



PURCHASE ORDER TERMS AND CONDITIONS

- A. External provider/Vendor/Seller (Supplier) must notify Vescio Manufacturing International (VMI) in the event that non-conforming material is received at the Supplier or if there is any price or quantity discrepancy on the purchase order (PO) prior to starting the job. Buyer is liable only for the purchase order dollar amount.
- B. Payments for invoices will be made per the agreed upon terms (net 30,45 or 60 days) beginning from the date the invoice is received or the date the parts/service is received, whichever is later.
- C. Material shall be controlled in a manner such that its identification, traceability and lot segregation are maintained.
- D. Supplier must notify VMI of changes (Changes that may affect VMI's processes/products/services provided) to processes, products, or services, including changes of sub-tier suppliers or location of manufacture, and when required obtain VMI's approval.
- E. Supplier performance (quality and delivery) will be monitored, evaluated and tracked on a regular basis. Unless otherwise specified, actions will be taken toward suppliers that fail to meet minimum requirements.
- F. Use of any sub-tier supplier requires written authorization from VMI.
- G. Supplier shall not deliver product that contains counterfeit parts and shall only procure product from the OEM, authorized distributor, or when required VMI mandated sources. If Counterfeit parts are discovered, they will be quarantined and not returned. Seller shall be liable for cost of Counterfeit Parts and the cost of rework or corrective action that may be required by Buyer to remedy the use or inclusion of such Parts. Supplier must flow down all customer quality requirements to the sub-tier supplier including a counterfeit product statement when applicable.
Definition of Counterfeit Part: An unauthorized copy, imitation, substitute, or modified part (e.g., material, part, component), which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer. NOTE: Examples of a counterfeit part can include, but are not limited to, the false identification of marking or labeling, grade, serial number, date code, documentation, or performance characteristics.
- H. MRB authority: VMI must be notified of product that does not conform to purchase order, drawing or specification requirements. Approval or disposition of non-conforming product must be received from VMI prior to shipment of parts.
- I. VMI reserves the right to conduct supplier source inspection. Supplier must grant VMI, their customers and regulatory authorities access to applicable areas of all facilities involved in the order and to all applicable records.
- J. Product handling must ensure no metal to metal contact resulting in nicks, dings or scratches to finished part surfaces. All parts must be packaged in a manner that prevents damage in handling and transit.
- K. Unless justified and the justification was accepted by VMI, all certification documents must contain the following: Purchase order number, quantity, part number and revision level, process/material specification and current or applicable revision & signature/stamp/equivalent and title of authorized representative. Raw material certifications must include description of material, material chemical/physical characteristics, material specification, and revision, heat number & country of melt.
- L. Supplier record retention shall be for a period of 30 years after closure of purchase order and delivery of parts/service unless otherwise specified on the purchase order or stated elsewhere. Records shall be controlled in a manner to prevent their loss, damage or deterioration. VMI and its related customer (s) shall have access to all applicable records for this same length of time. If a supplier chooses not to retain applicable records for the noted time period, the supplier is required to obtain VMI's written permission to do so or provide VMI with a copy. Unless otherwise specified; after 30 years, the suppliers may destroy/delete the records.

- M. Supplier employees working on fulfilling the requirements of VMI's purchase orders should be competent, qualified and aware of their contribution to product or service conformity as well as their contribution to product safety and the importance of ethical behavior. VMI may impose additional qualification of persons doing work on any of the products, processes, services noted on its purchase order.
- N. Unless otherwise stated, this order is subject to ITAR (22CFR120.10) regarding the export of technical data to manufacture and/or process this part and/or provide this service.
- O. Raw material Suppliers: Unless otherwise specified, this order is subject to DFARS 525.225.7014 alternate 1 preference for specialty metals.
- P. Unless otherwise stated, Supplier must comply with Section 1502 of the Dodd Frank Act (Conflict Minerals Regulations) as well as with any reporting responsibilities required.
- Q. Supplier must comply with the most current European regulation for Registration, Evaluation, Authorization (and Restriction) of chemicals (REACH) when imposed.
- R. Supplier shall flow the substance and obligations of these Terms and Conditions as well as any government contract referenced on the Purchase Order to its subcontractors.
- S. Supplier agrees to implement and maintain a quality system acceptable to VMI and its customer(s). Examples of acceptable quality systems include but not limited to: AS9100, ISO9001, NADCAP, VMI approval criteria, or as noted on the PO/Contract/LTA or relevant documents...etc
- T. When noted on the PO or Contract or other associated documents, the Suppliers shall implement production process verification activities to ensure the production process is able to produce products that meet VMI's requirements. NOTE: These activities can include risk assessments, capacity studies, capability studies, and control plans. Supplier shall retain documented information (records) on the results of production process verification.

U. Qualified Products Listing (QPL) Certification

For components and or chemicals used in the processing of the purchased item(s), which are controlled by a government specification (i.e., electronics, connectors, conformal coating, liquid penetrant testing, chemical conversion coating, paint, and primers), and are required to be purchased from a source of supply listed on the applicable government Qualified Products List (QPL), the supplier shall maintain certification and traceability records of such components and or chemicals showing supply chain of custody/traceability to the Qualified Products original manufacture as listed on the government QPL.

The supplier shall maintain certification traceability in the supplier's retrieval system and made available to VMI within 48 hours upon request. Supplier also shall include, as part of their quality/purchasing management system, etc., a procedure for ensuring products are procured from a manufacturer listed on the government QPL, if applicable.

V. Boeing FOD Prevention

The supplier of any hardware that goes into Boeing product shall comply with AS9146. Certifications which attest to compliance with AS9146 are not required with shipments. However, the supplier is subject to audit at any time to show compliance with AS9146.

W. Boeing Q831

VALIDATION OF RAW MATERIAL TEST REPORTS

When Seller utilizes test reports to accept Seller purchased raw material, the following requirements apply: Test reports shall be checked 100% against Seller's requirements and applicable specifications.

Validation test requirement: Seller shall periodically validate test reports for raw material accepted on the basis of test reports. That validation shall be accomplished by Seller or other independent party through periodic, scheduled tests of raw material samples. Schedules for frequency of tests will be established by Seller based on historical performance of the raw material supplied. Seller shall retain test reports provided by the raw material supplier, as well as Seller's validation test results as quality records traceable to the conformance of Goods, as specified elsewhere in this Contract/PO.

Buyer and customer furnished raw material is not subject to the validation test requirement. Seller shall implement processes and procedures in support of this clause.

- X. "If the process(es) being performed on this purchase order is governed by NADCAP, the supplier must be NADCAP certified. Please contact your buyer if your company is not NADCAP certified to perform this process(es)."
- Y. Supplier's Interaction with VMI: Please contact the buyer noted on the PO and if not available contact the purchasing department for matters/questions/clarifications/updates related to the PO. Supplier shall notify the buyer if shipment will be delivered on time.
- Z. See PO and/or associated documents for other special requirements, critical items, key characteristics, the use of statistical techniques for product acceptance, additional requirements.

Revision	Details
Unknown (long time ago)	Initial Release
1-2-2018	Completely rewritten to add new requirements and meet the AS9100D requirements.
7-14-2018	Added clauses T, U and V
8-27-2018	<ul style="list-style-type: none"> - Added this revision history table. - Clause D: deleted "Suppliers are expected to maintain a minimum of 98% quality and delivery requirements" and Added "(quality and delivery)" instead. - Clause K: Added "/Service". - Added a form to this document "F741-04"
1-11-2019	Clause K: Changed the retention time to 30 years (Was 20 years).
March 21, 2019	<ul style="list-style-type: none"> Added clause "W". Added "Examples of acceptable quality systems include but not limited to: AS9100, ISO9001,...etc" to clause R.
March 01, 2020	<ul style="list-style-type: none"> -Added clause B, Y, and Z. -Revised current clause#D to state "Supplier must notify VMI of changes (Changes that may affect VMI's processes/products/services provided) to processes, products, or services, including changes of sub-tier suppliers or location of manufacture, and when required obtain VMI's approval". - Added "Unless otherwise specified," to current clause#E. - Added "Unless otherwise specified; after 30 years, the suppliers may destroy/delete the records" to clause#L. - Clause S: Added "NADCAP, VMI approval criteria, or as noted on the PO/Contract/LTA or relevant documents". - Clause G: Added "or when required VMI mandated sources" and "Definition of Counterfeit Part: An unauthorized copy, imitation, substitute, or modified part (e.g., material, part, component), which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer. NOTE: Examples of a counterfeit part can include, but are not limited to, the false identification of marking or labeling, grade, serial number, date code, documentation, or performance characteristics". - Clause K: added "Unless justified and the justification was accepted by VMI". - Clause M: added "VMI may impose additional qualification of persons doing work on any of the products, processes, services noted on its purchase order". - Clause N: Revised to state "Unless otherwise stated, this order is subject to ITAR (22CFR120.10) regarding the export of technical data to manufacture and/or process this part and/or provide this service. - Clause O: Added "Unless otherwise specified," - Clause P: Added "Unless otherwise specified," - Clause T: Removed "as a requirement"

