

Pyramid Precision Machine - Supplier Terms and Conditions

The following General Terms and Conditions apply to all PPMI purchase orders and contracts, unless otherwise noted. Specific PPMI Quality requirements (PPMI QR) clauses apply when noted on the purchase order

1. Right of Entry - The buyer and buyer's customer, and their customers, or any applicable regulatory agency will have the right to enter the seller's facility to perform inspection or ensure compliance to the contract.

2. Acceptance of this order, or the initiating of any process, or the furnishing of any product, or the acceptance of payment constitutes unconditional acceptance by the seller.

3. Amendments to this order, or PPMI General Terms and Conditions shall be set forth in writing, via purchase order change notice, and/or revisions to the purchase order terms and conditions. PPMI will consider sellers request to modification of, or exception to, only if such request is made in writing, prior to the acceptance of the order. (*ref. acceptance clause*)

4. Price as stated on this order covers all goods and services to be provided by the seller as specified in the order. These prices also cover all charges for packaging, containers and transportation, unless specifically depicted otherwise on the face of the order.

5. Shipment of the goods and services under this order shall be F.O.B. as set forth on the face of this order. Seller shall follow buyer's instructions regarding method of shipment, except where buyer has so stated on the face of the order.

6. Schedule for delivery will be the responsibility of the seller. The seller shall not be held liable for damages in respect to delivery delay due to causes beyond seller's reasonable control. However, if the seller does not meet the delivery date as directed on the face of the order, the buyer may approve a revised delivery schedule, or terminate the order without liability for such termination

7. Hazardous Material - The seller agrees to furnish the applicable Material Safety Data Sheets (MSDS) with each shipment, for products designated by industry, state or federal agencies as hazardous material.

8. Packaging and Protection of the product shipped shall be carried out in a manner to protect the product from damage with consideration given to the method of transportation, part to part contact is not allowed. The use of boxes, baskets, egg crates, bubble wrap, shrink wrap, part stacking with dunnage between adjacent parts and cardboard protective layers, individual padded boxes and specially designed crates are provided for protection. The packaging

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performed shall as a minimum, meet the same conditions of the packaged product as received from Pyramid Precision Machine. This packaging is subject to visual inspection at suppliers will call.

9. Cancellation - If this order is not delivered by the due date on the face of the PPMI purchase order, PPMI reserves the right to cancel the order without notice and at no cost to PPMI.

10. Tooling furnished by PPMI shall be maintained indoors. The seller is responsible to ensure adequate care is utilized within their facility, to maintain the tooling in good working condition. Any damages to this tooling, while in the care of the seller shall be reported to the PPMI buyer in writing. PPMI shall disposition damaged tooling prior to further processing by the seller. Seller rework of PPMI tooling shall be authorized in writing.

11. Quality Assurance - The supplier shall comply with the PPMI Quality System requirements as specified by the PPMI supplier survey or purchase order. Supplier agrees to implement and maintain the Quality or Inspection System during the performance of this contract. An authorized Certificate of Conformance is required with each shipment. Process suppliers shall furnish a complete Certificate of Conformance with each shipment indicating the PO number, specification number and revision, name of supplier and quantities accepted and rejected. Material suppliers shall furnish chemical/physical test reports with each shipment identifying the applicable specification and revision, actual chemical composition and physical properties, melt, heat, batch, or lot numbers. Additional PPMI Quality Requirements (PPMI QR clauses) apply when referenced by PO. The supplier is not authorized to perform Material Review action of non-conforming material. Note: this clause does not apply to contracts for PPMI non-deliverable goods and services.

12. Nonconformances - Upon acceptance of a PPMI purchase order, the supplier agrees that PPMI is entitled to reimbursement of PPMI labor and material costs associated with seller responsible nonconformances and damages.

13. Notification of Nonconforming Product - supplier notification to PPMI of nonconforming product and arrangements for PPMI approval of supplier nonconforming material.

14. Notification of Process Changes – supplier is to notify PPMI of changes in product and/or process definition and, where required, obtain PPMI approval.

15. Requirements Flow Down – Supplier is to flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics where required.

16. Record Retention – All suppliers that generate quality system records must retain these documents for ten (10) years after fulfillment of purchase order. During retention, the records shall remain legible, readily identifiable and retrievable by PPMI and their customers.

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PPMI QR Clauses

- PPMI QR 1** **Quality System - ISO9001**
The supplier shall maintain a Quality System in compliance with ISO9001.
- PPMI QR 2** **Quality System - SAE AS 9100**
The supplier shall maintain a Quality System in compliance with SAE AS9100.
- PPMI QR 3** **Calibration System**
The supplier and supplier subcontractors shall meet and maintain a Calibration System in compliance with Calibration System Requirements of ISO10012 or ANSI Z540 1
- PPMI QR 4** **Source Inspection/Customer Verification**
PPMI Source Inspection and/or Customer Verification are required at supplier facility prior to shipment. PPMI will place an Inspection Stamp on the supplier shipper to indicate PPMI acceptance. Contact PPMI at least 48 hours prior to shipment from supplier facility.
- PPMI QR 5** **Government Source Inspection**
Government Source Inspection is required at supplier facility prior to shipment. Supplier shall contact PPMI and applicable Government Representative to arrange for Government acceptance prior to shipment from supplier facility.
- PPMI QR 6** **First Article Inspection Report**
The supplier shall perform and document a complete First Article Inspection Report (FAIR) including 100% of B/P or specification requirements. One copy of supplier FAIR will be furnished to PPMI along with the first shipment for this PO/contract.
- PPMI QR 7** **Key Characteristics**
The supplier shall implement and maintain a Key Characteristics (KC) control program acceptable to PPMI.
- PPMI QR 8** **Inspection Report**
The supplier shall provide an Inspection Report (IR) identifying engineering requirements and actuals. Use of supplier or PPMI inspection form is acceptable. One copy of the IR shall be furnished to PPMI representing each manufacturing lot.
- PPMI QR 9** **100% Inspection**
The supplier shall perform 100% inspection of the PPMI noted characteristics, a record of the inspection results shall be provided to PPMI, sampling inspection is not allowed.
- PPMI QR10** **Special Quality Requirements**
The supplier shall comply with the PPMI Special Quality Requirement noted (As defined by PPMI QA):
- PPMI QR11** **First Production Part Run**
The supplier shall submit the first production part run, completely inspected, and showing no non-conforming features, to PPMI for evaluation and acceptance. The supplier is prohibited from completing the lot until notification of approval to run from PPMI is received.

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PPMI QR Clauses (Continued)

PPMI QR12 *Dropped Shipped Materials*

The supplier shall verify the sizes, lengths, and quantities of PPMIs shall be noted on the packing slips by affixing the inspector's signature and date. Packing Slips and Material Certifications shall then be faxed or emailed to PPMI for review and acceptance. The supplier is prohibited from starting the job until notification of approval to start work is received from PPMI. Notification of approval maybe provided either thru email or telephone call.