

Paramount Machine Purchase Order Supplement

Standard Terms and Conditions and Special Quality Clauses

TO BE A SUPPLIER TO PARAMOUNT MACHINE YOU MUST MEET OUR STANDARD QUALITY REQUIREMENTS LISTED BELOW.

Standard Quality Requirements

A. Quality System: You must have a documented quality system. You are required to have a quality system in place that conforms to MIL-I-45208 or a higher standard. Manufacturers of material used in production manufacturing at Paramount Machine, should maintain a third-party certification of your quality system to these standards, or have a goal to achieve third-party certification, unless exempted by Paramount Machine in writing.

B. Right of Access: You must allow on-site verification of your quality management system, manufacturing process, and product by Paramount Machine, our customer, our customer's representative, or the government (FAA, DOD, etc.), if requested.

C. Material and Process Specifications: You must produce Paramount Machine products to the specific material and process specifications referenced on the drawing or purchase order unless otherwise specified.

D. Conflicting Technical Requirements: In the event of conflicting technical requirements, the order of priority you should follow is the purchase order, the drawing, and then all specifications. You must bring all conflicting requirements to the attention of Paramount Machine as soon as possible.

E. Supply Chain Management: You must be willing to identify and manage your entire supply chain which includes ongoing monitoring of sub-contractor quality and delivery performance. It is your responsibility to ensure that Paramount Machine requirements are met by all your subcontractors used in the entire manufacturing process.

F. Approved Sources: Some special processes such as heat treatment, plating, NDT, etc. must be performed by a Paramount Machine approved processor, NADCAP approved processor, or processor approved by Paramount Machine customer. Clause(s) 002 and/or 003 will appear on the purchase order when this applies.

G. Managing Change: You must notify the Paramount Machine buyer of any intended significant changes to your process, methods, material, or product and obtain our approval prior to implementation. You must also make this a condition to your entire supply chain. Samples and documentation may be required as part of the approval process.

H. Mercury Contamination: Material furnished must not contain functional mercury in any form and must be free from contamination by presence of mercury.

I. Traceability and Serialization: Product traceability is a requirement. You must provide unique identification of product batch number, lot number, or, if required by the drawing, serial number. The batch, lot, or serial number must be traceable to all raw material, manufacturing, and inspection records. If raw material is supplied by Paramount Machine you must assure that parts supplied are traceable by lot number or serial number to the raw material heat code or Paramount Machine assigned traceability number. If items supplied by Paramount Machine are serialized, you must assure that traceability is maintained during processing. If parts are serialized, you must provide with each shipment a list of the serial numbers in the shipment (either on the packing slip or on an attached sheet).

J. Inspection: Product shall be inspected to the degree necessary to ensure compliance with all requirements. Industry recognized sampling plans such as ANSI/ASQ Z1.4 with AQL 1.0 shall be used unless otherwise specified to use a zero based acceptance plan as indicated by the presence of clause 011 on the purchase order.

K. Supplier Requests: You must submit all Supplier Requests to Paramount Machine in writing using Supplier Request form #. Supplier Requests shall be submitted for the following (but are not limited to):

- Technical clarification of Paramount Machine drawings or Paramount Machine customer drawings.
- Requests for engineering changes (i.e., drawings, specifications).
- Non-conformance waiver.
- Permission to borrow Paramount Machine measurement and test equipment.
- Requests for repair.
- Use of laser marking.
- Approval of process specific techniques, plans, or procedures.

L. Paramount Machine Supplied Test and Measure Equipment: You must return any borrowed equipment to Paramount Machine at least one week prior to the calibration due date. You are not authorized to perform calibration on Paramount Machine owned equipment. Return all equipment to the attention of the “Gauge Lab”. Standard gauges, such as thread gages, plug gages, dial bore gages, variable pitch diameter gages, (tri-roll) should be purchased and maintained by the supplier. Supplier must review and address these needs before accepting a Paramount Machine purchase order.

M. Non-Conforming Product: You must only ship product that meets all requirements, or obtain a written deviation via a Supplier Request prior to shipment of any non-conforming product. If a Supplier Request is approved, reference the Supplier Request number on the shipping documents and attach a copy of the approved Supplier Request. Final material acceptance will depend on the actual verification of the non-conformance and product approval at Paramount Machine. If you have reason to believe non-conforming material may have been inadvertently shipped, contact your Buyer immediately.

N. Corrective Action: In the event of a non-conformance related to your product, you must complete a written corrective action report addressing the problem definition, containment action, root cause determination, corrective action plan/contingency actions, implementation timing, and system/practice/procedure changes to prevent recurrence. You will be required to submit your corrective action report(s) to Paramount Machine

O. Shipment and Packaging Requirements: You must comply with all requirements for shipping, packaging and labeling. In the absence of specific requirements, suitable protection from corrosion, contamination and handling damage during transit and while in storage at Paramount Machine shall be provided. Examples of protected surfaces are those surfaces which are completely anodized, plated, passivated, or painted.

- (1) The corrosion resistant 2000 & 6000 aluminums, 200, 300, and PH stainless steels, and all titanium alloys may be packaged without special provisions for corrosion protection (does not apply to 303Se or other free machining varieties – package according to (2) below).
- (2) All other components/assemblies with any unprotected surfaces must be packaged within a volatile corrosion inhibitor (VCI) bag. Do not oil parts prior to placing them in VCI bags, as this combination appears to assist in the initiation of surface corrosion. Do not use VCI bags on Zn-plated parts.
- (3) For the more corrosion-prone metals, such as 4XXX alloy steels, and 7XXX aluminum alloys; application of a non-volatile, corrosion protecting oil followed by packaging in non-porous plastic bags may be performed in lieu of packaging in VCI bags. This provides additional corrosion protection as compared to packing in VCI bags alone, and is recommended, especially when time in transit or storage is expected to be long.
- (4) Regardless of the packing technique, do not allow water-soluble cutting fluid residue to accumulate and dry on any metal (especially aluminum alloys) at any stage of the manufacturing process, in packaging, and so forth. This is a known cause of corrosion and should always be avoided.

P. ESD Sensitive Items: When packaging materials that are sensitive to damage from electrostatic discharge (ESD), you must use ESD protective containers or bags. Identify each container or bag with an ESD warning label and label the external shipping package “Contains Static Susceptible Item” or equivalent.

Q. Age Control: You must assure that any items provided which have shelf life limitations, have at least 5/6 of the shelf life remaining at time of shipment.

R. Certification: Unless otherwise specified by clause 013 on the purchase order, you should submit all applicable certifications (raw material, special process, etc.) and certified test reports for each shipment. Certifications must be in English, or translated to English. Translations must include the name, title, and signature of the authorized representative of the company making the translation. Certifications and certified test reports may include the following information:

- Name/address of facility that manufactured the material, or performed the process or test
- Paramount Machine Purchase Order Number
- Paramount Machine Part Number
- Paramount Machine Customer Part Number, revision and contract number, when it appears on the PO or Drawing
- Paramount Machine Drawing Number and Revision, Process performed or material provided, including type/class/grade, as applicable
- Specification number and revision, if applicable
- Quantity accepted/rejected (for Certified Test Reports)
- Quantity shipped
- Date shipped
- Name and/or title of authorized representative from the company that manufactured the material, or performed the process or test. For suppliers who utilize electronic signatures, the Quality Manager title is sufficient.
- Unique traceability number (certification number, heat code number, batch number, melt number, etc.)
- Part serial numbers, if applicable.
- Statement certifying that articles covered by the certification are in compliance with the applicable purchase order, drawing and specification requirements.

S. Records: You must maintain production and quality-related records for a minimum of ten years from date of shipment, unless a longer period is specified on the purchase order.

T. Rework and Repair: Rework and Repair are distinctly different processes.

- Rework: A process where a non-conformance to the drawing, specification, or contract requirement can be made to conform using processes equivalent to those originally used in the manufacturing of the product. Suppliers are not required to obtain approval to rework product unless Special Quality Clause 004 is specified on the Purchase Order, which requires rework approval.
- Repair: A process that reduces but does not completely eliminate a non-conformance, or when a process is used that is NOT equivalent to those originally used in the manufacturing of the product. Suppliers must obtain prior approval from Paramount Machine via a Supplier Request to perform repair work and to ship repaired product, due to the still nonconforming condition and/or the repair method used. Reworked/repared parts shall be re-inspected using the same methods and equipment that originally identified the non-conformance, as well as re-inspection of any other features that may have been affected by the rework. For electronic items that require Acceptance Testing as part of their original quality requirements, the same Acceptance Testing will be required after rework/repair of the Items. When returning reworked/repared parts to Paramount Machine, the shipping paperwork must identify that rework or repair was performed and reference the approved Supplier Request (if applicable). If outside processes were required to be re-processed, the process certifications must also reflect the rework/repair status of the parts. In some instances, Paramount Machine may decide to rework or repair supplied product, in which case Paramount Machine will contact the supplier to discuss the costs of the rework and potential chargeback to the supplier.

Special Quality Clauses

IN ADDITION TO OUR STANDARD PURCHASE ORDER TERMS AND CONDITIONS AND STANDARD QUALITY REQUIREMENTS, SPECIAL QUALITY CLAUSES MAY BE INVOKED ON INDIVIDUAL PURCHASE ORDERS. OUR SPECIAL QUALITY CLAUSES ARE:

001 -PO Supplement Applies

This clause is listed on every **purchase order** for the sole purpose of invoking the requirements of this document, "Purchase Order Supplement, Form *** All Standard Purchase Order Terms and Conditions and Standard Quality Requirements listed above apply. Special Quality Clauses enlisted below apply only if listed on individual purchase orders.

002 -Paramount Machine Approved Processors: When a process specification is listed on the Paramount Machine engineering drawing process table and is indicated under "Source Control", you must use only Paramount Machine approved processors.

003 -Paramount Machine Customer Approved Processors: When a process specification is listed on the Paramount Machine engineering drawing process table and a Paramount Machine customer is indicated under "Source Control", you must use a processor approved by the Paramount Machine customer. Contact your Buyer if you cannot locate a special process source approved by the applicable Paramount Machine customer.

004 -Approval Required – Rework Method: You must submit your rework method for any rework-able non-conformances occurring on product against this purchase order to Paramount Machine, Inc for review and approval prior to starting rework. You must not make any changes to rework method after Paramount Machine approval has been granted without the prior written approval of Maney's Quality Control department.

005 -Paramount Machine Source Inspection: Paramount Machine source inspection is required prior to shipment of any item on this purchase order. Contact the Paramount Machine Buyer 5 days prior to the time the items will be ready for inspection.

006 -Paramount Machine Witness of Test: Paramount Machine witness of functional testing of the items on this **purchase order** is required. Contact the Paramount Machine Buyer 5 days prior to the time the items will be ready for testing.

007 -Customer Source Inspection: First article inspection by Paramount Machine customer is required prior to shipment from your plant to Paramount Machine Contact your Paramount Machine buyer prior to the scheduled shipment date to arrange the customer inspection. Evidence of customer inspection approval must accompany the initial shipment to Paramount Machine

008 -Government Source Inspection: Government source inspection is required prior to shipment of any item on this purchase order. Upon receipt of this purchase order, promptly furnish a copy of this purchase order to the Government Representative that normally services your facility and arrange for the source inspection. Contact the Paramount Machine Buyer immediately if you cannot locate a government representative. Evidence of GSI (acceptance stamp or signature on shipping documentation) shall accompany shipment.

009 -Drop Shipment: Paramount Machine furnished material (i.e.: castings, forgings, or raw stock) will be drop shipped to you under this purchase order. Upon receipt of the material, you must assure that all test reports and certifications required by the applicable specifications have been received and that all requirements have been met. When shipping finished items to Paramount Machine, include these test reports and certifications with the shipment.

010 -Submit Supplier Inspection Report: You must provide inspection results with each shipment. For each characteristic inspected, provide the characteristic, the quantity inspected, and quantity accepted/rejected. Report actual results obtained by inspection of product.

011 -100% Inspection Required: You must perform 100% inspection of all parts and of all drawing characteristics and drawing notes.

012 -Assembly Contains Classified Part(s): This purchase order is for an assembly that contains “primary”, “critical”, or “flight safety” part(s).

013 -Certifications-Maintain at Supplier: Certifications are to be submitted with the First Article Inspection Report (FAI) only. After FAI approval, you must maintain all applicable certifications for subsequent shipments at your facility for the entire record retention period. You should store certifications so that they can be retrieved and submitted to Paramount Machine within the time frame requested.

014 -Certification Required – Metallic/Non-Metallic Raw Material: Requires submission of Certificate of Conformance (C of C) to material specification and/or verification of material part number, as supplied by Paramount Machine Submit certification with each shipment unless specified on the PO.

015 -Certification Required – Heat Treat: Submit certification with each shipment unless specified on the PO. Use Paramount Machine Certificate must include mechanical properties.

016 -Certified Test Report – Hardness Testing: Submit test report with each shipment unless specified on the PO. Certificate must include test method, high and low values, and sample size.

017 -Certification Required – Other: Submit certification, as required per in the PO comments or drawing notes, with each shipment unless specified on the PO.

018 -Certified Test Report – Non Metallic Material: Submit material test report with each shipment unless clause specified on the PO. Include actual results of all testing required by specification for each lot of material furnished. Suppliers of chemical materials must include expiration date and storage conditions (production date is optional).

019 -Quality System Registration Required: You must maintain third party registration, to an industry standard i.e. AS9100, ISO 9001, FAA etc. to meet Paramount Machine eligibility requirements.

020 -Submit First Article per AS9102: First article inspection report(s) must accompany the first article part(s) and be submitted on form SAE AS9102 prior to shipment of production parts.

021 -Age Control – Cure Date: You must maintain cure date control in accordance with SAE-AS1933. No articles shipped to Paramount Machine shall have a cure date over four quarters at time of receipt unless specified on the purchase order. All articles must be appropriately marked with the cure date.

100 -Preference for Domestic Specialty Metals (DFARS 252.225-7014 ALTERNATE I):

101 -Qualifying Countries: See DFARS 225.872-1 and 225.872-4)

200 -FAR/DFARS Flow Down: Paramount Machine FAR / DFARS Flow downs for Commercial Items (12/04) or Paramount Machine FAR / DFARS Flow downs for Non-Commercial Items (12/04) apply to this order.

300 -ITAR Controlled: Warning: This document and documents specified herein contain technical data whose export is restricted by the Arms Export Control Act (Title 22, U.S. C. Sec 2751, Et Seq) and ITAR 22 CFR 120-130 and is subject to the export restrictions provided therein. Violations of these export laws are subject to severe criminal penalties. Export of this document and documents specified herein are subject to U.S. export control laws and regulations. Recipients of this document and documents specified herein should abide by such laws and regulations, including country specific controls, and control on use.

400 -BUY AMERICA - US Material Only: Purchase Order is for parts that are covered by 49 CFR Part 661 and 49 U.S.C. 5323(j), BUY AMERICA REQUIREMENTS_SURFACE TRANSPORTATION ASSISTANCE ACT OF 1982, AS AMMENDED. The addition of this clause 425 requires Material certifications (clause 120) to specify country of origin of the material or any country where re-melting occurred.