

## **Mod-A-Can Inc. 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.

## **Product and Service Conformity**

### **3.0 Quality**

The seller is cautioned to examine carefully the Statement of Work and all referenced documentation. In total, this 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.

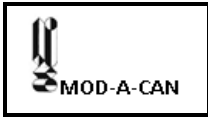
#### **3.1 Configuration Control**

Suppliers are responsible for providing for and implementing configuration control of all changes to deliverable products associated with this purchase order. All changes are subject to Mod-A-Can approval prior to implementation

#### **3.2 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.

- First Article Inspection Report
- First Piece for verification Time and place to be predetermined to minimize down time.
- Evidence of 100% inspection or a sampling plan that meets ANSI Z 1.4 or equivalent. If not, approval must be given ahead of time.
- Gage calibration data, traceable to NIST STD, if requested as it pertains to the measuring device used.



# SUPPLIER TERMS AND CONDITIONS

Form

F-4

Rev: E

Pg. 2 of 10

### 3.2.1 Calibration System

Suppliers' calibration system for the control and maintenance of measuring and test equipment shall be in accordance with ANSI/NCSL Z540-1 or equivalent. The calibration system shall be documented, accountable, and traceable and provide for initial calibration and recalibration during the life of the equipment to traceable standards.

Performed to ensure no counterfeit or product substitution material has been included in Shipment.

### 3.3 Raw Material

Raw materials certifications including physical and/or chemical test reports shall be provided with each lot. A certification is required for any types of raw materials purchased and/or for the raw materials used to produce items/parts on this order. The supplier is responsible for 100% review of material test reports against the Mod-A-Can drawing and purchase order requirements for which they are intended. The supplier shall maintain reports for 11 years and make them available upon request. These reports shall be traceable to the applicable drawings and specifications for the parts/items on this purchase order.

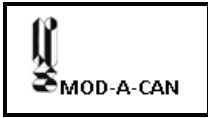
#### 3.3.1 Seller supplied material;

**3.3.1.1** 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 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.

**3.3.1.2** 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.

#### 3.3.2 Buyer Supplied Material;

**3.3.2.1** 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.



# SUPPLIER TERMS AND CONDITIONS

Form

F-4

Rev: E

Pg. 3 of 10

**3.3.2.2** Seller will not subcontract work to another facility without the consent of the buyer, for any processing of the material. The subcontracted work must be documented in the PO.

**3.3.2.3 Physical and/or Chemical Test Reports**  
A copy shall accompany all shipments of raw material furnished in accordance with purchase order. The report must specifically identify the material by reference to the melt, cast, heat, drop, lot or other similar designation and must indicate the applicable specification and purchase order number. Test results must state the actual values of the analysis/test.

### 3.4 Certificate of Conformance

Certificate of conformance shall be provided with each lot. The C of C shall include a statement that the items meet the requirements of the purchase order and/or specifications referenced on the drawing and/or purchase order. All Special Processes must be Identified and Indicated on the Cert of Conformance, including Certification Expiration Date.

#### 3.4.1 Certificate of Conformance Requirements

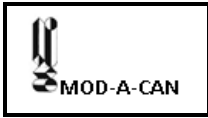
Seller shall furnish a completed Certificate of Conformance (C of C) with each shipment.

If providing raw material, only original mill certs will satisfy this requirement.

The C of C, at minimum is to include the following;

- Company (Buyer)
- PO (Buyer(s))
- Seller Information:  
Part Number & Revision Level  
Country of Origin,
- Quantity
- Heat Number:
- Material Traceability number if different from heat number
- Serial/Lot Number (If Applicable)
- Signature of Quality Representative
- NADCAP (if Applicable)  
Processes Approval Description of Process(es) and  
NADCAP Certificate Date of Expiration.

Distributors of Production Hardware or electrical components, must provide evidence of Traceability to OEM or authorization from OEM. All must contain statement of Review



# SUPPLIER TERMS AND CONDITIONS

Form

F-4

Rev: E

Pg. 4 of 10

## 4.0 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.

## 5.0 Foreign Object Debris (FOD) Program –

The supplier shall develop and maintain a FOD prevention program to identify and eliminate foreign object entrapment areas and paths through which foreign objects may migrate and cause product failure. Delivered items must be clean and free of machined chips, burrs, grinding dust, forming materials, corrosion, oil and other foreign material on surfaces to prevent FOD entrapment.

### 5.1 UVC- Unusual Visual Conditions

The supplier shall review and hold entire shipment for any unusual visual conditions. Unusual visual conditions are any Marks, Discoloration, Stains, or Chaffs, in which are not consistent with known process or could be interpreted as defects or workmanship issues.

## 6.0 Counterfeit Materials Awareness

MOD-A-CAN is obligated to flow-down Counterfeit Materials Awareness to all suppliers.

Material Control. The documented processes shall specify methods to:

- Thoroughly screen Materials or Parts for Counterfeit/ material substitution.
- Control excess and nonconforming parts to prevent them from entering the Supply chain under fraudulent circumstances.
- Control suspect or confirmed fraudulent/counterfeit Material or parts to preclude their delivery to MOD-A-CAN. The parts from acceptable non-Suspect parts and placing in quarantine. Quarantine shall consist of controlled access areas.

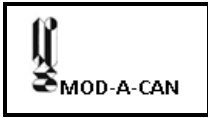
### 6.1 Counterfeit Materials and Products Preventative Action

The supplier shall establish and implement inspection activities necessary to assure the authenticity of purchased material/product.

RAW MATERIALS must have OEM traceability of Material Chemical Analysis and Mechanical Properties identifying Original Lot #.

All PRODUCTS Purchased Complete (Hardware/Consumable) should contain traceability to OEM and/or certification as an authorized Distributor

Additional requirements established by the customer, including:  
Inspections may be required in accordance with defined accept/reject criteria



# SUPPLIER TERMS AND CONDITIONS

Form

F-4

Rev: E

Pg. 5 of 10

provided or approved by MOD-A-CAN. If required, the seller shall prepare and provide to the MOD-A-CAN records as evidence of inspections performed and the Conformance of the product to specified acceptance criteria.

## 7.0 Limited Life Items

The supplier's certification of compliance is required and shall state the date of manufacture, recommended shelf life, and storage temperature for all items supplied on purchase order.

The remaining shelf life of each unit supplied shall be a minimum of 90% of the total shelf life.

## 8.0 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.

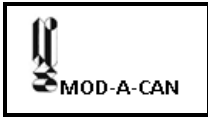
## 9.0 Delivery

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.

## 10.0 Warranty

### 10.1 Seller warrants:

- 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.
- 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.
- 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



# SUPPLIER TERMS AND CONDITIONS

Form

F-4

Rev: E

Pg. 6 of 10

violation of any trade secret; and

- 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.
- Supplier shall provide immediate notification of nonconforming product to MOD-A-CAN and obtain MOD-A-CAN approval for disposition.
- Supplier shall not ship nonconforming product without prior approval by buyer.
- 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.
- 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.

## 11.0 Open

## 12.0 RoHS Compliance –

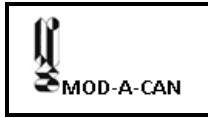
Acting in full accordance with RoHS regulations and documenting testing for RoHS controlled substances. RoHS (Restriction of Use of Hazardous Substances) regulations limit or ban specific substances – lead, cadmium, polybrominated biphenyl (PBB), mercury, hexavalent chromium, and polybrominated diphenyl ether (PBDE) flame retardants – in new electronic and electric equipment.

## 13.0 Record Retention

Supplier shall ensure all quality Records are easily retrievable and deliverable within 48 hours of requests. Retention shall be as follows;

**13.1 Traceable parts or materials-** *Indefinitely*

**13.2 Non traceable or non-serialized parts-** Parts or materials *11 Years*



## SUPPLIER TERMS AND CONDITIONS

Form

F-4

Rev: E

Pg. 7 of 10

### 13.3 Other Requirements

**13.3.1 Notification of Sale** 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.

#### 13.3.2 Continued Records under New Ownership

Records kept under new ownership must be also retrievable based on MOD-A-CAN Inc. purchase order or reference order number.

### 14.0 Open

### 15.0 Standard of Business Ethics and Conduct

Buyer will conduct its business fairly, impartially, and in an ethical and proper manner. Seller shall conduct its business fairly, impartially, and in an ethical and proper manner and in doing so Seller shall adhere to the following MOD-A-CAN Code of Ethics.

#### 15.1 MOD-A-CAN Code of Ethics

All dealings with our customers, colleagues, shareholders, suppliers and our communities be conducted with the highest level of ethical behavior and in complete compliance with the spirit and the letter of applicable laws and regulations.

Improper activities, or even the appearance of impropriety, could result in serious consequences to the company and the employees involved in such activities. An employee's adherence to this policy is a significant indicator of the individual's judgment and competence, and will be taken into consideration when evaluating future assignments and promotions. Insensitivity to, or disregard for, the principles set forth in this policy will be grounds for appropriate disciplinary action, including dismissal. No employee shall, on behalf of MOD-A-CAN Inc., engage in any conduct that violates any law or is otherwise inconsistent with the highest levels of honesty and integrity.

Seller shall not engage in any personal, business or investment activity that may be defined as a conflict of interest, whether real or perceived. If Seller has cause to believe that Buyer or any employee or agent of Buyer has behaved improperly or unethically under this subcontract, Seller is encouraged to exert reasonable effort to report such behavior when warranted.

## 16.0 Supplier- Stakeholder Responsibilities Awareness

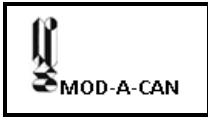
- *Our Customers:* We develop product and service solutions that solve the challenging needs of our customers. We build long-term customer relationships through superior performance. We are responsive, straightforward and committed in all dealings with our customers.
- *Our Colleagues:* We treat people with dignity, fairness and courtesy. We create an inclusive environment that is focused on a common purpose and where diversity in people and perspective is valued. We cooperate across organizational boundaries, focusing on adding value and earning the trust of our teammates.
- *Our Shareholders:* We are committed to providing an attractive long-term financial return for those who invest in our business. We use corporate assets responsibly and make decisions solely in the best long-term interests of the company. We provide timely and accurate information and disclosures as required to our current and prospective investors.
- *Suppliers and Business Partners:* We achieve success through collaborative efforts with our business partners. We treat our suppliers honestly, fairly and with respect. We honor our contractual obligations. We share our standards of business conduct with our suppliers and expect that they will reflect those standards when conducting business on our behalf.
- *Our Communities:* We are committed to being good corporate citizens and we obey the laws in the countries and communities where we operate. We practice environmental responsibility and promote positive and constructive involvement in the local community.

## 17.0 Supplier Product Safety Contribution

As a supplier to MOD-A-CAN Inc, Our expectation is that the Suppliers perform a Control/ Product Safety Plan. Plan for the manufactured items to be supplied which takes into account the following;

- Analysis and reporting of occurred events affecting safety
- Organize the collection of potential and occurred events, and analyze their impacts
- Organize escalation process and external reporting to interested parties
- Communication of these events and training of personnel
- Promote safety culture and lessons learned from occurred events
- Prevent occurrence of safety issues





# SUPPLIER TERMS AND CONDITIONS

Form

F-4

Rev: E

Pg. 9 of 10

## 18.0 Conflict Materials

MOD-A-CAN is committed to taking all steps to comply with the Dodd-Frank Act and SEC rules, as our customers require, conflict minerals and has implemented a comprehensive due diligence process to meet our obligations. We believe in the responsible sourcing of materials and will continue in our efforts to ensure a conflict-free supply chain to the extent reasonably practicable.

MOD-A-CAN requires suppliers to prepare a declaration disclosing if any 3TG are used in products delivered. Additionally, suppliers are required to report on the origin and chain of custody information for these minerals. You are also requested to flow down this alert to all levels of your supply chain and ensure that your company and your supply chain become familiar with the requirements under the “Conflict Minerals” rule. Although some companies are not directly subject to the rule, suppliers to MOD-A-CAN, must disclose the use, source of origin and chain of custody of 3TG within the product(s) supplied to MOD-A-CAN Inc. This information will be used by MOD-A-CAN Inc. to comply with its annual reporting and disclosure obligations as noted above. Your support and cooperation are essential to our being able to comply with this reporting requirement. Please see the resource information below in order to help you become more familiar with the reporting requirements on conflict minerals.

## 19.0 DPAS Defense Priorities and Allocations System

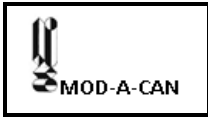
The Defense Priorities and Allocations System (DPAS) is used to prioritize national defense related contracts/orders throughout the U.S. supply chain in order to support military, energy, homeland security, emergency preparedness, and critical infrastructure requirements.

Purchase orders will be identified with DPAS code that is on our customer PO Information, it is required to be flow-down information, included in PO that is provided to all our suppliers, as applicable.

MOD-A-CAN will identify the DPAS Rating of applicable Contracts’ Purchase orders and or items in which this rating applies. A DPAS rated PO is a rated order, certified for national defense use, and Supplier Companies shipment, of this item is required to follow all the provisions of the Defense Priorities and Allocations System regulation (15 CFR Part 700).

## 20.0 Right of Entry

The supplier shall reserve the right of entry for Mod-A-Can, Mod-A-Can customers and regulatory agency personnel, for access to any and all facilities where work is being performed or is scheduled to be performed, including those facilities of the suppliers sub-tier suppliers, in order to perform inspections.



# SUPPLIER TERMS AND CONDITIONS

Form

F-4

Rev: E

Pg. 10 of 10

## CHANGE HISTORY RECORD

Revision	Date	Description of Change	DCR #
<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" 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>
<b>E</b>	<b>3/26/18</b>	Incorporated F-96 Supplier Quality Clauses	<b>496</b>