



## Purchase Order Terms and Conditions

This document describes the terms and conditions for purchase orders issued by Aero Components LLC, (Aero). These terms and conditions are an integral part of and included by reference in both the Aero Components Vendor Agreement and each purchase order. Aero Components LLC vendors will be evaluated on their performance regarding on time delivery and product quality. Minimum performance levels are 90% on time delivery and 90% quality rating. In addition, accrual of 5 major nonconformances during a one year interval may be considered cause for removal from Aero Components approved vendor list.

All quality records associated with a purchase order issued by Aero Components LLC shall be retained by vendor for a minimum of seven (7) years.

### 1. Definitions:

- a. "Purchase Order (PO)" shall mean a document prepared and sequentially numbered within Aero's accounting system and signed by an authorized buyer employed by Aero. The PO is an offer to purchase materials, products or services.
- b. "Deliverables" shall mean the materials, products or services described in the Purchase Order.
- c. "Vendor" shall mean the firm or person from whom Aero proposes to purchase Deliverables.
- d. "Prints" shall mean those documents that describe the exact dimensions and specifications of the Deliverables. Prints may include drawings, blue prints, mylars, schematics or other documents provided by Aero to describe the Deliverables. Prints expressly excludes models and programs that may be provided by Aero for the convenience of Vendor. Any amendment to Prints must be in writing either included in the PO text or by separate document signed by an authorized buyer of Aero.

### 2. Terms.

The PO may be accepted only on the exact terms set forth on the PO. Aero hereby objects to any verbal, additional or different terms or conditions which may appear in any communication with Vendor. Any amendment to the terms of the PO must be contained in a writing signed by an authorized buyer of Aero and referring to the PO. The PO shall be deemed accepted on the earlier of the date (a) when a purchase order acknowledgement is received from Vendor or (b) when Vendor begins work on the Deliverables. Unless otherwise indicated in the Purchase Order, Aero shall pay each invoice in full within 45

(forty-five) days of receipt of the invoice.

### 3. Price.

Vendor will honor the price specified in the PO and warrants that the prices extended to Aero for the Deliverables are not less favorable than those currently offered to any other customer for the same or similar Deliverables in similar quantities and terms. In the event Vendor reduces prices for the

Deliverables to other customers during the term of this order, Vendor agrees to reduce the price of the PO accordingly.

#### 4. Aero Supplied Material.

When material is provided by Aero it will be accepted and handled by Vendor according to the terms of the Aero Components Material Agreement (Exhibit A).

#### 5. Delivery.

Time is of the essence. Delivery shall be strictly according to the due date specified in the PO. Vendor shall use its best efforts to conform to the due date or dates. Items delivered more than 15 days prior to the specified due date may, at Aero's option, be returned at Vendor's expense or defer payment on Vendor's invoice for the early delivery until 30 days after the due date specified in the PO. Vendor agrees to notify Aero as soon as possible after Vendor becomes aware that it will fail to deliver any or all of Deliverables by the due date. Without waiving any rights to recover damages under the Uniform Commercial Code as adopted in Texas, Aero may terminate the PO in whole or in part due to late delivery. Unless otherwise specified in the PO, all products will be packaged by Vendor in suitable containers/dunnage to permit safe and secure transport and handling. Unless otherwise specified all shipments in fulfillment of the PO shall be F.O.B. destination, freight prepaid.

#### 6. Final Inspection.

Vendor shall inspect and test the Deliverables prior to their shipment to Aero. Notwithstanding any prior payment or prior inspection by Aero of the Deliverables, acceptance of the Deliverables shall be subject to final inspection by Aero after delivery at Aero's place of business. Aero shall be entitled to inspect the Deliverables in any manner that is possible and commercially reasonable, including utilizing contractors.

#### 7. Acceptance of Deliverables.

In no event shall acceptance of the Deliverables occur until Aero has had a reasonable period of time to conduct a final inspection of Deliverables, however inspection within ten business days following receipt at the delivery point specified in the PO shall be conclusively deemed reasonable. Aero, at Aero's option, may reject quantity over shipments that are not specifically covered by a properly executed amendment to the PO, and such over shipments are subject to return at Vendor's expense.

#### 8. Warranty.

Vendor warrants that the Deliverables are free from defects in workmanship and that the Deliverables conform to the Prints provided by Aero and the specifications in the Aero PO and are otherwise merchantable and fit for their intended purpose. Vendor further warrants that it has power to and shall transfer Deliverables to Aero free and clear of liens, encumbrances and third-party interests of any kind. These warranties shall survive delivery, inspection, acceptance and payment.

#### 9. Remedies for Nonconforming Deliverables.

Without waiving any rights or other remedies, Aero may return at Vendor's expense all Deliverables which do not conform entirely to the Prints, PO specifications and Vendor's warranties (8 above) for a full refund of all sums then paid for Deliverables. Aero may also return all quantities of Deliverables

tendered after the delivery date. In the event Deliverables are found nonconforming, Aero may, at its option,

(a) demand rework, repair and/or replacement of the Deliverables, (b) terminate the PO without waiving rights to recover damages or to purchase replacement goods from other suppliers and (c) hold Vendor liable for the cost of replacement goods.

#### 10. Delinquent Status.

In the event that Aero is charged consideration by their Customer due to delinquent delivery by the Vendor, the Vendor may also be subject to the same consideration against the original terms of the P.O. Aero has a OTD and Quality rating expectation goal of 90%.

#### 11. Right of Setoff.

Claims for monies due or to become due from Aero shall be subject to deduction by Aero for any setoff or counterclaim arising out of any other PO placed with Vendor or contracts made with Vendor. Vendor expressly agrees that payments for invoices for acceptable Deliverables may be withheld to the extent of invoices paid for Deliverables found to be nonconforming or to the extent of the cost of damaged materials covered by the Aero Components Material Consignment Agreement (Exhibit A).

#### 12. Employees, Agents, and Subcontractors.

If Vendor uses any agents or subcontractors ("persons") in its performance under this Purchase Order, Vendor shall first request and receive Aero's consent to such assistance and Vendor shall require each such person to be covered by a written agreement binding such person to the terms of paragraph 13 of this Purchase Order for the benefit of Aero or its Assignee.

#### 13. Protection of Confidential Information.

Vendor acknowledges and agrees that Aero's business and future success depends on the preservation of the trade secrets and other confidential information of Aero and its affiliates, licensors, suppliers, customers and prospective customers ("Confidential Information"). The Confidential Information includes, without limitation, the Deliverables and all specifications, drawings, prototypes, technical information, patent applications and information, procedural and business and financial information, product and marketing plans, personnel information, know-how and any ideas, concepts, product, methods, inventions, procedures or information that are proprietary to Aero, its affiliates, its licensors or its actual or prospective suppliers of customers or that Aero is required to keep confidential, whether developed by or provided to Vendor. Vendor agrees to protect and to preserve as confidential during and after the term of this Purchase Order all the Confidential Information at any time known to Vendor. Vendor agrees to take appropriate action to protect and preserve the confidentiality of the Confidential Information and at a minimum to utilize the same effort to safeguard such Confidential Information as it utilizes to protect its own confidential or proprietary information. Vendor shall not disclose any of the Confidential Information without the prior written consent of Aero, and Vendor shall neither use nor allow others to use any of the Confidential Information for any purpose other than for the sole benefit of Aero as authorized by the Purchase Order, unless specifically approved in writing in advance by Aero. Vendor's obligation under this paragraph shall survive any completion or termination of this Purchase Order. Because a violation by Vendor of the provisions of this paragraph could cause irreparable injury to Aero and there is no remedy at law for such violation, Aero shall be entitled, in addition to all other remedies available at law or in equity, to equitable relief, including injunction and specific performance without posting a bond, as a remedy for

any such violations. In the event Aero incurs any expenses by reason of Vendor's breach of any term of this paragraph, such actual expenses, including, but not limited to, attorneys' fees, court costs and other expenses, shall be paid by Vendor to Aero.

#### 14. No Assignment by Vendor.

Vendor's obligations under this Purchase Order are personal and are not assignable to others and any purported assignment shall be void. Without limiting the generality of the foregoing, Aero shall have no obligation to pay any invoice designating that payment be made to anyone other than Vendor, provided however, that following receipt by Vendor directing Aero to pay a third party, payment in accordance with any such notice shall conclusively satisfy the obligations to Vendor with respect to this Purchase Order.

#### 15. Relation of Parties.

The relationship of the parties is one of independent contractors, and neither Vendor nor Aero intend to create any partnership, joint venture, employment, or agency. Vendor shall not represent to anyone that Vendor is an agent of Aero or otherwise authorized to bind or commit Aero in any way.

#### 16. Governing Law.

This Purchase Order shall be governed by and interpreted in accordance with the laws of the State of Texas which are in force on the date of this Purchase Order without reference to the United Nations Convention on Contracts for the International Sale of Goods. Unless the context requires otherwise, all terms used in this Purchase Order and that are defined in the UCC shall have the meaning stated in the UCC.

#### 17. Severability.

If any provision of the Purchase Order is or becomes void or unenforceable, the other provisions shall remain valid and enforceable.

#### 18. Furthermore.

The organization shall ensure that its personnel are aware of:

- a) their contribution to product or service conformity;
- b) their contribution to product safety; and
- c) the importance of ethical behavior.

### **CPP-001A Contract Clauses – Contracts Issued to Materiel Providers**

#### **1. Guarantee of Materiel Sources**

The seller shall ensure that only new and authentic materials are used in materiel delivered to Aero Components LLC. The seller may only purchase materiel directly from original manufacturers, manufacturer franchised distributors, or authorized aftermarket manufacturers. Use of materiel that was not provided by these sources is not authorized unless first approved in writing by Aero Components LLC. The seller must present compelling support for its request (e.g. original manufacturer documentation that authenticates traceability of the materiel to the original

manufacturer), and include in its request all actions to ensure the materiel thus procured is authentic and conforming.

## 2. Supply Chain Traceability

The seller shall maintain a method of commodity and item level traceability that ensures tracking of the supply chain back to the manufacturer of the materiel being delivered per this order. The traceability method shall clearly identify the name and location of all the supply chain intermediaries from the manufacturer to the direct source of the materiel for the seller and shall include the manufacturer's commodity or item level identification for the item(s) such as date codes, lot codes, heat codes, serializations, unique item identifiers or batch identifications.

## 3. Certificate of Conformance and Traceability (U.S. Department of Defense Contracts)

This clause is applicable to all contracts for Qualified Products List (QPL) or Qualified Manufacturers List (QML) controlled materiel. This clause applies regardless of the point of inspection designated in the contract award. This clause applies both to contracts awarded directly to a manufacturer listed on the applicable QPL/QML and to suppliers (e.g. distributors) not listed as approved manufacturers on the applicable QPL/QML.

The materiel 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 specification. This documentation must reference the contract number and include a certification signed by the approved QPL/QML manufacturer. In addition, if the materiel 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.

If the contract requires inspection and acceptance at origin, the contractor shall furnish the original and two copies of the CoC/T to the Government Quality Assurance Representative (QAR) with the items offered for acceptance. The CoC/T must clearly reference the applicable contract number. The contractor shall submit one signed copy to the contracting officer. The second copy shall be retained by the QAR. The original shall be maintained by the contractor.

If the contract requires inspection and acceptance at destination, the contractor shall mail one copy of the CoC/T to the contracting officer upon shipment/delivery. The CoC/T must clearly reference the applicable contract number.

## **Contract Clauses – Contracts Issued to Independent Distributors**

### 1. Test and Inspection Requirements

The seller shall establish and implement test and inspection activities necessary to assure the authenticity and conformance of purchased materiel, including:

-Traceability and documentation verification;

-Visual examination;

-Tests and inspections

Tests and inspections shall be performed in accordance with clearly delineated accept/reject criteria provided or approved by Aero Components LLC. The seller shall prepare and provide to Aero Components LLC records evidencing tests and inspections performed and conformance of the material to the specified acceptance criteria.

Tests and inspections shall be performed by persons that have been trained and qualified concerning detection of the types and means of counterfeiting and how to conduct effective product authentication.

Calibration purchase orders require traceability to NIST standards and calibration system certified to ISO 17025. Certs and calibration stickers will be dated for the "end of the due date month".

## 2. Supply Chain Traceability

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

## 3. Certificate of Conformance

The seller shall approve, retain and provide copies of Certificates of Conformance (CoC). Manufacturer CoCs shall, at minimum contain the following:

- a. Manufacturer name and address;
- b. Manufacturer and/or buyer's part number and dash number;
- c. Commodity or item level identification for the item(s) such as date codes, lot codes, heat codes, serializations, unique item identifiers or batch identifications;
- d. Signature or stamp with title of seller's authorized personnel signing the certificate.

## 4. Certificate of Authenticity

The seller shall approve, retain and provide copies of Certificates of Authenticity (CoA). Manufacturer CoAs shall at minimum, include the following:

- a. Contract Number
- b. Manufacturer name and address;
- c. Manufacturer and/or buyer's part number and dash number;
- d. Item Nomenclature, Quantity, Unit of Measure;
- e. Actual Manufacturer CAGE code, Design Control Activity CAGE code.

## 5. Quality Management System

The seller shall have a quality management system that complies with AS9120, Quality Management Systems-Aerospace – Requirements for Stocklist Distributors. Independent certification/registration is not required unless specified by buyer.

Organizations that obtain certification/registration to AS9120 and subsequently change certification/registration bodies (CRB), lose registration status or are put on notice of losing registration status, shall notify the buyer's procuring organization within three days of receiving such notice from its CRB.

## 6. Product Impoundment and Financial Responsibility

If suspect/counterfeit material is furnished under this purchase agreement, such items shall be impounded. The seller shall promptly replace such items with items acceptable to Aero Components LLC and the seller may be liable for all costs relating to impoundment, removal and replacement. Aero Components LLC may turn such items over to Authority Having Jurisdiction for investigation and reserves the right to withhold payment for the suspect items pending the results of the investigation. Any known instances of fraud or attempted fraud shall be documented in writing to Aero Components LLC.

## 7. 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 a 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 legal statutes.

Seller employees engaged in the performance of work under this purchase order shall be informed in writing prior to performance of work that there is a risk of criminal penalties associated with any falsification, concealment or misrepresentation in connection with work performed under this purchase order.

Seller shall include the following statement preprinted on each Certificate of Conformance initiated by the seller and provided to the buyer in conjunction with this purchase order:

NOTE: The recording of false, fictitious or fraudulent statements or entries on this document may be punishable as a crime under United States Government statute.

Seller shall include all provisions of this contract clause, including this sentence, in all lower-tier contracts under this order. Any inability or unwillingness of a lower-tier supplier to comply with this provision should be documented in writing and submitted to Aero Components LLC.

## Appendix A

### Procurement Clauses under Simple Acquisition Threshold

#### FAR

Clause No.	Description
52.204-21	Basic Safeguarding of Covered Contractor Information Systems.
52.204-25	Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment.
52.211-14	Notice of Priority Rating for National Defense, Emergency Preparedness, and Energy Program Use.
52.211-15	Defense Priority and Allocation Requirements.
52.211-9002	Priority rating
52.213-4	Terms and Conditions—Simplified Acquisitions (Other Than Commercial Products and Commercial Services).
52.222-19	Child Labor-Cooperation with Authorities and Remedies.
52.222-21	Prohibition of Segregated Facilities.
52.222-26	Equal Opportunity.
52.222-35	Equal Opportunity for Veterans.
52.222-36	Equal Opportunity for Workers with Disabilities.
52.222-37	Employment Reports on Veterans.
52.222-40	Notification of Employee Rights Under the National Labor Relations Act.
52.222-50	Combating Trafficking in Persons.
52.222-54	Employment Eligibility Verification.
52.222-55	Minimum Wages for Contractor Workers Under Executive Order 14026.
52.223-3	Hazardous Material Identification and Material Safety Data.
52.223-18	Encouraging Contractor Policies to Ban Text Messaging While Driving.
52.225-13	Restrictions on Certain Foreign Purchases.
52.232-40	Providing Accelerated Payments to Small Business Subcontractors.
52.244-6	Subcontracts for Commercial Products and Commercial Services.
52.246-11	Higher-Level Contract Quality Requirement.



## DFARS

Clause No.	Description
252.203-7002	Requirement to Inform Employees of Whistleblower Rights.
252.203-7004	Display of Hotline Posters.
252.203-7005	Representation Relating to Compensation of Former DoD Officials.
252.204-7000	Disclosure of Information.
252.204-7005	Reserved.
252.204-7008	Compliance with Safeguarding Covered Defense Information Controls.
252.204-7009	Limitations on the Use or Disclosure of Third-Party Contractor Reported Cyber Incident Information.
252.204-7012	Safeguarding Covered Defense Information and Cyber Incident Reporting.
252.204-7015	Notice of Authorized Disclosure of Information for Litigation Support.
252.204-7018	Prohibition on the Acquisition of Covered Defense Telecommunications Equipment or Services.
252.204-7019	Notice of NISTSP 800-171 DoD Assessment Requirements.
252.204-7020	NIST SP 800-171 DoD Assessment Requirements.
252.213-7000	Notice to Prospective Suppliers on Use of Supplier Performance Risk System in Past Performance Evaluations.
252.223-7001, ALT	Hazard Warning Labels.
252.225-7001, ALT	Buy American and Balance of Payments Program.
252.225-7002	Qualifying Country Sources as Subcontractors.
252.225-7007	Prohibition on Acquisition of Certain Items from Communist Chinese Military Companies.
252.225-7008	Restriction on Acquisition of Specialty Metals.
252.225-7009	Restriction on Acquisition of Certain Articles Containing Specialty Metals.
252.225-7048	Export-Controlled Items.
252.244-7000	Subcontracts for Commercial Items.
252.246-7007	Contractor Counterfeit Electronic Part Detection and Avoidance System.
252.246-7008	Sources of Electronic Parts.
252.247-7023	Transportation of Supplies by Sea.
252.227-7013	Rights in Technical Data—Noncommercial Items.