

ACCEPTANCE

Unless otherwise specifically agreed to in writing, the following terms and conditions shall apply to the **SUPPLIER'S** acceptance of Purchase Order and **PADGETT MACHINE TOOLING (PMT)** acceptance of ordered items. All goods ordered shall be subject to inspection and approval at destination by Buyer or its duly authorized representative after delivery to Buyer's facility. Payment for any goods shall not be deemed acceptance thereof or waiver of any right to test or inspect such goods.

DELAY IN DELIVERY

If the **SUPPLIER** becomes aware of any circumstances that are likely to cause a delay in delivery of the ordered item(s), the **SUPPLIER** will immediately notify **PMT** in writing stating the reason for the delay and the updated delivery date. Upon receipt of this information, **PMT** reserves the right to keep or cancel the purchase order without liability or penalty. **PMT** also reserves the right to cancel a purchase order if the **SUPPLIER** cannot meet the needs of an expedited purchase order.

PERSONNEL

Personnel must have proper training for the jobs they are performing that meet the industry standards.

QUALITY

SUPPLIER shall maintain a quality management system and is acceptable and appropriate for the items supplied hereunder and shall comply with general industry standards. Items supplied shall meet the requirements of the applicable technical specifications and documentation (drawings, specifications, standards, etc.). **SUPPLIER** must be an approved vendor by **PMT's** Quality System.

CERTIFICATION AND TRACEABILITY

All items must conform to industry standard specifications and tests. A Certification of Conformance must accompany the items from **SUPPLIER'S** facility with data on file for inspection.

- a. Should such certification not accompany the shipment, items will be held in quarantine and no payment will be processed until the proper certification is received.
- b. **PMT** may request design, test, examination, inspection and related instructions for acceptance by the organization.
- c. **PMT** may require first article test specimens (e.g., production method, number, storage conditions) for inspection, investigation or auditing.

PACKAGING

Unless otherwise specified, all packing and packaging shall comply with best commercial practice. The price includes all charges for such packing, packaging, and transportation to the FCA shipping point. All items must be packed in accordance with manufacturer specifications. Unidentified shipments may be refused and returned to sender.

MATERIAL SAFETY DATA SHEET

If material is considered hazardous as defined by EPA, OSHA, DOT, or any other local, state, federal or foreign regulation, **SUPPLIER** must provide a Material Safety Data Sheet. **SUPPLIER** is responsible for providing an updated or changed Material Safety Data Sheet prior to first shipment of applicable material. If the goods includes explosives, as defined by the Bureau of Alcohol Tobacco and Firearms, U.S. Department of Treasury (see 27 CFR *et. seq.*), **SUPPLIER** must provide **PMT** with an ATF Exemption Letter prior to shipment.

NONCONFORMING PRODUCT

In a case where an item/product is found to be nonconforming after being sent to **PMT**, the **SUPPLIER** must notify **PMT** immediately of the nonconforming item/product.

RIGHT OF ENTRY

SUPPLIER hereby grants to **PMT**, its customers, and any applicable regulatory agencies, the right to enter on its premises as well as other necessary places, during normal business hours, for the purpose of inspection of **SUPPLIER'S** facilities and systems to ensure **SUPPLIER'S** compliance with the terms and requirements of order, including the quality of the contracted work, records, and materials.

IMPORT/EXPORT COMPLIANCE

SUPPLIER shall provide to **PMT** at its earliest convenience, but in no cases less than twenty-four (24) hours before shipment, the following information for all items: (1) the Harmonized Tariff Schedule code; and (2) the Country of Origin. For orders shipping from outside of the United States, **SUPPLIER** shall strictly follow all **PMT** shipping instructions and shall provide copies of the following documents to **PMT** prior to, but in no case no later than the time of shipment: (1) Commercial Shipping Invoice; (2) Packing List; (3) Airway Bill; (4) Foreign Sales Declaration, if applicable; and (5) any other document required per commodity type. If **SUPPLIER** is engaged in the United States in the business of exporting, manufacturing, brokering, or any other value added service of items controlled by the ITAR, **SUPPLIER** represents that it is registered with the Directorate of Defense Trade Controls ("DDTC"), as may be required by 22 C.F.R. 122.1 and/or 22 C.F.R. 129.3 of the ITAR and that it maintains an effective export/import compliance program in accordance with DDTC guidelines.

DEBARMENT OF SELLER

If **SUPPLIER** (or any of its subcontractors) is debarred by the U.S. Government from participating in transactions which involve the export of items (whether commercial or military), **PMT** has the immediate available option of canceling this order without liability of any kind to **SUPPLIER**. If **SUPPLIER** (or any of its subcontractors) is debarred by the U.S. Government from selling items either directly to the government or from providing items as a subcontractor in fulfillment of requirements originating with the U.S. Government, **PMT** has the immediate available option of canceling this order without liability of any kind to **SUPPLIER**. If **PMT** only becomes aware of such status of **SUPPLIER** (or any of its subcontractors) after receipt of the ordered items, **PMT** may return such items to **SUPPLIER** and **SUPPLIER** shall immediately refund all amounts paid by **PMT**, if any, for such items. It is **SUPPLIER'S** responsibility to determine if its subcontractors meet the requirements of this paragraph.

ASSIGNMENT & MODIFICATION

SUPPLIER shall not assign, sell, or subcontract this purchase order, or any part thereof, without **PMT'S** prior written consent. No modification of this order shall be binding, unless agreed to in writing by an authorized representative of **PMT**.

OUTSIDE MAINTENANCE FUNCTIONS

SUPPLIER shall meet all the requirements set forth by **PMT** to be able to perform maintenance functions for **PMT**. This includes having a **PMT**-approved quality management system etc.

CORRECTIVE ACTION

- a. **SUPPLIER** must have a system for Corrective Action.
Corrective action should be performed by an individual knowledgeable in the area or process that caused the defect. That person will conduct a failure analysis to identify the cause of the problem, propose and implement a solution.
- b. The solution should be verified to ensure the problem is solved.
- c. **SUPPLIER** shall establish, document, implement and maintain a procedure to evaluate if nonconformities are based on human factors and if additional nonconforming parts exist.
- d. **SUPPLIER** must provide a Corrective Action response within 30 calendar days. If a response is not received, a reminder call, email, or letter will be sent. If a Corrective Action is not responded to within 60 days of receipt, **PMT** reserves the right to terminate for cause any open purchase orders with **SUPPLIER**. Unusual circumstances that require additional time to resolve should be arranged in advance by the supplier through **PMT'S** Quality department.

SUPPLIER FLOW DOWN

All supplier requirements mandated by **PMT** must be flowed down to sub-tier suppliers.

SUPPLIER RECORDS

a. **Records Control**

SUPPLIER shall maintain a documented procedure, maintaining and controlling Quality records in accordance with acceptable quality system standards. Upon request, **SUPPLIER** shall be capable of retrieving and delivering required records to **PMT** within 48 hours from time of request.

b. **Records Retention**

Unless otherwise approved by **PMT** in writing, **SUPPLIER** shall maintain all records that provide objective evidence of compliance to **PMT** PO/RO requirements for a minimum of 20 years after the last delivery of products and/or services listed on PO or RO received by **PMT** Prior to discarding, transferring to another organization, or destruction of such records, the **SUPPLIER** shall notify the **PMT** quality in writing and give **PMT** the opportunity to gain possession of the records. These requirements are applicable to records generated by **SUPPLIER**'s sub-tier sources.