



National Utilities Company

Purchase Order Terms, Conditions and Quality Requirements

In general the Terms and Conditions set forth in this document establish the basic requirements set by National Utilities Company (NUCO), a division of VIJ Corp, in regards to product assurance concerning items purchased under the Purchase Order, of which this form P-7.4-2 is a part. Notes 1-18 are standard requirements. Notes A-N apply ONLY when marked on the Purchase Orders Quality Requirements Section.

- 1. PURCHASE ORDER:** Supplier shall review NUCO's Purchase Orders to ensure it meets all contractual requirements. Acceptance of the Purchase Order is considered acceptance of all applicable terms, conditions, and/or quality requirements.
 - 1.1. Neither surveillance, inspection, and/or tests made by NUCO, or representatives of NUCO at either Supplier's facility or at NUCO's facilities, nor the Supplier's compliance with all applicable Product Assurance requirements shall relieve the Supplier of the responsibility to furnish items to the requirements of the Purchase Order.
 - 1.2. No deviation of the Purchase Order may be made without prior written consent from NUCO's buying agent or an authorized Quality Assurance Representative. This includes, but is not limited to, the requirements of any drawing or processes referenced on the purchase order.
- 2. QUALITY SYSTEM:** Supplier shall provide for a Quality System acceptable to NUCO, based on the Supplier Quality survey, for the supplies covered herein.
 - 2.1. Supplier shall maintain an inspection system which provides for receiving inspection, manufacturing acceptance inspection, and all applicable tests needed to assure that materials to be delivered to NUCO are in strict compliance with all contract and/or drawing requirements.
 - 2.2. Supplier shall provide assurance of product conformance for both materials produced at Supplier's facility and those purchased from subcontractors.
 - 2.3. The Supplier shall notify NUCO in writing, including a management signature, within 24 hours when a nonconformity is discovered in the Supplier's processes or materials for product already delivered and in process.
 - 2.4. When a nonconformity exists, NUCO may request corrective action from the Supplier. Such requests require response within 5 business days and should be responded to on the form provided at the time of request. Requests for extension of the due date shall be directed to the NUCO Quality Assurance Manager within 30 days of the request.
- 3. NUCO FURNISHED MATERIAL:** Material furnished by NUCO shall be handled and stored in accordance with applicable specifications and requirements with due regard for protecting the material from damage due to handling and exposure.
 - 3.1. Visually inspect NUCO-furnished material for accountability and damage from shipment. Supplier shall notify NUCO upon receipt of any nonconforming product and shall be responsible for reporting any nonconformance requirements to NUCO within 24 hours of the nonconformance discovery.
 - 3.2. Material shall not be used for the production of any items, except those on the specified Purchase Order, without prior written consent by a management representative of NUCO.
 - 3.3. NUCO-furnished material shall not be substituted or amended without written approval from NUCO.
- 4. FLOW DOWN:** Supplier's Purchase Orders to sub-tier suppliers shall clearly reflect and define all requirements of NUCO's Purchase Order or attached specifications and drawings.
 - 4.1. Supplier shall require of any sub-tiers that changes in product and/or process be approved by NUCO, if required.

- 4.2. Transmittal of information in regards to the Purchase Order may be privileged communication. All documents and data supplied by NUCO are considered proprietary. All documents and data must be controlled to protect the integrity of the information within. All documents and data must be protected from being used in any manner that would be injurious to the best interests of National Utilities and its customers.
- 4.3. All material(s) and/or process(es) must conform to the latest revision of the specification(s) or drawing(s) applicable to the Purchase Order, unless otherwise noted on the face of the Purchase Order.
5. **SHIPPING REQUIREMENTS:** The Supplier must use commercial packing and shipping standards to assure that products will not be damaged in transit.
- 5.1. Any product shipped to NUCO must be per NUCO Routing Guide.
6. **ACCEPTANCE BY NUCO:** NUCO may utilize sample inspection methods for acceptance of shipments. If the sample is unacceptable, NUCO reserves the right to return all or part of the lot for credit or replacement. Supplier shall provide a Certification of Conformance (COC) as required to attest that all supplies presented meet the applicable purchase order terms and conditions. This certification shall bear the signature of an authorized agent of the Supplier.
7. **RIGHT OF ACCESS:** NUCO, its Customers, Government Agencies, and/or Regulatory Authorities reserve the right to access your facility to perform audits, inspections, and investigate records. We also reserve the right to access documents and processes on the manufactured or repaired parts pertaining to this order. The Supplier shall provide all reasonable assistance, supplies, equipment, and facilities necessary to accomplish these tasks.
8. **RECORD RETENTION AND REVIEW:** Records of manufacturing, inspection, and tests shall be maintained and stored by the Supplier for a minimum period of 10 years after completion or termination of the Purchase Order. The records must be available for review upon request.
- 8.1. NUCO shall be notified in writing 30 days before destruction of any records. Notice shall include the Purchase Order number and date of order relating to documents set for destruction.
- 8.2. Upon notification of impending document destruction, NUCO reserves the right, and has 30 days, to require documents to be maintained longer than the minimum period or be sent to NUCO within 30 days of receipt of NUCO's notification to retain documents.
9. **PAYMENT TERMS:** NUCO will pay invoices at Net 30 from the date of invoice or receipt of product, whichever is later, unless other payment terms have been explicitly negotiated with Accounts Payable.

SPECIAL PRODUCT REQUIREMENTS:

- A. **Certificate of Conformance** signed by an authorized representative of the Supplier shall be included with each shipment of items covered by this Purchase Order. The Certificate of Conformance represents the Supplier's commitment to ensure that the items delivered comply with all specifications and other requirements on the Purchase Order, and that all documentation verifying such commitment are on file at the Supplier's facility. It shall contain:
- NUCO's Purchase Order Number
 - Part Number, description and print revision level
 - Supplier's shipping document number
 - Quantity of articles
 - Serial Numbers and/or Lot Numbers or articles, where applicable
 - Certificate of Conformance statement
 - Signature of responsible quality representative
 - Made in Country information
- B. **Supplier's Quality System** must be certified to AS9100 or ISO9001.
- C. **Supplier's Quality System** must be certified to NADCAP for the item(s) listed on the PO.
- D. **DFAR Compliance** must be provided verifying that material supplied is DFARS 252.225-7003, DFARS 252.225-7007, DFARS 252.225-7008, DFARS 252.225-7009, and DFARS 252.225-7010 compliant (i.e. melt source, melt country), unless otherwise specified on the Purchase Order. Any and all raw material shall be provided from a

domestic or qualified country melt source (DFARS 252.225-7008), unless otherwise specified on the purchase order. Requests for deviation must be submitted to the buyer. Multiple heat lots are permissible provided segregation is maintained up to and thru time of shipment.

- E. Material Identification** must include applicable lot number, current revision level, date of manufacture, and/or cure date on all items, and must be legibly affixed to individual items or included in individual packaging per drawing requirement.
- F. Statistical Process Control** variable data shall be supplied with part shipment as the Purchase Orders contain Key Characteristics as defined by NUCO, the drawing, or the purchase order.
- G. Chemical and Physical Test Reports** reflecting test results shall accompany each shipment of articles, as defined in the Purchase Order. The Supplier shall provide proper traceability of raw material to any product manufactured or produced.
- H. Nondestructive Test Reports** must accompany all items shipped under the Purchase Order, must list the methods, accept/reject criteria, and actual results, and must be signed by an authorized representative of the agency performing the test.
- I. AS9102 First Article Inspection Report** is required. The first article part (1 ea.) shall be tagged ('First Article'). The AS9102 First Article Inspection Report shall include all applicable blueprint characteristics and notes, noting tolerance limits and actual measured values of the first article part.
- J. Traceability** of material back to its ultimate mill source, by lot, batch, or heat number, including any intermediate sub-tier suppliers, must be maintained.
- K. Export Controls** must be taken when dealing with any information in regards to items on the Purchase Order. It is expected that: (a) Seller's company will comply with all applicable U.S. export control laws and regulations, including but not limited to the Arms Export Control Act (22 U.S.C. 2751-2794), the International Traffic in Arms Regulations (22 C.F.R. 120 et seq.), the Export Administration Act (50 U.S.C. app. 2401-2420) and the Export Administration Regulations (15 C.F.R. 730-774), including the requirement to obtain an export license or agreement, if applicable. (b) The Seller will immediately notify VIJ if it is, or becomes, listed on a Denied Parties List or has his/her/its export privileges denied, suspended, or revoked in whole or in part by the U.S. Government. (c) If Seller is engaged in the business of exporting, brokering, or manufacturing defense articles and/or furnishing defense services, the party represents and warrants that he/she/it is registered with the appropriate U.S. Government agency and that it is in compliance with all export control laws and regulations. (d) Seller will indemnify and hold VIJ harmless for all damages, costs, fines, penalties, attorney fees, and all other expenses arising from a U.S. Government claim or demand that the party failed to comply with U.S. export statutes and regulations.
- L. Approved sources**, as defined by NUCO, the drawing, or the purchase order, must be used for all materials furnished or processes performed by a sub-tier supplier. Contact the Buyer prior to placement of the sub-tier order for approved sources.
- M. Special Processes** must include a certificate of conformance with the signature and title of an authorized representative for all special processes used. Special processes may include but are not limited to: heat treating, welding, magnetic particle inspection, penetrant inspection, ultrasonic inspection, brazing, soldering, plating, finish, etc. The Certification must include: the special process used, specification and revision level to which they conform, the type and class if applicable, the date, the purchase order number, part number, quantity, and the name of the authorized agency that performed them, if other than Supplier. Traceability (i.e. serial, lot or batch numbers) must be referenced on the certification.
- N. Shelf Life certification** must be included with shipment of items, listing the cure or manufacturing date, and the expiration date. NUCO will not accept material which has less than 80% of its shelf life remaining upon receipt of product.
- O. Scrap Material** shall be recorded and any sale shall be reported to NUCO in the form of a debit memo for future redemption.
- P. Other Requirements** must be enforced as noted on the face of the Purchase Order.
- Q. Calibration** and/or repair service suppliers shall have an approved calibration system that meets the requirements of ANS/NCSL Z540-1-1994, ANSI/ISO/IEC 17025:2000 and/or ISO 10012-1. Calibration standards with accuracy's traceable to National Institute of Standards and Technology (NIST) shall be used. Standards shall have a test uncertainty ratio of at least 4:1. Approved and current calibration procedures specific to the equipment being calibrated shall be used. Calibration data approved by the supplier's authorized representative and traceable to the calibrated equipment shall be provided to NUCO. A listing of standards used along with the calibration due dates shall be included with the data. Anti-tamper seals along with calibration status labels shall be applied to all calibrated equipment. The calibration status label shall include: (a) calibration date (b) calibration due date (c) equipment serial number. Out-of-tolerance conditions found on equipment being calibrated shall be reported to NUCO. A repair report shall be supplied to NUCO when repairs are performed. A Certificate of Calibration shall be supplied with the equipment. The Certificate of Calibration shall include:

- a. Model/part number
- b. Equipment Description
- c. Serial Number
- d. Purchase Order Number
- e. As Found Condition
- f. Calibration procedure name or number & revision
- g. Calibration date
- h. Calibration due date
- i. Temperature and humidity readings at time of calibration
- j. Certification statement (i.e. This instrument has been calibrated using standards traceable to the NIST and a Test Uncertainty Ratio of at least 4:1 as specified by ANSI/ISO/IEC 17025:2000. Records that pertain to this calibration are available in our files.)
- k. List of any authorized deviations to the calibration process.
- l. Dated signature of an authorized supplier's representative.

The following documentation shall be supplied with all calibrated equipment:

- a. Test data
- b. Repair report (if applicable)
- c. Out-of-tolerance reports (if applicable)