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Terms and Conditions  
F7.4.2-1

Canady's suppliers must conform with these Terms and Conditions.

Additional requirements will be noted on the Purchase Order as necessary.

- ✓ Conform with MIL-I-45208, AC7004, ISO 9001 or AS9100 Quality Management System requirements.
- ✓ Calibrations labs must conform with the latest edition of ISO 17025, ANS/NCSL Z540 or ISO 10012.
- ✓ Maintain a minimum of 97% product conformity and 94% on-time delivery performance.
- ✓ Specifications detailed on this purchase order or on the blueprint furnished shall be done in accordance to the most current revision.
- ✓ The supplier shall have calibrated monitoring and measuring equipment required for product verification called for in the purchase order.
- ✓ The supplier may use sampling inspection in accordance with nationally accepted standards (i.e. ANSI/ASQC Z1.4).
- ✓ The supplier shall perform all inspections and tests necessary to verify conformance to specifications.
- ✓ Suppliers of manufactured parts from raw material shall furnish a final inspection report on parts submitted.
- ✓ A First Article is required when the part is supplied to Canady for the first time, or a lapse in manufacture for 24 months or more or a revision change on the blueprint. If there is a revision change, only a First Article on the noted change is required. (Also known as a Delta First Article) The First Article part may be submitted either before production or along with the production lot. (Suppliers option). If the First Article is submitted with the production lot, it must be tagged or separated from the production lot.
- ✓ Notify Canady of nonconforming product and obtain approval for nonconforming product disposition,
- ✓ Notify Canady of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain organization approval.
- ✓ Flow down to the supply chain the applicable requirements including customer requirements. Apply appropriate controls to their direct and sub-tier external providers, to ensure that requirements are met.
- ✓ The supplier and their subcontractors shall use, when required, Canady approved suppliers or Canady customer approved suppliers. Contact Canady purchasing for approved suppliers.
- ✓ Allow right of access by Canady, their customer and 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.
- ✓ Communicate any delay in shipment for any reason to Canady's Purchasing department as soon as the delay is known by the supplier.
- ✓ Provide Safety Data Sheets (SDS) and/or certificates of compliances for restricted, toxic or hazardous substances.
- ✓ Processing suppliers must furnish processing certifications to the purchase order requirements, and not process any parts which they are not certified or approved.
- ✓ All material and product must be packaged in a manner, which will prevent damage when handling, and in transit.
- ✓ Raw material must be melted in the United States or a qualified country per DFARS requirements. Test reports showing actual physical and chemical properties must be furnished in English.
- ✓ Raw material certifications must be submitted to Canady for review and approval prior to production if the product was manufactured from raw material furnished by supplier.
- ✓ Material for this purchase order must be used if furnished by Canady. If for any reason you need more material, the supplier must contact Canady purchasing for instructions. Any unused material must be returned to Canady.
- ✓ Maintain production and product acceptance documents for a minimum of **thirty** years after final payment for supplies or services and properly destroy (i.e. shred) documented information after retention period. Canady Mfg. requires 90-day notification prior to disposition and destruction of documented information.
- ✓ Must provide at a minimum a Certificate of Conformance with all material, products or services.



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- ✓ Must perform due diligence to prevent the use of any conflict minerals (tin, tantalum, tungsten & gold) in the manufacturing or processing of furnished products.
- ✓ Counterfeit Parts Prevention
- ✓ a) For purposes of this clause, Counterfeit 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. (b) supplier agrees and shall ensure that Counterfeit Work is not delivered to Canady. (c) supplier shall only purchase products to be delivered or incorporated as Work to Canady directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Work shall not be acquired from independent distributors or brokers unless approved in advance in writing by Canady. (d) supplier shall immediately notify Canady with the pertinent facts if supplier becomes aware or suspects that it has furnished Counterfeit Work. When requested by Canady, supplier shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM. (e) In the event that Work delivered under this Contract constitutes or includes Counterfeit Work, supplier shall, at its expense, promptly replace such Counterfeit Work with genuine Work conforming to the requirements of this Contract. Notwithstanding any other provision in this Contract, supplier shall be liable for all costs relating to the removal and replacement of Counterfeit Work, including without limitation Canady's costs of removing Counterfeit Work, of reinserting replacement Work and of any testing necessitated by the reinstallation of Work after Counterfeit Work has been exchanged. The remedies contained in this paragraph are in addition to any remedies Canady may have at law, equity or under other provisions of this Contract. supplier shall establish and maintain a Counterfeit Prevention Program using Aerospace Standard AS5553 as a guideline. The purpose of this flow down is to prevent entry into the supply chain, to prevent the use of counterfeit products, the delivery of counterfeit products and to control products identified as counterfeit.
- ✓ Agree to comply with Executive Order Number 13224 – blocking property and prohibiting transactions with persons who commit, or support terrorism, notice of September 24, 2001 – and further agrees to include this statement in each lower-tier subcontract or purchase order issued hereunder.
- ✓ Ensure that persons are aware of their contribution to product and service conformity, product safety, and the importance of ethical behavior.
- ✓ Be attentive to Foreign Object Damage (FOD). Although a FOD program is not required, it is incumbent on all suppliers and their sub-contractors to be aware any possible damage to product due from a substance, debris, or article that is alien to the product.
- ✓ Suppliers shall hold and maintain confidential information and supplies (blueprints, specs, work instructions, tooling and fixtures, etc.) in strictest confidence. Suppliers shall carefully restrict access to this confidential information and supplies to their employees, contractors, and third parties as is reasonably required, and shall require those persons to acknowledge nondisclosure restrictions. Suppliers shall not, without prior written approval of Canady Mfg., use for their own benefit, publish, copy, or otherwise disclose to others, or permit the use by others for their benefit or to the detriment of Canady Mfg., any confidential information. Suppliers shall return to Canady Mfg. all records, notes, and other written, printed, or tangible materials in their possession pertaining to confidential information and supplies immediately if Canady Mfg. requests it.