

<b>P-QA-1004</b>	<b>SQR-05 Terms and Conditions</b>	<b>Revision Date:</b>
Approved By:	Mark Collier	5/18/20

## RTC Aerospace – Chatsworth Division General Terms and Conditions and Supplier Quality Requirements

**1. Definitions.** “Buyer” means RTC Aerospace – Chatsworth Division “Seller” means the business entity to which this purchase order is addressed, including Seller’s principal if Seller is acting as a broker or agent. “Order” means this purchase order, including all terms and conditions on the face and reverse side and all specifications, quality requirements and drawings referenced herein or issued hereunder. “Goods” means those parts, materials, data, or other property or services that are the subject of this Order.

**2. Contract Formation.** If this Order is deemed to constitute acceptance of an offer, such acceptance is expressly made conditional on Seller’s assent to the terms of this Order, and shipment of any part of the Goods or other commencement of performance will be deemed to constitute such assent. Any additional or different terms in any offer or acknowledgement by Seller are expressly rejected by Buyer and will not be deemed accepted by Buyer unless Buyer’s acceptance thereof is in writing and specifically refers to each such additional or conflicting term. Seller’s commencement of performance, acceptance of the purchase order in any manner, or the absence of a signed acknowledgment within 7 (seven) manufacturing days upon receipt of purchase order shall conclusively evidence Seller’s acceptance of the purchase order as written. All questions or interactions with RTC are to be initiated through the purchasing department, they are the main point of contact between RTC and the vendor. Any changes in process, products, or services, including any changes to external providers or location of manufacture must be requested to RTC purchasing and requires written approval or changes.

**3. Invoicing; Payment; Price Warranty.** A separate original invoice is required for each shipment under this Order. Buyer will pay for the Goods within the agreed upon terms after the later of the date of Buyer’s receipt of the applicable invoice or the date acceptable Goods are received by Buyer (but not earlier than the specified delivery date). Seller warrants that the prices charged to Buyer are no higher than the lowest prices charged to any other Customer of Seller or any of Seller’s affiliates during the past twelve months for the same or comparable Goods. Seller shall inform buyer in writing if Seller’s price differs from the Price listed on PO at the point of seller's receipt of buyer's PO, giving buyer the opportunity to accept or reject the new price. Acceptance of the new price will be made by buyer only through an amended PO. This does not change any other terms of the original PO.

**4. Order Changes.** Buyer may at any time, by written notice to Seller, make changes in the drawings, specifications, quantities, delivery schedules and shipping instructions under this Order. If any such change increases or decreases the cost of performing or the time required for performance of this Order, an equitable adjustment in prices and/or schedules will be considered by Buyer provided that any claim by Seller for such adjustment is presented in writing with supporting documentation to Buyer within 10 business days from the date of Buyer’s notice to Seller. No changes whatsoever will be initiated by Seller without Buyer’s written approval.

**5. Taxes.** Prices stated include all taxes directly applicable to the Goods unless otherwise specified. Notwithstanding the foregoing, Buyer will only be liable for such federal, state and local taxes that Seller is required by law to collect from Buyer.

**6. Packing and Crating Goods for Delivery.** Goods will be suitably prepared for shipment to secure the lowest transportation rates (unless a premium method is specified on the face hereof) and comply with all carrier regulations. No charges are allowed for packing, crating, freight express, or cartage unless authorized by Buyer.

**7. Routing, Risk of Loss, Excess Shipments and Delays.** (a) Time is of the essence in the performance of this Order by Seller and Seller will take all necessary action, both normal and extraordinary, to ensure timely deliveries. (b) Buyer may select mode of transportation, routing of, and carrier for the Goods. Seller will be liable for excess transportation costs resulting from deviation from Buyer’s instructions or promised delivery dates. (c) Seller will

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bear the risk of loss until the delivery point specified in the Order or, if not so specified, until delivery at destination. (d) Buyer's weight and count are conclusive, and Buyer will have no liability for payment for Goods delivered in excess of the quantity ordered. Excess Goods may be returned to Seller at Seller's expense. (e) If, prior to time for delivery of the Goods, Seller has reason to believe that it will be unable to meet its delivery schedule, Seller will immediately notify Buyer in writing, will indicate the cause of delay and will use its best efforts to cure the anticipated delay. Upon receipt of notice of the anticipated delay or upon occurrence of an actual delay, Buyer may (I) direct expedited routing of Goods, with excess costs paid by Seller, or (II) cancel the Order and purchase substitute Goods elsewhere, with excess costs and expenses paid by Seller.

**8. Inspection of Goods; Rejection of Goods and Revocation of Acceptance.** All Goods and related facilities will be subject to test and inspection by Buyer, Buyer's customers, and any applicable government agencies at all places and all times, including during the period of manufacture. (Right of Access) Seller will provide at no cost all reasonable facilities and assistance required for any such inspections or tests conducted at Seller's premises. Buyer's action in paying for or accepting any Goods will not constitute a waiver of any rights or remedies of Buyer, including Buyer's right to revoke acceptance and return any part of the Goods or the right to make a claim for damages because of the failure of the Goods to conform to this Order. For all non-conforming Goods, Seller will provide Buyer, at Buyer's election, a full refund or replacement of the Goods, at Seller's risk and expense, including transportation costs both ways. Buyer may, at its option, purchase substitute Goods in lieu of non-conforming Goods, and Seller will be liable for the difference in costs, less expenses saved by Buyer. Buyer's rights herein will be in addition to all other rights of Buyer under applicable law.

**9. Quality; Warranties.** Seller warrants that all Goods delivered will strictly conform to the Order and all applicable specifications, quality documents and drawings, will be of good design, material, and workmanship, will be free of defects, will be merchantable and fit for their intended purpose, and will meet all applicable industrial and governmental safety standards. Seller further warrants that Seller will have title to and the right to sell such Goods at the time of delivery, and that all such Goods will be new (unless otherwise specified in this Order) at the time of delivery. Seller will also transfer to Buyer the warranties on goods and services incorporated into Goods. All warranties will survive any inspections, delivery, acceptance or payment by Buyer, and will run to Buyer, its successors, assigns, customers and users of Goods. Seller will repair or replace, without cost to Buyer, all defective or nonconforming Goods, and pay for all other resulting damage, loss or claims arising out of defective or nonconforming Goods. Seller's warranties with respect to repaired or replaced Goods will be the same as the warranties given with respect to the original Goods. No approval of Seller's designs, drawings, samples, test results, procedures, processes, schedules or other items by Buyer under this Order will in any way limit or diminish Seller's warranties hereunder.

**10. Indemnification.** Seller agrees to defend, indemnify and hold Buyer, including its officers, directors, employees, parent, subsidiaries, affiliates and agents (collectively, the "Indemnified Party"), harmless of and from any claim, loss, cost, damage, settlement or judgment arising out of Seller's provision of Goods to the Indemnified Party or the presence of Seller's employees, agents or subcontractors on the Indemnified Party's premises. This duty to defend, indemnify and hold harmless extends to any legal claim or proceeding, whether based on contract, warranty, infringement, strict liability in tort, negligence or other legal theory, and also extends not only to third party claims but also to any loss suffered directly by the Indemnified Party. Buyer is entitled to control Seller's defense of Buyer hereunder.

**11. Records.** The Seller shall retain all process, inspection, certification and test documents/records pertaining to the order for a minimum of 10 years. The disposal of these documents shall be made in accordance with their respective regulatory agency (ex. ITAR, EAR, FAA). All data that is provided is considered controlled, and must be destroyed and disposed in a protected manner. If requested, the Seller shall provide Buyer with copies of records pertaining to the order within 24 hours of request.

**12. FOD.** Foreign Object Debris is not allowed. All parts must be inspected 100% for this condition. Any FOD identified must be removed prior to shipment. FOD should be per applicable specs as required (NAS 412, AS9146).

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**13. Source Inspection.** The Seller shall support product source inspections performed by Buyer and/or its customers. Source inspection does not relieve the Seller of the responsibility for the quality of the product.

**14. First Article Inspection.** The Seller shall provide Buyer with a complete FAI of work performed on first production run of a new part or following any change that invalidates the previous FAI results.

**15. Tooling.** Buyer will be the owner of any equipment, tooling or fixturing furnished or paid for by Buyer (collectively, "Buyer tooling"). Seller will, to the extent feasible, identify Buyer tooling as Buyer directs and will dispose of Buyer tooling only in accordance with Buyer's written instructions. Seller assumes complete liability for any Buyer tooling and Seller agrees to pay for all repair, maintenance and replacement of Buyer tooling. Unless otherwise authorized in writing by Buyer, Seller will use Buyer tooling solely in the performance of purchase orders for Buyer. Buyer reserves the right to request and receive a list of Buyer tooling in Seller's possession and to audit such list against Buyer tooling at Seller's facilities.

**16. Materials.** If Buyer furnishes any material for fabrication under this Order, then: (A) Seller will not substitute any other material in such fabrication without Buyer's written consent; (B) Buyer's title to such materials shall not be affected by incorporation or attachment to any other property; (C) Seller will maintain strict accountability to ensure positive individual lot integrity of finished product; and (D) all such material (except that which becomes normal industrial waste or is replaced at Seller's expense) will be returned in the form of product or unused material to Buyer. Inaccuracies, out of tolerance conditions or inadequacies in quality of materials accepted by Seller will not excuse performance in strict accordance with the applicable specifications, quality documents and drawings. Any industrial waste/scrap from Buyer-furnished material will, if requested by Buyer, be owned by Buyer and collected and segregated by Seller for pick-up by Buyer. Any industrial waste/scrap from Buyer-furnished material in excess of the allowance specified by Buyer will result in Seller being debited for the cost of the excess materials plus appropriate labor and overhead burdens.

**17. Buyer's Property; Confidentiality.** Buyer retains title and ownership of all information, materials and intellectual property furnished to Seller in connection with performance of this Order, and the same will be: (i) treated as Buyer's confidential information, segregated from Seller's property, and individually marked and identified as Buyer's property; (ii) used by Seller exclusively for the purpose of completing this Order; and (iii) returned to Buyer at Buyer's direction or upon completion, termination, or cancellation of this Order, along with all copies or reproductions, unless otherwise agreed in writing by Buyer.

**18. Cancellation.** This Order may be cancelled by Buyer at any time in whole or in part by oral notification followed by written confirmation to Seller. Seller will immediately cease performance under the Order upon receipt of notification of cancellation (unless otherwise specified by Buyer). Buyer agrees to consider reasonable reimbursement to Seller for finished Goods and work in process upon Seller's submission of supporting documentation within 30 days of cancellation. Any reimbursement to Seller must be mutually agreed upon. In no event will Buyer be responsible for any loss of profit or for payment for any work that is or may be rejected upon inspection or does not conform to Buyer's specifications or purchase order requirements.

**19. End of Life.** In the event Seller intends to replace or discontinue the manufacture of a Good, Seller will give Buyer at least 6 months prior written notice and accept additional Orders for such Good until the end of the 6- month notice period. Seller may not discontinue manufacture of a Good until all outstanding Orders for such Good have been filled.

**20. Compliance with Laws; U.S. Export Controls.** In performing work under this Order, Seller and its subcontractors will comply with all applicable federal, state, and local laws, and the rules and regulations of any governmental authority. This includes strict compliance with all applicable export control laws and regulations of the United States and all applicable trade regulations under U.S., foreign or other relevant jurisdictions. Buyer reserves the right to cancel any Order without penalty or liability to Buyer in the event Seller's performance under

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this Order does not comply with such laws, rules and regulations. Seller will defend, indemnify and hold Buyer harmless for any non-compliance by Seller or its subcontractors.

**21. Mandatory Flow Downs.** Seller and its subcontractors will comply with all mandatory flow down clauses, whether pursuant to a U.S. government contract or otherwise, applicable to Buyer for Goods that are the subject of this Order.

**22. Assignment; Subcontracting.** Seller may not assign its rights or obligations under this Order either voluntarily or by operation of law without the prior written consent of Buyer. Seller may not subcontract all or any substantial part of this Order without the prior written consent of Buyer. Any consent of Buyer will not relieve Seller of its contractual obligations under this Order.

**23. Applicable Law; Disputes.** The interpretation of this Order and the rights and obligations of the parties hereto will be construed and governed by the laws enacted in the state of Washington, except that Washington's choice of law rules will not be invoked for the purpose of applying the law of another jurisdiction. The U.N. Convention on Contracts for the International Sale of Goods will not apply to this Order. The parties agree that, in any effort to enforce the terms and obligations hereunder, the complaining party will first notify the other party in writing of the alleged dispute and the parties will attempt in good faith to resolve the dispute through prompt discussion and meeting between representatives having decision-making authority regarding the dispute. If the dispute is not resolved by the 30th day after written notice of the dispute was first made, the complaining party may seek appropriate legal action provided that either party may seek preliminary injunctive or other equitable relief at any time to prevent irreparable harm. The parties agree to personal jurisdiction in the state and federal courts in the state of Washington and that venue is proper in King County, Washington.

**24. Limitation of Buyer's Liability.** Any liability of Buyer for any breach of any term or condition imposed upon it, whether such term or condition is contained in this Order or otherwise, will not exceed the purchase price for the Goods involved in the alleged breach. Buyer will not under any circumstance be liable for consequential or incidental damages.

**25. Entire Agreement.** This Order (and any LTA under which this Order is issued, if any) constitutes the entire agreement between the parties with respect to the subject matter herein and therein and supersedes all previous proposals, both oral and written, negotiations, representations, commitments, writings and all other communications between the parties. No waiver, alteration, modification of or addition to this Order will be binding unless expressly agreed to in writing and signed by duly authorized representatives of Buyer and Seller. A waiver of any of the terms or conditions hereof will not be deemed a continuing waiver, but will apply solely to the instance to which the waiver is directed.

**26. Quality; General.** The Seller shall maintain a Quality Management System, preferably in accordance with AS9100D. The Seller shall meet the requirements for approval of product, procedures, processes and equipment, and is required to notify Buyer of any changes to product, processes, suppliers, or facilities. Qualified personnel are required to process product. Material and/or process certificates are required with each shipment. Seller's certificate of Conformance will state that product comply with the Purchase Order requirements and will include revision of relevant specifications used. When required by the PO the supplier shall perform any statistical techniques for product acceptance, this can include the use of SPC as required. All suppliers are evaluated on OTD and Quality.

**27. Nonconforming Material.** Nonconforming material will not be shipped to Buyer without prior written consent. Buyer must be immediately notified should the Seller determine that nonconforming product has been delivered to Buyer.

**28. X-Rays.** Suppliers who perform NDT that includes X-ray are to retain film unless otherwise directed by PO requirements.

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**29. Material Suppliers.** Suppliers of material intended for military use or as required shall comply with current DFAR requirements.

**30. Equal Opportunity.** This contractor and subcontractor shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability.

**31. DFARS 252.204-7008** In accordance with DFARS 252.204-7008 “Compliance with Safeguarding Covered Defense Information Controls” seller shall indicate whether deviation from any of the security requirements in the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-171, “Protecting Controlled Unclassified Information in Nonfederal Information Systems and Organizations”, <http://dx.doi.org/10.6028/NIST.SP.800-171> that is in effect at the time the prime contract solicitation is issued is anticipated in the performance of the purchase order by seller or contractors at any tier.

**32. Counterfeit Parts.** Seller shall maintain counterfeit risk mitigation processes in accordance with industry recognized standards (i.e. AS5553) and with any other specific requirements identified on this PO.

**33. Additional Supplier Requirements.** Suppliers are required to make sure their employees understand the following as it applies to RTC goods and services. The employees must be aware of their contribution to product and service conformity and their contribution to product safety as well. In addition suppliers need to understand the importance of the ethical treatment of their employees and the employees understanding of ethical treatment for the fellow workers.

## REVISION HISTORY

Rev.	Date	Description
New	8/3/16	Updated and changed format of SQR-05 (P-QA-1004)
A	12/12/16	Add clause 30.
B	5/26/17	Add clause 31.
C	11/10/17	Updated SQR to incorporate new name RTC Chatsworth Division and remove reference to Cliffdale and Roberts Tool Company
D	1/24/18	Add clause 32.

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<b>Revision Date:</b>	<b>Approved By:</b>	<b>Summary</b>
1/24/18	S. Chowen	No changes to procedure just layout on document.
7/8/18	O. Espinoza	Removed highlights
6/12/19	M. Collier	Updated section 12
7/8/19	M. Collier	Updated section 12 and 26
5/18/20	M. Collier	Updated sections 2 and 26 and added 33