

# Grace Precision Products, LLC Purchase Order Terms & Conditions

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The following are the contractual requirements agreed between Grace Precision Products, LLC, hereinafter GPP, and the Supplier upon acceptance and/or performance of the GPP Purchase Order (PO).

Communication between GPP and Supplier will be through GPP's owners (or their delegate). Any communication with other GPP personnel should be followed-up with written confirmation of the results of such communication with GPP's owners.

## 1) Quality Management System Requirement

- A) Suppliers of materials, products or services (hereinafter referred to as "product") which become part of GPP's deliverable product should maintain a Quality Management System compliant to ISO9001.
- B) If this Purchase Order (PO) is for Calibration Services, the Supplier should be accredited by The American Association for Laboratory Accreditation to be compliant with ANSI/NCSL Z540.

Calibration Record should include GPP gage serial number (as noted in body of PO) and, for each Supplier master gage/instrument used in calibration of the gages on this PO;

the Supplier's gage/instrument serial number  
and associated NIST traceability number

Calibration Record should include amount of uncertainty determined in the calibrated gage.

## 2) Certification of Product

Each shipment of product should be accompanied with applicable certifications and/or test reports as required by specification to which the supplied product complies. At the minimum, Supplier should certify compliance with the requirements noted the face of the PO. The certification and/or test report should:

- (A) Certify relating to conflict materials set forth at 17CFR Parts 240 and 249(b), promulgated pursuant to section 1502 of Dodd-Frank Wall Street Reform and Consumer Protection Act.
- (B) Identify the revision level of the engineering design/specification to which it certifies compliance. If the PO does not specify the engineering design/specification revision level then the latest issued should be the revision level that applies to this Purchase Order.
- (C) Be signed, stamped or provide some means of identifying the person(s) who make such certification, including the date of certification.
- (D) If the product has limited shelf life, said certification should have adequate information such that the remaining shelf life can be determined as required in the applicable specification(s). Unless otherwise specifically allowed in the PO all shelf life limited product should have at least 6 months remaining shelf life upon delivery to GPP.

In some cases, it is industry practice to NOT provide actual test reports of chemical and physical properties of certain raw materials. When this is the case and such certification is not a specific customer requirement, the Owner of GPP may authorize acceptance of such material by waiving this requirement on the face of the PO.

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## 3) Nonconforming Product – Corrective Action.

Supplier shall not deliver known nonconforming product unless specifically authorized by GPP.

If Supplier discovers that nonconforming product was delivered to GPP (without specific authorization), Supplier shall provide written notice of such delivery specific to GPP PO, the specific nonconforming product, and each Packing List number and date of said Packing List with a complete description of the nonconformance.

If GPP discovers nonconforming product was delivered from Supplier, GPP will document this on a Nonconformance Report. The Nonconformance Report will be forwarded to the Supplier. If nonconforming Product will be returned to the supplier the Nonconformance Report will be dispositioned as such. If GPP determines Cause investigation and Corrective Action is necessary, the supplier will commence the investigation and provide feedback as to the actions taken to preclude recurrence of the Rejected condition within the time frame agreed between GPP and Supplier. GPP will not be billed for any nonconforming product that is rejected by GPP.

## 4) Notification of Changes

Supplier shall notify GPP, in advance of shipment, of any changes in product, processes, suppliers, or location of manufacturing facility. If required by GPP or GPP's customer, Supplier should obtain approval of said changes prior to shipment to GPP.

## 5) Flow down of Requirements

Supplier shall flow down the requirements of this PO to Supplier's sub-tier suppliers. This includes appropriate controls to assure compliance to requirements in designs and specifications.

## 6) Record Retention Requirements

Supplier shall maintain records related to the product(s) and or service(s) supplied under this PO for a period of not less than 3 years from the on-dock date of shipment to GPP.

## 7) Right of Access

Supplier shall provide Right of Access by GPP, GPP's customer(s), and/or Regulatory Agencies to all applicable areas of all facilities, at any level of the supply chain, involved in the order and to applicable records.

## 8) First Article Inspection Report (FAI)

If this order is for product designed by GPP's customer (e.g., not raw material, standard hardware or special processes) Supplier shall provide a complete First Article Inspection Report in a format acceptable to GPP (see AS9102 for an example of one way this can be done) with delivery of the product.

FAI shall not be more than 2 years old unless Supplier can show that they have been in continual production of the product since the date of the FAI. Continual production means there is no more than a 2-year gap between production lots from date of completion of earlier lot and date of completion of the later production lot.

## 9) Original Equipment Manufacturer (OEM) Defined Sources

If the OEM for the product being purchased by GPP identifies certain sources of supply for certain commodities or services, then Supplier must use such sources for the product being purchased under this PO. Such sources could be, but are not limited to, raw material mills and/or distributors,

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hardware manufacturers and/or distributors, and special process (aka surface treatments) sources. The supplier remains fully responsible for the conformity of delivered product regardless of this requirement to use said OEM source(s) of supply. Supplier should contact GPP for guidance on these sources when needed.

## 10) On-Time Delivery

Time is of essence in the performance of the PO. The due date on the PO is the expected on-dock date for the product with required documentation (e.g., packing list, certifications, test reports, FAIs, etc.). Supplier on-time delivery performance will be measured based on the date the product is delivered on-dock at GPP.

## 11) Performance Monitoring and/or Corrective Action

GPP retains tracking information on the on-time delivery performance and acceptance of all suppliers in the aggregate. Should GPP notice a negative trend in Supplier's specific performance a special report will be prepared and forwarded to the Supplier for Cause investigation and Corrective Action.

## 12) Packing and Preservation

The Supplier should package product in such a manner suitable for preservation and to prevent damage to the product from each other (in the same box, container, etc.) or from normal handling and transport.

## 13) Responsibility of Conformance to Design - Rejections

Regardless of any inspection acceptance of delivered product or service by GPP, GPP's customer (or higher tier customer), the Supplier remains responsible to assure delivered product and or services complies with the designs and specifications to which the product or service was ordered.

Should GPP reject any item from Supplier a Nonconformance Report will be created. The Nonconformance Report will be sent to the Supplier for correction/rework/replacement of the rejected condition (if needed) as well as Cause and Corrective Action Investigation.

## 14) Design Changes

Where supplier controls the product design, the supplier should not provide product where the design has been changed unless and until such design change has been approved by GPP's customer (our higher tier customer (OEM)), as applicable.

## 15) Force Majeure

GPP and Supplier should advise the other party within 30 days of any event that is deemed a Force Majeure Event. Neither Party should be responsible or liable nor be deemed to be in default on account of any breach of any obligation directly attributable to a cause that is at the same time compelling, unpredictable, unavoidable and beyond its control and not occasioned by its fault or negligence (Force Majeure Event).

Following cessation of the Force Majeure Event and to the extent possible in anticipation thereof, the parties should resume the performance of their obligations under this Purchase Order.

In the event Supplier fails to deliver or has informed GPP that it should not be able to deliver the Product on-time due to a Force Majeure Event then the delivery of the Product should be suspended until such circumstances of the Force Majeure Event have been adequately addressed.

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The due date of Product should be extended by written mutual signed agreement of the parties. If, however, the Force Majeure Event causes delivery to be delayed more than thirty (30) Days, GPP will be entitled to cancel the Purchase Order in whole or in part without a further notice being required or judicial intervention and without incurring any liability whatsoever.

16) Purchase Order Governing Law, Venue, and Jurisdiction.

This order shall be governed by the laws of the State of Missouri. Venue and Jurisdiction for any dispute arising out of this order shall lie exclusively in the Circuit Court of Jasper County, Missouri.

17) **Severability.** The invalidity, illegality, or unenforceability of any provision of this Agreement, or the occurrence of any event rendering any portion or provision of this Agreement void, shall in no way affect the validity or enforceability of any other portion or provision of the Agreement. Any void provision shall be deemed severed from the Agreement and the balance of the Agreement shall be construed and enforced as if the Agreement did not contain the particular portion or provision held to be void.