

# Precision Metal Manufacturing

11060 Irma Drive Northglenn, CO. 80233



## Terms and Conditions

- A. EXCLUSIVE, EXPRESS WARRANTY:** Precision Metal Manufacturing, Inc. warrants, to the original purchaser, that any standard product it manufactures is free from defects in materials and workmanship. The duration of this warranty is 6 months from the date of shipment. In the event that the purchaser discovers the products to be defective in materials or workmanship it must notify Precision Metal Manufacturing in writing within 14 days and under no circumstances more than 14 days after the end of the 6-month warranty period. After notification in writing Precision Metal Manufacturing, at its sole discretion, will correct any defect in materials or workmanship by repair or replacement of the defective product or refund the purchase price of the defective product. These remedies are the exclusive remedies for the breach of the foregoing warranty. This warranty covers only such products that are manufactured by Precision Metal Manufacturing and does not extend to such products used as component parts in equipment. Precision Metal Manufacturing specifically excludes all other warranties whether expressed or implied. This warranty is void for products which operate under other than design load ratings and operating conditions.
- B. WARRANTY AND LIABILITY DISCLAIMER:** Precision Metal Manufacturing, Inc.'s liability shall in no case exceed the purchase price of the product or products which gave rise to the claim. Expenses and delays associated with the removal of any defective product shall be borne by the Purchaser. Precision Metal Manufacturing hereby disclaims any liability for injuries which may result from the use of our products contrary to our instructions. We specifically exclude any and all warranties of MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. PRECISION METAL MANUFACTURING SHALL NOT BE LIABLE IN ANY EVENT FOR INCIDENTAL AND CONSEQUENTIAL DAMAGES. There is no liability, expressed or implied, on the structural soundness or design of equipment not supplied by Precision Metal Manufacturing, Inc
- C. RETURNS:** Precision Metal Manufactured products may not be returned without prior written authorization and must be accompanied by an assigned Return Material Authorization (RMA) number. Products returned without prior written authorization and not clearly marked with our assigned RMA number will not be accepted. If requested by Precision Metal Manufacturing products shall be returned prepaid. Expenses which result from the return of goods must be borne by the Purchaser.
- D. SHIPPING:** All shipments will be shipped F.O.B. Northglenn, Colorado, freight collect unless other arrangements have been made in advance of the order and are confirmed in writing. Precision Metal Manufacturing's responsibility for damage or loss ceases after delivery to the freight carrier of the goods. All claims for merchandise lost or damaged must be handled by the Purchaser. Precision Metal Manufacturing will make every attempt to accommodate shipping instructions provided by the Purchaser provided they do not conflict with any of the terms and conditions set herein. Requests for specific methods of transportation must be made at the time of order placement. Under no circumstances will Precision Metal Manufacturing accept responsibility nor may it be held responsible for additional charges which may result from failure to accommodate specific shipping instructions.
- E. CANCELLATION:** Cancellation requests from the Purchaser require the written consent of Precision Metal Manufacturing. The Purchaser shall be liable for reasonable costs and expenses incurred by Precision Metal Manufacturing prior to notice of cancellation. This amount shall not be less than 20% of the value of the goods ordered and not less than \$25.00.
- F. VENUE:** Purchaser agrees that any claim, dispute or controversy arising out of or relating to this transaction shall be made or brought solely and exclusively in the state or federal court having jurisdiction over Northglenn, Colorado, which is in Adams County, Colorado. Purchaser hereby consents to personal jurisdiction in said forum.
- G. STANDARD CONDITIONS OF SALE AND ORDER ACCEPTANCE:** Purchaser assents to the terms and conditions contained herein and acceptance of this order is expressly limited to same. Any additional terms and conditions, including those contained in the buyer's purchase order or order acceptance will not be binding upon Precision Metal Manufacturing unless such terms and conditions are specifically agreed to in writing by an authorized representative of the seller. All past due accounts shall be assessed a service charge equivalent to 1-1/2% per month (18% annual rate). In the event that Precision Metal Manufacturing hires an attorney to assert any of its rights or defenses in connection herewith or to collect amounts due, Purchaser agrees to be responsible for all of Precision Metal Manufacturing's legal fees and expenses as well as costs of collection.
- H. QUALITY REQUIREMENTS:**
1. Quality Management System Requirements
    - a. Suppliers designing, manufacturing, and/or assembling commercial (e.g., non-aerospace) products shall have a quality management system that complies with the International Organization for Standardization document, ISO 9001 - Quality Management System Requirements. Independent certification/registration is not required.
    - b. Suppliers designing, manufacturing, and/or assembling aerospace products shall have a quality management system that complies with the Society of Automotive Engineers (SAE), AS9100 Quality Management Systems - Aerospace - Requirements. Independent certification/registration is required under the Aerospace Industry controlled AS9104 process. The Supplier shall allow PMM access to its data in the "International Aerospace Quality Group" (IAQG) "Online Aerospace Supplier Information System" (OASIS). Suppliers that obtain certification/registration to AS9100 and subsequently changes certification/registration bodies (CRB), loses its registration status, or is put on notice of losing its registration status, shall notify its PMM within three days of receiving such notice from the Supplier's registration body (CRB).
    - c. Unless otherwise specified by the Purchase Order, special processes for aerospace products shall be performed only by sources that have been surveyed and qualified/approved, by Nadcap (National Aerospace and Defense Contractors Accreditation Program). The supplier shall provide to PMM, upon request, all documentation showing evidence of qualification of use of Nadcap approved special processes. A special process certification shall be provided with each shipment of item(s) delivered on each Purchase Order. Special Process Certifications may be in a Supplier format and shall include the following:

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- PMM's Purchase Order number
- Part number(s)
- Serial and/or lot numbers, of the hardware processed (if applicable)
- Special process specification and revision level
- A certification stating the special process was performed per the applicable drawing/specification requirements.
- Nadcap Approval
- Organization's name and address
- When a special processor is utilized other than the supplier, provide a certification of compliance from the special processor stating the special process was performed per the applicable drawing/specification requirements. Certifications must include the processor's name, address and be signed and dated by a company official.
- Each certification must be signed and dated by a company official of the organization and/or processor attesting to the acceptance of the processes performed to the required specification(s).

The supplier shall retain all records associated with the performance of special processes associated with the Purchase Order. These records shall be made available to PMM and/or its representative upon request.

- d. Suppliers providing metrological confirmation (a.k.a., calibration) services shall have a documented calibration management system that meets the requirements of at least one of the following:
- American National Standard Institute (ANSI)/National Conference of Standards Laboratories (NCSL) Z540.1, "Calibration Laboratories and Measuring and Test Equipment - General Requirements"
  - American National Standard Institute (ANSI)/National Conference of Standards Laboratories (NCSL) Z540.3, "Requirements for the Calibration of Measuring and Test Equipment"
  - International Organization for Standardization (ISO) 17025, "General requirements for the competence of testing and calibration laboratories"
2. Flow Down Requirements  
The requirements contained in the PMM Purchase Order and in these Terms and Conditions, including this clause, shall be flowed down (i.e., invoked or applied) to all sub-tier suppliers and sub-contractors fulfilling all or any portion of a PMM Purchase Order.
3. Prime Contract numbers  
Where a "Prime Contract" number is identified on a PMM Purchase Order, the Supplier shall include the "Prime Contract" number on all Purchase Orders issued to all sub-tier suppliers and subcontractors involved in the fulfillment of the PMM Purchase Order.
4. Export Control Notice  
The PMM Purchase Order may contain technical data whose export, transfer, and /or disclosure may be controlled by the U.S. "International Traffic in Arms Regulations" (ITAR) 22 CFR part 120-130 and/or the "Export Administration Regulations" (E.A.R.).
5. Conflict Minerals  
No conflict minerals shall be used by any Supplier, sub-tier supplier or subcontractor in the fulfillment of any PMM Purchase Order (Ref. section 1502 of the "Dodd-Frank Wall Street Reform and Consumer Protection Act").
6. Counterfeit Material and/or EEE Components/Parts
- a. Counterfeit (Raw) Material  
The Supplier 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 each Purchase Order. This traceability method shall clearly identify the name and location of all of the supply chain intermediaries from the manufacturer (e.g., mill) to the direct source of the material for the Supplier (seller). Use of SAE AS6174A, "Counterfeit Material; Assuring Acquisition of Authentic and Conforming Material" for guidance is recommended.
- The Supplier shall approve, retain, and provide copies (in English) of the "Certificates of Analysis" (CoA) / "Material Test Reports" (MTRs) associated with each commodity or item provided under the Purchase Order. Each CoA / MTR shall, at a minimum, include the following information:
- Manufacturer name and address
  - manufacturer's commodity or item level identification for the item(s) such as date codes, lot codes, serializations, unique item identifiers, or batch identifications
  - Heat code / number
  - Results of any chemical analysis and physical tests
  - PMM's Purchase Order number and quantity
- b. Counterfeit Electrical, Electronic and/or Electromechanical (EEE) Components/Parts  
The Supplier shall ensure that only new and authentic EEE components/parts are delivered to PMM. The Supplier shall only purchase EEE components/parts directly from original manufacturers, manufacturer franchised distributors, or authorized aftermarket manufacturers. Provision of EEE components/parts that were not provided by these sources is not authorized unless first approved in writing by PMM. The Supplier must present compelling support for its request (e.g., original manufacturer documentation that authenticates traceability of the EEE components/parts to the original manufacturer), and include in its request all actions to ensure the EEE components/parts thus procured is authentic and conforming. Use of SAE AS5553B, "Counterfeit Electrical, Electronic, and Electromechanical (EEE) Parts; Avoidance, Detection, Mitigation, and Disposition" for guidance is recommended.
7. Limited Life and Age Controlled (Shelf Life) Items

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All perishable and age sensitive materials (e.g. epoxies, paints, bonding agents, adhesives), delivered to PMM shall have a minimum of 80% remaining shelf life upon receipt.

8. Use of Expired Materials

The Supplier, its sub-tier suppliers and subcontractors, shall not use or incorporate any expired materials (i.e., beyond the manufacturer's recommended shelf life) into any product intended for delivery / shipment to PMM.

9. Personnel

The Supplier, its sub-tier suppliers and subcontractors shall ensure personnel performing work related to the Purchase Order:

- a. Are qualified and trained to assure that their skills and competency levels will result in products that meet all requirements.
- b. Conform to U.S. International Traffic and Arms Regulation (ITAR) 22 CFR part 120-130 or the Export Administration Regulations Commerce., if applicable to the Purchase Order.
- c. Are aware of:
  - their contribution to product conformity,
  - their contribution to product safety,
  - the importance of ethical behavior.
- d. External Providers:
  - Precision Metal Manufacturing will monitor the external providers OTD and Quality ratings for all deliveries. If the OTD and Quality ratings fall below an acceptable level; Precision Metal Manufacturing may request the External provider to complete a SCAR/ 5Why to provide corrective action.
  - Precision Metal Manufacturing may conduct on-site audits or process reviews at the Suppliers' site as required and mutually agreed upon time to audit.

10. Acceptance Authority Media (AAM)

When acceptance authority media (AAM) is used (e.g., stamps, electronic signatures, passwords) the supplier shall establish controls for the media. The Supplier shall, within its organization and its supply chain, ensure:

- a. the use of AAM is clearly defined within its Quality Management System (QMS).
- b. The Supplier is able to demonstrate evidence of communication to, and training of, its employees concerning the control and use of AAM.
- c. use of AAM is understood to be a personal warranty of compliance and conformity.
- d. compliance is maintained by assessing its AAM control process as part of its internal audit activities. The areas of focus of this assessment shall include but not be limited to:
  - AAM application errors (e.g., omissions, typos, legibility)
  - Timely use of AAM (e.g., Documentation is not completed until acceptance is indicated, "Stamp/Sign as you go")
  - Misuse of AAM (e.g., use by unauthorized personnel, falsification of documentation)
  - AAM training deficiencies (i.e., improper use and/or control of AAM)

11. Foreign Object Damage / Debris (FOD)

The Supplier, its sub-tier suppliers and subcontractors, shall establish, document, implement and maintain a FOD detection and elimination program to ensure articles, particularly components and assemblies susceptible to foreign object damage, are free from foreign object debris and foreign object damage resulting from processing or assembly and packaging operations. Use of NASA MSFC-STD-3598 for guidance is recommended.

12. Configuration Management and Changes

The Supplier, its sub-tier suppliers and subcontractors, shall not vary from any drawing(s) or parts list/BOM (including sources) specified on a PMM Purchase Order without prior written approval from PMM.

13. Critical Items & Key Characteristics

Where the PMM Purchase Order or supplied information (e.g., drawings), identify items as "Critical Items" or dimensional requirements are noted as "Key" characteristics, the supplier shall furnish evidence of 100% inspection, including results, for each dimensional requirement. Sampling of "Critical Items" or dimensional requirements noted as "Key" characteristics, is NOT permitted.

14. Statistical Techniques / Sampling

Where statistical techniques are used for product acceptance, these techniques shall identify an AOQL (Average Outgoing Quality Limit) that controls the probability of conformance of delivered product. The AOQL value shall be selected based upon the associated risk(s). Use of SAE AS9138, "Statistical Product Acceptance Requirements" is recommended.

Use of AQLs (Acceptable Quality Limits) with "c=0" sampling plans, such as described in "Zero Acceptance Number Sampling Plans" (Fifth Edition) by Nicholas L. Squeglia (available from ASQ Quality Press) are considered equivalent to AOQL quality parameters.

15. Measuring & Test Equipment (M&TE) Accuracy Ratio

In order to establish a reasonable degree of confidence in measurement results, the M&TE selected for each measurement, test and/or inspection shall be a minimum of 4 times more accurate than the measurement tolerance of the feature to be measured. Where it is not possible to achieve a 4:1 or greater accuracy ratio, the Supplier shall provide documented justification (e.g., M&TE limited by state-of-

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the art technology) along with a description of any action(s) implemented to reduce the uncertainties associated with the diminished confidence in the measurement results. Use of SAE AS13003, "Measurement Systems Analysis Requirements" for guidance is recommended.

## 16. First Article Inspection (FAI)

Suppliers manufacturing or assembling aerospace products shall perform a first article inspection (FAI) in accordance with the current version of AS9102. First Article Inspection Reports (FAIRs) shall be completed using the forms specified in AS9102, and include:

- a. supporting data (e.g., Certificates of Conformance, Certificates of Analysis, Material Test Reports, X-Ray Examination Reports)
- b. copies of ECNs (Engineering Change Notices) affecting the change noted for partial FAIs (listed on AS9102, Form 1, Field 8)
- c. the PMM Purchase Order number (entered onto AS9102, Form 1, Field 12)

Completed FAIRs and supporting data shall be submitted to the PMM Quality department for review and approval prior to the delivery/shipment of product.

## 17. Certificates of Conformance

The Supplier shall provide a certification with each delivery/shipment attesting that all of the items (e.g., assemblies, subassemblies, detail parts) conform to the requirements invoked on the PMM Purchase Order.

## 18. Packaging and Marking

Unless otherwise specified in the Purchase Order, product shall be packaged and marked in accordance with the latest version of ASTM D3951, "Standard Practice for Commercial Packaging", or an equivalent documented and industry accepted methodology, to protect the product during delivery/shipment.

## 19. Nonconformance Control

The Supplier, its sub-tier suppliers and subcontractors, shall establish, implement and maintain a documented procedure defining the controls and assigning responsibilities for disposition of nonconformities, whether discovered internally or reported by PMM after delivery / shipment. When a nonconformance is discovered, or reported after delivery / shipment, the Supplier shall initiate an evaluation to determine disposition of the nonconformance. If the nonconformance can be re-worked to fully conform with *all* requirements, then this disposition may be performed without approval from PMM. However, if the nonconformance cannot be re-worked to fully conform with *all* requirements, prior approval (e.g., a waiver) must be obtained from the Quality Assurance function of PMM prior to dispositioning nonconforming product for repair or use-as-is.

## 20. Notification of Product Escape

Upon discovery of a potential quality, reliability, or safety issue with material / product that has been delivered / shipped to PMM, the Supplier shall immediately implement containment activities to prevent any further deliveries / shipments of the same or similar material / product.

The Supplier shall notify PMM within 24 hours of discovery if there is a potential quality, reliability, or safety issue with material that has already been shipped / delivered to PMM. Notification shall include details relating to the nature and severity of the potential quality, reliability, or safety issue.

Where measuring and test equipment (M&TE) is found to be Out-of-Tolerance (OOT); and that M&TE had been used by the Supplier in the performance of inspection / verification of product shipped / delivered to PMM, then the Supplier shall perform an Out-of-Tolerance Impact Analysis. Where an Out-of-Tolerance Impact Analysis reveals a potential quality, reliability, or safety issue with material / product that has been shipped / delivered to PMM, then the Supplier immediately notify the Quality function at PMM. This notification shall be followed by a written assessment describing the degree and impact of the OOT condition. At PMMs discretion, the Supplier shall accept responsibility and the cost for re-inspecting / re-testing all impacted material / products.

## 21. Record Retention

The Supplier, its sub-tier suppliers and subcontractors, shall maintain verifiable objective evidence of all inspections and tests performed, results obtained, and dispositions of non-conforming material / products. These records shall be traceable to associated material / products, including applicable heat and lot number of materials, unit or lot serialization. Unless otherwise specified in the Purchase Order, these records shall be made available to PMM and/or its representatives upon request and shall be retained and protected in an accessible location for a minimum period of:

- a. Aerospace products: 12 years after date of delivery
- b. Commercial (non-aerospace) products: 10 years after date of delivery

The Supplier records associated with the manufacture of serialized or lot controlled articles will provide for continued traceability of serial numbers or lot number identification through all phases of manufacture, commencing with the raw material and continuing through final acceptance of the end item.

## 22. Corrective Action

When the Supplier is requested by PMM to initiate a corrective action, a corrective action report shall be submitted within the time specified in the request. If the Supplier is unable to respond within the specified time frame, the Supplier shall submit a written request for extension, subject to PMM's approval. The request for extension shall include the reason for the extension and the additional time needed to complete the report.

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If after initial submittal the Supplier determines a revision is required to the report, the Supplier shall immediately notify PMM in writing of such revision. The notification of revision must highlight the change from initial submittal and include the purpose of the revision.

If the Supplier is late in responding to corrective action requests by PMM, or if PMM requires subsequent corrective action, PMM reserves the right to withhold acceptance of shipments either at the source or destination until the Supplier's corrective action is submitted to PMM's satisfaction.

PMM reserves the right to reject any root cause and/or corrective action determination provided by the Supplier, and may request subsequent investigation and/or corrective action.

23. Right of Access & Source Inspection

Work under the Purchase Order/Contract is subject to PMM, government or customer surveillance/inspection/audit at the Supplier's facilities and sub-tier supplier's facilities.

The Supplier shall permit PMM, its representatives, customers and/or government representatives, reasonable access to its facilities and all records (e.g., inspection records, calibration records, maintenance records, personnel training & qualification records, internal audit reports, corrective action records) and documentation (e.g., Work Instructions, Procedures), related to fulfillment of the applicable Purchase Order / Contract during normal business hours with reasonable advance notice, for the purpose of evaluating Supplier conformance to all contract requirements.

PMM, its representatives, customers and/or government representatives, may still reject subsequent delivered product.

24. Notification of Changes

The Supplier shall notify PMM of any changes to processes, products, changes of sub-tier suppliers / subcontractors, and/or locations of manufacture. Approval of changes must be obtained from PMM.

25. Approved Supplier List

PMM will monitor suppliers every quarter through the ASL spreadsheet to ensure they are meeting our standards in quality, on-time delivery and payment terms. If a supplier falls below the 70% acceptance rate they will be reevaluated as an approved vendor and may be given a corrective action or move to an inactive supplier. If a supplier has not been active after a year they will be moved to inactive.