

Honematic Machine Corporation P.O. Terms & Conditions

Code	Clause	Requirement
101	Quality Management System	Supplier must maintain an effective quality management system to ensure product and process integrity. For Aerospace products system must meet the requirements of AS9100 and must have a third party certification. Supplier must notify Buyer of any changes to certifications.
102	Price	Unless otherwise specified, the prices established by this contract are firm fixed prices. Supplier warrants that any unit prices charged herein do not exceed the unit prices charged by seller to other customers in substantially similar transactions. In the event that supplier is liable to buyer for any amounts, buyer may, at its election, set-off any amounts payable to supplier under this contract.
103	Purchase Order Confirmation	This order must be confirmed. Purchase order is not effective until Buyer receives a copy of order confirmation acknowledging the terms and conditions of this order. Shipment of merchandise also implies acceptance of the terms and conditions of this purchase order as well as the noted quality clauses. Any additional or different terms or conditions which may appear in any communication from Supplier are hereby expressly objected to and shall not be effective or binding unless specifically agreed to in writing by Buyer. Buyer's acceptance of goods shall not deem acceptance of any additional or different terms or conditions, unless such acceptance specifically recognized and assents to their inclusion.
104	Changes	No verbal changes. Changes shall not be binding upon Buyer except when specifically confirmed in writing.
105	Flow Down of Requirements	Subcontracting of services under this order is prohibited without written permission from Buyer. When subcontracting is allowed Seller shall flow down all applicable Purchase Order requirements to the supply chain.
106	Schedule	Supplier must notify Buyer purchasing agent, in writing, immediately of any actual or potential delays in the performance of this contract. Such notice shall include a revised schedule and shall not constitute a waiver to Buyer's rights and remedies hereunder.
107	Packaging & Shipping	All charges for boxing, packaging, crating and storage are included in the price stated herein. Good shall be packed using material of grade, size and weight, providing physical protection from damage and contamination during handling and transport. (Refer to ASTM D3951-10). If PO terms are FOB shipping point, Supplier will conform to Buyer's shipping instructions.
108	Notification of Nonconforming Product	Supplier shall notify buyer of any nonconforming product detected by the Supplier prior to shipment and obtain Buyer approval for nonconforming product disposition.
109	Rejections	If supplier delivers nonconforming Products or Services, Buyer may, at its option and Seller's expense: (1) return the goods for refund or credit; (2) require Seller to promptly correct or replace the issue, (3) correct the nonconformance; or, (4) obtain conforming Product or Services from another source. Seller shall be liable for any increase in costs attributable to Buyer's rejection of the nonconforming Goods or Services.
110	Conformity	Seller must ensure that personnel have the appropriate skills and experience to handle and process the product or service conformity throughout the performance of this order, and that persons are aware of their contribution to product or service conformity, their contribution to product safety and the importance of ethical behavior.
111	Record Retention	All records and inspection reports pertaining to the order shall be retained for a period of not less than 7 years, unless otherwise stated on the order.
112	Right of Access	Supplier shall provide the right of access to Buyer, Buyer's Customer and regulatory authorities to all facilities involved in this order ,and to applicable documented information, at any level of the supply chain.
113	FOD	Supplier shall establish and maintain an effective Foreign Object Damage (FOD) Prevention Program using NAS412 as a guideline.

114	Counterfeit Avoidance	Supplier shall prevent the use of counterfeit parts. Supplier shall provide product that contains material provided directly from the original equipment manufacturer (OEM) or Supplier or distributor.
115	Termination for Default	Any of the following events shall constitute an event of default. (1) Supplier fails to deliver any Product or perform any Services with the time specified in an Order or any extension granted in writing by Buyer; (2) Supplier breaches or fails to perform any of the other provisions of this order, if such breach or failure is subject to cure, and fails to cure such breach or failure with a period of 10 calendar days after receipt of written notice from Buyer specifying Supplier's breach or failure to perform; (3) Seller breaches a representation or warranty of Supplier to Buyer made in this order; (4) Seller becomes insolvent or makes a general assignment for the benefit of creditors, or files or has filed against it a petition of bankruptcy or for reorganization, or pursues any other remedy under any other Law relating to the relief for debtors, or a trustee or receiver is appointed for Supplier's property or business. If any event of default occurs, Buyer may, by written notice to Supplier, immediately terminate this order or any other affected order, in whole or in part, and Buyer shall not be required to accept the tender by Supplier of any Products or Services subject to the termination. Supplier must continue work not terminated.
116	Termination for Convenience	Buyer may at any time, by written notice to Supplier, terminate this Order in whole or in part, for convenience. Buyer shall effect any such termination by delivering to Supplier a written notice specifying the extent of such termination and the effective date. In such an event, Buyer shall have all rights and obligations accruing to it either at law or in equity, including Buyer's rights to title and possession of the goods and materials paid for. Buyer may take immediate possession of all work so performed upon notice of terminations. Supplier shall immediately stop work and limit costs incurred on the terminated work. If such termination is for the convenience of the Buyer, Buyer after deducting and amount(s) previously paid, shall reimburse Supplier for the actual, reasonable, substantiated and allowable costs with the total amount to be paid by the Buyer being determined by negotiation.
117	Supplier Performance	Supplier performance is reviewed for quality and delivery issues. Corrective action is required from the supplier for poor performance in these areas. When Honematic requires corrective action, a positive response to the request must be received within fifteen (15) working days unless otherwise stated on corrective action request or agreed upon in writing.
118	Certification Requirements	Certification of Compliance is required with each shipment. Certification must list quantity, PO number, part number, revision, specification with revision and serial number of parts processed as applicable. Neither material nor invoices can be processed without proper certifications.
119	First Article Inspection	First Article Inspection (FAI) Report required with initial delivery per AS9102. Any changes in design affecting form, fit, function, change in manufacturing process, source, inspection location, tooling, change in numerical control program, natural man-made event that may adversely affect manufacturing process, or a lapse in production for two or more years will require FAI.
120	Raw Material Requirements	Original mill certifications are required with each shipment. Neither material nor invoices can be processed without proper certifications by heat number. Supplier declares that any material, part, sub-component, component, semi-finished product supplied to Honematic Machine Corp. either directly or via third parties do not, to the best of its knowledge, contain any metals (Tantalum, Tungsten, Tin, Gold or Cobalt) derived from Columbite-Tantalite (Coltan), Cassiterite, Gold, Wolframite or their derivatives originating from the Democratic Republic of Congo and its adjoining countries as defined in the section 1502 of the "Dodd-Frank Wall Street Reform and Consumer Protection Act." and its affiliated laws or regulations.

121	Mercury Free Clause	The equipment covered by this order is subject to the prohibition of Mercurial contamination. During manufacturing processes, tests and inspections, the product shall not have come in contact with Mercury or any of its compounds nor with any Mercury containing device employing a single boundary of containment without the specific approval of the purchaser. Certificate of compliance for these requirements shall be provided when required by material specifications or drawings.
122	County of Origin	Certifications must state country of origin. Must be DFARS 252.225-7014, Alt-1 compliant.
123	Buy American Act	The supplier shall deliver domestic end products per FAR 52.225
124	Honematic Source Inspection	Honematic Machine source inspection is required. Supplier must notify Honematic Quality Manager four days prior to when material is ready for inspection to schedule.
125	Government Source Inspection	Government source inspection is required prior to shipment from your plant. Promptly notify the representative who services your plant or nearest defense supply agency so that appropriate planning for Government inspection shall be accomplished. Evidence of Government inspection shall be provided with shipment.
126	Nuclear flow down	Seller shall include the following pre-printed statement on manufacturing work instructions, manufacturing records, inspection, and/or test forms generated by seller to verify or report the performance of any work in conjunctions with the subject order. "NOTE: The recording of false, fictitious or fraudulent statements or entries on this document may be punishable as a felony under Federal Statute." Seller agrees to include this article, including this paragraph, in every subcontract or lower-tier purchase order for material, parts or services under this order. Any inability or unwillingness of a lower-tier supplier to comply with this provision shall promptly be documented in writing and provided to, as applicable Honematic Machine.
127	ITAR	This order contains unclassified defense "Technical Data" controlled by the U.S. Department of State, International Traffic in Arms Regulations (ITAR), 22 CFR Parts 120-130 and may not be exported, re-exported, transferred, or otherwise disposed of in any Country or disclosed to a foreign person without the prior written approval of Honematic Machine Corp., and the U.S. Department of State, Directorate of Defense Trade Controls.
128	Sikorsky Flow down	This is a Sikorsky Requirement. The goods, items and supplies purchased under this order are subject to the requirements of SSQR-01 and AS9100. Supplier shall flow down the applicable requirements of this order to its lower tier suppliers. Any changes made to a lower tier supplier, process or operation by supplier or its lower tier supplier(s) after submittal of qualification samples or initial deliveries, shall be controlled with documented evidence that the changes have been independently verified to assure continued conformance to the requirements of the order including, but not limited to safety, performance, reliability, interchangeability, service life, weight or appearance (when appearance is applicable).