DEMERS PROTOTYPE INC., DBA OLYMPIC ENGINEERING SERVICE

AS9100D PURCHASE ORDER TERMS & CONDITIONS

1 Our organization reserves the right of final approval of product, procedures, processes and equipment.

2 All special processes required by this purchase order must be performed by qualified personnel.

3 Our organization reserves the right to review and approve the Vendors Quality Management System. Standard QMS requirements include:

- 3.1. Vendors providing special processing must maintain a system for validating processes similar to that of a NADCAP program, or other system as required by this purchase order.
- 3.2. Customer directed sources must operate in accordance with approved specifications and standards as dictated and controlled by the customer in question.
- 3.3. Suppliers initially approved for use via Certification (ISO, AS9100, ISO 17025, AS9120, etc.) must notify our organization of any changes to that certification.

4 The Vendor shall maintain the proper identification and revision status specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data for seven years or as required by contract.

5 Our organization reserves the right to approve or specify any designs, tests, inspection plans, verifications, use of statistical techniques for product acceptance, and any applicable critical items, including key characteristics.

6 Our organization reserves the right to designate requirements for test specimens for design approval, inspection/verification, investigation or auditing.

7 The vendor is required to:

- 7.1. Notify our organization of nonconforming product immediately upon discovery.
- 7.2. Obtain our organizational approval for nonconforming product disposition.
- 7.3. Notify our organization of changes in product and/or process, changes of suppliers, and changes of manufacturing facility locations.
- 7.4. Flow down to the supply chain the applicable requirements including customer requirements.

8 The Vendor is required to retain all records associated with the purchase order for seven years or as required by contract.

9 The Vendor is required to ensure that their employees are aware of their contribution to product or service conformity, to product safety and the importance of ethical behavior.

10 Our Organization reserves the right of access by our representatives, our customers, and any regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records.

11 All Vendors providing calibration services must be certified to ISO17025 (or equivalent). All calibration certificates must identify standards used and must be traceable to NIST (National Institute of Standards Technology).

12 Verification activities of externally provided processes, products and services shall be performed according to the risks identified by the organization. These shall include inspection or periodic testing, as applicable, when there is high risk of nonconformities including counterfeit parts.

13 Customer verification activities performed at any level of the supply chain does not absolve the organization of its responsibility to provide acceptable processes, products, and services and to comply with all requirements.

14 Verification activities can include:

14.1. Review of objective evidence of the conformity of the processes, products and services from the externa; provider (e.g., accompanying documentation, certificate of conformity, test documentation, statistical documentation, process control documentation, results of production process verification and assessment of changes to the production process thereafter).

14.2. Inspection and audit at the external provider's premises.

14.3. Review of the required documentation.

14.4. Review of production part approval process data.

14.5. Inspection of products or verification of services upon receipt.

14.6. Review of delegations of product verification to the external provider.

15 When externally provided product is released for production use pending completion of all required verification activities, it shall be identified and recorded to allow recall ad replacement if it is subsequently fond that the product does not meet requirements.

16 When the organization delegates verification activities to the external provider, the scope and requirements for delegation shall be defined and a register of delegations shall be maintained. The organization shall periodically monitor the external provider's delegated verification activities.

17 When external provider test reports are utilized to verify externally provided products, the organization shall implement a process to evaluate the data in the test reports to confirm that the product meets requirements. When a customer or organization has identified raw material as a significant operational risk (e.g., critical items), the organization shall implement a process to validate the accuracy of test reports.

18 The organization shall communicate its requirements for:

18.1 The use of statistical techniques for product acceptance and related instruction for acceptance by the organization.

18.2 The need to:

18.2a Implement a quality management system

18.2b Use customer-designated or approved external providers, including process sources (e.g., special processes)

18.2c Notify the organization of nonconforming processes, products or services and obtain approval for their disposition

18.2d Prevent the use of counterfeit parts

18.2e Notify the organization of changes to processes, products or services, including changes of their external providers or location of manufacture and obtain the organization's approval

18.2f Flow down to external providers applicable requirements including customer requirements

18.2g Provide test specimens for design approval, inspection/verification, investigation or auditing

18.2h Retain documented information, including retention periods and disposition requirements

18.3 Ensuring that persons are aware of:

18.3a Their contribution to product or service conformity

18.3b Their contribution to product safety

18.3c The importance of ethical behavior