



## Supplier Purchase Order Terms and Quality Requirements

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- I. *Scope:* These terms and quality requirements are applicable to all Purchase Orders (PO) made by Ho-Ho-Kus, Inc. (HHK) to the Supplier indicated on the PO whether for tooling, machinery, component products, raw materials, or other goods and services.
- II. *Acceptance and Modification of PO:* Acceptance of PO and modification of PO is limited to the terms and conditions herein or as stated in any supplemental purchase agreement. Supplier will be deemed to have accepted such offer on HHK terms if Supplier commences working on products or services, ships the products which are subject of the purchase order, or if Supplier issues a written order acknowledgement. PO is for the purchase and sale of goods described on the face of the order. No other modification or attempts to modify the PO will be accepted unless agreed upon, in writing, by HHK.
- III. *Termination:* HHK reserves the right to terminate any PO in whole or in part for Supplier's default (a) if Supplier has not delivered products or services per the acknowledged delivery date indicated on PO (b) if Supplier fails or refuses to perform in accordance with any of the technical or commercial requirements specified on PO (c) if Supplier becomes insolvent or suspends any of its operations or if any petition is filed relating to bankruptcy, reorganization or receivership. Any such termination will be without liability to HHK except for the completed and delivered items accepted by HHK.
- IV. *Changes:* HHK may, at any time by notice in writing, make changes in (a) drawings, designs or specifications, where the items to be furnished are to be specially manufactured for HHK in accordance therewith, (b) method of shipment or packing, (c) place or time of inspection, delivery or acceptance, (d) the amount of any HHK furnished property. If any such changes cause an increase or decrease in the costs of or time required for performance of this PO, an equitable adjustment shall be made in the price or delivery schedule or both.
- V. *Stop Work Order:* HHK may, at any time by notice in writing, require Supplier to stop all or any part of the work under this order. Immediately upon receipt of stop work order Supplier shall comply with its terms and immediately take all reasonable steps to minimize the incurrence of costs. Stop Work Order may remain in effect up to a period of ninety (90) days.
- VI. *Proprietary Prints and Drawings:* Proprietary prints and/or drawings provided to Supplier by HHK are to be used strictly for manufacturing purposes. All other distribution and reproduction of HHK proprietary prints and/or drawings requires prior written authorization.
- VII. *Confidentiality:* All information that is not already publicly available provided by HHK to Supplier under the PO shall remain HHK property and be considered confidential by Supplier and that the information is used only for the purposes submitted. Supplier shall take all necessary steps to ensure that neither Supplier nor its employees, agents, suppliers, or authorized subcontractors release or communicate such confidential information to any third party without HHK's written consent. These confidentiality requirements shall be maintained for the duration of performance under this PO and for a period of five (5) years thereafter. If requested, at the completion of the PO or any termination of the PO, Supplier agrees to immediately return to HHK all information, including all copies thereof, confidential or otherwise, related to the PO.
- VIII. *Ownership:* All supplies, materials, tools, jigs, dies, gauges, fixtures, molds, equipment, ancillary products and other items purchased by or furnished by HHK or by third-parties on HHK's behalf given to Supplier to perform hereunder, or for which Supplier has been reimbursed by HHK, shall be and remain the property of HHK and shall be neither withheld by Supplier nor pledged to any third party. If requested, Supplier shall provide HHK with equipment and tooling drawings or technical specifications. Supplier shall bear the risk of loss of and damage to HHK property. HHK property (a) shall at all times be properly housed and maintained by Supplier, (b) shall not be used by Supplier for any purpose other than the performance of an HHK PO, (c) shall be deemed to be personal property, not a fixture, (d) shall be identified or marked as property of HHK, (e) shall not be moved from Supplier's premises without HHK approval. At the request of HHK, property shall be released and returned to HHK by Supplier.



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HHK shall have the right to enter Supplier's facility when reasonable to inspect HHK property. Supplier shall assume all risk of death, injury, or damage to property arising from the use or operation of Tools or other materials supplied by HHK and shall indemnify HHK against any claim for loss, damages, or injury to property or persons, including attorney fees arising from supplier's use thereof.

- IX. *Insurance:* Supplier will carry insurance to indemnify HHK against any claim for loss, damages or injury to property or persons arising out of the use of goods provided by Supplier. Supplier shall provide certificates upon HHK request.
- X. *Communication:* Unless otherwise specified, all supplier communication with HHK shall be sent to the appointed representative within HHK. It is the responsibility of Supplier to notify HHK of all changes to product, processes, suppliers, and facilities in performance of the PO. It is also the Supplier's responsibility to ensure that any necessary re-qualifications are completed prior to shipping goods to HHK.
- XI. *Right of Access:* Supplier shall establish and maintain a quality management system acceptable to HHK for the products purchased under this contract. Supplier shall permit HHK, its customer, or regulatory authorities a right of access to all facilities and all applicable records, processes, or practices involved with purchased products to verify conformance to requirements of this PO.
- XII. *Inspection Acceptance of Supply:* At no additional cost to HHK, products can be subjected to inspection, surveillance, and applicable test at reasonable times and places, including at Supplier's or its subcontractors' locations. HHK reserves the right to perform inspections, surveillance, and tests so as not to unduly delay the work. Supplier shall prepare records evidencing all inspections made under this order. Inspection reports and certificates shall be made available to HHK upon request.
- XIII. *Non-Conformance:* Supplier shall not submit known non-conforming product to HHK without written deviation authorization from HHK. In the event that a non-conformance is discovered after receipt by HHK, Supplier shall notify HHK within two (2) business days of the discovery.
- XIV. *Flow-Down:* Supplier shall flow down all applicable statutory and regulatory requirements of any PO to all sub-tier sources used in the production or procurement of parts for HHK.
- XV. *Calibration:* All measurement and test equipment used to verify product conformance must be calibrated and traceable to the National Institute of Standards and Technology (NIST). Records of calibration must be maintained according to AS9100 and ISO9001 standards.
- XVI. *Traceability:* Supplier shall ensure that all product and documentation is traceable throughout product realization by lot number, job/work order number, heat number, and/or material PO number. All multiple lots must be separated and identified. The commingling of lots is not permitted under any circumstance. Traceability records shall be made available to HHK upon request.
- XVII. *Shelf Life:* For products with limited shelf life, the Supplier shall indicate the cure date and any applicable storage and/or handling requirements. Remaining shelf life at time of delivery shall not be less than 80%.
- XVIII. *Document Control and Control of External Drawings and Specifications:* HHK specifications are available upon request. It is the Supplier's responsibility to review the information on the PO to ensure that latest revisions of HHK or industry specifications are implemented. The supplier shall notify HHK immediately if they do not hold and/or cannot obtain controlled copies of the specifications and documents required per PO.
- XIX. *Certificates of Conformance:* All Manufacturer's Certificates of Conformance shall have the following information at minimum:



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- Purchase order number.
- Part number as indicated on HHK PO (reference or equivalent part numbers are not acceptable).
- Revision letter.
- Lot numbers and respective quantities.
- Statement of conformance.
- Shelf life, including cure date (if applicable).
- Date and signature of authorized quality representative.

XX. *Records Retention:* Supplier agrees to maintain a record of all product lot certifications, inspection records, and sales documentations for a period of no less than 10 years from date of shipment. These records shall be made available for HHK review upon request.

XXI. *Variance in Quantity:* Shipment quantity tolerances +/- 0% unless otherwise agreed by HHK prior to shipment. Unauthorized over-shipments are subject to return at Supplier's expense.

XXII. *Delivery & Packaging:* Unless otherwise specified, delivery shall be made to the HHK address indicated on the PO. Supplier shall take all necessary measures to meet delivery date specified on PO and comply with all technical, administrative and shipping documents. No shipments earlier than fourteen (14) days of the scheduled PO delivery date will be accepted without prior authorization by HHK. Supplier shall bear all costs related to any unauthorized early delivery, including return shipping costs. In the event of a late delivery beyond scheduled PO delivery date, all damages suffered by HHK and any transportation or other costs incurred by HHK will be paid by Supplier. Supplier shall take all necessary measures to ensure that product shipped to HHK is in accordance with HHK PO requirements, industry packing specifications, or in accordance with norms and standards of common carriers in the United States. Supplier will provide all necessary Material Safety Data Sheets and ensure that all hazardous material fully meets federal, state and local shipping requirements. Supplier warrants that products supplied under any PO does not contain any substance whose use is prohibited under Federal, State, or local law, and that any applicable requirements under these laws have been satisfied by Supplier. Supplier shall be responsible for any damage to the product arising from unsatisfactory packaging. HHK will select the carrier, method, and mode of transportation for all shipments charged to HHK account.

XXIII. *Raw Material Deliveries:* Unless otherwise stated by contract, default raw material tolerance is +/- 0.005". All raw material must be burr free. Metal coils shall have a maximum diameter of 35" or a maximum weight of 200 lbs unless authorized by HHK. Metal coils must be supplied no greater than four (4) coils per skid. Raw material shall be packed and secured such that it remains orderly and undamaged during transit until receipt by HHK.

XXIV. *Corrective/Preventive Action Request:* Corrective/Preventive Action Requests (CAPA) may be required of Suppliers which allow quality escapes on product shipped to HHK. CAPAs shall be returned within time frame specified by HHK.

XXV. *Repair:* No repair is allowed without written authorization or instruction from HHK. This requirement applies to Suppliers and their subcontractors.

XXVI. *FOD Procedure:*

Foreign Object Damage (FOD) is a major concern in the aviation, space, and defense industry.

Supplier shall have a FOD prevention program in accordance with Aerospace Standard AS9146, Foreign Object Damage (FOD) prevention Program – Requirements for aviation, Space, and Defense Organizations.

Supplier has a defined process that contains the required elements to include internal audits scheduled, results of audits are documented and used to improve effectiveness of FOD prevention program and audit frequencies adjusted based on results per NAS 412 and AS9146 section 4.



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Supplier have process to inspect for FOD prior to final closure of inaccessible or obscured areas and compartments during assembly and work instruction to identify FOD check point in all required areas. Seller shall inspect for FO/materials and ensure no protective devices (e.g., bags, caps, covers, and plugs) remain embedded per Lockheed Martin's QX and Q4R.

Supplier shall ensure tooling, jigs, fixtures, and test or handling equipment are maintained in a state of cleanliness and repair sufficient to prevent FOD and FOD per AS9146 section 4.2

Supplier has a defined process, FOD data is collected, trend analysis is performed, and metrics are generated, Feedback is provided to management and workforce and corrective actions are implemented and validated NAS-412.

Delivering products to HHK, seller has to certified to buyer that such items and packaging are free from From any FO/FOD.

XXVII. *Single Lot*: Each discrete line item on any PO must be provided from a single manufacturer's lot. Exceptions must be approved by an HHK representative prior to shipment. Unauthorized receipt of multiple lots may be cause for rejection.

XXVIII. *Raw Material & Process Certifications*: When requested by PO, the supplier shall provide raw material certifications with trace to mill source and country of origin, special process certifications, and applicable qualification test reports required by PO.

XXIX. *Warranties*: Supplier warrants to HHK that all goods and services furnished to HHK will conform to applicable specifications, instructions, drawings, blueprints, data, samples and any other descriptions, will be of good material and workmanship and free from defects, including defects in design where design is Supplier's responsibility, and will be free from all liens and encumbrances, and will be new, merchantable and fit for the purpose intended. All warranties will survive inspection, test and acceptance of and payment for the relevant goods and services. This warranty shall run to HHK and its successors, assigns and customers. This warranty shall begin after HHK's final acceptance. HHK may, at its option, either (i) return for credit or refund, or (ii) require prompt correction or replacement of the defective or non-conforming Goods. Return to Supplier of defective or non-conforming Goods and redelivery to HHK of corrected or replaced Goods shall be at Supplier's expense. Supplier shall be liable for costs of inspecting, assessing, gaining physical access to, and removal of any installed non-conforming goods or services or adjoining goods. Deliveries of corrected or replaced Goods or services shall be accomplished promptly and shall be accompanied by written notice specifying that such goods or services are corrected, repaired or replaced. HHK's remedies with respect to this warranty shall not be limited, restricted or disclaimed in whole or part by any other terms or conditions. HHK retains all its rights at law and in equity for Supplier's breach of warranty. Goods required to be corrected or replaced shall be subject to this article and further inspection rights in the same manner and to the same extent as goods originally delivered under this contract, but only as to the corrected or replaced part or parts thereof. Even if the parties disagree about the existence of a breach of this warranty, Supplier shall promptly comply with HHK's direction to (i) repair, rework or replace the goods or (ii) furnish any materials or parts and installation instructions required to successfully correct the defect or nonconformance.

XXX. *Conflict Minerals*: Ho-Ho-Kus Inc. certifies product as DRC Conflict-Free. Any supplier products shipped to HHK shall not contain minerals that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo.  
The term "Conflict Minerals" means—  
(a) columbite-tantalite (coltan), cassiterite, gold, wolframite, or their derivatives; or  
(b) any other mineral or its derivatives determined by the US Secretary of State to be financing conflict in the Democratic Republic of the Congo or any adjoining country.

XXXI. *Disputes*: Except as otherwise specifically provided in this order, any dispute concerning a question of fact and/or law arising under this order that is not disposed of by agreement of the parties shall be decided by arbitration under the rules and procedures of the American Arbitration Association in Newark, New



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Jersey, or the closest location thereto in New Jersey. To the extent that the issue in dispute between HHK and Supplier is related to an issue in dispute between HHK and its customer, Supplier agrees to stay in arbitration proceedings until HHK dispute with its customer is finally resolved.

XXXII. *Order of Precedence:* In the event of any conflict between these terms, the PO, or any other applicable materials, except as otherwise explicitly agreed in writing by Supplier and HHK, the order of precedence will be: (a) in the case of any PO ultimately relating to a U.S. government contract, the Federal Acquisition Regulations in effect on the date of PO, (b) the terms of any signed long term contract between the Supplier and HHK, (c) these terms as specified herewith, (d) the terms of any PO to the extent they are other than those set forth in these terms, (e) project specifications, (f) project drawings.

XXXIII. *Force Majeure:* Deliveries or acceptance will be subject to extension of time made necessary by reason of delays or disabilities directly affecting Supplier or HHK, respectively, occasioned by fires, floods or other catastrophes, wars, riots or embargo delays, government allocations or priorities, unforeseeable government restrictions or controls, or unusually severe weather conditions, to the extent such delays and disabilities are beyond their reasonable control in spite of prudent precautions. Performance may be delayed only to the extent reasonably caused by such event, and upon prompt written notice of the event.

XXXIV. *Notice:* Any notice required hereby shall be by U.S. certified mail, return receipt requested, and shall effective when mailed.

XXXV. *Notice:* If Boeing Q31 applies on PO, or is a Boeing proprietary product – the supplier will place the following statement on the shipping documentation of all shipments to Ho-Ho-Kus, Inc.

***“Seller hereby acknowledges that the parts and/or materials being shipped under this order are intended for use under Boeing’s Federal Aviation Administration (FAA) issued Production Certificate 700 and no articles (or constituent parts thereof) or the accompanying paperwork (e.g., packages, shippers, etc.) contain any Federal Aviation Administration – Parts Manufacturer Approval (FAA-PMA) markings.”***

XXXVI. *Counterfeit Parts Prevention:*

### AS 6174 APPENDIX D - CONTRACT REQUIREMENTS- GENERAL

1. For the purpose of this clause, parts consist of those parts delivered under this purchase order that are the lowest level of separately identifiable items (components, goods and assemblies). “Counterfeit Parts” means parts that are or contains items misrepresented as having been designed and / or produced under an approved system or other acceptable method. The term also includes approved parts that has reached a design life limit or has been damaged beyond possible repair but is altered or misrepresented as acceptable.
2. Supplier agrees and shall ensure that Counterfeit parts are not delivered to HHK.
3. Supplier shall only deliver or purchased parts to HHK directly from the Original Components Manufacturer / Original Equipment Manufacturer, or through an OCM/OEM authorized distributor chain. Parts shall not be acquired from independent distributors or brokers unless approved in advance in writing by HHK.
4. Supplier shall maintain a method of commodity and item level traceability that ensures tracking of the supply chain to the manufacturer of all parts being delivered per this order. The intermediaries from the manufacturer to the direct source of the material for the Supplier 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 designation.
5. Supplier shall immediately notify HHK with all facts if the Supplier becomes aware or suspects that it has furnished Counterfeit Parts. When requested by HHK, the Supplier shall provide OCM/OEM documentation that authenticates traceability of the affected parts to the applicable OCM/OEM.
6. In the event the product delivered under this purchase order includes Counterfeit Parts, Supplier shall, at its expense, promptly replace such Counterfeit Parts with genuine parts conforming to the requirements of this purchase order. Notwithstanding any other provision in this purchase order, Supplier shall be liable for all costs relating to the removal and replacement of Counterfeit Parts, including without limitation HHK costs of





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removing Counterfeit parts, replacement parts and any testing needed by the re-installation of Parts after counterfeit parts have been exchanged. The remedies contained in this paragraph are in addition to any remedies HHK may have by law or under other provisions of this purchase order.

7. This clause applies in addition to any quality provisions, specifications, statement of work or other provision included in the purchase order addressing the authenticity of parts. To the extent such provisions conflict with this clause, this clause prevails.
8. Supplier shall include paragraph 1 through 7 of this clause or equivalent provisions in lower tier subcontracts for the delivery of items that will included in or furnished as parts to HHK.
9. In accordance with the Aerospace Suppliers Quality Requirements, (AS6174) and in alignment with the Counterfeit Material conditions, HHK will assure the acquisition of authentic & conforming raw material which shall validate the physical and chemical properties. Samples of raw material submitted by the supplier shall be submitted at a minimum frequency of one test per material per supplier within a twelve-month period utilizing an external laboratory holding a minimum of a A2LA or NADCAP accreditation. The supplier shall take responsibility to send this request according to the HHK Purchase Order requirements. If these requirements are not met and received by Ho-Ho-Kus Inc., then a sample shall be submitted to the external laboratory for which the supplier will be responsible the cost of analysis.

AS5553 Aerospace Standard Fraudulent/Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, And Disposition requirements:

1. Supplier shall create a Counterfeit Parts Prevention and Control Plan per AS5553 section 3 and includes Personal training, part availability, purchasing process, purchasing information, verification of purchased Parts, Investigation, Material Traceability and Control, Reporting and auditing all elements per AS5553 Section 3.1.1 through 3.2.
2. Supplier shall have a defined process that selects appropriate inspection and testing based on risk of receiving Counterfeit parts and part complexity. Supplier reviews CCP/CP plan periodically for the suitability of the Of the inspection and test methods per AS5553 section 3.1.3 Appendix D.
3. Seller has a process for assessing sub-tier risk mitigation that may include survey, audit, and review of product Alerts and review of sub-tier quality data. Objective evidence demonstrates verification activities occur with Sub-tier per AS5553 section 3.1.2.E.

### XXXVII. *First Article Inspection*

The purpose of the First Article Inspection is to provide objective evidence that all engineering design and specification requirements including process and manufacturing validation are correctly understood, accounted for, verified, and documented. Supplier shall create a procedure or plan that satisfy all the requirement of AS9102 and AS9100 section 8.5.1.3.

The FAI has to be made for any of the following changes per AS9102 section (4.5)

1. A change in the design characteristics affecting fit, form, or function of the part.
2. A change in manufacturing source(s), process(es), inspection method(s), location of manufacture, tooling, or materials that can potentially affect fit, form, or function.
3. A change in numerical control program or translation to another media that can potentially affect fit, form, or function.
4. A natural or man-made event, which may adversely affect the manufacturing process.
5. An implementation of corrective action required to complete a previous FAI
6. A lapse in production for two years shall require an update for any characteristics that may be impacted by the inactivity. This lapse is from the completion of last production operation to the actual restart of production.



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*XXXVIII. Statistical Techniques:*

When specified on purchase order supplier must use statistical techniques for product acceptance and related instructions for acceptance.

*XXXIX. Document Retention:*

Suppliers should retain documented information for all purchase orders over the period of 10 years and available for review upon request.

*XL: Supplier Contribution and Ethical Behavior*

Suppliers should communicate to their employees about employee's contribution to product or service conformity, product safety and importance of ethical behavior.

**\*\*\*BY ACKNOWLEDGING ANY HO-HO-KUS, INC. PURCHASE ORDER, SUPPLIER AGREES TO ALL TERMS AND CONDITIONS STATED. NON-CONFORMING PRODUCTS ARE SUBJECT TO REJECTION, RETURN AT SUPPLIER'S EXPENSE, AND/OR FORMAL CORRECTIVE ACTION\*\*\***