

## **Shields Manufacturing, Inc. - Purchasing Terms and Conditions**

**1. ACCEPTANCE:** The acceptance of this order, by acknowledgment, shipment of goods, services, or commencement of work on supplies shall constitute acceptance of the conditions set forth below and on the face of the purchase order. No purported acceptance of the order on terms and conditions that modify, supersede or otherwise alter the terms and conditions hereof, shall be binding upon Buyer. Any shipment of goods, performance of services or commencement of work on supplies by Seller shall be deemed to be only upon the terms and conditions in the purchase order, except to the extent that an authorized purchasing representative of Buyer may otherwise expressly consent in writing, notwithstanding Buyer's acceptance or payment for any shipment of goods or similar act of Buyer.

**2. DELIVERY:** Delivery must be in compliance with the schedule contained in the purchase order and will be made by Seller at such times and places and of such items and quantities as specified by Buyer. If Seller encounters or anticipates difficulty in meeting the delivery schedule, Seller shall immediately notify Buyer in writing, giving pertinent details; provided however, that such data shall be informational only in character and shall not be construed as a waiver by Buyer of any delivery schedule or date or of any rights or remedies provided by law or this order.

**3. INSPECTION:** Buyer, Buyer's customer representative, and regulatory authorities shall have the right to inspect and verify the goods supplied hereunder at any time during the manufacture or fabrication thereof at Seller's facilities or elsewhere. Such inspection shall include, without limitation; raw materials, components, work in process and completed products, as well as, drawings, specifications and related data. If at any time Buyer deems necessary verification of raw materials by independent, objective source, Seller will be responsible for obtaining such test verification results. Test results may be required by Buyer or Buyer's customer at any time. Such test results will be requested at time of purchase order.

**4. PACKAGING AND EXTRAS:** No charges will be allowed for transportation, packaging, packing or returnable containers unless otherwise specified by Buyer. Damage to any item(s) resulting from improper packaging will be charged to the Seller.

**5. PAYMENT:** Seller shall be paid upon submission of properly prepared invoices in accordance with Buyer's purchase order. Any adjustments in Seller's invoice due to shortages, rejection or other failure to comply with the provisions of the purchase order or under any other order or contract between Buyer and Seller may be made by Buyer before payment.

**6. LIMITED WARRANTY:** Seller warrants that goods ordered to specifications will conform thereto and to any drawings, samples or other description furnished or adopted by Buyer and will be fit and sufficient for the purpose intended: and that all goods are merchantable, of good material and workmanship and free from defect. Such warranties, together with Seller's service warranties and guarantees, if any, shall survive inspection, test, acceptance of and payment for the goods and shall run to Buyer, its successors, assigns, customers at any tier and ultimate user and joint users.

**7. COMPLIANCE WITH LAWS AND REGULATIONS:** Seller will comply with the Fair Labor Standards Act of June 30, 1938, (29 USC 201-209), as amended. Seller also warrants that in the performance of the purchase order, Seller will comply with all applicable statutes, rules, regulations and orders of the United States and of any State or political subdivision thereof and agrees to indemnify Buyer against any loss, cost damage or liability by reason of Seller's violation of this warranty.

**8. CHANGES:** Buyer may at any time, by written notice, and without notice to sureties or assignees, make changes within the general scope of the purchase order. If any such change causes an increase or decrease in the cost of or the time required for the performance of any part of the work under the purchase order whether changed or not changed by any such order or affects any such order or affects any other provisions of the purchase order, an equitable adjustment shall be made in the price or delivery

schedule or both and in such other provisions of this purchase order as may be affected, and this purchase order shall be modified in writing accordingly.

**9. BUYER FURNISHED PROPERTY:** Buyer may from time to time furnish property to Seller for performance of the purchase order. Any equitable adjustment of this order occasioned thereby shall be made pursuant to the clause hereunder entitled "Changes" unless otherwise provided in this order or agreed to in writing, property of every description including all tools, equipment and material furnished or made available to Seller, title to which is in Buyer, and Seller shall identify and save harmless Buyer from all liens and claims upon said property arising from any cause.

**10. CONTROL OF NON-CONFORMING PRODUCT AND CORRECTIVE/PREVENTATIVE ACTION:** Seller shall provide prompt, written notification when nonconforming material or products, affecting drawing, Purchase Order, or specification requirement issues are discovered. Seller shall not ship such nonconforming material or product until authorization to ship has been obtained from Buyer. Upon Authorization to ship, all documentation related to nonconforming product shall accompany product shipment. Buyer will initiate a Seller Correct/Preventive Action when undisclosed discrepant material is received, or as deemed necessary and conclusive in nature, to prevent a recurrence of discrepancy.

**11. INDEMNIFICATION:** Seller shall indemnify Buyer against and hold Buyer harmless from all claims, expenses and losses arising out of performance of this order by Seller **(I)** When such claim, expenses and losses result from the failure of Seller to furnish to Buyer, in accordance with the provisions of the relevant regulations, cost or pricing data, which is accurate, complete and current at the time of the Seller and Buyer's agreement to the negotiated price or at the time when Buyer requests a reaffirmation of the same.

**12. DATA:** All drawings and specifications, furnished or paid for by Buyer shall be the property of Buyer, shall be subject to removal at any time without additional cost upon demand by Buyer, shall be used only in filling orders from Buyer and shall be kept separate from other drawings and specifications, and identified as the property of Buyer.

**13. PATENTS AND COPYRIGHTS:** Seller agrees to defend, indemnify and hold harmless Buyer, its customers and agents against any liability, including without limitation costs, expenses and attorney's fees for or by reason of any actual or alleged infringement of any patent or copyright arising out of the manufacture, use, sale, delivery or disposal of goods furnished under this order and not attributable to Seller's compliance with Buyer's specific written detail each notice or claim of patent or copyright infringement relating to the performance of this order of which Seller has knowledge. Where payment is made for experimental, developmental or research work performed under this order, Seller shall disclose and does hereby assign to Buyer all inventions resulting therefrom and does grant Buyer the right to use for any purpose all data specified to be delivered hereunder.

**14. NOTICES:** All notices required or permitted to be given hereunder shall be deemed to be properly given if delivered in writing personally or sent by United States certified or registered mail addressed to Seller or Buyer, as the case may be, at the addresses set forth on the face of this order, with postage thereon fully prepaid. The effective time of notice shall be at the time of mailing.

**15. WAIVER:** No waiver by Buyer of any breach of this order or the granting of an extension for performance hereunder shall be deemed to be a waiver of any other subsequent breach.

**16. DISPUTES:** Pending resolution of any disputes hereunder, Seller shall proceed diligently with the performance of work, including the delivery of goods in accordance with Buyer's direction. Upon resolution of the dispute, this order shall be equitably adjusted, if necessary, to reflect such resolution.

**17. GOVERNMENT CONTRACTS:** If this order is issued under a United States Government prime contract or subcontract, all Federal Acquisition Regulation (FAR) or DOD supplement (DFAR), in effect on

the date of this order, are incorporated. Buyer will notify Seller of contract qualifying under Government prime or subcontract. DFAR orders will have "DFAR" referenced in the part description.

**-DPAS:** As applicable, the Vendor shall comply with the DPAS priority ratings, imposed by the Federal Government, referenced on the purchase order. DPAS Ratings: (DX) Highest national defense urgency. (DO) Critical to national defense. (<<http://www.dcmamail.com/DPAS/>>)

**-FAR/DFAR FLOW DOWN PROVISIONS:** Seller must comply and flow down DFAR clause 252.225-7014: Preference for Domestic Specialty Metals (latest revision) and Alternate 1 (latest revision).

**-OTHER FAR CLAUSES INVOKED:**

52.246.2 Inspection of Supplies

52.203-7 Anti-Kickback Procedures

**18. ITAR:** Order may be subject to export control restrictions of the International Traffic in Arms Regulations (ITAR) (22CFRpts, 120-130) or the Export Administration Regulations (EAR) (15CFRpts. 730-774). Before exporting this information outside the United States or releasing it to a foreign person in the United States, seller is required to determine whether a license under the EAR or the ITAR is required. If there are any questions about this responsibility, seller is to contact Buyer in writing to resolve before restrictions are breached.

**19. GIFT AND GRATUITY POLICY:** The offering or acceptance of kickbacks, bribes and other illegal payments subverts the very essence of competition and erodes the moral fiber of those involved. These include gratuities (i.e., anything of value) offered to governmental officials or employees. Such activities are not condoned and will not be tolerated. Also, Shields Manufacturing prohibits the offer or acceptance of gifts or gratuities that the recipient likely would consider to be of substantial value.

**20. DEFECTIVE MATERIAL:** When it has been determined that the Seller is responsible for quality defects, Shields Manufacturing requires cost recovery that will include, but not limited to: cost of defective assemblies and raw inventory.

**21. GOVERNING LAW:** This contract is governed by and construed in accordance with the laws of the state of Oregon; no consideration shall be given to Oregon's conflict of laws rules.

**22. MATERIAL SUBSTITUTIONS:** No substitute material or hardware allowed without prior notification and written approval from Shields Manufacturing. All purchase orders must be updated to reflect substitution.

**23. IN ACCORDANCE WITH AS9100D, THE SUPPLIER SHALL:**

- A. Maintain any quality record associated with this PO in good practice for five years.
- B. Allow right of access by Shields Manufacturing, Inc., our customer, and regulatory, to all facilities involved with this order and applicable records.
- C. Notify Shields Manufacturing, Inc. of any changes in product and/or process definition; nonconforming product; changes of suppliers; and manufacturing facility location.
- D. Flow down requirements of this order when sub-tiering.
- E. Ensure persons are aware of good aerospace practices regarding product conformity, product safety through it's life cycle, and the importance of ethical behavior.
- F. Prevent the use of counterfeit parts.

For more information, please contact:  
**Shields Manufacturing, Inc – Purchasing Department**  
503.625.9394