

# Supplier Terms and Conditions

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## 1. Purpose.

This Manual defines the expectations and requirements applying to current and potential suppliers of Parametric Solutions Inc. and related entities (together, the “Company” “us” or “we”). Clearly communicating expectations for delivering reliable products and services on time and at a reasonable cost is the backbone of a long-term, mutually beneficial relationship. Therefore, the stipulations in this Manual are incorporated by reference in Purchase Orders (PO) issued by the Company and provide the terms and conditions under which the order is required to be fulfilled.

The Company endorses the concept of Total Quality Management; the principle that quality is the responsibility of both customer and supplier. As a strategic supplier, you are an important contributor to our delivered product/service. The quality and reliability of our deliverables are determined by the quality and reliability of the material or service you provide. Delayed deliveries or nonconforming materials endanger our ability to deliver quality products and services on time.

The Company recognizes suppliers are in business to succeed in competitive marketplaces. We believe a constructive focus on time, cost, and quality performance makes this goal more likely. We welcome cooperation with suppliers to improve processes, ensuring on time delivery of quality deliverables or to help reduce costs via Lean Manufacturing methods (waste reduction). Also see the Appendix § 16.6.

## 2. Introduction.

Founded in 1993, **Parametric Solutions Inc. (“PSI”)** has diversified and expanded from its gas turbine engine design roots into provision of a wide range of engineering services for the aerospace, aero propulsion and power generation industries. We specialize in complete product development cycle; from initial concept to production; redesign of existing products; and modeling, analysis and verification of new design concepts. Our staff of engineers have experience in mechanical design and analysis, kinematic synthesis, optimization, prototyping, hardware procurement, instrumentation and product testing.

The Company has a certified quality management system meeting the requirements of ISO9001 and AS9100D. Most of the technology we use is export controlled. Feel free to visit our website at [www.psnet.com](http://www.psnet.com).

# QUALITY POLICY

Parametric Solutions, Inc. develops and implements an effective quality management system to ensure the success of the business through highly trained staff executing comprehensive and efficient processes. It is our commitment to our customers and our employees to provide the leadership and resources necessary to meet the requirements of the quality management system while creating & maintaining a continuous improvement environment. The result is supplier performance that meets and exceeds industry and customer expectations.

The quality policy and objectives are periodically reviewed at management review meetings and are revised as the need arises.

## Objectives

1. Enhance utilization and effectiveness of the QMS.
2. Enhance quality of product, both tangible and intellectual.
3. Enhance customer satisfaction.

### 3. Supplier Selection.

If you are reviewing this manual, you have been shortlisted as a potential supplier to the Company or have already been selected. As a potential or continuing supplier, you may be asked to disclose and periodically update your business health, vital statistics and ethics policy, and may be requested to permit an on-site visit. You may be sent a quality survey to ascertain the maturity of your quality management system (see Appendix § 16.1). You may be asked to provide an emergency/disaster recovery plan. You may be asked to sign an NDA (nondisclosure agreement) prior to receiving any technical information, RFQ (request for quote), RFP (request for proposal), or order information (see Appendix § 16.3). You may be screened against the Restricted Parties List (RPL).

This manual provides the supplier with Company expectations if you are selected as a supplier. Typically, an RFQ is sent to the supplier, a quote is received at the Company and evaluated against the requirements in the RFQ. Supplier selection is based on the following criteria and the Company's discretion:

- a) Ability to meet specifications and delivery requirements – determined by capabilities, lead times, visits, and audits.
- b) Quality Assurance/Control methods and practices – QMS certification and audits.
- c) Competitive pricing – determined from quotations.
- d) Financial stability and credit strength – in addition to data you may provide, we may call your suppliers for input or use other means to obtain sufficient information.

- e) Proven performance – we may request references from your customer base and contact them if necessary. Also determined by your response to our questions/concerns/request for quote.

If selected, the supplier will be added to our Supplier List. Without being added to the list, the supplier cannot be picked from our purchasing system.

#### 4. Communication with the Company.

**POC.** We request you, as our supplier, provide us with a point of contact (POC) and a designated backup for that person. The Company will provide the same. If we fail to provide this, please ask. The Company's POC will be referred to as the *PSI Purchaser* (see Appendix § 16.19). If the supplier's POC is reassigned, please notify the PSI Purchaser as soon as possible. We will do the same. All POCs will communicate in English.



**Disclosure of Nonconformances.** The supplier will inform the PSI Purchaser (indicated on the PO) immediately when there is reason to suspect nonconformances with work-in-progress or products previously shipped to the Company in accordance with the PO requirements. Additionally, the supplier will promptly notify PSI of any circumstances related to product materials, manufacturing, processing methods, design, etc. which risk premature failure or safe operation.

**Access.** Suppliers will be required to provide reasonable access to their facilities and the facilities of their supply chain during normal working hours to the Company, its customers, and regulatory agencies with reasonable advance notice.

**Order Process; Changes.** The Company requires a formal process for creating an order and agreeing to any changes.

During the development phase, the supplier may be working with the Company to optimize the design for ease of manufacturing. Once a PO is sent and acknowledged, any change must be communicated through the PSI Purchaser and shall not be effective unless authorized in writing by the PSI Purchaser in a PSI Purchase Order Revision. This creates a controlled environment and facilitates passage through our receiving and accounts payable processes.

Upon notice of a required change, the supplier shall cease work pending revision of the PO.

**DO NOT WORK TO OR OTHERWISE RELY ON VERBAL ORDERS, EMAILS, MARK-UPS OR ANY OTHER COMMUNICATION THAT IS NOT AN OFFICIAL PURCHASE ORDER REVISION.**

***The supplier waives any right to compensation for any products, services or related expenses not conforming to a valid Purchase Order or an official Revision thereof.***

Please refer to Section 6 ("Receiving a PSI Purchase Order") and Section 7 ("Managing Changes"), below.

**Health and Safety Disclosure.** The supplier will inform the Company of any toxic or potentially harmful materials used in the manufacture or packaging of products purchased under an order, and shall indemnify the Company and its affiliates, and hold them harmless, from any liability

arising out of any failure to warn the Company regarding the use of or exposure to such materials. The supplier will provide any applicable Material Safety Data Sheets (MSDS) as required by law.

**Marketing.** If the supplier has intentions of advertising their relationship with the Company, their POC must first obtain written approval from the Company to do so. The supplier cannot advertise the Company logo or name without prior authorization.

## 5. Forecasting and Timeliness

The timeliness of an order will be agreed to during the quoting process. The PSI Purchaser will communicate the PO to the supplier's POC. If the PSI Purchaser requests a particular order be expedited, the supplier should make a good faith effort to accommodate their request. Unless the supplier re-quotes the order, and the revised quote is documented in a valid Purchase Order Revision, the original pricing will prevail...



**Rated Orders.** PSI may be required to expedite certain orders via a DPAS (Defense Priorities and Allocations System) rating. "DX" ratings MUST (by law) take precedence over ALL other work. "DO" ratings have precedence over unrated orders. The supplier cannot discriminate against rated orders in any manner such as by charging higher prices or by imposing different terms and conditions than for comparable unrated orders. See Appendix § 16.5.

**Force Majeure.** As soon as reasonably possible, following the date of commencement of a *Force Majeure* event, the supplier shall notify PSI. The supplier will present evidence of the event and its effect on their performance. Neither PSI nor its supplier is considered in breach of contract to the extent performance of respective obligations is prevented by an event of *Force Majeure* arising after the order has been acknowledged. If the supplier is unable to fulfill the order requirements within 60 days of the *Force Majeure* event, or within a shorter period of time if Force Majeure impact could be resolved with reasonable commercial efforts, PSI is entitled to relieve the supplier of its obligations and cancel the order for default. The supplier may consider refining its disaster recovery plan.

**Delivery performance measurement.** After order acknowledgement, PSI expects the due date on the order will be met and relies on the supplier's promise of timely delivery. The supplier must notify the PSI Purchaser if orders will not be delivered on time and provide the reason for delivery delay. PSI may request partial shipments. However, the full, conforming order must be received by PSI on or before the specified due date, strictly construed, to avoid the consequences described below (see "Termination and other Remedies").

The supplier will not be penalized for early shipments unless written within the order. On a regular basis, the receipt date for each supplier delivery is compared against the due date. The results are calculated in the supplier rating score. If unplanned events are a common occurrence, the rating score will be adversely affected.

## 6. Receiving a Purchase Order

**RFQ.** Prior to receiving a PO from the Company, you may receive a request for quote (RFQ) and Rough Order of Magnitude (ROM) drawings or other information marked as “PRELIMINARY”, No Rev, etc. This information is normally for quoting purposes only. Starting to manufacture a part before the PO is provided and using ROM or drawings marked Preliminary is done at the supplier’s risk.



**RFQ Acknowledgement.** . When an RFQ is received, please acknowledge by phone or email (preferred) as soon as possible. We expect suppliers will reply with a quote within 10 business days from date of receipt of the RFQ. Quote must be in writing; no verbal quotes will be considered.

**Purchase Order.** The PO and associated documentation (drawing, quality requirements) will be sent via email from our Purchaser to the supplier’s designated POC. The supplier must ensure they are in possession of the drawing revision indicated on the PO; contact the PSI Purchaser to obtain. See Appendix § 16.19.



**PO Acceptance.** Once the supplier’s POC receives our PO, the supplier POC will accept the order within 3 business days by returning a signed and dated PO copy to the Purchaser. Accepting the PO legally binds the supplier to fulfill the order and confirms acceptance of the terms and conditions stipulated in the PO and this document. Please also refer to “Legal Matters – Sole Agreement” below.

At this stage, to anticipate product data collection, the supplier should determine if authorization to ship is required - see § 12.

**Late Delivery.** Should the Company choose to accept delivery of goods after the promised due date, the Company may request the supplier expedite delivery at their expense. This paragraph is without prejudice to the Company’s remedies with respect to any nonconforming aspects of the accepted goods or services.

**Termination and other Remedies.** The Company may terminate the order, in whole or in part by written notice.

**Termination for Cause.** If the order is terminated due to supplier’s nonperformance, or indication the supplier will be unable to fulfill the requirements of the order in all material respects, the supplier shall be liable for all damages allowed in law or equity, including (without limitation) the excess cost of re-procuring substitute items. In such instances, the Company shall not be liable for any charges relative to undelivered product or other termination charges.

As noted above, the supplier is obligated to deliver conforming products or services in strict compliance to the delivery date indicated on the PO; therefore, failure to deliver by the promised delivery date constitutes a material default allowing termination for cause.

Furthermore, a supplier shall indemnify and hold the Company harmless for any costs which a customer of the Company may impose on the Company due to the supplier's failure to perform under a PO.

**Termination for Convenience**. If the Company terminates the order for convenience, the supplier will be compensated to the extent items have been accepted by the Company prior to the effective date of termination. In addition, if performance of the order begins prior to the notice of termination, the Company will compensate supplier for the actual and reasonable work-in-process costs incurred by the supplier on goods and/or services required to be procured or performed within a demonstrated reasonable lead time period, calculated from the Company's issuance of the notice of termination. The Company will not provide compensation to a supplier for an order terminated prior to the commencement of such lead time. The supplier shall use reasonable efforts to mitigate its own and PSI's liability under this paragraph. If the termination is the result of governmental action, the supplier will cooperate with the Company in seeking compensation and the supplier's compensation will not exceed the amount permitted under applicable law. Any materials delivered by the Company in furtherance of the PO or supplier produced goods at any stage of completion will be shipped to the Company according to the terms of PO revision.

## **7. Managing Changes (post order acknowledgement).**

After the PO/contract has been acknowledged by the supplier, verbal change authorizations and informal communications (such as mark-ups or emails) from Company personnel are invalid at all times. Likewise, the Company cannot accept verbal waivers and/or changes from the supplier after PO acknowledgement. **SEE SECTION 4 ABOVE -- ANY CHANGES MUST BE PURSUANT TO A VALID PURCHASE ORDER REVISION.**

### **Changes initiated by the supplier.**

- a) The supplier cannot change the form, fit, or function of specified material without explicit, written authorization by the Company (COTS parts are the exception).
- b) If product requirements cannot be 100% complied with, the supplier may request a waiver from the Company. The waiver request will be reviewed and handled by the Company via the PSI Purchaser. The Company has the right to refuse to accept any and all non-conformances from the supplier. If no waiver is requested, the Company will assume all notes, specifications, dates, and these terms and conditions have been 100% met.
- c) If the supplier relocates part or all of its manufacturing processes, they must notify the PSI Purchaser. If necessary, a first article inspection will be performed by the Company from the first run. See Appendix § 16.18.
- d) If there is a need to revise the PO, the PSI Purchaser will be notified in writing to request such a change. The Company has the right to refuse to accept any requested change. Depending upon the need, the Company may request partial shipments or perform an operation themselves. All price or payment terms adjustments must be documented in writing from the supplier and supplier's sub-tier, if applicable.



### **Changes to the Purchase Order by the Company.**

- a) The Company has the right at any time to make changes to the existing PO through a PO revision, and the supplier must formally acknowledge that revision. See PO Acceptance. If PO revision causes material changes to the supplier's costs or time of performance, the supplier will notify PSI immediately and may negotiate an adjustment.
- b) If a DPAS rated order comes to the Company's attention and it affects the supplier, the rating will be communicated to the supplier for immediate action. See Appendix § 16.5 and the Forecasting section 6 for further info on rated orders.
- c) In the event of an order termination, the actions described in these Terms and Conditions will be enacted.

### **Changes to the design/drawing.**

- a) For the manufacture of prototype hardware, the Company may ask suppliers to work to a ROM or preliminary drawing in a PO. In this circumstance, it is anticipated revised drawings, CAD models and final product definition will be provided to suppliers along with PO revisions at the applicable time. Please be sure manufacturing is performed only to specified file names and drawing revisions stated in the PO or PO revisions.
- b) The Company has the right at any time to make changes to the drawing by Purchase Order revision and supplier shall acknowledge the PO revision. If such changes increase the supplier's cost or time of performance, the supplier will notify the Company immediately and may negotiate an adjustment.
- c) If the supplier notices an error in the drawing at any time before or after acknowledgement, the Company welcomes a formal change request. A Company waiver may be requested while the error is being corrected. If the change significantly affects the form, fit, or function of the item, the supplier may re-quote the order.
- d) If the supplier identifies an opportunity to improve the design or reduce costs/time, the PSI Purchaser should be contacted. The Company has the final authority to implement any improvement changes.
- e) The supplier will assume certain risks if purchasing raw materials far in advance of PO receipt. If a design change is presented and the supplier has built up inventory of the affected item, the item may need to be modified or scrapped at the supplier's expense.

## **8. Legal Matters.**

**Sole Agreement; Acceptance.** Upon acceptance, the PO constitutes the parties' sole agreement regarding the subject matter of the order. The terms and conditions of this document are incorporated by reference in each PO. Upon acceptance, the PO supersedes all prior and contemporaneous communications and dealings regarding the subject matter of the order. Oral modifications shall have no force or effect. The supplier's written acceptance, commencement of work or acceptance of any payment for the order constitutes definitive acceptance of the Company's terms and conditions with respect to the Order (as set forth in the Purchase Order and this document). Acceptance of payment by Supplier or, at Purchaser's option, commencement of work by Supplier, will constitute acceptance of the Purchase Order by Supplier, with the same binding effect as a timely, written acceptance of this Purchase Order.



THE COMPANY OBJECTS TO ANY TERMS CONTAINED OR IMPLIED IN SUPPLIER'S ACCEPTANCE, IN ANY OTHER DOCUMENT OF SUPPLIER OR IN ANY TENDER OF PERFORMANCE BY SUPPLIER THAT ADD TO OR DIFFER FROM THE COMPANY'S TERMS. THE TERMS OF THIS DOCUMENT AND THE PURCHASE ORDER SHALL PREVAIL OVER ANY SUCH ADDITIONAL OR DIFFERENT TERMS.

**Conflicts.** If there is a conflict of technical terms or conditions associated with an order, the order of precedence shall be as follows:

- a) Text of the Purchase Order.
- b) The referenced drawing in the order.
- c) Material, process specifications, or other documents referenced on drawing or PO.
- d) Documents/specifications referenced in other documents. Conflict in such secondary documents requires resolution by the PSI Purchaser.

In the event of conflict between a non-technical provision of or related to an order and the terms of this Manual, the terms of this Manual shall take precedence unless the relevant provision of or related to the order made specific reference to modify the relevant term of this Manual and the modification was agreed to in writing by an officer of PSI.

**Governing Law; Jury Waiver.** The Order shall be governed by and construed under the laws of the State of Florida, without reference to its conflict of law's provisions. IN ACCORDANCE WITH ARTICLE 6 OF THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS, SUCH CONVENTION SHALL NOT APPLY TO ANY ORDER. All disputes arising in relation to an order or this document shall be heard only by a Florida State court located in Palm Beach County, Florida or U.S. District Court with competent jurisdiction in Palm Beach County, Florida. The Company and the supplier agree to submit to the jurisdiction of such courts for the purpose of litigating such disputes. THE COMPANY AND SUPPLIER HEREBY KNOWINGLY AND VOLUNTARILY WAIVE ANY RIGHT WHICH IT MAY HAVE TO RECEIVE A TRIAL BY JURY WITH RESPECT TO ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH MAY ARISE IN RELATION TO THIS DOCUMENT OR ANY ORDER.

**Ethics and Legal Compliance.** The Company has implemented strict ethics policies and fully complies with them. We expect compliance from our suppliers if a conflict arises. Those being:

- a) Suppliers must have a program which detects and avoids the use of counterfeit materials (also see AS5553 and AS6174). This is especially important for electronic suppliers and those providing/using raw metals.
- b) Supplier shall comply with the requirements of the Foreign Corrupt Practices Act, as amended, ("FCPA") (15 U.S.C. §§78dd-1, et. seq.), regardless of whether Supplier is within the jurisdiction of the United States; neither directly nor indirectly, pay, offer, give, or promise to pay or give, any portion of monies or anything of value to a non-U.S. public official or any person in violation of the FCPA and/or in violation of any applicable country laws relating to anti-corruption or anti-bribery; and Supplier hereby agrees not to interact with any government official, political party or public international organization on behalf of PSI without the prior written permission of the PSI's POC.
- c) Suppliers must adopt and comply with a written code of ethics and business conduct meeting the requirements of federal law (if applicable for government contracts) and/or the

Responsible Business Alliance (EH&S, child labor laws, slave labor laws, whistleblowers, discrimination). See Appendix § 16.10.

- d) Suppliers must comply with Executive Order 11246 (Equal Employment Opportunity). Prohibition to discriminate against attributes of an individual. See Appendix § 16.11.
- e) Suppliers must comply with Section 503 of the Rehabilitation Act of 1973. Prohibition to discriminate against individuals with disabilities. See Appendix § 16.12.
- f) Suppliers must comply with 38 U.S. Code § 4212 of the Vietnam Veterans' Readjustment Assistance Act of 1974. Employers are encouraged to hire US veterans. See Appendix § 16.13.
- g) Suppliers must comply with 29 CFR Part 471 Appendix A to subpart A (Executive Order 13496). Businesses must post information related to the employees' right to form or join a union. See Appendix § 16.14.
- h) Suppliers must comply with section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act regarding conflict minerals. See Appendix § 16.15.
- i) Intellectual properties will be considered confidential per a signed non-disclosure agreement (NDA) – see Appendix §16.3. PSI and its supplier specifically agree not to disclose to any third party any proprietary information, systems, equipment, ideas, processes or methods of operation observed by visiting employees or agents at either party's facilities, all of which shall be deemed confidential information.

Both parties will agree that employees or agents of the visiting party are at facilities of the host party they will comply with all security regulations in effect. The visiting party will further agree to abide with off-premises security regulation when the visiting party has confidential information of the host party.

## 9. Supplier and Sub-tier Supplier Control

The supplier will assume primary responsibility for managing sub-tier and third-party suppliers and they will proactively manage all activities related to supply chain performance and compliance, including, but not limited to:

- a) Providing an effective conduit of information between the supplier, any sub-tier suppliers, any third-party suppliers and the Company on all supply chain issues (including as it relates to proposed changes and seeking solutions with suppliers in the event any such changes are not satisfactory to the Company). The supplier shall notify the Company and obtain approval in advance of changes in processes, products or services, including changes of their external providers or location of manufacture. The supplier shall ensure the Company has reasonable access to perform and may be asked to participate with the Company, on an on-site inspection/audit or verification and validation activity, of the supplier's and sub-tier or third-party supplier site(s), including access to applicable areas and documented information. Such audit access will also be available to the Company's customers and regulatory authorities.
- b) Driving a supplier-management strategy designed to address supplier issues. In the event the supplier or the Company identifies defective materials, components or services, the parties will discuss and agree on the appropriate course of action to address such issue, it being understood the supplier will use commercially reasonable efforts (including legal



action to pursue remedies, recovery on material warranties and other permitted damages from the responsible sub-tier supplier). If the supplier fails to use commercially reasonable efforts to pursue such remedies, the supplier agrees to compensate the Company for its damages as a result of such failure.

- c) Performing a first article inspection (see Appendix § 16.18) if a new sub-tier supplier is selected or if the sub-tier supplier relocates their manufacturing facility or the material revision has changed significantly. This ensures the supply chain will continue to meet all expectations.

**EOL Notification.** The Company requests suppliers and their sub-tier and third-party suppliers provide adequate notice if/when material is approaching end-of-life (EOL) status. In the event a last time buy is needed, the Company would then have adequate time to locate replacement material.

**Flow downs.** The Company has been requested by its customers to comply with and flow down certain requirements. Therefore, suppliers must comply with and flow down these requirements to their sub-tier suppliers. The general requirements are as follows, in addition to any flow-down requirements set forth in a PO or elsewhere in this Manual:

- a) Product build, verification, and release records must be retained for a minimum of 7 years and be available upon request by the Company.
- b) Compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (aka Dodd Frank); Section 1502 on Conflict Minerals. This requirement is to ensure businesses are not using tantalum, tin, gold, or tungsten in their products which were extract from the Democratic Republic of the Congo (aka DRC) or its adjoining countries. See Appendix § 16.15.
- c) Implement a program which detects and avoids the use of counterfeit materials (see AS5553 and AS6174).
- d) Implement a program which detects and avoids computer system viruses and unauthorized entry into the facility and to computer systems.
- e) Adopt and comply with a written Code of Ethics and Business Conduct (regarding working conditions, fair wages, bribery, child labor, slave labor, whistleblower, protection of intellectual properties, discrimination, EH&S, etc.). See Appendix § 16.10.
- f) Implement an emergency/disaster recovery plan (aka a Business Continuity Plan) should the facility suffer from an unforeseen emergency or disaster.

## 10. Product and Process Quality

The Company has the expectation suppliers will make every effort to deliver a quality (meets requirements) and reliable (long-lasting) product. The product ordered also includes quality documentation as required by the PO. At a minimum, the following attributes must be found in the supplier's QMS:



- a) A suitable Quality Plan which identifies the verification (inspection/test) points in the process. This may be a formal document or within an electronic ERP or incorporated into a traveler or a workmanship standard.
- b) A suitable means for controlling documentation which defines a product and how to produce a product. The user must be able to recognize the most current authorized version of a document. Similarly, product records must be retained for a minimum of 7 years and be available upon request by PSI. Documentation/data in an electronic format should be backed up at regular intervals.
- c) A suitable means of determining the competence and qualifications of supplier personnel processing product for the Company.
- d) A suitable means to ensure perishable (age-sensitive) items will not have more than 25% of their shelf life expired at the date of receipt at PSI.
- e) A suitable means for controlling test software (if used) to verify if product is acceptable. The user must be able to recognize the most current authorized software version and know if it has been tampered with (to minimize false acceptances).
- f) A suitable means for determining the acceptability of product. The acceptance and rejection criteria must be defined and known.
- g) A suitable means for ensuring non-conforming materials are not shipped to PSI. The exception would be if a waiver is approved by the Company.
- h) A suitable means to detect and avoid computer system viruses and unauthorized entry into the supplier's facility and computer systems.
- i) A suitable means for ensuring process equipment is maintained and the variability of measuring equipment (if used) is validated and/or calibrated. This will ensure a consistent and accurate output.
- j) A suitable means for tracing material to a particular lot/serial number which would facilitate product recall, if necessary. Lot numbers should identify the week and year of manufacture. When receiving a supplier's material, the Company should be able to determine the part number and revision level by sight.
- k) A suitable means for recalling material shipped to the Company. This should also include how to manage recalls from sub-tier and third-party suppliers.
- l) A suitable means to determine worker qualifications and to ensure workers have been cross trained to avoid a work stoppage.
- m) A suitable means to analyze product and process failures/trends and to determine a root cause and implement the necessary corrective actions with respect to the supplier and any sub-tier or third-party suppliers. This includes products which are returned to the supplier by PSI.
- n) A suitable means for improving policies, processes, and products. The ability to respond to Company order issues is paramount. Performance metrics for: Quality, Cost, and Delivery.
- o) A suitable means to ensure the supplier's employees are informed of, and aware of, the following: their contribution to product or service conformity; their contribution to product safety; and the importance of ethical behavior.

Initially and then annually, the supplier may be requested to complete a quality survey to declare compliance with their QMS requirements. If the supplier holds a quality management system certification (ISO9001, AS9100, ISO13485, ISO16949, etc.) from a recognized registrar, the survey will be limited. (see appendix § 16.1). Unless otherwise agreed, the supplier is responsible for all costs associated with obtaining and maintaining quality or NADCAP certificates.

The Company may perform an on-site visit/audit and/or source inspection at a supplier's facility. An adequate notification of such a visit will precede it. An agenda, as well as the number of Company participants, will be provided in advance. Key strategic suppliers may be invited to hold a mutual QBR (Quarterly Business Review) with PSI. The intent is to review issues, priorities, improvement opportunities, and changes from both parties. This activity facilitates an open dialog and can lead to mutual successes.

**Sampling.** If the supplier performs any inspection activity using sampling plans, the plan must be statistics based. Using a sample plan method such as ANSI Z1.4 is highly recommended. Inspecting 10% or every fifth item is unacceptable since it has no statistical significance. See Appendix § 16.16.

**Inspection.** The Company may require full dimensional inspection reports or a first article inspection. (see Appendix § 16.18) Product and quality documentation received at the Company are inspected for adherence to the requirements of the PO, applicable standards, specifications, and dimensional conformance.



**Performance.** On a regular basis, the defective materials found for each supplier will be compared against the respective quantity of defective materials received or found during manufacturing.

## 11. Product Handling.

Suppliers must control the environment where Company material is processed. The supplier will have means to ensure mix-ups, damage, deterioration, contamination, or other adverse effects do not occur during handling of Company material. This includes proper security, segregation of non-conforming materials, and shelf life of materials. Where applicable, methods to control ESD (electrostatic discharge), temperature and humidity, debris, and dust must be implemented. The supplier must make suitable efforts to address and prevent Foreign Object Damage (FOD) or intrusion into product. RoHS (lead-free) materials are not required. The disposal of scrap materials and facility waste must be performed within the guidelines of federal, state and local statutes.

## 12. Storage, Packing, Shipping, and Delivery.

Prior to shipping custom parts/assemblies, suppliers may be required to obtain authorization. This is primarily done by submitting product data to the PSI Purchaser. After review and approval, the Purchaser will promptly authorize release and shipment of the product.

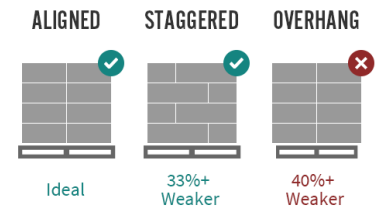
**Storage.** Company related material stored at the supplier's facility or other supplier-controlled warehouse must be stored in a clean, secure, and environmentally controlled area.

- a) Storage areas must be inspected regularly by the supplier for damage or potential damage/loss. Inspection frequency will depend on the specific facility configuration

(e.g., if the supplier co-locates their storage/factory/office space with other companies, the frequency should be increased).

- b) Material inventory should be audited regularly to avoid material shortages.
- c) The storage of product data must be kept secure to ensure it can be retrieved if needed. This includes the electronic data associated with product manufacturing and shipping. Product data must be stored for at least 7 years from date of shipment.
- d) The supplier must implement a program which detects and avoids computer system viruses and unauthorized entry into their facility and computer systems, including physical and data storage locations.

**Packing.** Materials will be properly packaged to protect them from damage during storage and transit including shock, vibration, moisture, temperature extremes, FOD, and Electro-Static Discharge (if electronic).



- a) The supplier may have packing materials and methods approved by the Company prior to shipping. Green/recycled packing materials are preferred.
- b) Pyramid stacking on a pallet is not acceptable →
- c) Packages containing hazardous materials must display the proper label(s).
- d) Material weighing 2500 lbs. or greater should be placed on a pallet constructed of 4" x 4" stringers and 1½" thick deck boards. Other modifications may be required to maintain the integrity of the package.
- e) Crates must be constructed per the 'Uniform Standard for Wooden Containers' published by the National Wooden Pallet and Container Association.
- f) If multiple packages are used, each must be identified by number (e.g., 1 of 4).



**Shipping.** The supplier will ensure no obsolete, rejected, non-conforming, expired, or deteriorated materials are shipped to the Company at the Company's request. The following criteria must be applied prior to the release of product to the Company:

- a) The Company reserves the right to define shipping methods and routes. The supplier will ship materials within the guidelines of the DOT.
- b) All shipments will be accompanied by an itemized packing list identifying part number, description (inc. revision), quantity shipped, PO number, the purchaser, and any deviations from the PO/Drawing (e.g., back ordered, waivers, changes, etc).
- c) Shipment of raw material, custom hardware or other manufactured product requires delivery of the Supplier's Certificate of Conformance (CoC) and applicable quality documentation as stated in the PO. The document package should be sent electronically to the PSI POC. The CoC will state the material meets all requirements and is authorized by a supplier's official. See Appendix § 16.21.
- d) Chemicals or products containing chemicals must be accompanied by an MSDS.



- e) Shipments received at the Company not complying with these requirements may result in payment delay.
- f) Items intended for “drop ship” (not shipped directly to the Company) follow the same requirements above and must be coordinated with and authorized by the PSI Purchaser prior to shipment.

**Delivery.** The delivery location will be indicated on the PO as the ‘Ship-to Address’.

- a) Unless otherwise agreed, delivery shall be FOB Origin and title shall pass to PSI. However, damage or loss during shipment due to improper protection and packaging shall be the responsibility of the Supplier.
- b) Upon delivery to the Company, the material will be inspected. First, the proper packing, part, revision and quantity is verified by the Receiving Dept. Then, QC will determine compliance with the PO and drawing. The C of C will also be reviewed and retained.
- c) The Company shall not be deemed to have accepted any material until it has received such material and had an opportunity to inspect it. The Company’s failure to specify any defect immediately after receipt shall not preclude it from relying on such defect as a basis for rejection of material later.
- d) Any material not meeting the requirements will be segregated and may be returned to the supplier via an RMA or other arrangements.
- e) All invoices shall be forwarded to the Company at its office as indicated on the face of the Order and will state the PO Number clearly on the Invoice. No invoice shall be delivered by Supplier to any employee of the Company.

### 13. Product Warranties and Returns.

**Warranties.** The supplier warrants any goods provided under a PO will be wholly new and contain new material and/or components throughout. The supplier further warrants the Company will receive good and marketable title in the items provided, free and clear of any liens, claims or encumbrances, and the supplier has full power and authority to license any software, and to convey all other rights and licenses granted to the Company, including any third-party intellectual property rights relating to the items, as necessary to vest the Company with unrestricted rights to own and use the items. The supplier further warrants the items and services provided will comply with all applicable federal, state and local laws and regulations. The supplier expressly warrants the items and services covered by an order:

- a) will conform to the specifications, drawings, sample or other descriptions furnished or specified by the Company,
- b) will be of good material and workmanship and free from defect; and
- c) will be fit for their intended use.

All items processed for, manufactured and/or delivered to the Company and all services provided to the Company will be warrantied for a period of twelve (12) months from date of receipt of the item or service by the Company or such longer period specified in the PO or the supplier’s quote. The supplier shall indemnify the Company and hold it harmless from any breach of these warranties. The indemnities may include, without limitation, the defense of any



third-party claims as well as reimbursement of any direct or indirect cost incurred by the Company to correct, address or otherwise accommodate a defect, nonconformity or other breach. A warranty or indemnity claim may be commenced by written notice to the supplier within the warranty period. These warranties and indemnities shall survive inspection, acceptance and/or payment for the items or services covered by an order and are independent of the Company's other rights specified in this Manual.

**Returns, etc.** Purchased items or services found not meeting the specifications or requirements of an order may, within the warranty period, be returned or presented to the supplier for refund, credit or replacement, as the Company may direct. The supplier shall pay all shipping charges for returned items and any replacement items and shall bear the risk of such shipments. Any payment by the Company for such defective or nonconforming items or services shall be promptly refunded by the supplier, and any balance owed by the Company shall be written off, unless the supplier replaces or corrects such defects or nonconformities on a timely basis at the supplier's expense.

The supplier may provide a quote to rework/repair any material which is returned after the warranty period. Material requiring modification to comply with a revised drawing can be quoted by the supplier. The Company does not consider this a return but considers this activity an OSP (outside process).

Material dispositioned by the PSI MRB to be "RTV" (Return to Vendor) will have a red tag identifying the problem. The Company will request an RMA for items which have a disposition of RTV. The action(s) taken by the supplier to repair the item must be identified on the red tag and returned with the material. See Appendix § 16.20.

**SCAR.** The supplier must have a system for evaluating returned material to ascertain root cause and corrective action with respect to the supplier or sub-tier or third-party suppliers. Action may include segregating or scrapping existing materials. PSI may request a formal response via a SCAR (Supplier Corrective Action Report).. See Appendix § 16.7 & 16.8.

The supplier should identify and track nonconformances identified by PSI. Reworked product returning to PSI will be re-inspected to ensure it meets the PO requirement. The RMA number must be referenced on the return packing slip.

The supplier is responsible for returning the Company's SCAR form on a timely basis. The supplier may utilize its own form instead, provided the form covers the substance of the Company's form, including identification of root cause and preventive action to satisfy AS9100, Section 10.2.1.

#### **14. Company-Furnished Property.**

The supplier will recognize material returned or provided for processing is considered PSI Furnished Property and must be handled with care. Material which is returned via RTV is considered PSI Furnished Property only if the supplier's invoice has been paid.

**Intellectual Properties (IP).** The Company retains title to designs, sketches, drawings, files, blueprints, patterns furnished or paid for by the Company in connection with or in anticipation of an order. Company-furnished IP must be stored at the supplier's facility to preclude loss or theft. If Company-furnished IP are lost, hacked, or stolen while in the supplier's possession, the

supplier must notify the PSI Purchaser upon discovery. Documented Corrective Action to prevent recurrence is required.

**Hardware.** The Company retains title to dies, models, molds, tools, special appliances, equipment, components, and materials furnished or paid for by the Company in connection with or in anticipation of an order. Company-furnished hardware must be identified as “PSI Property” while at the supplier’s facility. Furnished hardware must be stored at the supplier’s facility to preclude damage, loss or theft. Regular (at least quarterly) cycle counts must be performed by the supplier and reported to the Company. If Company-furnished materials are damaged, lost, or stolen while in the supplier’s possession, the supplier must notify the PSI Purchaser upon discovery. Documented Corrective Action to prevent recurrence is required. The supplier must properly care for and maintain tools and equipment provided by the Company and if replacement is required, notify the Company of such.

**Fixturing.** During product development, the Company may work with the supplier to help develop tooling and fixtures for ease of manufacturing and/or transportation. These articles are to be used only for products covered by orders in the quantities specified when requested by the Company. If these tooling or fixtures are modified by the supplier, the Company must be notified in writing.

**Return of Property.** Upon request, the supplier will return any Company-furnished property to the Company with transportation charges billed to the Company. In such cases, the Company will also pay for reasonable special packing charges where appropriate. If, for any reason, the supplier should fail to comply promptly with such a request, the Company shall have the right to enter the supplier’s premises to remove the hardware.

## **15. Supplier Rating System**

The Company has a method for evaluating and analyzing the performance of suppliers. The quarterly performance evaluation utilizes Quality, Delivery, Cost Containment, and Responsiveness information.

If suspended due to poor performance, the supplier’s name will be appended with “DO NOT USE”. To get reinstated, the supplier would need to provide a plan of action to bring their performance into compliance with PSI expectations.

## 16. Appendix

- 16.1 QA Survey. Used by the Company to ascertain the maturity level of the supplier's Quality Management System for new suppliers and then annually.

QUALITY ASSURANCE SUPPLIER SURVEY/AUDIT FORM	
Supplier: _____	Completion Date: _____
Address: _____	
City/State: _____	Quality Rep: _____
Zip: _____	email: _____
Type of Audit: <input type="checkbox"/> On-site <input type="checkbox"/> Phone <input type="checkbox"/> Self <input type="checkbox"/> Holds 3 <sup>rd</sup> party certification	
Implemented a Disaster Recovery Plan:	<input type="checkbox"/> N/A <input type="checkbox"/> Comply <input type="checkbox"/> Planned
Implemented a Computer/Network Virus Avoidance Plan	<input type="checkbox"/> N/A <input type="checkbox"/> Comply <input type="checkbox"/> Planned
Comments: _____	
<u>Active Third Party Certifications:</u>	
<input type="checkbox"/> ISO9001 <input type="checkbox"/> AS9100 <input type="checkbox"/> ISO13485 <input type="checkbox"/> ISO16949 <input type="checkbox"/> NADCAP <input type="checkbox"/> ISO14001 <input type="checkbox"/> Other _____	
If you checked one or more of these certificates, <b>STOP HERE.</b>	

- 16.2 Supplier Questionnaire. Used by the Company to flow down regulatory requirements to new suppliers and then annually.

Supplier Annual Certification and Representation	
Supplier's Name: _____	
Address: _____	
City, State, Zip: _____	
Point of Contact: _____	Email: _____
Two Digit Congressional District Number for your Location: _____	
DUNS Number: _____	Cage Code: _____
Total employees at this site: _____ Have you ever filed for bankruptcy? <input type="checkbox"/> No <input type="checkbox"/> Yes	
<small>The United States Government requires Parametric Solutions, Inc. to obtain the completed and signed certifications contained herein. <u>These certifications are required annually and will be effective for one year, unless the certifications become inaccurate prior to one year in which case the undersigned must promptly notify Parametric Solutions, Inc. of such change.</u> The Federal Acquisition Regulation (FAR) is applicable to contracts with the United States Government and subcontractors thereunder.</small>	

- 16.3 Non-Disclosure Agreement (NDA) Used to protect the Company's intellectual properties. The NDA is signed with new suppliers and renewed prior to expiration.

Non-Disclosure Agreement
This Agreement is made and entered into, effective as of <u>4/1/2016</u> by and between:
<b>Parametric Solutions, Inc.</b> of 831 Jupiter Park Dr., Jupiter, FL 33458 (Hereinafter referred to as PSI);
And,
_____ (Hereinafter referred to as "Disclosed Party")
whose mailing address is:
_____
<small>WHEREAS, PSI owns valuable confidential and proprietary information, technology, contracts and business plans and strategies (hereinafter, the "Subject Matter") which PSI is willing to reveal to DISCLOSED PARTY in confidence for the purposes of developing a working relationship and for no other purpose, and</small>

Written materials will display a Proprietary Information statement

**PSI PROPRIETARY INFORMATION**

This document and any attachments are the property of Parametric Solutions Inc. (PSI). You may not possess, use, copy or disclose this document or any information in it, for any purpose, including without limitation to design, manufacture, or repair parts, or obtain FAA or other government approval to do so, without PSI express written permission. Neither receipt nor possession of this document alone, from any source, constitutes such permission. Possession, use, copying or disclosure by anyone without PSI express written permission is not authorized and may result in criminal and/or civil liability.

16.4 Export. The transfer or disclosure of export-controlled material (physical or Intellectual properties) to non-US Persons; this includes employees, contractors, and visitors. Company-furnished material shall not be transferred (physically or virtually) to non-U.S. Persons without U.S. government authorization and direct instruction from the Company. Export controlled Company material is identified with an export classification on the PO or in drawings and technical data or by use of a statement which may look something like this:

WARNING – This document contains technical data, the export of which is or may be restricted by the Export Administration Act and the Export Administration Regulations (EAR), 15 C.F.R. parts 730-774, or the Arms Export Control Act and the International Traffic in Arms Regulations (ITAR), 22 CFR Parts 120 - 129. Diversion contrary to U.S. law is prohibited. The export, re-export, transfer or re-transfer of this technical data to any other company, entity, person, or destination, or for any use or purpose other than that for which the technical data was originally provided by PSI, is prohibited without prior written approval from PSI and authorization under applicable export control laws. ECCN: XXXXX or N/A or ITAR USML Category: XXXXX or N/A

Parametric Solutions is providing what it believes to be the (Export Control Classification Number ("ECCN") or Munitions List category) for this product for informational purposes only. By providing this information, Parametric Solutions does not intend to provide legal advice with regard to any export transaction. Exporters are responsible for ensuring that they comply with all applicable U.S. laws that govern exports. You may wish to obtain advice on export controls from a specialist.

16.5 Defense Priorities and Allocations System (DPAS). Is used to prioritize national defense related contracts/orders throughout the U.S. supply chain in order to support military, energy, homeland security, emergency preparedness, and critical infrastructure requirements. The DPAS can also be used to provide military or critical infrastructure assistance to foreign nations. The program is controlled by the *Bureau of Industry and Security under the US Department of Commerce*. See <http://www.bis.doc.gov/> and type 'DPAS' into the site's search box.

16.6 Waste Reduction. Suppliers are expected to develop and pass through cost savings. One effective methodology used by Toyota and others to reduce non-value-added process steps was the 'Lean' manufacturing system. Lean tools reduce the waste of Transportation, Inventory, Motion, Waiting, Extra-processing, Over-production, and Defects. By minimizing these wastes, you will reduce costs. There is also an eighth waste: failing to utilize talent.




- 16.7 Corrective Action (v). Once the root cause of a problem is known, an action is needed to eliminate the cause. If the cause cannot be eliminated, an attempt should be made to reduce the risk of recurrence. A good corrective action has a mistake-proofing technique and clearly addresses the root cause.
- 16.8 Corrective Action (n). If an escape occurs, allowing a defective product or service to reach the Company or a customer, the supplier will be required to complete an investigation and report via a Supplier Corrective Action Report (SCAR).
- 16.9 Root Cause Analysis (RCA). RCA is a method used to understand the true root cause of a nonconformance. One excellent method is called '5-why'. Start with a *problem statement* and in a team environment; ask "why" for about 5 times. Typically the team very close to the root cause. The root cause should point toward a deficient or non-existent process. Poor root causes are: "Operator error", "that's the way we always do it", "poor oversight", "didn't have time", "didn't understand the requirement". Good root causes are: "Inadequate planning", "unclear requirements", "inadequate equipment or training", "poorly defined responsibility", "no procedure in place". Notice the poor causes are not very actionable.
- 16.10 Code of Conduct Standards. The Responsible Business Alliance (formerly the Electronic Industry Citizenship Coalition) maintains a model code of business conduct dedicated to ensuring employee working conditions are safe, workers are treated with respect and dignity, and businesses are environmentally responsible and conducted ethically. See <http://www.responsiblebusiness.org/> for further details. A Supplier may adopt a written business code of conduct and ethics consistent with the Alliance's form, or in such other form as substantially meets the prevailing supplier requirements published by the aerospace industry original equipment manufacturers. A Supplier will provide a copy of its Code to the Company upon request.
- 16.11 Executive Order 11246. aka *Equal Employment Opportunity (EEO)*. The US Dept. of Labor prohibits any employment discrimination based upon race, color, religion, gender identity, national origin, handicap, sexual orientation, status as a parent, or age.
- 16.12 Section 503 of the Rehabilitation Act of 1973. aka *Disabilities Act*. The US Dept. of Labor prohibits any employment discrimination based upon an individual's disability.
- 16.13 38 U.S. Code § 4212 of the Vietnam Veterans' Readjustment Assistance Act of 1974. aka *Veterans Act*. The US Dept. of Labor encourages employers to hire veterans.
- 16.14 29 CFR Part 471 Appendix A to subpart A (Executive Order 13496). aka *Right to Assemble*. The US Dept. of Labor requires that all businesses post information related to the employees' right to form or join a union.
- 16.15 Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. aka *the 'Conflict Minerals' Act*. Congress enacted Section 1502 of the Act because of concerns the exploitation and trade of conflict minerals by armed groups is helping to finance conflict in the DRC region and is contributing to a humanitarian crisis. In a nutshell, this requirement is controlled by the SEC to ensure companies are not using tantalum, tin, gold, or tungsten in their products which were extract from the Democratic Republic of the Congo (aka DRC), Angola, Burundi, Central African Republic, Congo Republic (a different nation than DRC), Rwanda, Sudan, Tanzania, Uganda, and Zambia.

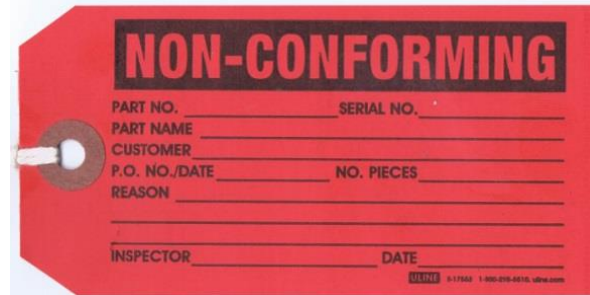


- 16.16 ANSI Z1.4 sample plan. Is a statistically sound sample plan method used by industries and based upon MIL-STD-105. Suppliers should start with General Level II and an AQL of at least 1.0. There are many tools on the internet guiding a user to use a proper sample plan. One of the requirements is to ensure that the samples are random. Choosing a sample size by any other method (e.g., a fixed quantity or a percentage or the first 3 of every lot) is not statistically valid and will give false confidence in the material's quality level.
- 16.17 PSI Terms and Conditions. All questions, comments, or concerns regarding the T&Cs described in this document should be brought to the attention of the PSI Purchaser.
- 16.18 First Article Inspection. aka *first run inspection*. Performed for new production suppliers or if the production item is revised or if the supplier of a production item relocates their manufacturing facility since the last receipt. The key characteristics of the item are reviewed by the Purchaser and submitted to QC for inspection. If the supplier knows that the material is a new purchase, they should ask PSI to submit a small sample of the material for a first run inspection before the entire quantity is shipped. This will reduce the risk of surprises. The format defined in AS9102 can be used.

16.19 PSI Purchase Order. Used to convey supplier requirements and provided to the Supplier's POC. The revision number in the PO number field is the revision of the PO and not the revision of the item. Prices will be in US dollars and are committed by the supplier to be firm for the duration of the order. The PO may look like this:

 <b>PARAMETRIC SOLUTIONS INC.</b> PRODUCT DEVELOPMENT SERVICES		Purchase Order No. <b>P25000175</b>				
831 JUPITER PARK DRIVE JUPITER, FLORIDA 33458 561.747.6107						
<b>SHIP TO:</b> Contact PSI Buyer Prior to Shipping Parametric Solutions Inc (PSI) – West 831 Jupiter Park Drive Jupiter, FL 33458		<b>Attention:</b> David Zayas <b>Phone:</b> 561-747-6107 ext 591 <b>Fax:</b> 561-747-1305 <b>Email:</b> david.zayas@PSNET.com				
<b>SUPPLIER:</b>		<b>Attention:</b> <b>Phone:</b> <b>Fax / email:</b> <b>Quote No.:</b>				
PROCESSING OF THIS PURCHASE ORDER IMPLIES SUPPLIER'S ACCEPTANCE OF ALL TERMS PSI's Supplier Terms and Conditions ("Purchaser's Terms") are located at: <a href="http://www.psnnet.com/about-us/suppliertermsandconditions/">http://www.psnnet.com/about-us/suppliertermsandconditions/</a> Purchaser's Terms are incorporated by reference as if fully set forth herein						
<b>PURCHASER:</b> Parametric Solutions, Inc. Florida State Resale Certificate Number: 60-8012302808-0		<b>Resale?:</b> YES <b>Email:</b> <a href="mailto:accounts.payable@psnet.com">accounts.payable@psnet.com</a>				
Invoices should be - 1) SENT DIRECTLY USING U.S. MAIL SERVICE TO ACCOUNTS PAYABLE at 831 JUPITER PARK DRIVE JUPITER, FL 33458 and/or ELECTRONICALLY: <a href="mailto:accounts.payable@psnet.com">accounts.payable@psnet.com</a> 2) RECEIVED BY ACCOUNTS PAYABLE WITHIN 30 DAYS OF DELIVERY OF GOODS/SERVICES						
<b>Originator:</b> David Zayas <b>E-Mail:</b> <a href="mailto:david.zayas@PSNET.com">david.zayas@PSNET.com</a> <b>Phone:</b> 561-747-6107 ext 591		<b>Date:</b> 9/24/2025				
<b>Item</b>	<b>Qty</b>	<b>Part #</b>	<b>Description</b>	<b>Req'd Date</b>	<b>Unit Price</b>	<b>Total</b>
1	1		NPSS® Commercial Single License	9/23/2025	\$5,175.00	\$5,175.00
					<b>Subtotal</b>	\$5,175.00
<b>Authorization:</b> D. Michaelian					<b>7% FL Sales Tax</b>	
<b>Final Review:</b> K. Jones					<b>Shipping &amp; Handling</b>	\$0.00
					<b>TOTAL</b>	\$5,175.00
<b>Notes/Instructions:</b> All Certifications of Conformance ( C of C ) are required to be emailed to the email address in the "Ship To:" block to receive authorization to ship parts. C of C's are required for any part manufactured, all raw material, general manufacturing, special processes, and NDT operations. All C of C's shall cite specification revision letters. C of C's for Raw material certifications shall include laboratory test results and certifications from the mill of origin. Thermal processing operations require a time and temperature record, NDT operations require a complete inspection report. All notes, specifications, quality assurance documents and/or any (QAD) specified on the drawing(s) are applicable and to which all feature conformities have been met per the supplied technical data and/or drawing. It is recommended that the inspection data be recorded on either the drawing and/or supplement form for future reference upon request. Any non-conformance must be submitted and accepted by PSI prior to shipment.						
1	Payment Terms:		Pay Upon receipt			
2	FOB		Destination			
3	Shipping & Handling		S&H costs marked PENDING require a separate Purchase Order from PSI before shipment of goods			
4	Export Classification:		N/A			
5	Export Restrictions:		No Restrictions Apply			
6	Proprietary Information:		In addition to any customer-specific proprietary information or nondisclosure requirements that are flowed down to Supplier, any nondisclosure agreement executed by Supplier in favor of Purchaser or its affiliates is incorporated by reference herein, and this order and its subject matter shall be protected as proprietary information under such agreement.			
7	Specifications of this Purchase Order and associated RFQ supersede quote.					
8	DO NOT WORK TO PRELIMINARY DRAWINGS UNLESS OTHERWISE STATED IN NOTES SECTION.					
9	All drawings and technical data are the property of Parametric Solutions, Inc. and/or its Clients and shall not be reproduced or disclosed in whole or in part.					
10	Change Orders: All changes to terms, requirements, specifications or drawings associated with this Purchase Order must be pursuant to an official, written Purchase Order Revision issued by Purchaser's purchasing department (see next item). Upon notice of a required change, Supplier shall cease work pending revision of the Purchase Order. DO NOT WORK TO VERBAL ORDERS, EMAILS, MARK-UPS OR ANY OTHER COMMUNICATION THAT IS NOT AN OFFICIAL REVISION. <b>Supplier waives any right to compensation for any products, services or related expenses that do not conform to a valid Purchase Order or an official Revision thereof.</b>					
11	Revisions: Purchase Orders marked with Revision 'A-Z' are subsequent revisions to Original Purchaser Order (no Rev marking). Purchase Order Rev A will replace Original; Rev B will replace Rev A; revisions follow alphabetical order sequence.					
12	Sole Agreement: Upon acceptance, this Purchase Order constitutes the parties' sole agreement regarding the subject matter of this Order. Upon acceptance, this Purchase Order supersedes all prior and contemporaneous communications and dealings regarding the subject matter of the Order. Oral modifications shall have no force or effect. Supplier's written acceptance, commencement of work or acceptance of any payment for the Order constitutes definitive acceptance of Purchaser's Terms with respect to the Order. Acceptance of payment by Supplier or, at Purchaser's option, commencement of work by Supplier, shall constitute acceptance of this Purchase Order by Supplier, with the same binding effect as a timely, written acceptance of this Purchase Order. PURCHASER OBJECTS TO ANY TERMS CONTAINED OR IMPLIED IN SUPPLIER'S ACCEPTANCE, IN ANY OTHER DOCUMENT OF SUPPLIER OR IN ANY TENDER OF PERFORMANCE BY SUPPLIER THAT ADD TO OR DIFFER FROM PURCHASER'S TERMS. THE TERMS OF THIS PURCHASE ORDER SHALL PREVAIL OVER ANY SUCH ADDITIONAL OR DIFFERENT TERMS.					

16.20 Nonconformance Tag. The discrepant material tag (aka *red tag*) is used by the Company to identify nonconforming material. If material has been returned to the supplier with this tag, the supplier should not remove it unless the item is being replaced or refunded. On the reverse side of the tag, the supplier will identify the root cause and repair description. When the item is returned to PSI, the red tag will be reviewed for completeness.



16.21 Certificate of Conformance, aka *Certificate of Compliance*. To ensure requirements are met, C of Cs are required from Suppliers. It is used to communicate to PSI the material being shipped meets all requirements.

- a) A CoC is not required for commercial-off-the-shelf (COTS) items purchased by vendor part number per a vendor's spec sheet or data sheet.
- b) At a minimum, CoCs are required for all quality intrinsic orders requiring machining and special processing – those processes which cannot be verified without destruction. e.g., welding, heat treating, coatings, and anodizing. See those processes defined as NADCAP processes.
- c) The C of C must contain the following information:
  - PSI Purchase Order Number,
  - PSI Part Number and Revision,
  - The lot number or serial number range of the material will be referenced or attached to the C of C.
  - Supplier Name & Address
  - List of any PSI APPROVED deviations, waivers, substitutions.

## 17. Document History

<b>E</b>	Editor: Ally Elias	Owner: Purchasing Mgr	8/15/22
Purpose/Impact of Change:	<ul style="list-style-type: none"> <li>• Updated Quality Policy</li> <li>• Edited Document History Table to new template</li> <li>• Process owner change</li> <li>• Title changed from Supplier Quality Manual to T's &amp; C's.</li> </ul>		
<b>F</b>	Editor: Steph Wrye	Owner: Purchasing Mgr	8/24/23
Purpose/Impact of Change:	<ul style="list-style-type: none"> <li>• Updated Termination for Convenience section</li> </ul>		
<b>G</b>	Editor: Steph Wrye	Owner: Purchasing Mgr	9/23/2025
Purpose/Impact of Change:	<ul style="list-style-type: none"> <li>• Updates to be noted</li> </ul>		
<b>H</b>	Editor: Greg Kurty		12/17/2025
Purpose/Impact of Change:	Remove references to PSIMO, edits for clarity and conciseness		