



# QMS DOCUMENT RELEASE NOTICE

DRN No.: QMS-0226

Date: 02/14/2018

Owner: Eric Wikoff

Sheet: 1 of 7

Document Name: Purchase Order Terms and Conditions

Current Rev.: E

Document No.: QWI-PR-01-02

New Rev.: F

### Description of Changes

Added section on Counterfeit Parts and Standards of Business Ethics and Conduct.

### Reason for Changes

AS9100 Rev D has new requirements for these items.

-prevent the use of counterfeit parts (see 8.1.4);

m. ensuring that persons are aware of:

- their contribution to product or service conformity;
- their contribution to product safety;
- the importance of ethical behavior.

### Reviewer Approvals

Department	Name	Signature/Date
COO	Tony Erickson	2/14/18
Logistics	Kyle Walsh	2/14/18
Quality	Will Looney	2/14/2018


### Document Owner Approval for Release

Department	Name	Signature/Date
Purchasing	Eric Wikoff	02/14/2018



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**Quality Work Instruction**  
**Purchase Order Terms and Conditions**  
**QWI-PR-01-02**

<b>DOCUMENT OWNER</b>			
<b>Dept.</b>	<b>Name</b>	<b>Signature</b>	<b>Date</b>
PR	Eric Wikoff		2/14/2018

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**REVISION HISTORY**

<b>REV.</b>	<b>DATE</b>	<b>DRN No.</b>	<b>DESCRIPTION</b>
IR	8/15/11	QMS-0072	Initial Release of procedure
A	3/16/12	QMS-0098	Added Equal Opportunity and Affirmative Action statements
B	5/9/12	QMS-0122	Added Supplier Changes statement and revised Right of Entry statement
C	3/24/14	QMS-0150	Removed section on shelf-life control
D	5/7/14	QMS-0156	Added section on Supplier Corrective Action Requests
E	3/10/16	QMS-0190	Added section 3.0 definitions, added details to section 5.0, Instructions; added details to Nonconforming Material Section; removed references to the St. Helens location in Shipping Instructions
F	2/14/18	QMS-0226	Added section on Counterfeit Parts and Standards of Business Ethics and Conduct.

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**1.0 PURPOSE**

This instruction establishes the standard Terms and Conditions for Oregon Aero, Inc. (OAI) purchase orders (PO) to approved OAI suppliers.

**2.0 SCOPE**

This instruction applies to all PO's placed with OAI suppliers for the purchase of parts, materials, and services for the company.

**3.0 DEFINITIONS**

PO – Purchase Order

Supplier – A person or company at any tier in the supply chain who provides a product, article, or service that is used or consumed in the design or manufacture of, or installed on, a product or article.

**4.0 RESPONSIBILITIES**

The supplier is responsible for complying with the general requirements outlined in this document and specific requirements identified in the purchase order.

**5.0 INSTRUCTIONS**

The Terms and Conditions for OAI purchase orders (as shown in the attached list) are made available to all suppliers by electronic or physical means.

When changes are made to the Terms and Conditions, PO's will be updated with a footnote calling out the date of the latest change.

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## Purchase Order Terms and Conditions

**Terms of Agreement:** The purchase order, together with these terms and conditions, and any attachments, exhibits, specifications, drawings, notes, instructions and other information, whether physically attached or incorporated by reference (collectively the "Purchase Order"), constitutes the entire and exclusive agreement between OAI and the Supplier identified in the Purchase Order (PO). OAI's submission of the PO is conditioned on Supplier's agreement that any terms different from or in addition to the terms of the PO, whether communicated verbally or contained in any PO confirmation, invoice, acknowledgement, release, acceptance or other written correspondence, irrespective of the timing, shall not form a part of the PO, even if the Supplier purports to condition its acceptance of the PO on OAI's agreement to such different or additional terms. Supplier's electronic acceptance, acknowledgement of this PO, or commencement of performance constitutes Supplier's acceptance of these terms and conditions. All PO's are to be acknowledged with confirmation of OAI part number, Supplier and/or Manufacturer part number, description, quantity, delivery date, and pricing. Notwithstanding the foregoing, if a master agreement covering procurement of the Products of Work described in the PO exists between Supplier and OAI, the terms of such master agreement shall prevail over any inconsistent terms herein.

**Buyer Changes:** OAI may at any time by written order make changes or additions within the general scope of this purchase order in or to drawings, designs, specifications, and instructions for work, methods of shipment or packing, or place of delivery. If any such change causes an increase or decrease in the cost of, or the time required for performance of, this purchase order, Supplier shall notify OAI in writing immediately and an appropriate equitable adjustment will be made in the price or time of performance, or both, by written modification within five days after Supplier's receipt of notice of the change or within such other period as may be agreed to in writing by the Parties. Nothing herein shall excuse Supplier from proceeding with the purchase order as changed. If changes have been agreed upon, OAI will provide a revised PO to show such changes.

**Supplier Changes:** Suppliers to OAI must notify OAI of any changes in product and/or processes to manufacture the product, changes to services, changes to suppliers, and/or changes of manufacturing facility locations involved with the order and, where required, obtain OAI approval for the change.

**Delivery:** Delivery shall be strictly in accordance with the delivery schedule set out or referred to in this order. When it is not, a phone call or email explaining the situation is required. If Supplier's delivery shall fail to meet schedule, OAI, without limiting its other rights or remedies, may direct expedited routing, and any excess cost incurred thereby shall be debited to Supplier's account. The date on the PO is the Delivery Date and items on the order should ship to arrive on that date at the PO "Ship To" location. Delivery times are 7:00am – 4:00pm. Any change to the Delivery Date must be approved by OAI. On Time Delivery (OTD) is defined to be up to 5 business days early and 2 business days late from the specified Delivery Date and within the same Delivery Date month. OTD is one of the categories used in the Supplier Quality Evaluation.

**Shipping Instructions:** (a) Utilize the shipping account # specified on the purchase order (b) Do not deliver more than 5 days ahead of schedule within the delivery date month unless authorized by OAI (c) For palletized shipments, record the Nation Motor Freight Classification (NMFC) number on Bill of Lading to obtain the lowest applicable freight rate. Do not insure or declare value on shipments. Consolidate all shipments to be forwarded on one day. (d) Articles furnished in excess of the quantity specified or in excess of any agreed upon overage will be retained by OAI at no additional cost unless Supplier notifies OAI before thirty (30) days after shipment that it desires the return thereof. Supplier shall reimburse OAI for the full cost of returning such over-shipment or a minimum charge of US\$50.00; whichever is higher. No notification will be given to Supplier of any over-shipment unless the value thereof exceeds US\$100.00. (e) No extra charge for packaging shall be allowed unless specifically noted herein. (f) Goods shall be packaged to ensure safe arrival at destination. Raw metal material requires protective wrap on plate with no adhesives, tape, or banding touching material. (g) The container within which the shipping documentation, certifications, test data, and inspection data shall be clearly marked. (h) All paperwork must include at least the OAI purchase order number, part number, description, quantity, supplier/manufacturer part number, and revision level if relevant. A packing list and any applicable certificates and/or reports must accompany the shipment certifying that the articles listed are in compliance to the contract, drawing, specifications and other applicable documents. The Certificate must be validated by an authorized quality representative and include Purchase Order number, part numbers & revisions, quantity and lot numbers as applicable. (i) C.O.D. orders will not be accepted.

**Segregation of Lots:** The Supplier will not co-mingle different date codes or production lots, nor combine resubmitted parts with new production parts. Parts may be submitted in one shipment provided the different lots are identified and segregated unless otherwise required to be from one lot. For all orders containing raw metal the material must be from one lot.

**Nonconforming Material:** The Supplier shall not ship or perform material review action on nonconforming material with the intent of delivering nonconforming material without written authorization from OAI. OAI reserves the right to reject nonconforming products. Furthermore the supplier shall notify OAI if a product, article, or service has been released and subsequently found not to conform to the applicable design data within 24 hours. This includes products and articles sourced by the supplier from third tier or lower suppliers. That notification must be in writing, and must include the item part number, description, a clear description of the nonconformity, and all affected Purchase Orders. This notification should be sent to both the Purchasing Agent at Oregon Aero and the Quality Manager at Oregon Aero. Because the reporting of nonconformities by suppliers to Oregon Aero includes third tier and lower suppliers, each direct supplier to Oregon Aero is expected to have procedures for ensuring each supplier-provided product, article, or service conforms to their requirements.

**Counterfeit Parts:** The Supplier shall plan, implement, and control processes, appropriate to the organization and the product for prevention of counterfeit or suspect counterfeit part use and their inclusion in product(s) delivered to OAI. OAI reserves the right to reject and receive credit equal to the PO amount for products with counterfeit or suspected counterfeit parts. The supplier shall provide written notification to OAI of products and articles sourced by the supplier including those sourced from third tier or lower suppliers if a product, article, or service has been released and subsequently found to contain counterfeit or suspect counterfeit parts within 24 hours. The notification must include the OAI item number, manufacturer's item number, description, a clear description of the counterfeit or suspect counterfeit part, and all affected Purchase Orders. This notification should be sent to both the Purchasing and Quality Departments of OAI.

**Supplier Corrective Action Requests (SCAR):** If the parts or services delivered by the supplier have non-conformities that are recurring or considered serious by OAI, a SCAR may be issued. Once issued, the supplier is required to respond within 15 business days. The SCAR form contains instructions for the process. Failure to provide an acceptable response/corrective action may result in a hold on future business with the supplier.

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**Inspection:** The Supplier shall perform 100% inspection for workmanship, damage, foreign material, plating/finishing anomalies and other visible defects prior to delivery to OAI, or may employ sampling inspection when specifically authorized. Sampling Inspection must be a statistically valid (C = 0) sampling plan that precludes the acceptance of lots whose samples have known nonconformities. The use of other sampling plans or schemes is prohibited unless approved by OAI. Inspection/test which cannot be readily examined in the completed products must be performed at the appropriate in-process stages of manufacturing. Adequate records of inspection/test must be maintained by the supplier. First Article documentation for all first manufactured parts must be available upon OAI's request. Upon receipt, OAI may reject any or all of the order which does not conform to the applicable requirements. At OAI's option, OAI may (a) return the non-conforming parts to Supplier for complete replacement, (b) return the non-conforming parts to Supplier for repair or rework if deemed acceptable by OAI, (c) OAI may also accept the non-conforming parts if deemed acceptable to Use As Is by OAI. (d) For any subcontract work done to parts where OAI provides material and non-conforming parts are found to be unusable and not repairable, the Supplier will provide a refund or credit for the amount of the material and any OAI labor costs associated with the part up to the point of Supplier receipt, in addition to the credit of the subcontract work done on the parts. This also includes any quantity of parts not returned in full for any reason. (e) OAI's payment to the Supplier for any orders prior to OAI's rejection of such parts as non-conforming will not be deemed as acceptance by OAI.

**Price Warranty:** Supplier warrants that the price charged for the supplies/services specified in this order are equal or better than the selling price(s) that Supplier charges its most favored customer for the same or similar items, whether sold to the Government or to any other purchaser taking in account the quantity purchased and the terms and conditions of sale. Oregon has no sales tax; therefore sales taxes do not apply to OAI.

**Records:** The Supplier shall maintain adequate records of production, inspections, tests, material certifications and all relevant quality records that provide evidence of conformity to contract requirements and have these records be available for review by OAI or other regulatory authorities for a minimum of ten (10) years from completion of the purchase order contract.

**Traceability:** The supplier is required to provide traceability for all production assemblies and manufactured parts for use in production delivered to OAI and all such assemblies and parts must be controlled and uniquely identified of its components. Serial numbers, batch numbers, manufacture history and delivery data must be suitably recorded with all data to support traceability. All parts must be in new condition with full trace to the manufacturer. New surplus parts are not allowed unless clearly stated on the purchase order.

**Calibration:** A system for the control and maintenance of measuring and test equipment in accordance with ISO 10012, ISO/IEC 17025 A2LA, MIL-STD-45662A, or ANSI/NCSL Z540-1 or equivalent shall be implemented and maintained. The Calibration System shall be documented, accountable, traceable, and provide for initial and re-calibration during the life of the equipment to traceability to the National Institute of Standards and Technology (NIST).

**Warranty:** Supplier warrants that all articles, material and work furnished hereunder will be free from defect in material and workmanship and will conform to applicable specifications, drawings, samples and/or descriptions furnished by OAI. The warranties of Supplier, together with its service guarantees, shall run to OAI and/or its customers for one year from the date of shipment. Work performed to the above warranty may be rejected and returned to Supplier, at Supplier's expense, for correction or replacement.

**Payment:** OAI will pay Supplier the price agreed upon and acknowledged on the order in accordance with the payment terms set forth in the PO. Payment may be delayed due to any non-conforming issues with any associated parts until a resolution has been agreed upon. OAI may, at any time, setoff any amounts Supplier owes OAI against any amounts OAI owes Supplier or any of its affiliated companies.

**Right of Entry:** OAI hereby reserves the right of entry to the Supplier's facilities for the purpose of auditing procedures and/or inspection of purchased item(s). This Right of Entry shall extend to OAI's customers, Government, or other regulatory agencies, including FAA surveillance and investigation. Right of access also applies to any level of the supply chain involved in the order and to all applicable records. Adequate notification to the Supplier shall be provided in advance of the visit.

**Patents and Design Rights:** Supplier warrants that the sale, use, or incorporation into manufactured products of all machines, devices, material, software, and firmware that are not of OAI's design, shall be free and clear of infringement of any valid United States patent, copyright, trade mark, or other proprietary rights. Supplier shall hold OAI, its customers and lessees harmless from any and all expenses, liability, and loss of any kind including but not limited to attorney's fees, all costs, expenses, and fees growing out of claims, suits, or actions alleging such infringements, which claims, suits, or actions Supplier agrees to defend.

**Proprietary Drawings and Data:** Supplier shall keep confidential all information, drawings, specifications, or data; and return upon request, all furnished documents requested by OAI. Supplier shall not divulge or use such information, drawings, specifications, or data for the benefit of any other party. Except as required for the efficient performance of this purchase order, Supplier shall not make copies or permit copies to be made without the prior written consent of OAI. Supplier shall thereafter make no further use, whether directly or indirectly, of any such data or any information derived there from without obtaining OAI's written consent. The obligations of this clause shall survive the completion, cancellation, or termination of this purchase order. If OAI and Supplier have entered into a Proprietary Information Agreement (PIA) the parties shall treat the terms, conditions, and existence of the PO as Confidential Information as defined in the PIA. If the term of the PIA expires before the expiration or termination of the PO, then the term of the PIA shall be automatically extended to match the term of the PO.

**OAI's Property/Furnished Equipment:** Title to all property furnished to Supplier by OAI or paid for by OAI shall remain with OAI. Supplier shall not alter or use such property for any purpose or for any other party other than that specified by OAI without the prior written consent of OAI. Supplier shall keep adequate records which shall be made available to OAI upon request, and shall store, protect, preserve, repair and maintain such property in accordance with sound industrial practice, all at Supplier's expense. In the event that OAI's property becomes lost or damaged to any extent for any cause while in Supplier's possession, Supplier agrees to replace or repair such property, at Supplier's expense, in accordance with OAI's request. At the completion or any termination of the work for the goods or services for which OAI's property was required, Supplier shall request disposition instructions for all such property, or the remainder thereof, whether in its original form or in semi-processed form. Supplier shall make such property available to OAI at OAI's request, including preparation, packaging, and shipping as directed. Expense for preparation for shipment shall be for Supplier's account and shipment shall be made FOB Supplier's plant. Supplier assumes complete liability for any tooling, articles, or materials furnished by OAI to Supplier in connection with this purchase order and Supplier agrees to pay OAI for all such tooling, articles or material spoiled by it or not otherwise accounted for to OAI's satisfaction. The furnishing to Supplier of any tooling, articles or material in connection with this purchase order shall not, unless otherwise expressly provided, be construed to vest title thereto in Supplier.

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## Purchase Order Terms and Conditions

**Flow-down of Requirements (Sub-Tier Supplier):** Where critical processes, characteristics, or features are performed outside the Supplier’s facility, the Supplier is still responsible for control of sub-tier suppliers and the flow-down of applicable material, processes and testing requirements.

**Termination:** Without limiting OAI’s rights to cancel this order for default of Supplier by (a) failing to deliver within the specified time (b) failing to comply with the contract, OAI may terminate all or any part of the work under this order and process claims therefore for its inconvenience in accordance with the provisions set forth in current Federal procurement regulations. Supplier shall submit a claim for equitable adjustment within 30 days of receipt of termination notice.

**Indemnification:** To the extent that Supplier’s agents, employees, or subcontractors enter upon premises occupied by or under the control of OAI, or any of its customers, or suppliers, in the course of the performance of this purchase order, Supplier shall take all necessary precautions to prevent the occurrence of any injury (including causing death) of any persons, or of any damage to any property, arising out of acts or omissions of such agents, employees, or subcontractors; and, except to the extent that any such injury or damage is due directly and solely to OAI’s negligence, Supplier shall indemnify defend, and hold OAI, it’s officers, employees, and agents, harmless from any and all costs, losses, expense, damages, claims, suit, or any liability whatsoever, including attorney’s fees, arising out of any or omission of Supplier, it’s agents, employees, or subcontractors.

**Special Tooling:** Dies, tools and patterns specially developed for and used in the manufacture of the articles herein ordered shall be furnished by the Supplier and shall be kept in good condition and; when necessary, shall be replaced by Supplier. Any expenses associated with such items will be negotiated. OAI may at any time become the owner and entitled to possession of any or all such special tooling acquired or manufactured specially for use in the performance of this order if any portion of the cost of such special tooling is separately stated or included in the price of articles, material or work covered by this order upon Supplier being reimbursed the unpaid amount of Supplier’s cost of such special tooling.

**United States Export Regulations:** OAI is required by law to comply with all US export regulations with regard to exporting of goods, products, materials, technology, data, etc. up to and including, but not limited to, drawings, e-mails, repair procedures, installation manuals, specification documents or any electronic or written technical data.

As a supplier of OAI it is essential to communicate to you that our suppliers, vendors and partners are as well subject to these same regulations. It is important to note that “export” is not limited to the transfer of materials or documentation crossing a country border. An export can also occur when controlled data or hardware is shared in the US or other countries with one or more individuals who are not US citizens or permanent residents and are therefore subject to US export regulations.

The Supplier agrees to provide to OAI for each part number level: 1) the ECCN (Export Control Classification Number) ; 2) HTS classification number (Harmonized Tariff Schedule); 3) Certificate of Origin or a Manufacturers Affidavit; and 4) a NAFTA Preference Criteria, as applicable for every and all goods, materials, or services provided to OAI by Supplier as part of this agreement. If any goods, materials or services subject to this agreement are subject to ITAR (International Traffic-In – Arms) Control the Supplier agrees to notify OAI in writing prior to execution of this agreement providing the classification for the product or service utilizing the proper USML (United States Munitions List) classification.

If Supplier intends to conduct quotation work, manufacturing, supplying, or services including engineering services for this RFQ using anyone other than US citizens or permanent US resident aliens, Supplier must provide advance written notice to purchaser demonstrating detailed method of compliance in accordance with US export regulations.

**Hold Harmless:** To the fullest extent permitted by law, Supplier shall indemnify and hold harmless OAI, Inc. et al, its agents, directors, shareholders and employees, from and against any and all claims, damages, losses and expenses, including but not limited to attorneys’ fees, arising out of or resulting from performance of work, provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property, but only to the extent caused by the negligent acts or omissions of Supplier, anyone directly or indirectly employed by them or anyone whose acts they may be liable, regardless of whether or not such claim, damage, loss or expense is caused in part by a party indemnified hereunder.

**Equal Opportunity & Affirmative Action for Sellers:** The following provisions, rules and regulations pertaining to Equal Opportunity and Affirmative Action, are hereby incorporated by reference; and the seller represents, by acceptance of this purchase order, that it will comply with such provisions, rules, regulations and amendments thereto, to the extent the same rules are applicable to the manufacture and/or sale of goods purchased hereunder; or the contracting and/or subcontracting of services of work hereunder: to 41 CFR 60-1.4(a) (for women and minorities), 41 CFR 60-741.5(a) (for disabled), and 41 CFR 60-250.5 (for disabled veterans and veterans of Vietnam Era).

**Equal Opportunity & Affirmative Action for Sub-Contractors:** The following provisions, rules and regulations pertaining to Equal Opportunity and Affirmative Action, are hereby incorporated by reference; and the subcontractor represents, by acceptance of this contract, that it will comply with such provisions, rules, regulations and amendments thereto, to the extent the same rules are applicable to the contractor and/or the contracting and/or subcontracting of services of work hereunder; or the sale of good purchased hereunder: to 41 CFR 60-1.4(a) (for women and minorities), 41 CFR 60-741.5(a) (for disabled), and 41 CFR 60-250.5 (for disabled veterans and veterans of Vietnam Era).

**Standards of Business Ethics and Conduct:** The Supplier and OAI will conduct its business fairly, impartially, in an ethical and proper manner, in full compliance with all applicable laws and regulations. The Supplier will not engage in any activity that might create a conflict of interest for OAI. The Supplier will not seek personal gain through the inappropriate use of Oregon Aero resources, non-public information or abuse of position. This includes not engaging in insider trading. The Supplier will promptly report any illegal or unethical conduct to OAI management. Supplier will ensure that product or service references technical standards for conformance and safety and has a system in place to maintain compliance.

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