

# Damar AeroSystems Purchase Order Terms and Conditions



The following document serves as general requirements for External Provider(s) and their sub-tiers. External Providers must maintain compliance to these requirements in order to receive Orders from Damar Aerosystems. Failure to comply with these requirements may result in disqualification as an approved External Provider. The External Provider is responsible for immediate communication to any conflicts. By accepting an Order, the External provider agrees to all of the following requirements unless exceptions are noted on the Purchase order/contract.

## 1.0 GENERAL REQUIREMENTS

The External provider agrees to maintain a quality and delivery system adequate to supply products and services that meet the requirements of the purchase order, applicable specifications and/or engineering drawings.

Seller further commits that any material violation of law by Seller relating to basic working conditions and human rights, including laws regarding slavery and human trafficking, applicable to Seller's performance under this Contract/ Agreement may be considered a material breach of this Contract/Agreement for which Damar may elect to cancel any open Orders between Damar and the Seller, for cause, in accordance with the provisions of this Contract/Agreement, or exercise any other right of Damar for an Event of Default under this Contract/Agreement. Seller shall include the substance of this clause, including this flow down requirement, in all subcontracts awarded by Seller for work under this Contract/Agreement.

Damar Aerosystems and Seller agree to Order price including all costs associated with the Order unless otherwise discussed with Damar Aerosystems. The payment policy is to pay the Damar Aerosystems Order price.

Electronic Orders must be acknowledged within 24 hours.

Compliance with the following requirements shall not absolve External providers of providing acceptable product, nor preclude subsequent rejection.

Purchase Order Terms and Conditions are subject to change, and will be updated as required.

### 1.1 Right of Entry:

All items on a purchase order are subject to surveillance, including facilities, equipment, personnel, product, procedures, systems and records at the External Providers facility; such surveillance may be jointly performed by a representative of Damar Aerosystems and its prime contractor, and/or the Federal Aviation Administration (or non-domestic, equivalent agency). External Providers shall grant access within 2 working days if requested, unless otherwise agreed to. Failure to accommodate may result in disqualification as an approved provider.

### 1.2 Ethical Standards:

External Providers are responsible for ensuring that persons are aware of their contribution to product safety, conformity, and the importance of ethical behavior.

### 1.3 Tax:

Items purchased under this Purchase Order/contract are for resale, and are not subject to Washington State, local sales or use taxes.

#### 1.4 Time:

TIMING OF DELIVERY AND/OR PERFORMANCE IS THE ESSENCE OF AN ORDER. Deliveries to Damar Aerosystems shall be within the window of five (5) days early – zero (0) days late of the delivery date. If delivery or completion dates cannot be met, External Providers shall inform Damar Aerosystems immediately. Such notice shall not, constitute a change to the delivery or completion terms of an Order unless Damar Aerosystems modifies this Order in writing.

If any item is not received, or if any element of the work is not completed by the delivery date, Damar Aerosystems has the option, without prior notice to the External Provider to either, approve a revised date, cancel the Order, or obtain such goods or work elsewhere. In either event, the External Provider shall be liable to Damar Aerosystems for any resulting loss.

Delays caused by Damar Aerosystems, shall allow for an extension to the Order delivery date equal to the delay Damar Aerosystems caused. External provider shall not be liable for delays in delivery or completion occasioned by strikes, lock-outs, fires, war or acts of God.

#### 1.5 Purchase Order Verification:

Damar Aerosystems will not honor change requests for orders that have been outside Damar Aerosystems facility greater than forty-eight (48) hours. This time period allows for the External Provider to verify purchase order information including: quantity variances, incorrect specifications, due date, and pricing. Notification of discrepancy MUST be communicated with the specific buyer. The intent is to ensure that our supply chain is verifying quantity and any other pertinent information upon purchase order receipt before product goes into their manufacturing process. If a discrepancy occurs during the manufacturing process, the external provider is required to notify Damar Aerosystems immediately.

#### 1.6 Calibration Service External providers:

External Providers of calibration services shall meet the requirements of ANSI/NCSL Z540.1 or equivalent standard. Calibrations performed shall be traceable to NIST or other recognized international standards.

#### 1.7 Other Service External providers:

Requirements for other services shall be defined or referenced in the Purchase Order.

## **2.0 DOCUMENTATION REQUIREMENTS**

### 2.1 Document Control:

All material, parts, and/or assemblies shall be to the latest applicable engineering, drawings, and/or specifications, unless specific revision numbers or drawing issues are shown in the text of the Order. External Providers shall keep confidential and protect from disclosure all information and property obtained from Damar Aerosystems. Unless authorized, External Providers shall use Damar Aerosystems supplied information and property only in the performance and purpose of this purchase order. Upon Damar Aerosystems request, and in the event of completion, termination or cancellation of this order, External Providers shall return all such information and property to Damar Aerosystems or make such other disposition as directed.

External Providers to Damar Aerosystems will receive specification updates as mandated by Damar Aerosystems Customer base. External Providers shall request specifications required for the manufacturing process on an as needed bases, all requests will be submitted through Damar Aerosystems Purchasing Agent. External Providers specification requirements will be added to Damar Aerosystems keep up to date records with updates communicated to Damar Aerosystems supply base upon Damar Aerosystems receipt.

### 2.1.1 Acceptance Authority Media

When acceptance authority media are used (e.g., stamps, electronic signatures, passwords), the organization shall establish controls for the media. The organization shall control the unique identification of the outputs when traceability is a requirement, and shall retain the documented information necessary to enable traceability. Provider shall, within its organization and its supply chain, ensure that the use of AAM is clearly defined within its Quality Management System (QMS). Seller shall, upon customer request, be able to demonstrate evidence of communication to its employees and to its supply chain; use of AAM must be considered as a personal warranty of compliance and conformity.

A98, T88, and U99 also were not flowed down to sub tiers.

### 2.2 Quality Records:

All quality records must be legible, stored and retained in a suitable environment to prevent damage, deterioration or loss. Quality records shall be retained a minimum of eleven (11) years, unless specified otherwise by purchase order.

#### 2.2.1 Inspection Requirements and Nonconformances:

100% inspection is required on all product submitted to Damar, unless otherwise specified. Sampling plans and procedures written to ARP9013 may be used once submitted to and approved by Damar. PO specific requirements for 100% inspection override the use of sampling inspection. Inspection of all product features is required, and acceptance or rejection shall be indicated on the applicable certification or packing slip. Upon notification of non-conformances and receipt of a request for corrective action by Damar, the Supplier must respond within ten (10) days of noted shipment to Damar, with cause, corrective, and preventive action. Individual non-conformances must be adequately identified. Supplier shall immediately notify Damar when discrepancies in the Supplier's process or product are discovered or suspected which may affect parts or assemblies that Supplier has delivered or will deliver.

#### 2.3 DPD/MBD Data Translation Product:

External Providers receiving digital data shall comply with customer requirements as listed in D6-51991, QUALITY ASSURANCE STANDARD FOR DIGITAL PRODUCT DEFINITION AT BOEING EXTERNAL PROVIDERS ([http://www.boeing.com/companyoffices/doingbiz/external\\_provider/D6-51991.pdf](http://www.boeing.com/companyoffices/doingbiz/external_provider/D6-51991.pdf)) and maintain Damar Aerosystems approval per section 4 of form 40401, External Provider Survey.

## **3.0 PRODUCTION REALIZATION**

### 3.1 Specifications and Certifications:

All material, parts, and/or assemblies ordered herein shall be to the latest applicable engineering, drawings, and/or specifications, unless specific revision numbers or drawing issues are shown in the text of the Order. External Providers do not have authority to deviate from purchase requirements, including substitutions, without written approval from Damar Aerosystems.

Damar Aerosystems requires a Certificate of Conformance. When multiple lots are included in one shipment, Seller shall clearly separate the control identity of the respective lots. The Certificate of Conformance shall include at a minimum:

- Damar Aerosystems Purchase Order and Line number.
- Part Number
- Traceability Number
- If applicable, Part Revision
- Applicable Specification and Revisions.
- Signature of a Quality Assurance Representative.

### 3.2 Time Sensitive Material:

Where time sensitive materials are used, External Providers shall not ship material with less than 80% of shelf life remaining. External Providers shall include on all certifications and/or packing slips the following:

- Type of material
- Expiration date
- Lot or batch number
- Manufacturers date

### 3.3 Packaging:

Articles shall be packed and shipped by Seller in accordance with good commercial practice and ensure that no damage shall result from handling, weather or transportation. Damage to any Articles resulting from improper packing and any consequential damages may be charged to Seller.

### 3.4 Special Requirements:

- External Providers shall practice FOD prevention methods and maintain a FOD prevention program.
- For Critical Material (e.g. Flight / Safety / Fracture, Critical Safety Items, airworthiness) requirements will be identified in order. No deviation from order is allowed.

### 3.5 Processing:

Certification is required for all special processing (e.g., heat treat, penetrant inspect, shot peen, etc.). Special processes shall only be performed by approved sources as specified in applicable purchase order / contract, drawing or specification. Functional test reports or results shall be furnished by the External Provider as required by the applicable purchase order/contract, specification or drawing.

### 3.6 Process Control:

External Providers shall provide objective evidence (e.g. charts / data) for all identified key characteristics noted on purchase order/contract, engineering drawings and manufacture and quality plans. External Providers shall maintain records subject to examination.

### 3.7 Continuous Improvement and Corrective action

External Providers shall employ continuous improvement techniques relevant to their part and Quality System processes. When Damar notifies supplier of a detected nonconformance, the supplier shall immediately take action to contain and eliminate nonconformances on all products in supplier's control. Supplier shall also maintain a record of verification for subject condition, containment and root cause/ corrective action.

External Providers shall respond to request for Root Cause and Corrective Action with acknowledgement in 24 hours and commit to closure within the timeline stated on the corrective action.

### 3.8 First Article Inspection Report:

For manufactured parts, External Providers shall prepare and retain first article reports per AS9102. Completed first article inspection reports shall be provided with the first product shipment via NetInspect. FAI shall be initiated per AS9102 or when requested by Damar Aerosystems. First Article Inspection Reports do not constitute acceptance by Damar Aerosystems. Questions regarding NetInspect should be directed to the appropriate Damar Aerosystems Purchasing Agent.

### 3.9 Work Transfer:

For Boeing product, seller shall not relocate or subcontract any contracted part, assembly or component(s) thereof without written notification to and acknowledgement from Damar Aerosystems. Damar Aerosystems is required per Boeing Document X31764 to obtain approval for work transfer. If seller determines a need to relocate or subcontract, seller shall provide notification of the following to Damar:

1. Statement of Work (SOW)
2. "To-be" subcontract supplier name
3. "To-be" subcontract address
4. "To-be" subcontract Quality contact information (name, title and telephone number)
5. First production target date
6. "As-is" supplier information (supplier name and address)
7. Will this be a single sourced product?
8. Reason for relocation.

### 3.10 Subcontracting:

Manufactured goods to be delivered under this order shall not be procured by Seller from a third party completed or substantially completed without prior written Damar Aerosystems approval.

### 3.11 Counterfeit Prevention:

Unless otherwise stated on the purchase order counterfeit prevention requirements per AS5553 stated below shall apply.

#### a. Guarantee of Product Source(s)

The seller shall ensure that only new and authentic materials are used in production delivered to Damar Aerosystems. The seller may only purchase parts directly from Original Component Manufacturers (OCMs), OCM franchised distributors, or authorized aftermarket manufacturers. Use of product that was not provided by these sources is not authorized unless first approved in writing by Damar Aerosystems. The seller must present compelling support for its request (e.g., OCM documentation that authenticates traceability of the parts to the OCM), and include in its request all actions to ensure the parts thus procured are authentic/conforming parts.

#### b. Supply Chain Traceability

The seller shall maintain a method of item traceability that ensures tracking of the supply chain back to the manufacture including material in assemblies and subassemblies being delivered per this order. This traceability method shall clearly identify the name and location of all supply chain intermediaries from the manufacturer to the direct source of the product for the seller and shall include the manufacturer's batch identification for the item(s) such as date codes, lot codes, serializations, or other batch identifications.

#### c. Certificate of Conformance and Traceability (Government Contracts)

The parts supplied must be in strict conformance to the requirements set forth and/or referenced in the item description, including applicable revisions and slash sheets. To ensure this conformance, the contractor must provide a Certificate of Conformance and Traceability (CoC/T) with the information and documentation required by the applicable military specification. This documentation must reference the contract number and include the certification signed by the approved QPL/QML manufacturer. In addition, if the material is not procured directly from the approved manufacturer, all additional documentation required by the specification must be provided to establish traceability from the QPL/QML manufacturer through delivery to the Government. The CoC/T is required to determine acceptability of the supplies. If the CoC/T is not provided, is incomplete or otherwise unacceptable, the supplies will be determined not to meet contract requirements and will be rejected.

#### d. Product Impoundment and Financial Responsibility

If counterfeit parts are furnished under this purchase agreement, such items shall be impounded. The seller shall promptly replace such items with items acceptable to the Damar Aerosystems and the seller may be liable for all costs relating to impoundment, removal and replacement. Damar Aerosystems may turn such items over to US Government authorities (Office of Inspector General, Defense Criminal Investigative Service, Federal Bureau of investigation, etc.) for investigation and reserves the right to withhold payment of the items pending the results if the investigation.

e. Federal Penalties Associated with Fraud

This purchase order and activities hereunder are within the jurisdiction of the United States Government. Any knowing and willful act to falsify, conceal or alter the material fact, or any false, fraudulent or fictitious statement or representation in connection with the performance of work under this purchase order may be punishable in accordance with applicable Federal statutes.

**4.0 MONITORING AND MEASURING**

4.1 Monitor External Providers Performance:

Damar Aerosystems will monitor External Provider quality and delivery performance on a monthly basis. The following rating will be applied to all External Providers. A performance rating equal to, or less than 3, may result in External Provider corrective action or other actions to improve External Provider performance.

Delivery Rating	Delivery range %	Quality Rating	Quality range %
5	100	5	100
4	99.99 – 98.00	4	99.99 – 99.80
3	97.99 – 96.00	3	97.99 – 96.00
2	95.99 – 90.00	2	95.99 – 90.00
1	Under 90.00	1	Under 90.00

4.3 Inspection, Measuring and Test Equipment (IM&TE):

External Providers performing to Purchase Order(s) from Damar Aerosystems are expected to maintain a system to control and calibrate IM&TE. At a minimum, suitable calibration standards traceable to NIST or other recognized international standard must be maintained by the External Provider, sufficient in kind and type to verify IM&TE are capable of performing accurate measurements to ensure compliance to Damar Aerosystems Purchase Order requirements. Traceable calibration certification(s) for the calibration standard(s) must be maintained on file and available for review.

4.4 Damar Aerosystems Receiving Inspection:

Damar Aerosystems reserves the right to use a Sampling Plan to inspect product received from the External provider. Sample inspected product found to be nonconforming may at Damar Aerosystems discretion sorted and received in part, or be rejected in whole and returned to the External Provider. Nonconforming product identified by the external provider will be excluded from this practice.

4.5 Parts Identified as Nonconforming:

In the event a non-conformance entails scrapping parts, Damar Aerosystems incurred costs associated with the non-conformance, such as raw material, labor and processing will be calculated and **will be** charged back to the External Provider liable for the non-conformance resulting in the scrap. If a charge back is processed, the External Provider will be notified of the amount. In the event Damar Aerosystems reworks

an External Provider caused non-conformance, the liable External Provider **may be** charged back a **minimum** of four (4) hours at a \$75.00 per hour rate to cover the cost of engineering, quality and manufacturing support. Upon receipt of a Manufacturing Rejection Notification (MRN) it is critical External Providers review and notifies Damar Aerosystems within twenty-four (24) hours of any disagreement to initiate a meeting for further review.

- All excess material including set-up materials supplied are to be returned to Damar Aerosystems.
- All nonconforming parts using Damar Aerosystems supplied material are to be identified and returned to Damar Aerosystems.

Supplier is not authorized to disposition for non-conforming product. Supplier shall submit request to Damar for approval on disposition for “use as-is, rework or repair”.

#### 4.6 Customer Owned & Damar Supplied Tooling:

Damar Aerosystems External Providers must have a developed plan to control and maintain customer owned tooling. External Providers must demonstrate the ability to ensure customer owned tooling is current to manufacturing configurations and revisions.

Tooling shall be properly identified, legible, and External Providers shall display the ability to properly store and inspect tooling. If tooling is damaged, the External Provider is required to notify Damar Aerosystems immediately. External Providers shall not modify customer owned tooling without written approval from Damar AeroSystems.

External Providers shall be aware that occasional audits may be scheduled for confirmation on tooling conditions and procedures to manage tooling. For Boeing owned tooling, external providers shall conform and maintain requirements per D950-11059-1.

#### 4.7 Customer Owned Tooling:

Damar Aerosystems External Providers which utilize customer furnished tooling must have a developed plan to control and maintain customer owned tooling. External Providers must demonstrate the ability to ensure configuration levels of tooling are current and produce to the required revision.

Tooling shall be properly identified and legible. External Providers shall display the ability to properly store and inspect tooling. If customer owned tooling is damaged, the External Provider shall notify Damar Aerosystems immediately. External Providers shall not modify customer owned tooling without consent from Damar Aerosystems.

External Providers shall be aware that occasional audits may be scheduled for confirmation on tooling conditions and procedures to manage tooling. When required per purchase order requirements external providers shall conform and maintain requirements per D950-11059-1 for Boeing owned tooling.

## **5.0 REGULATORY REQUIREMENTS**

### 5.1 ITAR Requirements:

**IMPORTANT/CONFIDENTIAL:** All documentation (including but not limited to, drawings and/or attachments accompanying it) may contain confidential information, including information protected by United States Government. The information is intended only for the use of the addressed recipient(s). Upon accepting a purchase order from Damar Aerosystems, the External Provider is liable for any loss, damage, theft, of all related documentation. The act of the External Provider accepting a purchase order from Damar Aerosystems, assumes the External Provider is compliant and fully aware of the confidentiality requirements and is not intended to waive any privilege without prior contact with Damar Aerosystems.

All External Providers engaged with any activity of manufacturing, services or product listed either on the Commerce Control List per Bureau of Industry and Security or the United States Munitions List per U.S. Department of State shall be aware of and comply with the laws and requirements of the Bureau of Industry and Security or U.S. Department of State. (Reference ITAR, 22CFR Part 120 for Department of State, or reference EAR, 15 CFR 772.1 for Bureau of Industry and Security.) The ExternalP shall consult with the Department of State regarding any questions relating to the compliance with ITAR and shall consult with the Department of Commerce regarding any questions relating to compliance with EAR.

If the External Provider is accepting a purchase order that is classified by the U.S. Department of State as technical data, services or product listed on the United States Munitions List (Part 121 of the ITAR) the External Provider is required to register and maintain registration with the Directorate of Defense Trade Controls (DDTC). If registration is no longer maintained, the External Provider shall notify Damar Aerosystems within thirty (30) days.

Any exports warranted by the External Provider must be approved by Damar Aerosystems prior to exporting. If the External Provider finds that product, technical data or services have been exported to either a foreign national or abroad without proper approvals obtained by the U.S. Department of State or the Bureau of Industry and Security, the External Provider must provide a disclosure to Damar Aerosystems immediately.

At no point shall the External Provider apply for a commodity jurisdiction to determine whether an item or service is covered by the USML without prior consent from Damar Aerosystems.

For Canadian exempt External Providers dealing with shipments classified as ITAR designated by the USML, exports to their facility are made in pursuant to 22 CFR 126.5 120.1 ©. Documentation and/or product received may contain technical data, the use of which is restricted by the U.S. Arms Export Control Act. Data will be provided in accordance with, and subject to, the limitations specified in Para. 126.5 of the International Traffic in Arms Regulations (ITAR). By agreeing to this Terms & Conditions, the consignee agrees to honor the requirements of the ITAR.

If the External Provider has pre-approval from Damar Aerosystems for sub-contracting services, the External Provider shall include the substance of the ITAR and EAR requirements as listed in this clause to all subcontractors.

#### 5.1 Boeing Document D1-4426, "Approved Process Sources":

Supplier shall comply with D1-4426, "Approved Process Sources". The Supplier purchasing requirements shall conform to purchasing data requirements of the D1-4426. The D1-4426 is subject to change. The supplier shall maintain understandings of changes that occur in the D1-4426.

#### 5.2 FAA Form 8130-9 "Statement of Conformity":

When the supplier is approved to complete FAA Form 8130-9, "Statement of Conformity" on Boeing's behalf, the supplier shall do so in accordance with D6-83570 "8130-9 Conformity Inspection Requirements" and assigned FAA Form 8120-10 "Request for Conformity" instructions.

#### 5.3 Operator Self-Verification programs:

If supplier uses an operator self-verification program, supplier shall comply with the requirements set forth in SAE industry standard AS9162. "Aerospace Operator Self Verification Programs", as may be amended from time to time. Buyer reserves the right to conduct surveillance at supplier's facility to determine that the supplier is compliant to the requirements of AS9162.

#### 5.4 Manufacturing Planning:

When DPS 4.505, DPS 4.804, DPS 4.712, DPS 4.813, DPS 4.814, D6-1276, D6-17781 or FROZEN PLANNING is referenced in engineering data or purchase order notes, supplier manufacturing shall be approved by Damar and Boeing. Upon approval, supplier shall not change the manufacturing planning for



product where those that are notated as DPS 4.505, DPS 4.804, DPS 4.712, DPS 4.813, DPS 4.814, D6-1276, D6-17781 or FROZEN PLANNING. If supplier requires changes, submit request to Damar Aerosystem Purchasing team.

5.5 Quality Management Systems:

Damar Aerosystems prefers that suppliers have a certified or registered third party quality management system. Ex: AS9100, AS9120 or ISO quality management systems. Suppliers without an accredited quality management system will subject to additional auditing and product acceptance monitoring.

6.0 Code of Basic Working Conditions

In addition to the provision set forth in the Code of Basic Working Conditions and Human Rights in the contract, Seller further commits that any material violation of law by Seller relating to basic working conditions and human rights, including laws regarding slavery and human trafficking, applicable to Seller's performance under this Contract/ Agreement may be considered a material breach of this Contract/Agreement for which Boeing may elect to cancel any open Orders between Boeing and the Seller, for cause, in accordance with the provisions of this Contract/Agreement, or exercise any other right of Boeing for an Event of Default under this Contract/Agreement.

Sources:

<http://www.boeingsuppliers.com/x31764.pdf>. *Boeing Suppliers*, Boeing, 01 OCT 2017.

SAE International, Aerospace Standard. *AS9100 Rev. D Quality Management Systems – Requirements for Aviation, Space and Defense Organizations*. Sept. 2019.

**REVISION HISTORY FOR DAMAR, INTERNAL USE ONLY**

**REVISION HISTORY**

Rev.	Date	Description
A	04/09/2003	Initial release of 40406.
B	10/01/2005	Updated to meet AS9100 and customer requirements.
C	11/16/2005	Added chargeback provision. Added requirements for calibration and other service external providers.
D	08/13/2007	Added external provider signature and date lines.
E	09/25/2008	Revised; Document Control (KUTD), Inspection Requirements and Nonconformances (response days from 14 to 10 to match SCAR requirements), added ITAR and revised to reflect MBD/ DPD requirements.
F	07/30/2009	Updated to reflect chargeback listed under section " <u>Parts Identified as Nonconforming</u> ".
G	03/08/2010	Added the following requirements:

Rev.	Date	Description
		Paragraph 1: PO acknowledged within 24 hours External provider Relocation Specifications and Certifications Subcontracting Damar Supplied Tooling: Inventory and rework control Parts Identified as Nonconforming: handling with excess material
H	07/19/2010	Updated Company Name to Damar AeroSystems, added delivery date of five day early/ zero days late, Monitoring, Sampling Plan, and updated substitution restriction.
I	08/07/2012	Revised to include perishable requirements and flow down of AS5553 Counterfeit control plan, vendor performance and ITAR.
J	02/14/2013	Revised to Include Q31 Boeing External provider control Program.
K	06/20/2013	Q31 Note text revised.
L	05/20/2016	Added section: "Customer Owned & Damar Supplied Tooling, Purchase Order Verification, and updated Header and Footer format
M	08/10/2017	Included Ethical Standards section per AS9100 Rev. D. Added and revised context to clarify requirements.
N	11/16/2017	Updated to include Boeing flow down requirements to X31764.