor must notify C&M if they have been disqualified from the D1-4426 or other applicable Customer approval for any special process previously performed for C&M. Compliance to the provisions of this clause in no way relieves the seller/processor of the final responsibility to furnish supplies or services that are acceptable as specified herein.

Raw Material of Foreign Origin. Compliance with Approved Sources as defined by Boeing specification DMS 2201 “Procurement from Foreign Sources- Metallic Raw Materials” is a requirement of Order. Digital product definition (DPD) / Model Based Definition (MBD) compliance in accordance with D6-51991.

The supplier will flow down the requirements of this document (D6-51991) to their sub-tier suppliers and document sub-tier supplier compliance when Boeing authority datasets or dataset derivatives are used for manufacturing or product acceptance.

SR220 – Verification of Properties by Independent Company

Verification of chemical, physical and/or tensile strength, yield strength and elongation properties is required for this shipment. An independent company shall be used for this analysis. Required: One legible and reproducible copy of certification by the independent company shall identify the processes and results of the verification.

SR230 – Material Safety Data Information

OSHA Standards require Supplier/Processor to provide a Material Safety Data Sheet (MSDS) with each hazardous chemical, dangerous goods and/or material shipped.

SR240 – DPAS Requirement

This is a rated order certified for national defense use, Supplier/Processor (and Sub-Tier is required to follow all applicable provisions of the Defense Priorities and Allocations System regulation (15 CFR 700).

SR250 – Temperature Uniformity Survey Requirements

For outside source providing this service, it shall be certified to AMS 2750 (latest revision) and in accordance with C&M Machine Holding Inc.'s internal instructions for TUS.

SR260 – Domestic Specialty Metals

When required by customer purchase order, C&M Machine Holding Inc. will require all materials and products be in full compliance with Defense Federal Acquisition Regulation Supplement (DFARS) Clause 252.225-7008. RESTRICTION ON ACQUISITION OF SPECIALTY METALS.

<http://www.acq.osd.mil/dpap/dars/dfars/pdf/r20120330/252225.pdf>

SR270 – Buy America

When required by customer purchase order, C&M Machine Holding Inc. will require all materials, products, and supplies be in full compliance with Defense Federal Acquisition Regulation Supplement (DFARS) Clause 252.225-7001.

<http://www.acq.osd.mil/dpap/dars/dfars/pdf/r20120330/252225.pdf>

SR280 – Federal Acquisition Regulations (FAR) / Department of Defense Federal Acquisition Regulations (DFAR)

(A) FAR clauses are incorporated by reference and shall apply to this contract.

(B) If this contract is DPAS Rated, DFAR clauses are also incorporated by reference.

Acceptance of this order designates compliance with these regulations as applicable. Please note, if written compliance is required, it will be specifically noted on the PO. Current clauses are located at

<https://www.acquisition.gov/far/>

<http://www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html>

SR290 – Certificate of Conformance

Each shipment must be accompanied by one legible and reproducible copy of certification that contains at a minimum: Part Number and Revision, Purchase Order Number, Quantity, authorized signature, and Heat/Lot Traceability that identifies the Manufacturer of Product. Incorrect reports could result in back charges if vendor is in error.

SR300 – Test Reports

In addition to a Certificate of Conformance, each shipment must be accompanied by one legible and reproducible copy of the Chemical and Physical Test Reports, special processes and/or any other test performed are required, as applicable. The report should contain at a minimum: Part Number and Revision, Purchase Order Number, Quantity, authorized signature, and Heat/Lot Traceability that identifies the Manufacturer of Product. Incorrect reports could result in back charges if vendor is in error.

SR 310 – Flow Down to Sub-Tier Suppliers

Direct suppliers to C&M Machine Holding Inc. will flow down the requirements of these quality requirements to their sub-tier Suppliers in order to maintain the integrity of applicable documentation and/or process requirements (i.e. FAI, record retention, Certificate of Conformance, special process requirements, etc.).