



## Purchase Order Terms and Conditions (5-16-23)

The General Purchase Order Terms and Conditions are the only terms that apply to any purchase order being placed by the Buyer. These Purchase Order Terms and Conditions prevail over any of the Seller's terms and conditions. Any additional or contradictory Terms and Conditions are rejected and shall not apply.

The rights and obligations of the Buyer and Seller hereunder shall be governed in all respects by the law of the State of California, U.S.A. The exclusive forum for adjudication of any disputes shall be the federal or state courts of the State of California, and the Buyer/Seller hereby consent to personal jurisdiction and venue in such courts in any proceedings.

These Terms and Conditions of Sale together with any other terms specifically agreed to in writing by both the Buyer and the Seller shall constitute the entire agreement between the Buyer and the Seller and supersedes any prior or contemporaneous representations, agreements, proposals, warranties, or understandings, oral or written, express or implied. No waiver, modification, amendment, rescission or other changes to these Terms and Conditions of Sale shall be binding unless specifically agreed to in writing by an authorized representative of the Buyer.

The invalidity, of any part hereof shall not affect the validity of the remainder. The failure of the Buyer to assert any right at any time hereunder shall not prevent Buyer's subsequent assertion of the same or different rights.

### **Definitions:**

"Buyer" means the authorized purchasing representative from Daico Industries.

"FAR" means Federal Acquisition Regulation as in effect of this order.

"DFARS" means Defense Federal Acquisition Regulation Supplement as in effect of this order.

1. **ACKNOWLEDGEMENT OF PURCHASE ORDER** - This order is Buyer's offer to Seller and when accepted by either acknowledgment or by performance shall become a binding contract subject to the terms and conditions hereof, shall constitute the entire agreement between Buyer and Seller and shall supersede any other agreements or understandings made prior to the date of this order.
  - a. Immediate return of the Purchase Order acknowledgment is required
  - b. All taxes to be paid by the Buyer must be itemized separately on the invoices.
  - c. Packing slip must accompany each case or parcel. The Buyer's purchase order number shall appear on the outside of each package, and on all packing sheets, invoices, bill of lading, air bills, express receipts, correspondence, etc. If shipment is made in more than one container, a copy of the master packing slip must be included in each container, and number of the bill of lading or express receipt for such shipment must be marked on each container. Do not declare valuation on shipments moving via rail express, air express, or air freight and do not ensure parcel post in connection with shipments moving at buyer's risk or expense.
  - d. If items are not Source inspected, or material is not accompanied by Certificate of Conformance of Test Reports, the following certification shall appear on all packing sheet: A Material furnished on this order have been manufactured in accordance with all applicable instructions and specifications. Physical and chemical data pertaining to this order are available for inspection and will be kept on file for a period as stated on the Daico Industries Standard Quality Provision for Purchased Materials - Document Availability section.
  - e. If inspection "Yes" is noted on the face of this purchase order, MIL-STD-45208A herein applies.
2. **PACKAGING AND SHIPPING** – All items must be suitably packed and prepared for shipment to secure lowest transportation rates and comply with carrier regulations. No charges will be paid by Buyer for packing, crating or cartage unless stated in the order. All shipments to be forwarded on one day via one route must be consolidated. Each container must be consecutively numbered and marked to show order number and the container and order

## Purchase Order Terms and Conditions (5-16-23)

numbers must be indicated on bill of lading. Packing sheets, showing order number must be included in each package of LCL shipments and with each carload shipment. Items sold F.O.B. shipping point must be forwarded collect. Seller agrees that when shipping it will make no declaration concerning the value of the product shipped, except where shipment is subject to released valuation ratings. In such cases, shipment shall be released at the lowest rating. All items to be shipped directly to the Government F.O.B. Seller's Plant, F.O.B. City of Origin, or F.O.B. shipping point shall be delivered and properly loaded by Seller F.O.B. equipment of the carrier designated by Buyer at the nearest point such equipment is available, except that if such carrier is rail, LCL shipments shall be delivered to the carrier.

3. **DELIVERY** - Deliveries shall be in strict accordance with the schedule set out or referred to in the order and in exact quantities ordered. If it appears that the Seller's deliveries will not meet such schedule or if Seller's deliveries fail to meet such schedule, upon request of Buyer, and in addition to any other rights or remedies provided to Buyer by law or under this order, Seller shall ship via expedite routing necessary to meet such schedule or to recover the maximum possible time lost by failure to deliver on schedule, and the difference between the expedite routing and the order routing cost shall be charged to the Seller's account. Notwithstanding the foregoing, Seller shall not be liable for delay in delivery due to causes beyond Seller's control and without Seller's fault or negligence, provided Seller exercises due diligence in promptly notifying Buyer of conditions which will result in delay, and provided further, if Seller's delay is caused by the default of a subcontractor or supplier, such default arises out of causes beyond the control of both Seller and the subcontractor or supplier and without the fault or negligence of either of them and the supplies or services to be furnished by the subcontractor or supplier were not obtainable from other sources in sufficient time to permit Seller to meet required delivery schedule.
4. **INVOICE AND PAYMENT** - Unless otherwise provided in this order, no invoices shall be issued nor payments made prior to delivery. Individual invoices must be issued for each shipment under this order. Unless freight and other charges or itemized, any discounts will be taken on full amount of invoice. All payments are subject to adjustment for shortages or rejections.
5. **WARRANTIES** - Seller warrants that all items delivered under this order will be free from defects in material and workmanship, that all items will conform to applicable specifications and drawings, and to the extent such items are not manufactured pursuant to detailed designs furnished by Buyer, that all items will be free from defects in design and suitable for the intended purposes. The warranties of Seller, together with its service warranties and guarantees, if any, shall run to the Buyer and its customers.
6. **INSPECTION** - Buyer and its customer may inspect and test material, work in progress and supplies at all times and places, during the manufacture and otherwise. If inspection and test are made on Seller's premises, Seller, without additional charge, shall provide reasonable facilities and assistance for the safety and convenience of the Inspectors in performing their duties. Inspections and test by the Buyer shall be performed in such manner as not to delay work unduly. Buyer may charge to Seller any additional cost of inspection and test when material, work, or supplies are not ready at the time such inspection and test is requested by Seller. In case of rejection, neither Buyer, nor its customers, shall be liable for any reduction in value of samples used in connection with such inspection or test. Except as otherwise agreed in writing, all shipments and supplies furnished under this purchase order shall be subject to final inspection and acceptance by Buyer after receipt by Buyer at destination, notwithstanding any previous source inspection or acceptance. Seller shall maintain an inspection and quality control system acceptable to Buyer and its customer.
7. **REJECTION** - Buyer shall notify Seller if any items delivered hereunder are rejected, and at Buyer's election and Seller's risk and expense, such items shall be held by Buyer or returned to Seller. No replacement or correction of defective items shall be made by Seller unless agreed to in writing by Buyer.
8. **CHANGES** - Buyer may at any time, by written order, make changes within the general scope of this order, in any one or more of the following: (i) drawings, designs or specifications; (ii) method of shipment or packing; (iii) place of inspection, delivery, or acceptance; (iv) quantities (increase only); (v) delivery schedule; and (vi) the amount of Buyer or Government furnished property. Seller shall proceed immediately to perform this order as changed. If any such changes cause an increase or decrease in the cost of, or the time required for the performance of any parts of the work under this order, whether changed or not changed by any such order, an equitable adjustment shall be made in the order price or delivery schedule, or both, and this order shall be modified in writing accordingly. Any claim by Seller for adjustment under this clause must be asserted within thirty (30) days from the date of receipt by Seller of such written order or within such further time as may at any time be agreed upon in writing by the parties, provided,



Purchase Order Terms  
and Conditions (5-16-23)

however, that the Buyer, if it decides that the facts justify such action, may receive and act upon any such claim at any time prior to final payment under this order. Failure of the parties to agree upon any adjustment to be made under this clause shall not excuse the Seller from proceeding with this order as changed.

9. **RESPONSIBILITY FOR PROPERTY** - Unless otherwise provided in this order, Seller, upon delivery to it or manufacture or acquisition by it, of any materials, parts, tooling or other property the title to which is in the Buyer or the Government, assumes the risk of and shall be responsible for any loss thereof or damage thereto. Seller, in accordance with the provisions of this order, but in any event upon completion thereof, shall return such property to the Buyer in the condition in which it was received except for reasonable wear and tear, and except to the extent that such property has been incorporated in items delivered under this order, or has been consumed in normal performance of work under this order. If Seller is furnished Government owned property for use in connection with this order, Seller shall comply with the provisions found under Part 45- Government Property in the Federal Acquisition Regulation (FAR).
10. **PATENT PROTECTION** - With respect to all items delivered under this order, except items manufactured pursuant to detailed design developed and furnished by the Buyer, Seller shall save the Buyer, its agent and customers, and users of its products harmless from all loss, damage and liability which may be incurred on account of infringement or alleged infringement of any United States Patent arising out of the manufacture, sale or use of such items by Seller, Buyer, Buyer's agents or customers, or users of its products and Seller shall, at its own expense, defend all claims, suits and actions against the Buyer, its agents or customers or users of its products in which such infringement is alleged, provided Seller is duly notified of such claims, suits and actions, and provided Seller's indemnity shall not apply to any infringement arising from the use or sale of an item delivered hereunder in combination with other items not delivered hereunder when such infringement would not have occurred from the use or sale of the item solely for the purpose for which it was designed or sold to Buyer, and provided further Seller's indemnity shall extend to the United States of America only if and to the extent the United States of America is indemnified by the Buyer.
11. **ASSIGNMENTS** - No assignment of this order or of any moneys due or to become due hereunder shall be binding upon Buyer until its written consent thereto is obtained.
12. **SUBCONTRACTING** - Seller shall not procure or contract for the procurement of any item covered by this order in completed or substantially completed form without first securing the written approval of the Buyer.
13. **TITLE AND RISK OF LOSS** - Unless otherwise provided in this order, Seller shall have title to and bear the risk of any loss of or damage to the items purchased hereunder until they are delivered in conformity with this order at the F.O.B. point specified on the face hereof and upon such delivery title shall pass from the Seller and Seller's responsibility for loss or damage shall cease, except for loss or damage resulting from Seller's negligence. Passing of title upon such delivery shall not constitute acceptance of the item by the Buyer.
14. **TERMINATION** - The Termination clause set forth in Part 49 - Termination of Contracts of the Federal Acquisition Regulations (FAR) is hereby incorporated herein by reference, except that if no Government contract number appears on the face of this order, the term The Government and the immediately preceding word, such as and, or by, wherever appearing in the said clause are deleted. The provisions of this clause shall not limit or affect the rights or remedies of the Buyer stated in other clauses of this order or provided by law in the event of default or breach by the Seller.
15. **COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS** –
  - a) The Seller warrants that in the performance of this order, it has complied with or will comply with all applicable Federal, State, and local laws and ordinances and all lawful orders, rules and regulations thereunder, including but not by way of limitation, the applicable provisions of the Fair Labor Standards Act of 1938 as amended (29 U.S.C. Sec 201-219), the Walsh Healey Public Contracts Act as amended (41 U.S.C. Sec 35-45), the Work Hours Act of 1962 (Public Law 87-581, 76 Stat.357-360) and all lawful rules and regulations thereunder. In connection with this order, on invoice or in other form satisfactory to Buyer, Seller shall submit certification that the terms covered by this order were produced in compliance with all applicable requirements of Section 6, 7 and 12 of the Fair Labor Standards act, as amended, and of regulations and orders of the U.S. Department of Labor issued under Section 14 thereof.

Purchase Order Terms  
and Conditions (5-16-23)

- b) The clause entitled Renegotiation set forth in Section 7-103.13(a) of ASPR and the clause entitled Excess Profile set forth in Section 7-104.11 (a) of ASOR are hereby incorporated herein by reference except that the term Contractor shall mean Seller, and this contract shall mean this order.
16. **DISCLOSURE AND USE OF INFORMATION AND ITEM** – Seller shall keep confidential all designs, processes, drawings, specifications, reports, data, and other technical or proprietary information and this features of all parts, equipment, tools, gauges, patterns, and other items furnished or disclosed to the Seller by Buyer in connection with this order. Unless otherwise provided herein or authorized by Buyer in writing, the Seller shall use such information and items, and the features thereof, inly in the performance of this order. Upon completion or termination of this order, Seller shall return all such information and items to Buyer or make such other disposition thereof as may be directed or approved by Buyer, provided, however, that upon prior written notice to Buyer and to the extent such use will not interfere with the Seller’s performance of this or other orders from Buyer in effect at the time Seller enters into a direct contract with the U.S. Government. Seller shall have the right to use such information and items in the manufacture of end items for direct sale to the U.S. Government to the extent the Government has the right under its prime contracts with Buyer to authorize such use by Seller, provided that to the extent practicable Seller prominently identifies each such end item as being manufactured by Seller for direct sale to the U.S. Government.
17. **NOTICE OF LABOR DISPUTES** – Whenever Seller has knowledge that an actual or potential labor dispute is delaying or threatens to delay the timely performance of this order, Seller shall immediately give notice thereof, including all relevant information with respect thereto to Buyer. Seller shall insert the substance of this clause. Including this sentence, in any subcontract hereunder as to which a labor dispute may delay the timely performance of this order, except that only subcontractor need give the required notice and information only to its next higher-tier subcontractor.
18. **MILITARY SECURTIY REQUIREMENTS** – If this order involves access to classified information by Seller, the clause set forth in Section 7-104.12 of ASPR is hereby incorporated herein by reference, except that the term Contract shall mean Seller. Government shall mean Buyer or the Government, and contractor shall mean this order.
19. **CONDITIONS APPLICABLE IF GOVERNMENT CONTRACT NUMBER APPEARS ON FACE OF ORDER-**
- a. **INSPECTION AND AUDIT** – Any authorized representative of the Department of Defense may (i) inspect the plant or plants of Seller engaged in the performance of this order; and (ii) inspect and audit Seller’s books and records relating to the performance if this order; and (iii) inspect and test the items to be delivered under this order to the extent practicable at all times and places including the period of manufacture, and in any event prior to acceptance. If any such inspection or test is made on the premises of Seller, Seller shall provide all reasonable facilities and assistance for the safety and convenience of the Government personnel I the performance of their duties.
- b. **EXAMINATION OF RECORDS** – Seller agrees that the Comptroller General of the United States or any of his duty authorized representatives shall until the expiration of three years after final payment under this order, have access to and the right to examine any directly pertinent books, documents, papers and records of Seller involving transactions related to this order. The provisions hereof are inapplicable to any order not exceeding \$2,500.00.
- c. **NONDISCRIMINATION IN EMPLOYMENT** – The clause set forth in Section 12.802(a) of ASPR in hereby incorporated herein by reference, except that the term Contractor as used therein shall mean Seller, and contract shall mean this order.
- d. **BUY AMERICAN ACT** – Seller warrants that the items delivered under this order will be minded or produced in the United States or manufactured therein from components mined, produced, or manufactured therein to the extent required under the Buy American Act (41 U.S.C. Sec. 10-s-d) and the applicable determination thereunder referred to in 52.225-3 Buy American Act.
- e. **U.S. FOREIGN CORRUPT PRACTICES ACT of 1977 and UNITED KINGDOM BRIBERY ACT of 2010** – Seller warrants that they shall not violate or cause the Buyer to violate these acts.
- f. **SAFETY PRECAUTION FOR DANGEROUS MATERIALS** – If this order requires the development, testing, storage, manufacture, packaging, transporting, handling, disposal or use of dangerous materials, as defined in paragraph (a) of the clause set forth in the Air Force Procurement instruction 7-404B, then paragraph (a) and (b) of said clause are hereby incorporated herein by reference except that the terms Contractor shall mean Seller and Contracting Officer shall mean Buyer and contract shall mean this order.

Purchase Order Terms  
and Conditions (5-16-23)

- g. **NOTICE AND ASSISTANCE** – Paragraph (a) and (b) of the clause set forth in Section 9-104 of ASPR are hereby incorporated herein by reference except that the term Contracting Officer shall mean Buyer. Contractor shall mean Seller, Government shall mean Buyer or the Government, and this contract shall mean this order.
- h. **PATENT RIGHTS GOVERNMENT** –
  - 1) If this order in excess of \$3000 and requires Seller to perform experiment or research work, Seller agrees to make these disclosures and grant the right to the United States Government required to be made and granted by a Contractor under the contract clause set forth in Subpart 27.3 – Patent Right under Government Contracts paragraph 27.300 of FARs, and such clause is hereby incorporated herein by reference. For the purpose of this paragraph (1) the FAR clauses referenced herein are those in effect as January 1, 1998.
  - 2) If the Government prime contract under which this order is issued contains any or all of the clauses set forth in Subpart 27.3 – Patent Rights under Government Contracts paragraph 27.300 of FAR and this order is for experimental, developmental or research work then these clauses, or whichever of these clauses are so incorporated, are hereby incorporated herein by reference, and paragraph (1) above is deleted and the Seller agrees to make the disclosures and grant the right to the United States Government required to be made and granted by a Contractor.
- i. **FILING OF PATENT APPLICATIONS** – The clause set forth in Subpart 27.3 – Patent Rights under Government Contracts paragraph 27.300 of FAR is hereby incorporated herein by reference, except that the term Contractor shall mean Seller, and this contract shall mean this order.
- j. **DATA GOVERNMENT** –
  - 1) The clauses set forth in Part 27 – Patent, Data and Copyrights paragraph 30.500 in FAR are hereby incorporated herein by reference for the benefit of the Government, except that the term Contractor used therein shall mean Seller. Contracting Officer shall mean Buyer and the term contract except in paragraph (g) and schedule shall mean this order. Pursuant to Section 9-203.2, all data called for by this order, whether specified directly or by reference, is hereby identified as being required to be furnished hereunder, notwithstanding that it is or may be proprietary, but such identification shall not be deemed a determination that such data is proprietary. For the purpose of this paragraph (1) the FAR clauses referenced herein are those in effect as of January 1, 1998.
  - 2) If the Government prime contract under which this order is issued contains any or all of the clauses set forth in Part 27 – Patent, Data and Copyrights paragraph 30.500 in FAR then the clauses, or whichever of these clauses are so incorporated, are hereby incorporated herein by reference and the clauses set forth in paragraph (1) above are deleted.
- k. **DATA-WITHHOLDING OF PAYMENTS** – If data called for by this order, or any part thereof, is not delivered within the time specified by this order or is deficient upon deliver (including having restrictive markings not specifically authorized by this order), the Buyer may, until such Data is delivered or deficiencies are corrected, withhold payment of any amounts due Seller under this order or otherwise due Seller equal to (10%) of the purchase order prices or such other withholding as specified in the order. Payments shall not be withheld where the Seller's failure to make timely delivery or to deliver data without deficiencies arises out of causes beyond the control and without the fault or negligence of Seller, provided Seller exercises due diligence in promptly notifying Buyer of conditions which will result in such delay or deficiencies and provided further, if Seller's delay is caused by the default of a subcontractor or supplier, such default arises out of causes beyond the control of both seller and the subcontractor or supplier, and without the fault or negligence of either of them. The rights set forth herein shall not be construed as a limitation upon or waiver of any other rights or remedies accruing to the Buyer by law or under this order.
- l. **SMALL BUSINESS AND LABOR SURPLUS AREAS** – The clause entitled Utilization of Small Business Concerns set forth in Section 1-707.3(a) of ASPR and the clauses entitled Utilization of Concerns in Labor Surplus Areas set forth in Section 1-805.3(a) of ASPR are hereby incorporated herein by reference, except that the term Contractor shall mean Seller, and this contract shall mean this order. If this order is in excess of \$500,000 the clause entitled Small Business Subcontracting Program set forth in Section 1-707.3(b) of ASPR and the clause entitled Labor Small Business Subcontracting Program set forth in Section 1-805.3(b) of ASPR are hereby incorporated herein by reference, except that the term Contractor shall mean Seller, and this contract shall mean this order.

Purchase Order Terms  
and Conditions (5-16-23)

- m. **DUTY FREE ENTRY** – Canadian Supplies – If this order exceeds \$500, the clause set forth in section 6-605.2 of ASPR is hereby incorporated herein by reference, except that the term Contracting Officer used therein shall mean Buyer, Contractor shall mean Seller, and contract shall mean this order. Upon request, Buyer will furnish the applicable name and address referred to in said clause.
  - n. **STOP WORK ORDER** – The clause set forth in Section 7-105.8 of ASPR is hereby incorporated herein by reference, except that the term Contracting Officer used therein shall mean Buyer, Contractor shall mean Seller, contract shall mean this order, the termination clause referred to therein shall mean the ASPR Termination clause incorporated in this order, the reference therein to Disputes clause shall be inapplicable.
  - o. **CLEANANCE OF MATERIAL INTENDED FOR PUBLIC RELEASE** – No news release, advertisement, public announcement, denial, or confirmation of same on any part of the subject matter of this order or any phase or any program hereunder shall be made without the prior written approval of Buyer.
20. **EDI PURCHASE** – Any purchases made through the use of an Electronic Data Interchange EDI system shall be covered under these Purchase Order Terms and Conditions.
21. **COUNTERFEIT PRODUCT PREVENTION** – Seller warrants that all items delivered under this order will be manufactured and stored in a manner that is in compliance with the guidelines of International Organization Standardization (ISO) 9001 at the minimum.



Purchase Order Terms  
and Conditions (5-16-23)

QUALITY ASSURANCE REQUIREMENTS FOR PURCHASED MATERIALS

DAICO INDUSTRIES, INC.

THE GENERAL QUALITY PROVISIONS SHOWN BELOW AND THE PACKING AND PACKAGING REQUIREMENTS SHOWN ON THE SCD ARE AN INTEGRAL PART OF EACH PURCHASE ORDER. THE SPECIFIC QUALITY PROVISIONS BECOME AN INTEGRAL PART OF EACH PURCHASE ORDER TO THE EXTENT SPECIFIED IN THE PURCHASE ORDER. MATERIALS RECEIVED WHICH DO NOT CONFORM TO THE PROVISIONS AS INVOKED WILL BE SUBJECT TO REJECTION, OR SUCH OTHER MEASURES AS MAY BE DEEMED NECESSARY BY THE DIRECTOR, PRODUCT ASSURANCE OR HIS DELEGATE.

GENERAL QUALITY PROVISIONS

**Seller's Acceptance Inspection**

Each shipment against this order shall include documentary evidence of product acceptance by Seller's inspection organization. Objective evidence of inspection and acceptance shall be directly traceable to Seller's responsible inspection organization. This evidence shall be one of the following:

- A. A copy of Seller's inspection report indicating Seller's acceptance inspection findings for items under this order, or
- B. A signed or stamped and dated indication of acceptance by Seller's inspection organization on the shipping document, or
- C. A certificate of conformance containing a statement that material shipped conforms in all respects to applicable specifications and/or standards. The certificate must relate specifically to the part number being purchased and contain the signature of an officer of the company.

**Document Availability**

Test reports, inspection records, or verifiable documentation of quality, indicating conformance to applicable specifications shall be maintained by the Seller and shall be available for review by the Buyer and/or Government. The reports, records, or verifiable documentation shall be retained for a period of seven (7) years after final shipment unless otherwise specified in the Purchase Order/Contract.

**Control Of Nonconforming Supplies**

The Seller shall provide and maintain an effective system for the control of nonconforming supplies including procedures for its identification, segregation and disposition. Such nonconforming supplies shall be identified to prevent the use, shipment or commingling with conforming supplies.

If the Seller is not authorized by the Buyer in writing to hold authorized Materials Review on nonconforming material, the Seller shall request disposition from the Buyer. The Seller cannot conduct Materials Review action unless requested of and approved by the Buyer in writing.

**Notice Of Previous Rejection**

When the Seller submits material which had been previously rejected by the Buyer, the Seller's shipping document shall contain, or have attached to it the statement, "Resubmitted Lot" and shall reference the Buyer's rejection document number, i.e., Return to Vendor Report (RTVR) or Material Review Report (MRR) number.

**Inspection and /or Production Tooling**





## Purchase Order Terms and Conditions (5-16-23)

Seller is held responsible for the protection, calibration, and care, other than normal wear, of all production and inspection tooling and equipment furnished or owned by Daico Industries for use in performance of Purchase Order requirements. All tooling shall be subject to Daico surveillance and/or inspection upon notice. Said tooling, or replacement tooling of equal quality, shall be returned in an acceptable condition upon demand or notice.

### **Marking Permanency**

Items supplied shall meet marking permanency requirements of the applicable specification for markings, such as part numbers and identification. Permanent, non-conductive epoxy-based inks are preferred, such as those conforming to A-A-56032.

After testing for marking permanency per specification requirements, there shall be no deterioration or discoloration of the markings such that legibility is impaired; and there shall be no deleterious mechanical or electrical damage or deterioration of the material or finishes caused by the markings.

### **Qualified Products List (QPL) Verification**

Seller's, including Distributors, providing QPL parts shall supply the prime manufacturer's name and QPL number, and corresponding QPL test report number with each shipment.

## SPECIFIC QUALITY PROVISIONS

THE SPECIFIC QUALITY PROVISIONS WHICH MAY BE REQUIRED AS PART OF EACH PURCHASE ORDER ARE DETAILED ON PAGES 8 THROUGH 14. THESE PROVISIONS WHEN CALLED FOR BY REFERENCE NUMBER ON THE PURCHASE ORDER IN THE "TYPE OF INSPECTION REQUIRED" BLOCK ARE IN ADDITION TO ALL OTHERS CLAUSES, PROVISIONS, INSTRUCTIONS AND TERMS AND CONDITIONS OF PURCHASE AND ARE A PART THEREOF BY REFERENCE.

### **1. GOVERNMENT PROCESS AND INSPECTION REVIEW**

- (A) Government Inspection is required prior to shipment from your plant. Upon receipt of this order, promptly notify the Government Representative who normally services your plant so that appropriate planning for Government Inspection can be accomplished.
- (B) On receipt of this order, promptly furnish a copy to the Government Representative who normally services your plant, or, if none, to the nearest Army, Navy, Air Force, or Defense Supply Agency inspection office. In the event the representative or office cannot be located, the cognizant Buyer should be notified immediately.
- (C) The right of access shall be granted to Government, regulatory authorities, Daico Industries, Inc. and it's customer's. During performance on this order, your quality control or inspection system and manufacturing processes are subject to review, verification and analysis by authorized government representatives. Government inspection or release of product prior to shipment is not required unless you are otherwise notified. You shall provide a copy of this order to your Government Representative upon his request.

### **2. QUALITY PROGRAM AND INSPECTION SYSTEM REQUIREMENTS**

The seller shall have a Quality program that conforms to:



Purchase Order Terms  
and Conditions (5-16-23)

- (A) An inspection system applicable and adequate, for material or service being supplied to Daico Industries.
- (B) Compliant ISO9001, AS9100, AS9120 OR NADCAP 'Inspection System Requirement'. This shall include a documented Foreign Object Debris prevention program (F.O.D. program) and Counterfeit Material Avoidance program I.A.W. A55553 and AS6174. Ensure that persons/employees are aware of the importance of ethical behavior, their contribution to product or service conformity and product safety.

**3. PHYSICAL AND CHEMICAL CHARACTERISTICS**

- (A) **Manufactured Articles - Raw Material Test Reports**  
Seller shall maintain on file, and assure availability for Buyer's review upon request, results of chemical and/or physical tests required to satisfy specification requirements for the raw materials used in the manufacture of articles delivered under this order.
- (B) **Raw Material - Chemical and Physical Test Reports**  
Each shipment of raw material must be accompanied by two legible and reproducible copies of the applicable chemical and physical test results required by and identifiable to the material specifications identified in this order. Test reports furnished shall contain the signature of an authorized representative of the agency performing the tests and evidence of conformance to specification requirements.
- (C) Mill or foundry physical and chemical test reports or a true copy thereof (either carbon or photographic) which demonstrates conformance to all applicable specifications for all metals used in the fabrication of the ordered material shall be supplied with each shipment.
- (D) Raw Material - Each shipment shall include copies of the original raw material certification used to make the product.

**4. RADIOGRAPHIC INSPECTION**

The material on this Purchase Order requires radiographic inspection by a laboratory certified to ASTM E 1742 and approved by the Buyer. The radiographs shall be interpreted and evaluated to specifications and standards by the certified laboratory as required by the drawing and/or the purchase order. The radiographs and a copy of the laboratory X-ray report must accompany the material delivered to the Buyer.

**5. SPECIAL PROCESSING REPORT**

Inspection Reports on any special processes such as welding, heat rating, brazing, plating, painting, magnetic particle inspection, fluorescent penetrant inspection, etc., demonstrating compliance with all applicable specifications as referenced by the drawing and/or purchase order shall be submitted with each shipment.

**6. CERTIFIED TEST DATA**

## Purchase Order Terms and Conditions (5-16-23)

Certified test data (or a true copy thereof) of applicable electronic or physical measurements on stationery of the organization performing the testing shall be supplied with each shipment: (this shall include items purchased from Distributors).

- (A) Actual (Variable) readings taken from measuring instrumentation on required test quantity and test parameters.
- (B) Summary (Attribute) data. Quantity accepted and/or rejected or required test quantity and a list of the parameters tested.

### **7. SOURCE INSPECTION**

- (A) Unless the Seller receives a waiver in writing from the Buyer, all items covered by this Purchase Order are subject to surveillance and inspection by the Buyer's inspector at the point of manufacture. This will include surveillance of the products and Seller's systems, procedures, and facilities. The Seller shall furnish the necessary facilities and equipment, and perform tests to demonstrate conformance to the Buyer's drawings and/or specifications.

Final inspection and acceptance of Source Inspected material will be at the Buyer's facility. The Seller shall provide reasonable advance notice to permit scheduling of Source Inspection.

The Seller shall provide evidence of the Buyer's Source Inspection performed with each shipment. This requirement does not relieve the vendor of the responsibility for final inspection and/or test, nor does it constitute final acceptance by Daico Industries Incorporated.

- (B) The supplies on this Purchase Order require Government Inspection at the Buyer's facility. Upon receipt at the Buyer's facility, the Buyer notify Government Quality Assurance Representative.

### **8. IN-PROCESS INSPECTION**

All items covered by this Purchase Order are subject to in-process inspection by the Buyer's Quality Representative.

The Seller shall provide evidence of in-process inspection performed with each shipment.

- (A) The Buyer's Quality Representative shall designate the required in-process source inspection points on the Seller's flow plan, upon receipt and prior to manufacturing.
- (B) Prior to application of epoxy material, hermetic sealing (pre-cap) or any permanent closure, the Seller shall present the Product to the Buyer for inspection.

### **9. INITIAL ITEM INSPECTION**

The Seller shall select one item from the first production lot to be submitted against this order and shall record all drawing/specification parameters and the actual inspection results obtained on the AS9102 form or equivalent "First Article Inspection" form. The item inspected shall be so identified and shall be accompanied by the completed inspection form when received at the Buyer's facility.



Purchase Order Terms  
and Conditions (5-16-23)

**10. WORKMANSHIP STANDARD**

The material and workmanship shall conform to the latest revision of one of the following:

- (A) Electronic Equipment, Aircraft, MIL-STD-5400.
- (B) Test Equipment for use with Electronic and Fire Control Systems, MIL-T-21200 or MIL-PRF-28800.
- (C) Electronic Equipment, Naval, Ship & Shore, MIL-HBK-2036.
- (D) Electronic Equipment, Ground, General Requirements, MIL-HBK-454.
- (E) Ground Electronic and Associated equipment, MIL-HBK-454. (USAF).
- (F) Materials, Parts and Processes used in Military Electronic Equipment, SCL-6200 (USAECOM).
- (G) Standard General Requirements for Electronic equipment, MIL-HBK-454.
- (H) Parts, Materials and Processes used in Electronic Communication Equipment.
- (I) The Buyer's Workmanship Standards Manual.
- (J) The Seller's Workmanship Standards Manual.

**11. IDENTIFICATION**

- (A) Materials, parts, subassemblies, assemblies Material , parts, subassemblies, or assemblies shall be identified with the Buyer's specification or drawing revision level as referenced on the applicable purchase order. This marking shall be part of and located immediately adjacent to and following the part number identification as required by the specification or drawing.

Examples:           XXXXXX-XXXX Rev. N/C  
                          XXXXXX-XXXX R. N/C, A1, A2  
                          XXXXXX-XXXX Rev. A, B1, B2

- (B) Printed Circuit Boards and Multi-laminate Boards. For printed circuit and multi-laminate boards, the part number with the appropriate revision shall be applied to the individual packaging of the item, using suitable stick-on type labels (not applied directly to the item).
- (C) Bag and Tag Items too small for part number application. For 'Bag and Tag' Items, (items too small for part number application), the part number with appropriate revision shall be applied to the individual bag/container using suitable stick-on type labels.
- (D) Fabricated detailed machined parts shall include the Seller's name or logo adjacent to the part number and revision level marking.



Purchase Order Terms  
and Conditions (5-16-23)

(E) Wire - Each spool of wire on this order shall be legibly and permanently identified with:

- (1) Purchase Order Number
- (2) Gage, and when applicable
- (3) Daico Part Number
- (4) Military Specification Number

**12. INSPECTION AND TEST PLAN**

The quality conformance of items deliverable under this order shall be verified in accordance with an inspection and test plan which shall consist, as a minimum of:

- (A) A parts list or configuration log; or
- (B) A material flow chart which identifies points of inspection/test the type of inspection/test performed and the criteria utilized to determine acceptability at each inspection/test point; or
- (C) An inspection and test plan prepared by the Seller and approved by the Buyer prior to shipment of the first item deliverable hereunder; however, resubmission of a plan previously approved by the Buyer for like items is not required unless the Seller has changed the plan that was previously approved by the Buyer.

**13. MICROCIRCUIT PACKAGING**

Microcircuits, including diodes, transistors, flatpacks, etc., shall be packaged so as to maintain lead integrity, leads shall be free of twists or bends.

- (A) Microcircuits supplied to this purchase order shall be packed in protective carriers suitable for testing at -55° to +125° C.
- (B) Dual in-line microcircuits shall be shipped to the Buyer in dip sticks.
- (C) Dual in-line MOS microcircuits shall be shipped to the Buyer in conductive dip sticks. Each dip stick shall be marked by the Seller "MOS Microcircuits Subject to Electrostatic Damage".
- (D) MOS Microcircuits shall be shipped to the Buyer individually packaged in shipping containers which assure protection against electrostatic and mechanical damage. The container shall be externally marked "MOS Microcircuits Subject to Electrostatic Damage".
- (E) Component microcircuits shall be shipped in ESD protective waffle packs per individual drawing requirements.

**14. SELLER'S SPECIFICATION**

Shipment against this order shall contain a copy of the manufacturer's specification suitable for Receiving Inspection purposes. A proprietary specification is exempted, in this case a copy of the published description shall be furnished.

Purchase Order Terms  
and Conditions (5-16-23)

**15. SHELF LIFE**

Material/parts that have a limited shelf life shall have, at the time of receipt at the Buyer, a minimum of 75 percent of the shelf life remaining. The Seller shall be responsible for legibly and permanently identifying each part/container with the following information:

Part Number:

- (A) Rubber cure date - Seller's shipper and/or packing sheet must specify a cure date. Packages and containers (and parts when required by the drawing) must be marked with cure date per MIL-HDBK-695, SAE AS 1933 Elastomer Hose or SAE ARP 5316 Elastomer Seals and referenced Military Specifications therein, as applicable. Rubber insulated cables shall permanently indicate a cure date, as applicable.

Example: If cure date is June 2017, identify as 2Q17. For 'bag and tag' items (items too small for part number application), the part number with appropriate cure date shall be applied to the individual bag/container using suitable stick-on type labels. Bags shall be sealed when required by the detail or material specification.

- (B) Material with a limited shelf life shall reflect the Manufacturing storage life, date of manufacture and expiration date on the container (e.g., epoxies, paint, etc.), as applicable.

**16. GOVERNMENT INSPECTION AT BUYER'S FACILITY**

(See #7, B)

**17. STATEMENT OF QUALITY**

- (A) Seller shall include with each shipment a documentary statement of quality signed by an authorized agent of the seller.
- (B) The statement of quality shall identify completely the material or item by lot number, production date, or item serial number, state the specification or drawing number, revision, and date, the grade, type or value for which the item was inspected, the number of items inspected, whether the test was a go, no-go, or variable test, the location and date of inspection, and where objective quality evidence will be available for Buyer or Government review.

**18. ORIGINAL MATERIAL AND EQUIPMENT/COUNTERFEIT MATERIAL**

- (A) The seller is not authorized to deliver any item procured from sources other than OEMs or OCMs, or their Authorized Distributors without prior written authorization from the buyer.
- (B) The Supplier is reminded that any knowing and willful act to falsify, conceal or alter a material fact, or any false, fraudulent or fictitious statement or representation in connection with the performance of work under the CONTRACT may be punishable in accordance with applicable statutes and laws of the United States and other jurisdictions.



Purchase Order Terms  
and Conditions (5-16-23)

- (C) A Supplier shall flow down these requirements along their supply chain for any items on this contract.

**19. DODD FRANK ACT OF 2010**

- (A) Material provided and delivered under the contract shall be DRC conflict material free as defined in the Dodd Frank Act of 2010 section 1502. Supplier shall clearly state on the Certificate of Conformance that the parts in the contract comply to Section 1502 of the Dodd Frank Act and that no conflict minerals were used.

**20. SAFEGUARD COVERED DEFENSE AND CYBER INCIDENT REPORTING**

Supplier shall comply with the requirements of DFAR 252.204-7012, Safeguarding Covered Defense Information and Cyber Incident Reporting. When a Contractor discovers a cyber incident that affects a covered contractor information systems of the covered defense information residing therein, or that affects the contractor's ability to perform the requirements for the contract that are designated as operationally critical support; the Contractor shall:

- (A) Conduct a review for evidence of compromise of covered defense information, and
- (B) Rapidly report cyber incidents to DoD at <https://dibnet.dod.mil>

**21. ESD SENSITIVE ITEMS**

Material provided and delivered under the contract that are Class 1, 2, or 3 electronic static sensitive parts shall be packaged per:

- (A) The ESD requirements on the provided drawing.
- (B) Industry standards when no specified requirements on a drawing
- (C) Mutually agreed upon packaging when A nor B apply

**22. SOURCE OF SUPPLY**

- (A) The material provided shall meet the origin and manufacturing requirements of United States produced as defined in the Buy American Act (52.255-1).
- (B) The material provided shall meet the origin and manufacturing requirements for a Qualifying Countries as defined in the Foreign Acquisition Section of DFARs (225.003).