


Document Name: 843001 Purchasing Terms and Conditions		
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PURCHASE ORDER TERMS & CONDITIONS

These Terms and Conditions apply when referenced on Purchase Orders from Advanced Composites, Inc.

ACCEPTANCE of this order, or the initiating of any process, or the furnishing of any product, or the acceptance of payment, constitutes unconditional acceptance by the Supplier. Price as stated on this order covers all goods and services to be provided by the Supplier as specified in the order. These prices also cover all charges for packaging, containers, and transportation, unless specifically depicted otherwise on the face of the order. Cancellation shall remain the right of ACI and may be initiated at any time.

AMENDMENTS to this order, or ACI Terms and Conditions shall be set forth in writing, via purchase order change notice, and/or revisions to the purchase order terms and conditions. ACI will consider Supplier's request to modification of, or exception to, only if such request is made in writing, prior to the acceptance of the order.

QUALITY SYSTEM. The Supplier shall implement and maintain an effective Quality System satisfactory to Advanced Composites, Inc. ("ACI"). The Quality System shall ensure that all materials and services conform to purchase order requirements, be documented and provide for early detection of nonconformances. This Quality System must ensure that persons are aware of their contribution to product or service conformity; their contribution to product safety; and the importance of ethical behavior. Records generated by the Quality Systems shall be made available for periodic review when deemed necessary or requested. Supplier agrees to implement and maintain the Quality System during performance of this contract. Certificate of Conformance is required with each shipment. Process suppliers shall furnish a complete Certificate of Conformance with each shipment indicating the PO #, specification number and revision, name of Supplier and quantities accepted/rejected. Material suppliers shall furnish chemical/physical test reports with each shipment identifying the applicable specification and revision, actual chemical composition and physical properties, melt, heat, batch, or lot. Job/Lot traceability is required.

FLOW-DOWN. The Supplier is responsible to ensure that all applicable requirements, including any key characteristics, are flowed down and fully communicated to sub-tier Suppliers. Where a sub-tier Supplier controls critical processes, characteristics or features, the Supplier is responsible for control of sub-tier Suppliers and assuring that the sub-tier Supplier meets the purchase order requirements. The Supplier is responsible to ensure that the sub-tier Supplier is using the latest process/ drawing revision. The Supplier shall implement and maintain a program for the selection, approval, rating, and maintenance of sub-tier Suppliers. The program shall include provisions for effective root cause corrective action and when necessary disqualification of underperforming sub-tier Suppliers. The Supplier's Sub-tier Supplier Management Program shall be available for review by ACI when requested.

NONCONFORMANCE. The Supplier shall ensure a consistently high quality of workmanship. Workmanship shall be monitored to assure that the purchase order and specification requirements are being maintained. The Supplier shall not ship or make any unauthorized repairs to product with the intent of delivering material that does not fully meet the purchase order or product specification requirements. The Supplier is not authorized to perform Material Review action of nonconforming material. This clause does not apply to contracts for non-deliverable goods or services. The Supplier shall notify ACI's Quality Assurance of potential nonconformances prior to shipment. Authorization to ship nonconforming material may be approved by ACI. Shipping of nonconforming material without written prior approval may disqualify Suppliers from additional procurement. Upon acceptance of an ACI purchase order the Supplier agrees that ACI is entitled to reimbursement of ACI labor and material costs associated with Supplier-responsible nonconformance and damages discovered by ACI incoming inspection.

CORRECTIVE ACTION REQUESTS. When nonconforming materials received from Suppliers are detected at ACI, corrective action will be required. Suppliers are expected to communicate how they intend to correct the immediate discrepancy as well as what they intend to do to correct the root cause of the nonconformance and prevent recurrences. Failure to respond in a timely manner may cause a delay in payment and adversely affect the Supplier's quality performance rating.

FOREIGN OBJECT DEBRIS (FOD) PREVENTION. Supplier agrees to adhere to strict production control of all goods sold to ACI and to provide ACI with product manufactured to processes conforming to NAS412 Standard for FOD Control.

CHANGES. Changes to product design, materials or processes, which affect form, fit, function, performance, quality, reliability or safety, changes of manufacturing facility location shall not be implemented without prior, written approval by ACI. This includes any substitution of parts. The Supplier shall notify ACI of changes in Supplier status (name change, merger, etc.) or when product may require a recall due to a change in product or process.

ITEMS WITH LIMITED SHELF LIFE. Items with limited shelf life shall be marked on the item, package or container, as applicable, with the manufactured date, storage temperature, special handling requirements, and expiration date of the items. All identification markings shall be placed in accordance with applicable specifications. ACI will not accept material that has less than 50% of the useful life remaining without prior, written authorization from ACI.

TOOLING/MATERIALS furnished by ACI shall be maintained indoors. The Supplier is responsible to ensure adequate care is utilized within their facility to maintain the tooling in good working condition. Any damages to this tooling, while in the care of the Supplier shall be reported to ACI in writing. ACI shall disposition damaged tooling prior to further processing by the Supplier. Supplier rework of ACI furnished tooling shall be authorized in writing in advance.

HAZARDOUS MATERIAL. Supplier agrees to furnish the applicable material safety data (SDS) sheet(s) with each shipment, for products designated by industry, state, or federal agencies as hazardous material.

PACKAGING AND PROTECTION. Unless specific packaging instructions are called out on the purchase order, the Supplier shall assure that material to be shipped is clean, dry, and packaged in a manner that will afford adequate protection against physical damage and/or deterioration during handling, storage and shipment, utilizing best commercial practices. The container with the shipping documentation, certifications, test data, and inspection data shall be clearly marked. Wood pallets fabricated outside of the United States must be treated for infestations and identified on the pallet in accordance with U.S. Regulations. No charges for packing or crating unless listed.

SHIPMENT of goods and services under this order shall be F.O.B. as set forth on the face of the order. Supplier shall follow ACI's instructions regarding method of shipment, except where ACI has so stated on the face of the order.

SCHEDULE for delivery will be the responsibility of the Supplier. The Supplier shall not be held liable for damages in respect to delivery delay due to causes beyond Supplier's reasonable control. However, if the Supplier does not meet the delivery date as depicted on the face of the order, ACI may approve a revised delivery schedule or terminate the order without liability for such termination.

RIGHT OF ENTRY. The Supplier shall reserve the right of entry for ACI, ACI customers and regulatory agency personnel, for access to any and all facilities where work is being performed or is scheduled to be performed, including those facilities of Supplier's sub-tier Suppliers, in order to perform inspections, surveys or system surveillance as part of verification of conformance to the requirements. Supplier's denial of access may result in disqualification of future procurement with ACI. The Supplier shall include the provisions of these facility access requirements in its purchase orders with sub-tier Suppliers. This access shall provide, at no increase in price, cost or fee to ACI, ACI customers, or regulatory agencies, suitable facilities at Supplier's and sub-tier Supplier's manufacturing location to perform inspections, surveys, or surveillance.

RECORD RETENTION. Unless otherwise specified, Supplier shall maintain copies of all records associated with this purchase order (including material certifications, test reports, production records) for a minimum of ten (10) years. After ten years Supplier may dispose of records associated with this purchase order after first offering the records (or copies of the records) to ACI.