

PO Standard Terms and Conditions

A) Quality Management System

- Manufacturers - A quality management system in conformance with AS9100, ISO 9001 or equivalent is required.
- Distributors - A quality system in conformance with AS9120. AS7103 or equivalent is required.

B) Revision Control

- Drawing, specification and reference document revisions in effect at time of order placement apply unless otherwise specified on this purchase order.

C) Inspection and Testing

- All inspections and test as required by the drawing and procurement specifications must be performed prior to shipment to Blue Sky Industries, Inc.

D) Nonconforming Product Notification

- If a nonconformance is discovered prior to shipment that does not affect form, fit, or function, a request for waiver may be submitted. All such requests must be made in writing. Under no circumstances shall shipment be made without approval from Blue Sky Industries, Inc.
- If a nonconformity is discovered subsequent to shipment the supplier is required to notify Blue Sky Industries, Inc. within 48 hours with nonconformance details and proposed action to be taken.

E) Right of Access

- Blue Sky Industries, Inc., our customer and regulatory authorities reserve the right of access to the supplier's facility for the purpose of audit and inspection. Should this become necessary, reasonable notice will be given to the supplier prior to visitation.

PO Standard Terms and Conditions**F) Flow-Down of Requirements**

- Suppliers are required to flow down the requirements of this purchase order to sub-tier supplier and special processors. Suppliers are required to notify Blue Sky Industries, Inc. of changes in the product or process, changes in sub-tier suppliers, changes of suppliers' facility location and when required obtain approval of changes from Blue Sky Industries, Inc.

G) Traceability

- Lot traceability is required for the products on this purchase order. A unique lot/control number assigned by the manufacturer to the production lot provided that is traceable to all raw materials, processing and testing results is mandatory. Commingled lots will be rejected

H) Certificate of Conformance

- Manufacturers shall provide a certificate of conformance with each shipment, which states that the product supplied meets all drawing, specification and purchase order requirements. The C of C shall reflect the part number(s) listed on the Blue Sky Industries, Inc. purchase order, the production lot numbers, and shall be signed by an authorized supplier representative of the manufacturer.
- Distributors shall provide the manufacturer's certificate of conformance as described above in addition to their own C of C.

I) Handling, Preservation and Packing

- The supplier shall ensure that the products provided are protected from damage during production, inspection, packing and shipping operations. Products found to be damaged upon receipt shall be subject to rejection

J) Record Retention

- Product inspection records, test reports and other documentation indicating conformance to Blue Sky Industries, Inc. purchase order must be retained by the

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supplier for a minimum of 10 years from date of shipment.

K) Mercury and Mercury Compounds

- The supplier is responsible to ensure that the products supplied did not come into contact with mercury or mercury compounds during manufacturing or subsequent processing.

L) Ozone Depleting Substances

- The supplier is responsible to ensure that ozone-depleting substances were not used during the manufacturing or processing of the material supplied on this purchase order. Ozone-depleting substance as used in this clause, means any substance the Environmental Protection Agency designates in 40 CFR part 82 as:
 - (1) Class I, including but not limited to, chlorofluorocarbons, halons, carbon tetrachloride and methyl chloroform; or
 - (2) Class II, including but not limited to hydrofluorocarbons.

M) Domestic Manufacture

- Unless otherwise specified in this purchase order, the products supplied must have been manufactured in the United States of America.

N) Shipping Tolerance

- The quantity tolerance for this purchase order is +/- 0%. Any deviation from this tolerance must be approved by Blue Sky Industries, Inc. purchasing department prior to shipment.

O) Single Lot

- Each line item on this purchase order must be provided from a single manufacture's lot. Exceptions must be approved by the buyer prior to shipment. Receipt of multiple lots may be cause for rejection.

P) Counterfeit Parts Prevention

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- For purposes of this clause, Work consists of those parts delivered under this Contract that are the lowest level of separately identifiable items (e.g., articles, components, goods, and assemblies). "Counterfeit Work" means Work that is or contains items misrepresented as having been designed and/or produced under an approved system or other acceptable method. The term also includes approved Work that has reached a design life limit or has been damaged beyond possible repair but is altered and misrepresented as acceptable.
- Seller agrees and shall ensure that Counterfeit Work is not delivered to Blue Sky Industries, Inc.
- Seller shall only provide products to be delivered or incorporated as Work to Blue Sky Industries, Inc. directly from the original manufacturer, or through the manufacturer's authorized distributor chain. Work shall not be acquired from Independent distributors or brokers unless approved in advance in writing by Blue Sky Industries, Inc.
- Seller shall immediately notify Blue Sky Industries, Inc. with the pertinent facts if Seller becomes aware or suspects that it has furnished counterfeit work. When requested by Blue Sky Industries, Inc., seller shall provide documentation from the manufacturer that authenticates traceability of the affected items to the applicable manufacturer.

Q) Conflict Minerals

- Supplier must comply with the requirements of the Dodd Frank Act on Conflicts Minerals. Upon identifying that any of your suppliers procuring products containing minerals identified in the Dodd Frank Act from specified conflict regions, that end up in the final products that are sold to Blue Sky Industries, Inc., supplier will notify Blue Sky Industries, Inc. in writing within 60 days.

R) Thread and Shank Protection

- All external threaded fasteners 3/8" diameter and above shall have the full length

Approved by: WB (Rev.C) 12/13/2018

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of the threads and shank protected from handling damage by covering these areas with plastic sleeves. The sleeves shall be appropriately sized so as not to fall off during normal handling. Alternatively, the entire fastener can be covered by protective webbing.

S) Foreign Object Debris. (Damage) FOD

- The supplier shall have a fully implemented FOD Prevention Program that provides for the Detection, Removal and Reporting of Foreign Object Debris. The procedure shall include provisions for customer notification, internal audits and training of personnel and will contain all necessary provisions of NAS412 as determined by the supplier's Quality Assurance and Engineering functions.

T) FAA-TSO / PMA

- If products supplied on this purchase order are subject to Federal Aviation Administration, (FAA), Technical Standard Order, (TSO) or Parts Manufacturing Authority, (PMA) requirements are;

- TSO parts must have the following statement on the certification documents:

'The parts contained in this shipment have been manufactured and inspected in accordance with TSO-xxxx. The conditions and tests required for TSO approval of this article are minimum performance standards. Aircraft (eg: Fasteners I Bearings I Seals) approved under this TSO are not necessarily interchangeable with other aircraft (eg: Fasteners I Bearings I Seals) approved under this TSO. (eg: Fasteners I Bearings I Seals) of similar dimensional properties may have widely varying performance and metallurgical properties. Substitution of parts may only be done if acceptable to or approved by the administrator.'

- PMA parts must be marked "FAA-PMA" and identified in accordance with 14CFR, Part 45, Section 45.15 and FAA Order: 8110-42 (latest revision).

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U) Organizational Knowledge

- The supplier shall ensure that all employees are aware of their contributions to product conformity, product safety and the importance of ethical behavior.

V) Full Certifications

- In addition to the manufactures certification specified in H above, the supplier shall provide raw material certifications, special processing certifications (heat treat, plating NDT, ect.) and test reports for all the test required by the drawing and procurement specification.

W) Directed Source

- The purchase order requires products to be produced by a specific manufacturer. Supplying another manufacture's product shall be cause for rejection.

X) External Provider Rating

- External providers will be rated on criteria in Appendix A.
- SCAR's will be issued as deemed necessary to determine root cause of substandard performance.
- Failure to adequately respond to and correct problems areas could affect your approval status.

Appendix A

Approved Providers Criteria & Ratings:

Approved providers are monitored on Quality (product certification, quality shortage & material rejection) and On-time Delivery performance.

On-time Delivery $\geq 90\%$ are Approved; $< 90\% \geq 74\%$ are Conditional and $< 74\%$ are disapproved.

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Quality Goal $\geq 95\%$ are Approved; $< 95\% \geq 84\%$ are Conditional and below 84% are disapproved.

Providers who fall below the approved threshold are subject to Corrective Action at the discretion of management. Failure to demonstrate improved performance will result in disapproval.