

## SUPPLIER TERMS AND CONDITIONS

FORM

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### Purchase order Terms & Conditions

#### 1.0 ACCEPTANCE OF PURCHASE ORDER

A Purchase order is the Buyers acceptance of the Sellers offer of material, service, or work performed. Purchase orders shall become a contract on the terms and conditions stated herein when seller accepts a purchase order by acknowledgement made by seller. No change, modifications, or revisions of a purchase order shall be valid unless in writing, signed by the buyer.

#### 2.0 SURVEILLANCE

Mod-A-Can reserves the right of access by our employees, our customers, and authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records.

When Mod-A-Can or its customers intend to perform verification at the supplier's premises, Mod-A-Can shall state the intended verification arrangements and method of product release in the purchasing information.

#### 3.0 QUALITY

The seller is cautioned to examine carefully all referenced documentation that in total describes the product or service, the quality, the records and the controls that are required in order to ensure compliance to the supplemental quality notes as stated in the purchase order.

#### 4.0 PACKAGING AND SHIPPING

All items must be suitably prepared (best way) for shipment to ensure product to be free of damage due to normal handling and to secure lowest transportation rates and comply with carrier regulations, otherwise the difference in packing, crating and carriage, as the case may be, will be charged to the seller. No charges will be paid by the buyer for packing, crating or carriage unless stated in the order. Shipments to be forwarded on one day via one route must be consolidated. Economical shipping is expected. Premium shipment requests shall be in writing or stated on purchase order.

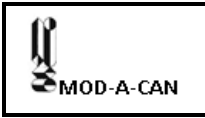
#### 5.0 DELIVERY

Deliveries shall be in accordance with the order schedule and in exact quantities unless specified. If seller's deliveries will not meet schedule, buyer may request seller to ship via routing necessary to meet schedule or recover time lost by non-delivery on schedule; the difference between revised routing and order routing costs shall be paid by the seller. Failure by seller to complete the delivery within the time specified shall, in addition to buyers other rights and remedies, relieve Buyer of obligation to accept and pay for material or work.

#### 6.0 WARRANTIES/MERCHANTABILITY

Seller warrants:

1. All items delivered under this order will be free of defects in material and workmanship, will conform to all applicable specifications and drawings and, to the extent such items are not manufactured pursuant to detailed designs furnished by the Buyer, will be free from defects in design and suitable for the intended purpose.



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2. Unless otherwise stated on the face of the Purchase Order, all items delivered under PO(s) are new, have not been previously used and are not former Government or surplus property.
3. All materials herein described and the sale thereof do not, and the use of the same for their intended purposes will not constitute infringement or contributory infringement of any patent, copyright or trademark, or violation of any trade secret; and
4. In the performance of Purchase Orders, seller has complied or will comply with all applicable Federal, State and local laws and ordinances and all lawful orders, rules and regulations there under. These warranties are in addition to and shall not be construed as restricting or limiting any warranties of Seller, expressed or operation of law. The warranties of Seller and those flowed-up to the Seller, together with its service warranties and guarantees, if any, shall run to Buyer and its customers.
5. Supplier shall provide immediate notification of nonconforming product to Mod-A-Can and obtain Mod-A-Can approval for disposition.
6. Supplier shall not ship nonconforming product without prior approval by buyer.
7. Seller must notify the Organization of changes in product and/or process, suppliers, manufacturing facility location and, when required, obtain organization approval prior to executing this Purchase Order.
8. Seller is required to flow down to sub tier suppliers applicable requirements, including customer requirements, in the purchasing documents, including ITAR requirements and key characteristics where required. Seller must also notify what process will be sub-contracted and gain approval from the buyer prior to the work being performed. Seller agrees to comply with all International Trafficking of Arms Regulation section 122 when required per the purchase order.

## 7.0 INSPECTION

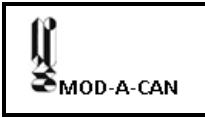
Items are subject to final inspection/acceptance by Buyer at destination, notwithstanding any prior payment or inspection at source, and such inspection shall be within a reasonable time after delivery. Acceptance of items shall not be deemed to alter obligations of Seller or the rights of Buyer and its inspection sites must be in writing with buyer's concurrence. Furthermore Seller agrees to supply the following if requested.

- a) First Article Inspection Report
- b) First Piece for verification Time and place to be predetermined to minimize down time.
- c) Evidence of a sampling plan that meets ANSI Z 1.4 or equivalent. If not, approval must be given ahead of time.
- d) Gage calibration data if requested as it pertains to the measuring device used.

## 8.0 RAW MATERIAL

Seller supplied material;

- a) Seller to supply original mill or manufacturing certifications, if applicable any secondary certifications for independent testing and or secondary processing certification as required by the



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specification ordered. Buyer reserves the right to reject the material if it does not meet the specification ordered. Complete Chemical and Physical properties must be included. The term “capable of” is not permitted unless specified by the PO.

b) Whenever possible raw material must be from one Heat Lot. In the event the Heat Lots come from separate sources the Heat lot must be easily and clearly evident in both marking and traceability. This may be in the form of part marking either on the part, if allowed by specification, blueprint, or PO conditions, or on the packaging of the product.

Buyer supplied material;

a) In the event the seller was given material by the buyer for special process, Testing, and/or manufacturing, the seller will not substitute the material provided with other material and or weld fill material unless allowed by Purchase Order.

b) Seller will not subcontract work to another facility without the consent of the buyer for any processing of the material unless it meets the conditions of the Purchase Order.

## 9.0 RECORD RETENTION

- a. Supplier shall ensure all quality records are easily retrievable and deliverable within 48 hours of requests. Retention shall be as follows;
  - a. Traceable parts or materials
    - i. 10 Years
  - b. Non traceable or non-serialized parts or materials
    - i. 10 Years
- b. Supplier shall, upon termination of their business or having been acquired by another business, have a system in place to notify MOD-A-CAN Inc. of the change in business status and offer to supply any records relevant to MOD-A-CAN Inc. purchases to either distribute all relevant records to MOD-A-CAN Inc. or to Company assuming new ownership.
- c. Records kept under new ownership must be also retrievable based on MOD-A-CAN Inc. purchase order or reference order number (ie material heat lot number)

## 10.0 CERTIFICATE OF CONFORMANCE

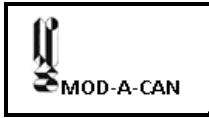
Seller shall furnish a completed Certificate of Conformance (CofC) with each shipment. If providing raw material only original mill certs will satisfy this requirement. The CofC, at minimum is to include the following.

Company (Buyer)  
PO (Buyer(s))  
Qty;  
Heat Number:  
Material Traceability number if different from heat number  
Part Number & Revision Level  
Serial/Lot Number (If Applicable)

## 11.0 NOTIFICATION OF ESCAPED DEFECTS

When a supplier identifies or becomes aware of a suspect product/service that has escaped (Delivered) from the Supplier’s facility to MOD-A-CAN, the supplier shall notify MOD-A-CAN Purchasing Agent within 48 hours. The notification shall be in writing, addressed to MOD-A-CAN, and on the Supplier’s letterhead.

Note: For escapes that affect “SAFETY OF FLIGHT” (i.e. controls) the supplier shall submit all information available IMMEDIATELY.



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**CHANGE HISTORY RECORD**

<b>Revision</b>	<b>Date</b>	<b>Description of Change</b>	<b>DCR #</b>
<b>A</b>	<b>2/19/14</b>	Initial Release	<b>60</b>
<b>B</b>	<b>3/10/14</b>	1) Section 6.0 → 5 : added "and...disposition" 2) Section 6.0 → 7 : from "process definition and..." to ", suppliers,...location" 3) Section 6.0 → 8 : added "applicable...customer"	<b>131</b>
<b>C</b>	<b>4/17/14</b>	Modified section 2.0 to meet requirements of surveillance notification per AS9100 Rev C	<b>196</b>
<b>D</b>	<b>7/14/15</b>	Added Section 11.0 Notification of Escaped Defects	<b>363</b>