

FAA CRS No. YW3R013M

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FAA CRS No. YW3D013M

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PURCHASE ORDER TERMS AND CONDITIONS

SECTION 1 ACCEPTANCE-AGREEMENT:

Seller's/Supplier's commencement of work on the goods subject to this purchase order or shipment of such goods, whichever occurs first shall be deemed an effective mode of acceptance of this purchase order.

Any acceptance of this purchase order is limited to acceptance of the PASS Inc. Purchasing Terms and Conditions and any references to this document inserted for clarity contained on the face of any purchase order submitted by Purchaser and these terms contained herein.

Any proposal for additional or different terms or any attempt by Seller to vary in any degree any of the terms of any Purchaser's purchase order or the terms contained herein is hereby objected to and rejected, but such proposals shall not operate as a rejection of this offer unless such variances are in the terms of the description, quantity, price or delivery schedule of the goods, but shall be deemed a material alteration thereof, and this offer shall be deemed accepted by Seller without said additional or different terms.

If this purchase order shall be deemed an acceptance of a prior offer by Seller, such acceptance is limited to the PASS Inc. Purchasing Terms and Conditions and any references to this document inserted for clarity contained on the face of any purchase order submitted by Purchaser and these Terms and Conditions contained herein.

SECTION 2 PASS TERMS FOR PAYMENTS

TERMS: Buyer or purchaser agrees to pay for all products or services according to the seller's payment terms. In the event the Buyer or Purchaser fails to make payment to seller when due, net terms, Buyer's or Purchaser's entire account(s) with seller shall become immediately due and payable without notice or demand. All past due amounts shall bear interest at a rate of 1.8% per month. After 60 days past due, there will be an additional penalty of 6% due along with the accrued 1.8% of entire balance. After 60 days, there will be an additional storage fee of \$60.00 per unit, per month. Items not paid within 90 days after due date, will be considered abandon and subject disposal by PASS.

PURCHASE ORDER TERMS AND CONDITIONS

**SECTION 2 PASS TERMS FOR PAYMENTS, PURCHASE GENERAL TERMS AND CONDITIONS
(CONTINUED):**

2.1 Entire Agreement:

This purchase order and any documents referred to on the face hereof, constitute the entire agreement between the parties.

2.2 Ethical Practices:

Buyer and Seller agree to:

- A. Give consideration to the objectives and policies of our mutual institutions.
- B. Strive to achieve maximum value for every expenditure.
- C. Decline personal gifts or gratuities.
- D. Conduct business with potential and current suppliers in an atmosphere of good faith devoid of intentional misrepresentation.
- E. Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.
- F. Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.
- G. Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier; and/or be willing to submit any major controversies to arbitration or other third party review, insofar as the established policies of Buyer/Seller permit.
- H. Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
- I. Create an environment of fair, ethical, and legal business practices and cooperate with governmental and private agencies for the purposes of promoting and developing sound business methods.
- J. Protect buyer and seller interests by ensuring both parties honor all contract terms and conditions.

2.3 Aviation Product Safety:

Buyer and seller mutually agree to:

- A. Develop and embed a safety culture in all our aviation supply activities and recognize the importance and value of effective aviation safety management and acknowledges at all times that aviation product safety is paramount;

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 2 PASS TERMS FOR PAYMENTS, PURCHASE GENERAL TERMS AND CONDITIONS (CONTINUED):

- B. Clearly define for all staff their accountabilities and responsibilities for the development and delivery of aviation product safety strategy and performance;
- C. Minimize the risks associated with supplies and products related to aircraft operations to a point that is as low as reasonably practicable/achievable;
- D. Ensure that externally supplied systems and services that impact upon the safety of our operations meet appropriate safety standards;
- E. Actively develop and improve our safety processes to conform to world-class standards;
- F. Comply with and, wherever possible, exceed legislative and regulatory requirements and standards;
- G. Ensure that all staff are provided with adequate and appropriate aviation safety information and training, are competent in safety matters and are only allocated tasks commensurate with their skills;
- H. Ensure that sufficient skilled and trained resources are available to implement safety strategy and policy;
- I. Establish and measure our safety performance against realistic objectives and/or targets;
- J. Achieve the highest levels of safety standards and performance in all our aviation supply activities;
- K. Continually improve our safety performance;
- L. Conduct safety and management reviews and ensure that relevant action is taken;
- M. Ensure that the application of effective aviation safety management systems is integral to all our aviation supply activities, with the objective of achieving the highest levels of safety standards and performance.
- N. Remain committed to implementing, developing and improving strategies, management systems and processes to ensure that our supply aviation activities uphold the highest level of safety performance and meet national and international standards

2.4 Quality Clauses:

The Quality Clauses of these Terms and Conditions apply to this purchase document.

PURCHASE ORDER TERMS AND CONDITIONS

**SECTION 2 PASS TERMS FOR PAYMENTS, PURCHASE GENERAL TERMS AND CONDITIONS
(CONTINUED):**

2.5 Flow-Down Requirements:

The requirements set forth in this Purchase order shall be flowed down by Seller to Seller's supply chain, with the notation that all supply chain notification shall pass through Seller (and not be made direct from supply chain to PASS Inc.). Seller shall notify PASS Inc. of all sub-tier escapes in accordance with respective communication process set forth herein. For purpose of this note, Supply Chain shall mean Seller's complete network of material, equipment, information, and services integrated into products and services.

2.6 Audit Right:

Where appropriate, Purchaser shall have the right to audit product quality at Seller's premises.

2.7 Waiver:

Purchaser's failure to insist on performance of any of the terms or conditions herein or to exercise any right or privilege or Purchaser's waiver of any breach hereunder shall not thereafter waive any other terms, conditions or privileges whether of the same or similar type.

2.8 Changes:

Purchaser shall have the right at any time to make changes in drawings, designs, specifications, materials, packaging, time and place of delivery and method of transportation. If any such changes cause an increase or decrease in the cost, or the time required for the performance, an equitable adjustment shall be made and this agreement shall be modified in writing accordingly. Seller agrees to accept any such changes subject to this paragraph.

2.9 Price Warranty:

Seller warrants that the prices for the goods sold Purchaser hereunder are not less favorable than those currently extended to any other customer for the same or similar goods in similar quantities. In the event Seller reduces its price for such goods during the term of this order, Seller agrees to reduce the prices hereof correspondingly. Seller warrants that prices shown on this purchase order shall be complete, and no additional charges of any type shall be added without Purchaser's express written consent. Such additional charges include, but are not limited to, shipping, packaging, labeling, custom duties, taxes, storage, insurance, boxing, crating.

PURCHASE ORDER TERMS AND CONDITIONS

**SECTION 2 PASS TERMS FOR PAYMENTS, PURCHASE GENERAL TERMS AND CONDITIONS
(CONTINUED):**

2.10 Warranty:

Seller expressly warrants that all goods or services furnished under this agreement shall conform to all specifications and appropriate standards, will be in accordance with purchase order requirements, and will be free from defects in material or workmanship. Seller warrants that all such goods or services will conform to any statements made on the containers or labels or advertisements for such goods, or services, and that any goods will be adequately contained, packaged, marked and labeled. Seller warrants that all goods or services furnished hereunder will be merchantable, and will be safe and appropriate for the purpose for which goods or services of that kind are normally used. If Seller knows or has reason to know the particular purpose for which Purchaser intends to use the goods or services, Seller warrants that such goods or services will be fit for such particular purpose. Seller warrants that goods or services furnished will conform in all respects to samples. Inspection, test, acceptance or use of the goods or services furnished hereunder shall not affect the Seller's obligation under this warranty, and such warranties shall survive inspection, test, acceptance and use. Seller's warranty shall run to Purchaser, its successors, assigns and customers, and users of goods sold by Purchaser. Seller agrees to replace or correct defects of any goods or services not conforming to the foregoing warranty promptly, without expense to Purchaser, when notified of such nonconformity by Purchaser, provided Purchaser elects to provide Seller with the opportunity to do so. In the event of failure of Seller to correct defects in or replace nonconforming goods or services promptly, Purchaser, after reasonable notice to Seller, may make such corrections or replace such goods and services and charge Seller for the cost incurred by Purchaser in doing so.

2.11 Certification and Traceability of Aircraft Articles:

All items must conform to the Original Equipment Manufacturers (OEM) specifications and tests. An FAA Form 8130-3 or Certification of Conformance (C of C) must accompany the items from Supplier's facility, including a statement of the condition of the item, back-up data on file for inspection, and signed by an authorized representative of the Supplier.

- A. Should such certification not accompany the shipment, items will be held in quarantine and no payment will be processed until the proper certification is received.
- B. PASS Inc. will require traceability back to a valid FAA, EASA, OEM, or an approved source (such as a 121 operator or a 145 repair station) and full source documentation.
- C. PASS Inc. may request design, test, examination, inspection and related instructions prior to acceptance.
- D. PASS Inc. may require first article test specimens (e.g., production method, number, storage conditions) for inspection, investigation or auditing.
- E. PASS Inc. must be notified in advance of order if Parts Manufacture Approval (PMA) parts are to be supplied.

For additional information regarding Aircraft Certification and Traceability of Aircraft Articles refer to the Quality Clauses of these Purchase Order terms and Conditions.

PURCHASE ORDER TERMS AND CONDITIONS

**SECTION 2 PASS TERMS FOR PAYMENTS, PURCHASE GENERAL TERMS AND CONDITIONS
(CONTINUED):**

2.12 Delivery:

Time is of the essence of this contract and if delivery of goods or rendering of services is not completed by the time promised, Purchaser reserves the right, without liability in addition to its other rights and remedies, to terminate this contract by notice effective when received by Seller as to goods not yet shipped or services not yet rendered and to purchase substitute goods or services elsewhere and charge Seller with any loss incurred

2.13 Delay in Delivery:

If the Supplier becomes aware of any circumstances that are likely to cause a delay in delivery of the ordered item(s), the Supplier will immediately notify PASS Inc. in writing stating the reason for the delay and the updated delivery date. Upon receipt of this information, PASS Inc. reserves the right to keep or cancel the purchase order without liability or penalty. PASS Inc. also reserves the right to cancel a purchase order if the Supplier cannot meet the needs of an expedited purchase order.

2.14 Expedited Shipments:

If in order to comply with Purchaser's required delivery date it becomes necessary for Seller to ship by a more expensive way than specified in this purchase order, any increased transportation costs resulting therefrom shall be paid for by Seller unless the necessity for such rerouting or expedited handling has been caused by Purchaser.

2.15 Termination for Cause:

Purchaser may also terminate this order or any part hereof for cause in the event of any default by the Seller, or if the Seller fails to comply with any of the terms and conditions of this offer. Late deliveries, deliveries of goods which are defective or which do not conform to this order, and failure to provide Purchaser, upon request, reasonable assurances of future performance shall all be causes allowing Purchaser to terminate this order for cause. In the event of termination for cause, Purchaser shall not be liable to Seller for any amount, and Seller shall be liable to Purchaser for any and all damages sustained by reason of the default which gave rise to the termination.

2.16 Limit on Purchaser's Liability-Statute of Limitations:

In no event shall Purchaser be liable for anticipated profits or for incidental or consequential damages. Purchaser's liability on any claim of any kind for any loss or damage arising out of or in connection with or resulting from this agreement or from the performance or breach thereof shall in no case exceed the price allocable to the goods or services or unit thereof which gives rise to the claim. Purchaser shall not be liable for penalties of any description. Any action resulting from any breach on the part of Purchaser as to the goods or services delivered hereunder must be commenced within one year after the cause of action has accrued.

PURCHASE ORDER TERMS AND CONDITIONS

**SECTION 2 PASS TERMS FOR PAYMENTS, PURCHASE GENERAL TERMS AND CONDITIONS
(CONTINUED):**

2.17 Nonconformance:

Seller is responsible for the nonconformance(s) found in the article listed on this purchase document. The nonconformance will become part of Seller's quality rating as recorded in PASS Inc. AS9100 vendor ratings.

2.18 Change of Charge (COC) Requests

When Seller disagrees with the determination of fault, Seller shall submit a Change of Charge (COC) request to the initiator within thirty (30) calendar days from the date of notification. The request must include the reason and documentation/objective evidence supporting the request. Failure to notify PASS Inc. of disagreement with the determination of fault will be deemed to be a confirmation of Seller's acceptance of nonconformance responsibility.

2.19 Corrective Action:

Upon receipt of a request for corrective action, Seller shall conduct a review to determine what immediate corrective action must be taken to mitigate the effect of the nonconformance(s). Failure to respond within the time allowed per the request may result in withholding Seller's authorization to deliver products to PASS Inc., and may eventually lead to Seller's removal from the PASS Inc. approved supplier's list.

2.20 Compliance with Laws:

Seller agrees that all goods shipped to the Purchaser under this agreement will be produced in full compliance with all applicable laws including, but not limited to, the Fair Labor Standards Act. Seller further agrees that it shall not engage in the employment of child, forced, indentured, involuntary, prison or uncompensated labor. Purchaser may, upon notice, inspect Seller's plant and facilities at reasonable times to determine compliance with the provisions set forth herein. In addition to any other remedies contained herein, Purchaser shall have the right to immediately terminate this agreement and any other agreements with Seller if it determines that Purchaser is in violation of this section.

2.21 Indemnification:

Seller shall defend, indemnify and hold harmless Purchaser against all damages, claims or liabilities and expenses (including attorney's fees) arising out of or resulting in any way from any defect in the goods or services purchased hereunder, any breach of the terms and conditions of this order, or from any act or omission of Seller, its agents, employees or subcontractors. This indemnification shall be in addition to the warranty obligations of Seller.

PURCHASE ORDER TERMS AND CONDITIONS

**SECTION 2 PASS TERMS FOR PAYMENTS, PURCHASE GENERAL TERMS AND CONDITIONS
(CONTINUED):**

2.22 Responsibility for Defense

Seller agrees upon receipt of notification to promptly assume full responsibility for defense of any suit or proceeding which may be brought against Purchaser or its agents, customers, or other vendors for alleged patent infringement, as well as for any alleged unfair competition resulting from similarity in design, trademark or appearance of goods or services furnished hereunder, and Seller further agrees to indemnify Purchaser, its agents and customers against any and all expenses, losses, royalties, profits and damages including court costs and attorney's fees resulting from any such suit or proceeding, including any settlement. Purchaser may be represented by and actively participate through its own counsel in any such suit or proceeding if it so desires, and the costs of such representation shall be paid by Seller.

2.23 Proprietary Information-Confidentiality-Advertising:

Seller shall consider all information furnished by Purchaser to be confidential and shall not disclose any such information to any other person, or use such information itself for any purpose other than performing this contract, unless Seller obtains written permission from Purchaser to do so. This paragraph shall apply to drawings, specifications, or other documents prepared by Seller for Purchaser in connection with this order. Seller shall not advertise or publish the fact that Purchaser has contracted to purchase goods from Seller, nor shall any information relating to the order be disclosed without Purchaser's written permission. Unless otherwise agreed in writing, no commercial, financial or technical information disclosed in any manner or at any time by Seller to Purchaser shall be deemed secret or confidential and Seller shall have no rights against Purchaser with respect thereto except such rights as may exist under patent laws.

2.24 Copyrightable Works:

Any copyrightable works, ideas, discoveries, inventions, patents, goods, or other information (collectively "Intellectual Property") developed in whole or in part by or on behalf of Seller in connection with or relating to the goods shall be the exclusive property of Purchaser. Upon request, Seller shall sign all documents and otherwise cooperate with Purchaser as necessary to assign, confirm and perfect the exclusive ownership of all Intellectual Property rights in the goods to Purchaser.

2.25 Insurance:

In the event that Seller's obligations hereunder require or contemplate performance of services by Seller's employees, or persons under contract to Seller, to be done on Purchaser's property, or property of Purchaser's customers, the Seller agrees that all such work shall be done as an independent contractor and that the persons doing such work shall not be considered employees of the Purchaser. Seller shall maintain all necessary insurance coverages, including public liability and Workman's Compensation insurance. Seller shall indemnify and save harmless and defend Purchaser from any and all claims or liabilities arising out of the work covered by this paragraph.

PURCHASE ORDER TERMS AND CONDITIONS

**SECTION 2 PASS TERMS FOR PAYMENTS, PURCHASE GENERAL TERMS AND CONDITIONS
(CONTINUED):**

2.26 Supplier ITAR Representations:

If Supplier is engaged in the United States in the business of exporting, manufacturing, brokering, or any other value added service of items controlled by the ITAR, Supplier represents that it is registered with the Directorate of Defense Trade Controls (DDTC), as may be required by 22 C.F.R. 122.1 and/or 22 C.F.R. 129.3 of the ITAR and that it maintains an effective export/import compliance program in accordance with DDTC guidelines.

2.26.1 Debarment of Seller:

If Supplier (or any of its subcontractors) is debarred by the U.S. Government from participating in transactions which involve the export of items (whether commercial or military), PASS Inc. has the immediate available option of canceling this order without liability of any kind to Supplier. If Supplier (or any of its subcontractors) is debarred by the U.S. Government from selling items either directly to the government or from providing items as a subcontractor in fulfillment of requirements originating with the U.S. Government, PASS Inc. has the immediate available option of canceling this order without liability of any kind to Supplier. If PASS Inc. only becomes aware of such status of Supplier (or any of its subcontractors) after receipt of the ordered items, PASS Inc. may return such items to Supplier and Supplier shall immediately refund all amounts paid by PASS Inc., if any, for such items. It is Supplier's responsibility to determine if its subcontractors meet the requirements of this paragraph.

2.27 Conflict Minerals:

Seller warrants that, to its knowledge, no tantalum, tin, tungsten and/or gold ("Conflict Minerals"), contained in any good subject to this order, originated from the Democratic Republic of the Congo or an adjoining country, unless the Conflict Minerals were processed by a facility listed as compliant pursuant to the CFSI Conflict-Free Smelter Program. Seller agrees to abide by the terms and conditions in Purchaser's Conflict Minerals Policy, and to communicate to its sub-suppliers its own commitment to responsible sourcing and legal compliance. Seller agrees to cooperate and work with its sub-suppliers in an attempt to ensure traceability of Conflict Minerals at least to smelter or refiner level, to maintain and record all Conflict Minerals traceability documentation for five years, and to provide such documentation to Purchaser upon request.

2.28 Setoff:

All claims for money due or to become due from Purchaser shall be subject to deduction or set-off by the Purchaser by reason of any counterclaim arising out of this or any other transaction with Seller.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS:

3.1 Quality Management System:

Seller shall maintain a quality management system that is approved by FAA, European Aviation Safety Agency (EASA) and/or ISO9001/AS9100, or quality management system which is acceptable and appropriate for the items supplied hereunder and shall comply with general industry standards. Items supplied shall meet the requirements of the applicable technical specifications and documentation (drawings, specifications, standards, etc.). Supplier must be an approved vendor within PASS Inc. Quality System.

3.2 Operator Self-Verification Program

When Seller uses an Operator Self-Verification (OSV) program. Upon publication and release of SAE industry standard AS9162 "Aerospace Operator Self Verification Programs", Seller shall comply with the requirements of AS9162. PASS Inc. shall retain all rights to conduct surveillance at Seller's facility to determine Seller's compliance to the requirements of AS9162.

3.3 Personnel:

Supplier personnel must have proper training for the jobs they are performing that meet the Aerospace Quality standards

3.4 Quality Records:

Seller shall maintain, and have available on a timely basis, Quality records traceable to the article delivered to PASS Inc. Seller shall make such records available to regulatory authorities and PASS Inc. authorized representatives. Seller shall retain such records for a period of not less than (2) two years from the date of shipment under each applicable Purchase Order for all product/part numbers unless otherwise specified on the order.

3.5 Seller Flow Down:

PASS Inc. requires that the provisions/requirements set forth above be included in Seller's direct supply contracts (contracted maintenance) as well as the obligation that they be flowed to the sub-tier supply chain. For the purpose of this clause, supply chain shall mean Seller's complete network of materials, equipment, information, and services integrated into products and services. It focuses on direct and lower-tier suppliers.

3.6 New Parts Certifications:

Seller shall provide evidence that the article(s) provided in accordance with this purchase document are new and were obtained from the original manufacturer identified within this purchase document. An article known to have been subjected to extreme stress, heat or environment, or obtained from or operated by any government or military source will not be accepted. Seller shall provide the original or true certified copy of the regulatory airworthiness approval document.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS:

3.7 Dual Release Requirements for Export Airworthiness Certification:

Article(s) on this shipment may subsequently be used on a European Union aircraft. Therefore articles are required to meet the most current regulatory requirements of the MAINTENANCE ANNEX GUIDANCE (MAG) BETWEEN THE FEDERAL AVIATION ADMINISTRATION for the UNITED STATES OF AMERICA and THE EUROPEAN AVIATION SAFETY AGENCY for the EUROPEAN UNION.

3.7.1 PMA Dual Release Certification:

Article(s) on this shipment certified under FAA PMA, may subsequently be exported to a European Union country. Therefore, as required in the U.S. / European Union Aviation Safety Agreement Technical Implementation Procedures, PMA certification documentation must contain one of the following statements, as applicable: "This PMA part is not a critical component" or "This PMA part is a critical component". In accordance with regulations, "Critical Component" means a part identified as critical by the design approval holder during the product type validation process, or otherwise by the exporting authority.

In the case of maintenance carried out by a U.S.-based EASA Part-145 approved organization subject to the Agreement, EASA only recognizes the dual release FAA Form 8130-3 for component, engine, or propeller maintenance. If an FAA/EASA Dual Release is required by this order, the following is necessary:

- A. The FAA Form 8130-3 must include the EASA Part-145 release to service certifying statement, the EASA Part-145 Approval Certificate number in block 12, and specify any overhaul, repairs, alterations, ADs, replacement parts, PMA parts, and quote the reference and issue/revision of the approved data used.
- B. The status of the component (repaired, inspected, overhauled, etc.) shall appear in block 11 with any relevant comments including detailed references to approved data, Ads, etc., in block 12. Example: "Overhauled in accordance with CMM 111, Section X, Rev 2, S/B 23 and FAA AD xyz complied with. Full details held on WO 456."
- C. Block 12 shall also contain the following statement: "Certifies that the work specified in block 11/12 was carried out in accordance with EASA Part-145 and in respect to that work the component is considered ready for release to service under EASA Part-145 Approval Number: "EASA 145....."

3.8 FAA PMA Parts:

In addition to requirements specified elsewhere in this clause, the following requirements apply to articles produced under FAA PMA:

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

- A. PMA articles conforming to design data obtained under a licensing agreement from the Type Certificate (TC) or Supplemental Type Certificate (STC) holder must be accompanied by a shipping document that states.

"Produced under licensing agreement from the holder of [insert TC or STC number]."

- B. Individual detail parts of a PMA article must be accompanied by a shipping document that identifies the detail part as a subcomponent of a PMA article.

- C. Article(s) on this shipment certified under FAA PMA, may subsequently be exported to a European Union country. Therefore, as required in the U.S. / European Union Aviation Safety Agreement Technical Implementation Procedures, PMA certification documentation must contain one of the following statements), as applicable:

1. "This PMA part is not a critical component", or
2. "This PMA part is a critical component".

In accordance with regulations, "Critical Component" means a part identified as critical by the design approval holder during the product type validation process, or otherwise by the exporting authority.

- D. When Airworthiness Directives (AD's) are represented as having been accomplished, the C of C shall specify AD number, AD amendment number, date, and method of compliance.

3.9 Evidence/Identification of Approved Aeronautical Parts:

At a minimum Seller shall include with each shipment a signed and completed copy of FAA Form 8130-3 'Airworthiness Approval' tag for each article. The return to service must comply with all regulatory requirements including but not limited to, current FAA orders and memoranda. The airworthiness certification must also comply with FAA Order 8130.21 latest revision. The FAA Form 8130-3 'Airworthiness Approval' tag or a separate document as referenced on the Form 8130-3 'Airworthiness Approval' tag must document the identity of maintenance documents and/or the associated revision status and date of each.

Approved Aeronautical parts should be identified by one of the following methods:

- 3.9.1 Airworthiness Approval Tag -** (FAA Form 8130-3). FAA or Foreign Civil Airworthiness Authority (FCAA) airworthiness certification is required for articles specified on this Purchase Document. Include with each shipment, the original FAA Form 8130-3 Authorized Release Certificate or foreign equivalent. The approval Tag identifies a part or group of parts that have been approved for export by authorized FAA representatives as required under FAR Part 21. Subpart L.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

- 3.9.2 FAA Technical Standards Order (TSO) -** Marking and Privileges. The TSO authorization is issued under FAR Part 21, Subpart O. A TSO article should be permanently and legibly marked with the name, type, part number, or model designation of the article; the serial number or date of manufacture of the article or both; and the applicable TSO number.
- 3.9.3 FAA Parts Manufacturer Approval FAA-PMA Symbol -** An FAA-PMA (parts manufacturing authority) is issued under FAR Part 21, Section 21.303. Each PMA part should be marked in accordance with FAR Part 45, Section 45.15: Letters "FAA PMA": the name, trademark, or symbol of the holder of the PMA; part number, and name and model designation of each certificated product on which the part is eligible for installation. Parts too small in size or otherwise impractical to be marked may be marked showing the above information on an attached tag or labeled container. If the marking on the tag is too extensive to be practical, the tag attached to a part or container may refer to a readily available manual or catalog for part eligibility information.
- 3.9.4 Under a Licensing Agreement -** when the applicant has been given the right to use the Type Certificate (TC) holder's design, which includes the part number, and a replacement part is produced under that agreement. The part number may be identical to that of the TC holder, provided the PMA holder includes the letters, "FAA PMA", and their identification symbol on the part. In all other cases, the PMA holder's part number must be different from that of the TC holder, and distinguishable from the TC holder's part number in the event the number should become partially obscured. These marking instructions are in addition to the requirements of FAR Part 45, Section 45.15.
- 3.9.5 Shipping Ticket Invoice or Other Document -** These documents may provide evidence that a part was produced by a manufacturer holding an FAA-approved production inspection system issued under Subpart F of Part 21, or by a manufacturer holding an FAA production certificate issued under Subpart G of Part 21. If applicable. The production approval number (production certificate/approved production inspection system) included should be referenced on the document.
- 3.9.6 Certificate of Airworthiness for Export -** The JAA (Joint Aviation Authority) Form One is not the sole document. There are numerous documents which are similar in format being used by countries that have Bilateral Airworthiness Agreements (BAA) with the FAA. The JAA Form One is used by members of the JAA within the European community.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

3.9.7 Direct Shipping Authority - Domestic and foreign manufacturers (production certificate holders) must authorize their suppliers, in writing, of any direct shipping authority and establish procedures that ensure the shipped parts conform to the type design and are in an airworthy condition. A statement to the supplier from the certificate holder authorizing direct shipment and date of authorization should be included on the shipping ticket, invoice, or other transfer document containing a declaration that the individual part was produced under the terms of a production approval. The shipping document should also identify the production certificate holder's number.

3.9.8 Maintenance Release Document - Maintenance release documents sometimes known as the "Yellow Tag," and work orders describing work accomplished on major repairs (in lieu of FAA Form 337) are issued by FAA-certificated repair stations or manufacturers maintenance facility (MMF). The type of document used (i.e., "yellow tag") by the repair station is not specified in the FARs; however, it must include an appropriate description of maintenance work performed including the recording requirements of FAR 43, Section 43.9, and Appendix B.

3.9.9 Standard Part Document - The manufacturer of a standard part must produce a document stating that it conforms to established industry or U.S. specifications and is traceable to the original manufacturer by lot or batch number. NOTE: Manufacturers of standard parts are not all certificated by the FAA and, therefore, may not be subject to FAR requirements.

3.10 Sources of Supply:

The Seller shall provide documentation to show the status of the parts with regards to FAA certification, manufacturing authority, of function, by selection of one of the following designations:

- A. Type Certificate (TC) Holder
- B. Production Certificate (PC) Holder
- C. Supplemental Type Certificate (STC) Holder
- D. Parts Manufacturing Approval (PMA)
- E. Technical Standard Order (TSO) Holder
- F. Manufactured to recognized industry standard (AN, MS, etc.)
- G. Approved production inspection system
- H. Repair Station (domestic or foreign)
- I. U.S. or Foreign Certificated Air Carrier

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

- K. Foreign Manufacturer
- L. Manufacturers Authorized Distributer
- M. FAA Inspector Field Approval.
- N. None

3.11 Airworthiness Directives:

Units shall have all applicable airworthiness directives complied with which are in effect prior to approval for return to service. When Airworthiness Directives (AD's) are represented as having been accomplished, the certificate of conformity shall specify AD number, AD amendment number, date, and method of compliance.

3.12 Cure Dates:

- A. Units whose composition includes natural or synthetic rubber, shall not exceed 18 months from cure date of quotation.
- B. Natural or synthetic rubber components within units shall have been installed in the unit within 18 months of the cure date.

3.13 Preservation, Packaging, and Packing:

Unless otherwise specified, all packing and packaging shall comply with manufacturer specifications, if available. The price includes all charges for such packing, packaging, and FOB Destination. All shipments to PASS Inc. must be visually identified with the Purchase Order number on the exterior of package/box so that packages/boxes do not have to be opened to verify order. Unidentified shipments may be refused and returned to sender.

Preservation, packaging, and packing shall be in accordance with the following requirements except when specified in the Purchase Order.

3.13.1 Plugs and Receptacles:

Plugs and receptacles on each unit shall be plugged or capped with oil and moisture resistant material to protect bosses and threads from damage, and to prevent entrance of air or foreign matter. Opening protectors or caps conforming to the requirements of MIL-C-5501 or a commercial equivalent may be used. All fuel and hydraulic components containing internal shelf life seals shall be flushed with than appropriate preservative. All openings shall then be plugged or sealed to prevent entrance of dirt and moisture.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

3.13.2 Shipment Forms and Paperwork:

A. Packing Lists – Packing Lists shall be placed in a plastic envelope and secured to the outside of the item container. Envelopes conforming to the requirements of A-A-1658 or commercial equivalent may be used. Each packing list shall reflect the purchase order, and each line item shall be identified as follows:

1. National Stock Number (NSN) when shown on the Purchase Order
2. Nomenclature (Noun)
3. Manufacturers Part Number
4. Quantity/Unit of Issue
5. Manufacturers Name

B. Other Certification Documents - tags and work orders shall be placed in a plastic envelope and attached to the respective unit inside the shipping container.

C. Packaging- Unless otherwise specified , all materials shall be packaged 1 each in accordance with ASTM –D-3951, “Standard Practices for Commercial Packaging.” Common hardware items may be packed in multiple pack quantities.

D. Static Sensitive Devices - All items subject to static discharge shall be individually packaged with static free materials conforming to MIL-B-81705. SENSITIVE ELECTRONIC DEVICE caution labels shall be affixed in accordance with MIL-STD-129.

3.13.3 Marking:

The outside of each individual unit package shall be marked to reflect the following information:

1. National Stock Number (NSN)
2. Nomenclature (Noun)
3. Manufacturers Part Number
4. Cure date or Assembly Date as applicable, and
5. Purchase Order Number

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

3.14 Supplier Shipping Documentation (Delivery Package):

The Seller's shipping documentation shall contain the following:

3.14.1 A Packing Sheet:

- A. A Certificate of Conformity (C of C) statement on the packing sheet certifying its Quality Assurance department has inspected the articles and they adhere to all contract requirements, applicable drawings/ specifications;
- B. Where applicable, a Serialized Parts List identifying parts with assigned serial numbers. The list shall contain the part numbers, part nomenclature and part serial numbers. This list shall also include part change letters when applicable
- C. Control identity of the end item deliverable of raw material or purchased articles, as applicable. The control identification is traceable to the article processed in a single run (same manufacturing date, lot, batch, heat, job or shop traveler number). When multiple lots are included in one shipment, Seller shall clearly separate the control identity of the respective lots. Serial numbers are required as part of control identity when specified by the engineering data;
- D. When the Seller is located outside of the United States and they submit an EASA/JAA/FCAA FORM-1, the following conditions must exist on the form:
 1. Block 11 status is identified as "NEW", and
 2. Block 12 titled "Remarks" contains a statement certifying the Seller's Quality Assurance department has inspected the parts.
 3. Block 12 titled "Remarks" does not contain certification statements of PMA, prototype, not to be installed on certified aircraft, and
 4. Block 13a "Certifies that the items identified above were manufactured in conformity to: approved design data and are in condition for safe operation

3.13.2 Shipment Certification/Data/Reports:

Where applicable the Seller shall include the following information:

A. Used Serviceable Articles:

1. Seller shall include with each shipment all documentation required by this purchase document including: approval for return to service documentation meeting provisions of FAA regulation 14 CFR parts 43.9, 43.11 or 43.17 including hours and cycles where required.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

2. Seller shall certify that article(s) provided in accordance with this purchase document were not subjected to severe stress, heat or environmental conditions (including being submerged in water or otherwise exposed to corrosive agents outside of normal operation) or obtained from or operated by any government or military services.
3. All Airworthiness Directives (AD's) that are represented as having been accomplished must be documented. When Airworthiness Directives (AD's) are represented as having been accomplished, the certificate of conformity shall specify AD number, AD amendment number, date, and method of compliance.
4. A description (or reference to data acceptable to the FAA) of the work performed. In either case there must be enough information provided so that a person unfamiliar with the work would be able to determine the extent of the maintenance and/or alteration performed. If the repair station is also EASA-certificated, the maintenance release must include the revision status of the technical data used to perform the work. The maintenance release must also include a record of the parts used, particularly if the maintenance involved substituting parts, such as PMA parts as applicable per FAA AC 145-9.

B. Used Articles without Return to Service Documentation:

Seller shall include with each shipment a certified statement on the certificate of conformity (C of C) to stating the following information:

1. Article identity and condition – must use “as-is” or comparable term to describe condition.
2. The article(s) were produced under an FAA approved production system.
3. Service bulletin compliance or noncompliance.
4. Life/cycle limited parts status (i.e., time, time since overhaul, cycles, and history). If the article is serialized and life-limited, operational time and/or cycles are required.
5. Seller shall certify that article(s) provided in accordance with this purchase document were not subjected to severe stress, heat or environmental conditions (including being submerged in water or otherwise exposed to corrosive agents outside of normal operation) or obtained from or operated by any government or military services.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

6. All Airworthiness Directives (AD's) that are represented as having been accomplished must be documented. When Airworthiness Directives (AD's) are represented as having been accomplished, the certificate of conformity shall specify AD number, AD amendment number, date, and method of compliance.

3.13.3 Surplus (New) Articles Without Traceability Back to the Production Approval Holder (PAH):

Seller shall provide documented evidence, in accordance with the purchase document, that the article(s) are new and must include certified statements disclosing the material or parts, were or were not:

1. Subjected to conditions of extreme stress, heat or environment;
2. Previously installed in a public aircraft, such as a government use aircraft or a military aircraft.
3. Seller shall certify that article(s) provided in accordance with this purchase document were not subjected to severe stress, heat or environmental conditions (including being submerged in water or otherwise exposed to corrosive agents outside of normal operation) or obtained from or operated by any government or military services.
4. All Airworthiness Directives (AD's) that are represented as having been accomplished must be documented. When Airworthiness Directives (AD's) are represented as having been accomplished, the certificate of conformity shall specify AD number, AD amendment number, date, and method of compliance.

3.13.4 Surplus (New) Articles With Traceability Back to the Production Approval Holder (PAH):

Seller shall provide evidence that the article(s) provided in accordance with this purchase document are new and were produced under an FAA approved production system. Evidence shall include documentation history demonstrating traceability to the Production Approval Holder (PAH), including a legible copy of the certificate of conformity (C of C) certifying that article(s) are new and were produced under a FAA Parts Manufacturer Approval (PMA) or Technical Standard Order Authorization (TSOA) or a Production Certificate (PC) and include a certified statement disclosing the following should be issued about the material or parts, certifying that they were or were not:

1. Subjected to conditions of extreme stress, heat or environment;
2. Previously installed in a public aircraft, such as a government use aircraft or a military aircraft.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

3. Seller shall certify that article(s) provided in accordance with this purchase document were not subjected to severe stress, heat or environmental conditions (including being submerged in water or otherwise exposed to corrosive agents outside of normal operation) or obtained from or operated by any government or military services.
4. All Airworthiness Directives (AD's) that are represented as having been accomplished must be documented. When Airworthiness Directives (AD's) are represented as having been accomplished, the certificate of conformity shall specify AD number, AD amendment number, date, and method of compliance.

3.13.5 Distributor of Production Approval Holder (PAH) Articles:

Seller shall provide evidence that the product(s) provided in accordance with this purchase document are new and were obtained from the original manufacturer identified within this purchase document. Seller's evidence shall include a legible copy of the original manufacturer's certificate of conformity (C of C) and seller's packing sheet with reference to the provided manufacturer's C of C.

Article(s) on this shipment must have Federal Aviation Administration (FAA) Parts Manufacturer Approval (PMA), Technical Standard Order Authorization (TSOA), Production Certificate (PC) or equivalent National Aviation Authority (NAA) approval and be identified in accordance with applicable FAA or NAA Regulations. Seller shall provide the original or true certified copy of the regulatory airworthiness approval document

3.13.6 Seller's Direct Ship Authorization:

Seller is granted direct ship authorization by PASS Inc. for parts shipped on this order only. The seller shall place the following statement on all shipping documents:

It is hereby certified that:

- (a) The parts and/or materials reflected herein were produced under Federal Aviation Administration approved manufacturing and quality control systems/methods and
- (b) Such parts and/or materials are new and in an airworthy condition.

(Signed)

Supplier Quality Assurance (title)

If seller has delegated inspection authority, place the following statement on shipping packing slips:

"Delegated Inspection Authority has been granted for this supplier."

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

3.13.7 PMA Articles – Direct Ship:

Parts on this shipment must have FAA Parts Manufacturer Approval in accordance with Federal Aviation Regulation 14CFR21.9 and be identified in accordance with Federal Aviation Regulation 14CFR45.15. The following note is to be placed on the packing sheets of the shipment and signed by a person within your organization with responsibility for the conformity of the part to the FAA type certified engineering drawing:

It is hereby certified that:

- A. The parts and/or materials reflected herein were produced under a Federal Aviation Administration approved manufacturing and quality assurance system/methods as set forth in Federal Aviation Regulation Part 21 Sub-part K paragraph 21.307, and
- B. All parts and/or materials are certified new, conforms to the design data and are in airworthy condition.

3.14 Independent Distributors:

Parts shall not be acquired from independent distributors or brokers unless approved in advance in writing by PASS Inc.

3.15 Industry Standard Parts:

Industry Standard parts are not subject to the forgoing provisions, provided such parts are traceable to the manufacturer, accompanied by a conformity statement, and are in a satisfactory condition for installation.

3.15.1 Standard Parts Manufacturers C of C:

Seller's packing sheet shall reference the manufacturer's C of C and shall contain control identity of the article(s) on this shipment, as applicable. The control identification shall be traceable to the article(s) processed in a single run (same manufacturing date, lot, batch, heat, job or shop traveler number). When multiple lots are included in one shipment, Seller shall clearly separate the control identity of the respective lots

3.16 Escapements:

In addition to other reporting requirements for, The Seller shall provide written notification to PASS Inc. in the English language within one (1) business day when a nonconformance is determined to exist, or is suspected to exist, on products already delivered to PASS Inc. or a PASS Inc. customer. Written notification shall include:

- A. PASS Inc. Purchase Document number(s),
- B. Affected process(es) or product number(s) and names,

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

- C. Description of the nonconforming condition (i.e., what it is and what it should be),
- D. Affected drawing number(s) and zone(s),
- E. Quantities, dates and destinations of delivered shipments,
- F. Suspect/affected serial number(s) or date code
- G Proposed actions/requests (i.e., units to be checked, recording required, method of check, etc.)

This escapement notification is required irrespective of component type, aircraft type, aircraft program or suspected cause of the nonconformance for all product(s) under maintenance, repair or overhaul, inspection or modification services, where a nonconformance is determined to exist, or is suspected to exist.

Escapement notification shall include above information as a minimum. The Seller shall notify the PASS Inc. Purchasing Agent who manages the purchase document, the Supplier Quality Representative and use any such reporting methods as assigned and communicated by PASS Inc.

3.17 Counterfeit Parts:

Supplier is hereby notified that the delivery of counterfeit parts is of special concern to PASS Inc. Supplier shall not deliver counterfeit parts to PASS Inc. under this purchase order. Supplier shall only purchase products to be delivered to PASS Inc. from the Original Component Manufacturer (OCM), or the Original Equipment Manufacturer (OEM), or through the OCM/OEM authorized distributor chain. Regardless of the source of procurement, Supplier must provide OCM/OEM documentation that authenticates traceability of the part to the applicable OCM/OEM.

3.18 Material Safety Data Sheet/Safety Data (MSDS) Sheets:

If the material procured by PASS Inc. is considered hazardous as defined by EPA, OSHA, DOT, or any other local, state, federal or foreign regulation, Supplier must provide a Material Safety Data Sheet/Safety Data Sheet, along with the United Nations Hazardous Material Code (see 49 CFR 100 *et. seq.*) before or with the shipment. Supplier is responsible for providing an updated or changed Material Safety Data Sheet/Safety Data Sheet prior to first shipment of applicable material. If the goods includes explosives, as defined by the Bureau of Alcohol Tobacco and Firearms, U.S. Department of Treasury (see 27 CFR *et. seq.*), Supplier must provide PASS Inc. with an ATF Exemption Letter prior to shipment.

3.18.1 HAZMAT Employer:

If Seller meets the definition of a hazmat employer under 49 CFR 171.8 definitions and abbreviations, Seller must have a hazardous materials training program that meets the training requirements of 49 CFR 172, subpart H, training.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

3.19 Assignment and Modification:

No part of this order may be assigned or subcontracted without the prior written approval of Purchaser. Supplier shall not assign, sell, or subcontract this purchase order, or any part thereof, without PASS Inc. prior written consent. No modification of this order shall be binding, unless agreed to in writing by an authorized representative of PASS Inc.

3.20 Supplier of Calibration:

Inspection and/or testing services shall maintain a quality management system in accordance with ISO 17025, NADCAP or equivalent. Conformance records of calibration, inspection and/or testing services must be traceable to applicable sources and list methods and techniques used (National Institute of Standards and Technology (NIST), Original Equipment Manufacturer [OEM] specifications, etc.).

3.21 Outside Maintenance, Repair and Overhaul Functions:

Supplier shall meet all the requirements set forth by FAA and EASA to be able to perform maintenance functions for PASS Inc. Maintenance, Repair, and Overhaul or Modification work performed on articles under this contract must be performed and subsequently returned to PASS Inc or PASS Inc. Customer from a Buyer approved certificated repair station. Articles which have undergone Maintenance, Repair, Overhaul and or Modification and subsequently returned to PASS Inc. or PASS Inc. Customer with an Authorized Release Certificate from non-buyer approved repair station(s) will be not be accepted. Costs for delays and re-processing of articles; subsequent re-inspection and repair or modification of articles from a non-buyer approved repair station will be borne by the Seller.

3.21.1 PASS Approved Repair Station:

Seller's certificated repair station is required to be a Buyer approved repair station and must sustain such approved status on an on-going basis. Seller shall provide copy of air agency certificate to Buyer representative upon request. Representatives of Buyer and/or the Federal Aviation Administration (FAA) may inspect and evaluate Seller's facilities, systems, data, equipment, personnel and all completed products processed under this contract. (If Seller is non domestic, the government agency equivalent to the FAA may conduct such inspection and evaluation.)

3.21.2 Work Performed Under Contract:

Work performed under this contract must be accomplished in compliance with Seller's applicable valid air agency certificate(s). A description of the work accomplished by the Seller shall be included with each shipment. All documentation required by this contract and regulation, including dual release airworthiness certification (if required), must be included with each shipment.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

3.21.3 Drug and Alcohol Testing Program:

If Seller is located in the United States and performs safety-sensitive functions, as described in 14 CFR 120, Drug and Alcohol Testing Program, Seller must be able to demonstrate compliance with the antidrug and alcohol misuse prevention programs for personnel engaged in safety-sensitive functions, including subcontracts at any tier, for work accomplished under this contract.

A. In this regard, If not previously provided as a PASS Inc. Approved Supplier; Seller must provide along with other documents and certifications a copy of the:

1. Form A449 (Antidrug and Alcohol Misuse Prevention Program or
2. A statement made in the FAA Form 8130-3 Authorized Release Certificate block 12 that states "This repair/modification/overhaul/inspection was performed with personnel who were part of a current drug and alcohol testing program as required by 14CFR120." or
3. A statement in the pack slip signed and dated by the appropriate Quality Assurance personnel that states "This repair/modification/overhaul/inspection was performed with personnel who were part of a current drug and alcohol testing program as required by 14CFR120."

3.21.4 Technical Data:

All SRM, AMM, CMM, Overhaul Manual, SOPM, BAC, BSS or other OEM instructions as applicable to the Maintenance, Repair, Overhaul and or Modification in this contract that contain the phrases such as, but not limited to, 'recommendations or recommended practices' etc. will be considered as Seller requirements pertaining to the instructions for Maintenance, Repair, Overhaul and or Modification for this contract.

3.21.5 Segregation of Product:

Items intended for maintenance shall be segregated from those items not intended for maintenance use or from new or serviceable product. Preservation and protection of product shall also include and where applicable in accordance with product requirements provisions for cleaning, FOD prevention including detection, and removal of foreign objects, special handling for sensitive products, marking and labeling including safety warnings, shelf life control and stock rotation, and special handling for hazardous materials.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

3.21.6 FOD Control Program:

Seller shall establish specific requirements and procedures for the control of Foreign Object Debris/Damage, and shall have controls which are being implemented to ensure cleanliness of work areas. These requirements and procedures must have its basis and encompasses all the elements found in the Aerospace Industries Association (AIA) National Aerospace Standard (NAS) 412 entitled FOREIGN OBJECT DAMAGE / FOREIGN OBJECT DEBRIS (FOD) PREVENTION or equivalent as determined by PASS Inc. Supplier Quality Assurance. This FOD control program must extend to components and assembly storage, workshops and if present, hanger facilities. PASS Inc. may request that metrics be established for tracking performance of resolution of FOD non-conformances and non-compliances and the results of the disposition of the non-conformances and non-compliances.

3.23 Inspection of Product:

Payment for the goods delivered hereunder shall not constitute acceptance thereof. Purchaser shall have the right to inspect such goods and to reject any or all of said goods that are in Purchaser's judgment defective or nonconforming. Goods rejected and goods supplied in excess of quantities called for herein may be returned to Seller at its expense and, in addition to Purchaser's other rights, Purchaser may charge Seller all expenses of unpacking, examining, repacking, and reshipping such goods. In the event Purchaser receives goods whose defects or nonconformity is not apparent on examination, Purchaser reserves the right to require replacement, as well as payment of damages. Nothing contained in this purchase order shall relieve in any way the Seller from the obligation of testing, inspection and quality control. Purchaser shall have the right, at reasonable times, to inspect Seller's premises and all Conflict Minerals (as defined below) traceability documentation related to Purchaser's supply chain

3.24 Digital Signature Acceptance:

For PASS Inc. to accept electronically signed authorized release certificate (FAA 8130-3), Seller/Certificate holder must have a current FAA Approved OPS Spec A025, Electronic/Digital Recordkeeping System, Electronic/Digital Signature, and Electronic Media approval and provide the FAA Approved OPS Spec A025 information to PASS Inc. In addition, the PASS Inc. may elect to review the procedures associated with the A025 and the seller may be required to demonstrate access and controls for personnel who are authorized to return to service, articles under the repair station cert as required in Section 145.157 entitled Personnel authorized to approve an article for return to service. In the absence of the A025 authorization, the person returning the article to service must provide an original signature on the FAA form 8130-3 Return to Service.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 3: QUALITY REQUIREMENTS: (Continued)

3.25 FAA Conformity:

Where applicable FAA and/or Foreign Civil Airworthiness Authority (FCAA) conformity inspection and certification is required for items procured on this Purchase Document. Unless otherwise indicated, Seller shall contact the local FAA/FCAA Representative for inspection and certification

- A. Unless otherwise indicated, the conformity inspection shall be performed at the Seller or Subcontractor's point of manufacture as deemed necessary to verify product conformance to Type Design.
- B. Seller shall include the original FAA Form 8130-3 with the shipment. Foreign government equivalents to FAA Form 8130-3 are acceptable for imported product.
- C. For a Seller located in a country without a United States bilateral airworthiness agreement, the FAA may elect to conduct the inspection in accordance with paragraph 2 above, or upon arrival of the product in the U.S.

PMA articles conforming to design data obtained under a licensing agreement from the Type Certificate (TC) or Supplemental Type Certificate (STC) holder must be accompanied by a shipping document that states "Produced under licensing agreement from the holder of [insert TC or STC number]." Individual detail parts of a PMA article must be accompanied by a shipping document that identifies the detail part as a subcomponent of a PMA article.

3.20 Nonconforming Product:

Nonconforming items that result from this purchase order, whether produced through manufacturing process, or a product from overhaul/repair maintenance activity, shall be destroyed, by the Supplier, if they cannot be repaired. In a case where an item/product is found to be nonconforming after being sent to PASS Inc., the Supplier must notify PASS Inc. immediately of the nonconforming item/product.

3.20.1 Nonconformance Corrective Action Plan

When PASS Inc. identifies nonconforming articles and determines the cause to be the Seller's fault, the Seller shall be notified and take immediate action to eliminate the nonconformance on all articles in Seller's control. PASS Inc. will provide the Seller with notification. Upon receipt of such notification, the Seller shall develop and implement acceptable corrective action. Seller shall also maintain, on file, verification that root cause corrective action has occurred and has resolved the subject condition. PASS Inc. reserves the right to review the verification data at the Seller's facility or have the data submitted to PASS Inc.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 4 SUPPLEMENTAL QUALITY MANAGEMENT SYSTEM REQUIREMENTS for PARTS MANUFACTURE:

In addition to requirements specified elsewhere, the following requirements apply to articles produced under these terms and conditions:

4.1 Manufacturing Lot Traceability:

Seller's shipping documentation shall contain control identity of the article(s) on this shipment, as applicable. The control identification shall be traceable to the article(s) processed in a single run (same manufacturing date, lot, batch, heat, job or shop traveler number). When multiple lots are included in one shipment, Seller shall clearly separate the control identity of the respective lots.

4.2 Technical Documentation Requirement:

Seller shall furnish goods and services in accordance with all requirements of this purchase document (including descriptions, specifications, drawings and schedules), to standard commercial practices and where applicable, other specifications identified within the technical requirements documentation or other attachments which are part of this purchase document. The Seller shall ensure that all articles are of new manufacture and free of Foreign Object Debris/Damage (FOD).

4.3 Right to Entry:

Seller shall ensure right of entry and provide all reasonable facilities to PASS Inc., PASS Inc. Customer, and Regulatory Agency personnel to inspect and evaluate Seller's facilities, systems, data, equipment, personnel and any articles that will be incorporated into type-certificated articles. Right of entry/access includes meeting the requirements of the FAA and/or applicable equivalent foreign civil aviation authorities to perform oversight of the facility. While PASS Inc. reserves the right to conduct inspection on a surveillance basis or to the extent of 100 percent inspection, no shipments are to be held for PASS Inc. unless Source Acceptance is invoked on the purchase document.

4.4 Quality Records:

Seller shall maintain, and have available on a timely basis, Quality records traceable to the conformance of the article delivered to PASS Inc. Seller shall make such records available to regulatory authorities and PASS Inc. authorized representatives. Seller shall retain such records for calendar year plus (2) two years from the date of shipment under each applicable Purchase Order for all product/part numbers unless otherwise specified on the Purchase Order.

4.5 Control of Stock:

Seller shall strictly control all inventory of PASS Inc. proprietary articles that are in excess of purchase document quantity in order to prevent articles from being sold or provided to any third party without prior written authorization from PASS Inc. Additionally, Seller shall not provide articles from excess inventory that were previously rejected or returned by PASS Inc. without prior written authorization from PASS Inc.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 4 SUPPLEMENTAL QUALITY MANAGEMENT SYSTEM REQUIREMENTS for PARTS MANUFACTURE: (Continued)

4.6 Right of Refusal:

PASS Inc. reserves the right to reject any root cause and/or corrective action determination provided by the Seller, and may request subsequent investigation and/or corrective action to either PASS Inc. or Seller-initiated corrective action requests. If the Seller is late in responding to corrective action requests by PASS Inc., or if PASS Inc. requires subsequent corrective action, PASS Inc. reserves the right to withhold acceptance of shipments either at source or destination until Seller's corrective action is submitted to PASS Inc. satisfaction.

4.7 Notification of Nonconformance:

Seller shall provide written notification to PASS Inc. when a nonconformance is determined to exist, or is suspected to exist, on product already delivered to PASS Inc. Notification shall be submitted to PASS Inc. Headquarters Purchasing Department. Representative and include a Courtesy Copy (CC) to the Quality Assurance Manager and Chief Inspector.

Written notification shall include the following information:

- A. PASS Inc. Purchase Document number(s).
- B. Affected process(es) or product number(s) and names.
- C. Description of the nonconforming condition and the affected engineering requirement (i.e. what it is and what it should be).
- D. Quantities, dates and destinations of delivered shipments.
- E. Suspect/affected serial number(s) or date codes.

Notification must occur within three (3) business days of knowing all the above information. However, if the condition is possible safety of flight, submit all available information immediately.

4.7.1 Nonconformance Corrective Action Plan

When PASS Inc. identifies nonconforming articles and determines the cause to be the Seller's fault, the Seller shall be notified and take immediate action to eliminate the nonconformance on all articles in Seller's control. PASS Inc. will provide the Seller with notification. Upon receipt of such notification, the Seller shall develop and implement acceptable corrective action. Seller shall also maintain, on file, verification that root cause corrective action has occurred and has resolved the subject condition. PASS Inc. reserves the right to review the verification data at the Seller's facility or have the data submitted to PASS Inc.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 4 SUPPLEMENTAL QUALITY MANAGEMENT SYSTEM REQUIREMENTS for PARTS MANUFACTURE: (Continued)

4.8 Process Certifications:

Seller shall maintain actual processor certifications for all special processes performed in accordance with the requirements of this purchase document. In addition to all certification requirements defined by the applicable processing specification(s), the certifications shall contain the following.

- A. The complete part number of the article(s) represented by the certification,
- B. The total quantity of the parts or material (for each part number) represented by the certification,
- C. The company name and address of the performing processor. The address shall include street address, city and state,
- D. The specification number(s) and revision letter of the process performed. Seller shall provide such certification packet for each manufacturing Purchase Order Shipment.

Seller's use of approved processors does not relieve Seller from verifying that the processor and the article conforms to all applicable process specification requirements.

4.9 Specification Control:

Where specifications and/or processes are listed within the detail design, specification control, or envelope drawing, incorporated by this purchase document, Seller shall adhere to the latest revision of the specification and/or process, unless otherwise specified in the purchase document.

4.10 Quality Data:

When specifically requested by PASS Inc., Seller shall make specified quality data and/or approved design data available in the English language.

4.11 Raw Material Certifications:

Raw material must not be re-certified with respect to heat treat temper, thickness, diameter, width or cross sectional area or product form. Heat treating, machining or cutting of thicker product or other product forms shall not be supplied in lieu of specified product unless specifically authorized by PASS Inc. Raw material certifications for material or parts shall reflect the temper, form, and size of the raw material as originally manufactured by the raw material producer.

4.12 Inspection of Product:

When the Seller uses sampling inspection as a means of product acceptance, the plan shall be statistically valid and appropriate for use. The plan shall preclude the acceptance of known defectives in the lot.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 4 SUPPLEMENTAL QUALITY MANAGEMENT SYSTEM REQUIREMENTS for PARTS MANUFACTURE: (Continued)

4.13 Supplier Verification:

Source inspection by the Defense Contract Management Agency (DCMA) is required for items procured on this purchase document prior to shipment from the Seller's facility.

4.13.1 Source Inspection:

Source inspection may include in-process activities such as processing, fabrication, witness of testing and/or final inspection. Seller shall provide the PASS Inc. qualified contractor's quality representative with a copy of this purchase order, applicable drawings, specifications and changes thereto, and such other information as may be required. Seller shall provide the necessary use of the Seller's facility and equipment to perform the inspection. Seller shall obtain and provide such services at no additional cost to PASS Inc.

4.13.2 Supplier Verification:

Seller shall notify the PASS Inc. Purchasing Department after Seller's final acceptance of the product and at least 72 hours in advance of the time the product is to be source accepted. PASS Inc. will notify the qualified contractor that the product is ready for source inspection.

4.13.3 Source Acceptance:

A qualified contractor source acceptance is required for items procured on this purchase document. Acceptance may include in-process activities such as processing, fabrication, witness of testing and/or final inspection. Seller shall provide the qualified contractor Quality Assurance Representative with a copy of this purchase document, applicable drawings, specifications and changes thereto, and such other information as may be required. Seller shall provide the necessary use of the Seller's facility and equipment to perform the inspection.

- A. Notify the PASS Inc. Quality Assurance Manager that services the Seller's facility via E mail forty-eight (48) hours in advance of required source acceptance activity. In the event you are unable to contact the Quality Assurance Manager, contact the PASS Inc. Purchasing Agent, or PASS Inc. Chief Inspector for assistance.

4.13 Planning Approval:

When manufacturing processes outside of the sellers capabilities in house capabilities are referenced in the Engineering data for articles specified on this purchase document, Seller's manufacturing planning shall be approved by PASS Inc. prior to commencing manufacture. Upon approval, Seller shall not change the manufacturing planning without first submitting changes to PASS Inc. for re-approval.

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 4 SUPPLEMENTAL QUALITY MANAGEMENT SYSTEM REQUIREMENTS for PARTS MANUFACTURE: (Continued)

4.13.1 Supply Chain Planning Flow-Down Requirement:

PASS Inc. requires that the provisions/requirements set forth above be included in Seller's direct supply contracts as well as the obligation that they be flowed to the sub-tier supply chain. For purposes of this note, Supply Chain shall mean Seller's complete network of material, equipment, information, and services integrated into products and services. It focuses on direct and all lower-tier suppliers.

4.14 Seller Inspection Options:

Seller shall perform 100% inspection for in-process and final inspection or Seller shall conform to requirements of MIL-STD-1916 or ASQ H1331, Table 1 or a comparable zero based sampling plan unless otherwise specified in the Purchase Order Contract. If the applicable drawing, specification, standard, or Quality Assurance Provision (QAP) Specifies Critical, Major and /or minor attributes, they shall be assigned verification levels of VII, IV and II or AQLA of 0.1, 0.1 and 4.0 respectively. Unspecified attributes shall be considered as major unless sampling plans are specified in applicable documents. For MIL-I-1916, the Seller may use the attribute or variable inspection method at their option or per the contract. MIL-STD-105/ASQ Z1.4 may be used to set sample lot size, but acceptable would be zero non-conformances in the sample lot unless otherwise specified in the Purchase Order Contract. Seller statistical sampling procedure/plan conformance to MIL-STD-1916 or ASQ H1331, Table 1 or a comparable zero based sampling plan will constitute PASS Inc. Quality approval.

Note: Any characteristics identified in the design documentation as "Safety" or "Critical" (or "Safety Critical," et al.) characteristics shall not be accepted using statistical product acceptance methods unless prior written authorization is granted by the specific PASS Inc. design authority, or the method for acceptance is specifically defined in the design documentation. A "Safety" or "Critical" (or "Safety Critical," et al.) characteristic is defined as a characteristic designated by the design authority, where the responsibility for its definition is outside the scope of recommended practice ARP9013.

4.14.1. Statistical Methods Acceptance:

Buyer reserves the right to disallow a supplier's statistical methods for product acceptance for specific sites/programs, parts or characteristics, and to conduct surveillance at Seller's facility to assess conformance to the requirements of these inspection requirements.

4.15 Supplier Inspection Delegation Authority:

Seller has been granted inspection delegation authority. Seller's evidence of inspection acceptance of product(s) identified for this purchase document shall include a signed or stamped certificate of conformance (C of C) certifying its Quality Assurance Department has inspected the product(s) to all applicable drawings and/or specifications.

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SECTION 4 SUPPLEMENTAL QUALITY MANAGEMENT SYSTEM REQUIREMENTS for PARTS MANUFACTURE: (Continued)

4.15.1 Processor Certifications:

In addition to the above, the seller shall provide complete actual processor certifications for all special processes performed in accordance with the requirements of this purchase document. In addition to all certification requirements defined by the applicable processing specification(s), the certifications shall contain the following:

- A. The complete part number of the article(s) represented by the certification,
- B. The total quantity of the parts or material (for each part number) represented by the certification,
- C. The company name and address of the performing processor. The address shall include street address, city and state,
- D. The specification number(s) and revision letter of the process performed. Seller shall provide such certification packet for each manufacturing Purchase Order Shipment.

Seller's use of PASS Inc. approved processors does not relieve Seller from verifying that the processor and the article conforms to all applicable process specification requirements and submitting all process certifications for the work performed.

4.16 First Article Inspection:

Seller shall perform First Article Inspections (FAI) in accordance with AS/EN/SJAC 9102, Aerospace First Article Inspection Requirement and the FAI shall become part of any process certification package submitted by the seller.

4.16.1 Alternate FAI Methods:

Buyer may allow alternate methods of meeting the FAI requirement provided the Seller's plan is approved by the Buyer's Supplier Quality Representative (SQR) prior to initiation of the activity (e.g. for installation level drawings or wiring).

4.16.2 FAI Surveillance:

Buyer reserves the right to conduct surveillance of the Seller's FAI and may include in-process inspections to be accomplished during performance of the Seller's FAI. When a FAI is required, Seller will be notified via the Supplier Quality supplier data system. Seller shall coordinate and schedule FAI activity with the Buyer's Seller Quality Representative (SQR) prior to start of related procurement, manufacturing, and/or processing. In the event a FAI of the Seller's FAI is scheduled, supplier shall make available to the Buyer's SQR the following:

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 4 SUPPLEMENTAL QUALITY MANAGEMENT SYSTEM REQUIREMENTS for PARTS MANUFACTURE: (Continued)

- A. Applicable purchase document, material/process certifications, manufacturing and inspection records; including inspection plans developed to identify progressive inspection checkpoints for the FAI as a result of coordination and planning with Buyer's SQR.
- B. Applicable design data
- C. Applicable documented configuration baseline and configuration summary
- D. Applicable material review actions.
- E. Applicable acceptance and qualification test results
- F. Applicable record(s) of PASS Inc. approval for non-PASS Inc. drawing and test procedures
- G. Seller's First Article Inspection Report (FAIR), as defined by AS9102

Seller shall maintain a copy of the closed FAI record along with Seller's FAIR documentation.

4.16.3 FAI Flow-Down Requirements:

Seller shall flow-down to its Supply Chain the FAI provisions/requirements set forth above. For purposes of this clause, "Supply Chain" means Seller's complete network of material, equipment, information, and services integrated into deliverable products and services provided to Seller by Seller's direct first tier supply contracts and Seller's sub-tier or lower tier supply contracts.

4.17 Tooling Quality Operating Requirements:

Seller is required to maintain a quality system. Buyer reserves the right to conduct surveillance at Seller's facility to ensure that Seller's quality system meets the requirements of this clause.

4.17.1 Records of Maintenance:

Seller's certificated repair station is required to keep documented objective evidence in the form of records as part of the maintenance, repair and overhaul statement of work per PASS Inc. or other OEM repair data for the following:

- A. Verifiable documented objective evidence of:
 - 1. Pyrometric certification and control of ovens, autoclaves and other pyrometric equipment used for processing of parts, i.e., post plate baking, stress relieving, heat blanket repair and autoclave processing.
 - 2. Equipment being calibrated over the range of usage for the equipment.

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SECTION 4 SUPPLEMENTAL QUALITY MANAGEMENT SYSTEM REQUIREMENTS for PARTS MANUFACTURE: (Continued)

3. Periodic tool inspection for assembly tools to assure tool fitness for use and configuration.
- B. Verifiable documented objective evidence that:
1. The required and actual data for chemical and temperature control requirements for chemical process solutions used during chemical processing and plating of product during repair and overhaul activities were within acceptable ranges during processing i.e. anodizing, chemical treatment of aluminum, cadmium plating, chrome plating, natal etch, rinse tanks etc.
 2. the required and actual process acceptance criteria and testing that verify necessary processes were accomplished and within required repair data parameters during repair and overhaul of parts, i.e., hydrogen embrittlement testing using notched tensile specimens, plating porosity meter, adhesion testing, hardness testing, corrosion testing, appearance, etc.
 3. Specified coating thicknesses for organic and inorganic coating post process are directly measured and within acceptable ranges as defined by repair data, i.e., chrome plate thickness, cadmium plating thickness, paint thickness, etc.
 4. Adhesion testing (dry, wet or solvent tape adhesion testing) is required for all applications of organic coatings (primer, topcoat or surface) on metallic or non-metallic substrates per specification requirements. When no requirement is specified for application of organic coating in the SOPM or CHM reference, the ASTM D3359 Active Standard finish code requirements will be used for testing of organic coating adhesion.
- A. Verifiable documented objective evidence of required and actual repair data for metal conditioning and machining including:
1. All shot peen required and actual parameters (manual and automated) as well as demonstration of intensity and saturation curves.
 2. All alloy steel and chrome grind required and actual parameters including grinding machine identification, wheel material information (material type, grit size, hardness, bond and structure), feeds (cross, down), speeds (wheel and work), and records of required periodic wheel dressing.
 3. Stress relieve oven identification as well as records of times and temperatures.
 4. Records of testing for heat damage post machining or grinding including method used and result of inspection.
- B. Verifiable documented objective evidence of required and actual repair data for non-metallic (composite & adhesive) repairs and modifications including:

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SECTION 4 SUPPLEMENTAL QUALITY MANAGEMENT SYSTEM REQUIREMENTS for PARTS MANUFACTURE: (Continued)

1. Parts and materials used in repair or modification,
2. "Out time" records for materials that demonstrate that time and temperature records from "out time" until cure are within material data requirements supplied by repair and or material OEM,
- C. Verifiable documented objective evidence of required and actual inspection process parameters and methods for non-destructive testing (NDT) inspections and the results of those inspections.
- D. Verifiable objective evidence of Seller's ability to access and review PASS Inc. purchase document clauses and requirements.

4.18 Test Reports:

Where applicable the Seller shall include with each shipment two copies of the results of the lot, batch or item acceptance tests required by the applicable specification. Test reports shall include control identity (e.g., heat, lot, batch, serial number) of material/item tested, actual values when applicable, and shall be signed by the Seller's authorized agent. The report shall establish the quantity of material/items associated with each traceability number shipped. Place one copy with the shipping documentation and one copy on the inside of the shipping container.

4.19 Raw Material/Part Authorization:

Where applicable the following must be individually authorized by the PASS Inc. Purchasing Agent prior to use for this purchase document:

- A. Any Material Substitutions, Part Specific Material Substitution, Foreign sources of raw material, Procurement from Foreign Sources – Metallic Raw Materials (QPL) Qualified Product List.

4.20 Import/Export Compliance:

Supplier shall provide to PASS Inc. at its earliest convenience, but in no cases less than twenty-four (24) hours before shipment, the following information for all items

- A) The applicable United States Munitions List (USML) category or Export Control Classification Number (ECCN);
- B) The Harmonized Tariff Schedule code; and
- C) The Country of Origin. If an item is controlled by the International Traffic in Arms Regulations (ITAR), Supplier shall also advise PASS Inc. if the item is Significant Military Equipment (SME), a Major Component, or under the Missile Technology Control Regime (MTCR).

PURCHASE ORDER TERMS AND CONDITIONS

SECTION 4 SUPPLEMENTAL QUALITY MANAGEMENT SYSTEM REQUIREMENTS for PARTS MANUFACTURE: (Continued)

4.20.1 Import into the United States:

For orders shipping from outside of the United States, Supplier shall strictly follow all PASS Inc. shipping instructions and shall provide copies of the following documents to PASS Inc. prior to, but in no case no later than the time of shipment:

- A) FAA/EASA/TCCA or other civil aircraft certification, if applicable;
- B) Commercial Shipping Invoice;
- C) Packing List;
- D) Airway Bill;
- E) Foreign Sales Declaration, if applicable; a
- F) MSDS declarations, if applicable: and
- G) Any other document required per commodity type.

4.21 Supplier ITAR Representations:

If Supplier is engaged in the United States in the business of exporting, manufacturing, brokering, or any other value added service of items controlled by the ITAR, Supplier represents that it is registered with the Directorate of Defense Trade Controls (DDTC), as may be required by 22 C.F.R. 122.1 and/or 22 C.F.R. 129.3 of the ITAR and that it maintains an effective export/import compliance program in accordance with DDTC guidelines.

4.20.3 Debarment of Seller:

If Supplier (or any of its subcontractors) is debarred by the U.S. Government from participating in transactions which involve the export of items (whether commercial or military), PASS Inc. has the immediate available option of canceling this order without liability of any kind to Supplier. If Supplier (or any of its subcontractors) is debarred by the U.S. Government from selling items either directly to the government or from providing items as a subcontractor in fulfillment of requirements originating with the U.S. Government, PASS Inc. has the immediate available option of canceling this order without liability of any kind to Supplier. If PASS Inc. only becomes aware of such status of Supplier (or any of its subcontractors) after receipt of the ordered items, PASS Inc. may return such items to Supplier and Supplier shall immediately refund all amounts paid by PASS Inc., if any, for such items. It is Supplier's responsibility to determine if its subcontractors meet the requirements of this paragraph.