



## **Purchase Order Provisions**

## Capewell Aerial Systems LLC Purchase Order Provisions

Standard Clauses S1 through S20 are incorporated as part of Capewell Aerial Systems LLC, (CAS) Purchase Orders. Other clauses (A1 through E1) may be imposed as additional requirements of a Purchase Order.

F1 through F5 clauses are imposed if this order is issued under a United States Government Department of Defense (DoD) contract whereas Capewell is either the Prime Contractor or Subcontractor.

In case of any conflict with this document and any other requirements, the order of precedence is as follows:

1. Capewell Aerial Systems Purchase Order
2. Drawings, Specifications, and/or Electronic Files
3. This document.

**S1. Flowdown Requirements** - All applicable requirements that are invoked or applied to the customer's purchasing document, including this clause, shall be flowed down to the supplier's sub-tier suppliers.

**S2. Rights of Access** - Work under this Purchase Order is subject to Government or Customer surveillance/inspection at Supplier's plant or sub-tier supplier's facility. The Supplier will be notified if a surveillance/inspection is to be conducted.

**S3. Quality System** - Supplier compliance and/or certification to AS9100, ISO9001, ISO 17025, or equivalent recognized quality management system is preferred, but not mandatory. At a minimum there shall be adequate process controls to ensure the Supplier can meet CAS's Purchase Order requirements.

**S4. Suspension of Contract Deliveries** - Evidence of unacceptable Quality Procedures may result in suspension of contract deliveries pending demonstration of appropriate corrective actions

**S5. Nonconforming Material** - CAS retains all Material Review Board authority. Material which fails to meet the requirements of applicable drawings, specifications, etc., referenced on the Purchase Order shall not be shipped without prior written approval of CAS. Use-As-Is and Repair dispositions on subject deliverable nonconforming material must be approved in advance by CAS. A copy of the approval shall be enclosed with each shipment made against the P.O.

**S6. Supplier Reporting** - The Supplier shall provide for timely reporting of nonconformities that may affect already delivered product. Notification shall include a clear description of the discrepancy, identification of suspect parts (to include manufacturing dates, serial numbers, quantity, etc.) and material affected by the deficiency, dates delivered, and any information to the root cause/corrective action steps initiated to address the defective condition and to prevent recurrence.

**S7. Packaging/Preservation Not Specified** - When specific packaging is not referenced in the Purchase Order and/or drawing, the supplier shall package articles and/or materials in such a manner as to prevent damage during shipment and subsequent storage at CAS.

**S8. Foreign Object Control** - The Supplier shall have sufficient Foreign Object controls within their facilities/operations to prevent Foreign Objects from entering into the product.

**S9. Receiving Inspection** - Material shipped against this Purchase Order is subject to Receiving Inspection at CAS.

**S10. General Workmanship** - Unless otherwise specified (i.e. drawing requirements, specifications, Purchase Order) material shipped against this Purchase Order shall be free of dents, gauges, burrs, scratches, sharp edges, foreign matter, or any other evidence of poor workmanship standards that shall create a condition that renders said part unsatisfactory for its intended use. Additional requirements are defined in the terms and conditions section of CAS's Purchase Order.

**S11. Purchase Order Change Control** - Purchase Order changes that affect the requirements defined in the Purchase Order shall be formally communicated from the Supplier to CAS via a Purchase Order change request, and from CAS to the Supplier via a purchase order change.

**S12. Product and Manufacturing Change Control** - No change in specification, materials or manufacturing process that may affect fit, form and function is allowed to items on this order without prior written notification to

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CAS.

**S13. Certificate of Compliance (C of C)** - The Supplier shall furnish certification that product shipped complies with all requirements of the Purchase Order, drawings, and specifications. The certificate shall state:

1. Supplier's name and address
2. Manufacturer's name and address (if different from Supplier)
3. Date certificate is issued
4. CAS Purchase Order Number
5. Identification of Material by serial number, lot numbers, production date or other identifiable means.
6. Description of material
7. Drawing /specification number and revision
8. A statement certifying that all materials used are in accordance to the applicable specifications, all prescribed processes have been met and all inspections and test were successful and passed.
9. Signature and title of Supplier's authorized Quality Representative
10. Certificate of Conformance stating all items shipped against the PO are in compliance with the Berry Amendment (B.A.C.)

**S14. Certificate of Compliance - Raw Materials** -The Supplier will include with each shipment the raw material manufacturer's test report (e.g., mill test report) that states that the lot of material furnished has been tested, inspected, and found to be in compliance with the applicable material specifications. The test report will list the specifications, including revision numbers or letters, to which the material has been tested and/or inspected and the identification of the material lot to which it applies.

When the material specification requires quantitative limits for chemical, mechanical, or physical properties, the test report will contain the actual test and/or inspection values obtained. For aluminum mill products (except castings), certifications for chemistry may indicate compliance within the allowed range. Certifications for physical properties will show actual values.

When supplier provides converted material produced by a raw material manufacturer, the supplier shall submit all pre and post conversion chemical / physical tests reports.

**S15. Certificate of Manufacturing Date** - A certificate is required for shelf life of age/environmental sensitive materials submitted. Any product, substance or material that has a limited life shall have a minimum of 90% of its certified shelf life remaining upon delivery to CAS. The limited life period shall be identified on the product or support documentation. A Material Safety Data Sheet (MSDS) is to be provided with each shipment of product.

**S16. Record Retention** - The Supplier shall maintain records for review by CAS or Customer/Regulatory Agency for a minimum of seven (7) years from the date of delivery of product to CAS. Records shall include, but not be limited to:

1. Evidence of inspection to assure adherence to applicable drawings or specifications and revisions
2. First Article Inspection Report
3. Test Reports
4. Periodic inspection and control of inspection media
5. Records to indicate control of Special Tooling and Special Test Equipment
6. Test data records of all qualification and acceptance test performed
7. Certification of personnel as required by specification and/or contract
8. Raw Material and Process certifications
9. Material Review Reports

**S17. Material Lot Control, and Traceability** - Material on this purchase order requires material lot control, and traceability. Manufacturing lots shall be traceable and identified to manufacturing documents. Lot date codes, manufacturing lot numbers, or unique job numbers are acceptable means of identification and must be referenced on certification of compliance and traceable to the supplier's manufacturing documents. Lot date codes shall not exceed three years from date of manufacture. As applicable, for assemblies and subassemblies, lot date codes shall not exceed three years from date of assembly.

**S18. Change Control Authority** - No change in specification, materials or manufacturing process that may affect fit, form and function is allowed to items on this order without written approval from CAS.

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### **S19. Counterfeit Goods -**

- a. Seller shall not furnish Counterfeit Goods to Buyer. Counterfeit Goods are defined as goods or separately-identifiable items or components of goods that: (i) are an unauthorized copy or substitute of an Original Equipment Manufacturer or Original Component Manufacturer (collectively, "OEM") item; (ii) are not traceable to an OEM sufficient to ensure authenticity in OEM design and manufacture; (iii) do not contain proper external or internal materials or components required by the OEM or are not constructed in accordance with OEM design; (iv) have been re-worked, re-marked, re-labeled, repaired, refurbished, or otherwise modified from OEM design but not disclosed as such or are represented as OEM authentic or new; or (v) have not passed successfully all OEM required testing, verification, screening, and quality control processes. Notwithstanding the foregoing, goods or items that contain modifications, repairs, re-work, or re-marking as a result of Seller's or its subcontractor's design authority, material review procedures, quality control processes or parts management plans, and that have not been misrepresented or mismarked, shall not be deemed Counterfeit Goods. Counterfeit Goods shall be deemed nonconforming to the applicable Contract for which they were delivered.
- b. Seller shall implement and/or maintain an appropriate strategy to ensure that goods furnished to Buyer under this Contract are not Counterfeit Goods. Seller's strategy shall include, but is not limited to, the direct procurement of items from OEMs or authorized suppliers, conducting approved testing or inspection to ensure the authenticity of items, and, when items are to be procured from non-authorized suppliers, obtaining from such non-authorized suppliers appropriate certificates of conformance that provide one or more of the following: (i) the OEM's original certificate of conformance for the item; (ii) sufficient records providing unbroken supply chain traceability to the OEM; or (iii) test and inspection records demonstrating the item's authenticity.
- c. If Seller becomes aware or suspects that it has furnished Counterfeit Goods to Buyer under this Contract, Seller promptly, but in no case later than thirty (30) calendar days from discovery, shall notify Buyer and replace, at Seller's expense, such Counterfeit Goods with OEM or Buyer-approved goods that conform to the requirements of the applicable Contract. Seller shall be liable for all costs related to the replacement of Counterfeit Goods and any testing or validation necessitated by the installation of authentic goods after Counterfeit Goods have been replaced.
- d. Seller bears responsibility for procuring authentic goods or items from its subcontractors and shall ensure that all such subcontractors comply with the requirements of this provision.

### **S20. Awareness of -**

- a. Seller's contributions to product or service conformity is vital to the success of both organizations, as well as CAS's customers. Items and services must meet all the requirements of our Purchase Orders/Contracts.
- b. Seller's contribution to product safety is paramount. Seller items provided to CAS are included in products and services which our customers utilize in human Life Support and crucial Aerial Delivery applications.
- c. It is extremely important that Seller's products and services be provided from an atmosphere of ethical behavior.

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### **Additional Purchase Order Provisions - these Clauses apply if specifically referenced in the Purchase Order.**

**A1. Supplier Inspection Data** -The Supplier shall provide their Inspection data with each delivery.

**A2. First Article Inspection** - The Supplier is required to complete a First Article Inspection to verify compliance to all product requirements and specifications. The Supplier shall provide the results to CAS at time of shipment (Note: AS9102, First Article Inspection, shall be used as guideline):

1. The first article unit may be one item or a representative sample from the initial lot, batch, run, or the first 10 units produced from production tooling for this Purchase Order.
2. The First Article Inspection shall provide supporting data to verify 100% of the product drawing requirements, specifications, and notes.
3. The First Article Inspection shall consist of all records and inspection/test data related to build history, failures, repairs, acceptance test results, and other pertinent configuration documentation.
4. CAS reserves the right to witness the First Article Inspection at the Supplier's facility.

**A3. First Piece Inspection** - The Supplier shall provide first piece dimensional inspection data. The first piece shall be from the initial lot, batch, or run. 100% of the dimensions shall be measured as part of the first piece inspection. Data sheet shall depict dimension, tolerance, and actual measurement (with variables data recorded), and be traceable to the CAS part number and revision. First piece inspection data shall be sent to CAS at least

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once for each Purchase Order. Subsequent Purchase Orders shall require another first piece inspection datasheet. Any revision changes to a drawing that affect any dimensions shall necessitate additional first piece inspection data for an open Purchase Order.

**A4. Critical/Key Dimensions Inspection** - The supplier shall provide critical/key dimension inspection results with each shipment. Critical/Key dimensions are identified either on the drawing or as part of the Purchase Order notes. Data shall be supplied on 100% of the identified dimensions, to a 1% AQL of the production lot.

**A5. Inspection and Test Plan** - The Supplier shall submit an Inspection and Test Plan to CAS. Changes are not allowed to the Inspection and Test Plan without approval from CAS. The Inspection and Test Plan should include the following:

1. A flow chart that includes a brief word description of the type of operation, inspection or test performed at the steps provided in the chart.
2. An identification of the applicable test procedure numbers, process specifications, or other documents utilized in the performance of operations listed.

**B1. Government Source Inspection (GSI)** - U.S. Government Source Inspection (GSI) is required prior to delivery to CAS. Upon receipt of this Purchase Order, promptly notify the U.S. Government representative who normally services the Supplier's plant, in order that the U.S. Government representative can accomplish appropriate planning for conducting Government Source Inspection at the Supplier's facilities. If the Supplier cannot locate the U.S. Government representative to arrange for the required Source Inspection, the Supplier shall notify CAS immediately. Upon request, the Supplier shall make available to the U.S. Government representative any measuring and test equipment, facilities, records and personnel to facilitate the U.S. Government Source Inspection.

**B2. FAA Source Inspection** - During the performance of this order, your quality control or inspection system and manufacturing processes are subject to review, verification, and analysis by the Federal Aviation Administration (FAA). FAA inspection or release of product prior to shipment is not required unless you are otherwise notified.

**C1. Certificate of Compliance (C of C) Calibration** - The Supplier shall submit for each item calibrated, one reproducible record of actual calibration results, including applicable graphic and tabular data. Records shall be traceable to the individual item tested, by part number, serial number and CAS's Purchase Order number for the item shipped. The Supplier's calibration certificate shall include a unique calibration tracking number, tolerance range, and environmental conditions at the time each parameter was calibrated. The certificate shall also state the operating error per specification, the degree of correction of out of tolerance condition and remaining uncorrected out of tolerance condition, if applicable.

**C2. Special Process Certification** - Articles on this Purchase Order require special processes such as, but not limited to: soldering, painting, welding, heat-treating, electroplating, anodizing, chemical films, or nondestructive testing. These processes shall be validated by the Supplier and under proper process controls to ensure conformance to product and process specifications/parameters. The Supplier shall furnish certification to the processes (include process specification number, type, class, color, etc.). See Standard Purchase Order Clause S13 for the contents of a C of C.

**C3. Nondestructive Examination (NDE) / Nondestructive Testing (NDT) Certification** - The Supplier shall furnish with each shipment, and affixed to the product/material, a copy of the NDE/NDT certification for materials requiring any of the following non-destructive tests/inspections (see Purchase Order for NDE/NDT requirements):

- Liquid Penetrant
- Magnetic Particle
- Eddy Current
- Ultrasonic
- Radiographic

**D1. Electrostatic Discharge (ESD) Handling and Package Control** - The supplier is required to provide ESD protection as identified by the specification or drawing on this Purchase Order. The Supplier shall have documented procedures for protection of ESD sensitive devices during all phases of manufacture, handling, packaging, testing, storage, and shipment. The supplier's ESD program shall be in accordance with MIL-STD-1686, MIL-HDBK-263, ANSI/ESD-20-20, or CAS approved equivalent. An ESD identification label shall be affixed to each package noting "ESD SENSITIVE."

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**D2. Electrical and electronic components** - The supplied product shall have manufacturer lot date code identification and shall be packaged to provide segregation to assure traceability to unique lot codes and quantities can be maintained.

**E1. Calibration System** - The supplier shall have a documented calibration system that meets the requirements of ISO 17025, "General Requirements for the Competence of Testing and Calibration Laboratories", or the American National Standard Institute (ANSI)/National Conference of Standards Laboratories (NCSL) Z540-1, "General Requirements for Calibration Laboratories and Measuring and Test Equipment"

**F1. FAR/DFARS Flow Down** - This order is issued under a United States Government Department of Defense (DoD) prime contract or subcontract, and the regulations of the below identified clauses set forth in the Federal Acquisition Regulations (FAR) or DOD FAR Supplement (DFAR) in effect on the date of this order are incorporated herein by reference, it being understood that as used therein, the terms "Government" and "Contracting Officer" shall be deemed to mean buyer, "Contractor" means seller, and "Contract" means this Purchase Order or subcontract. The identified requirements also apply to the supplier's sub-tier suppliers and sub-contractors.

**F2. SPECIALTY METALS - DFARS 252.225-7009** - The Contractor/Supplier shall include (flow down) to all their suppliers of specialty metals as defined by DFARS 252.225-7009. DOD's interpretation of this specialty metals clause is that it prohibits the contractor (including its suppliers at every tier) from incorporating into military parts, components, and/or end item deliverables "specialty metals" which have been melted outside the United States, its possessions, or Puerto Rico, unless certain limited exceptions set forth in the clause or DFARS Subpart 252.225-7009 apply. One such exception is for specialty metals melted in a qualifying country or incorporated into an article manufactured in a qualifying country. Those countries are listed at DFARS 225.003. Suppliers must maintain raw material certifications/proof of compliance on file and provide them upon request within 5 business days.

**F3. BUY AMERICAN ACT** - FAR 25.102 is hereby imposed.

(a) The Buy American Act requires that only domestic end products be acquired for public use, except articles, material, and supplies -

- (1) For use outside the United States;
- (2) For which the cost would be unreasonable, as determined in accordance with 25.105;
- (3) For which the agency head determines that domestic preference would be inconsistent with the public interest;
- (4) That are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities, of satisfactory quality (see 25.103); or Purchased specifically for commissary resale.

(b) Unless agency regulation prescribes otherwise -

- (1) The contracting officer may make a non-availability determination under 25.103 for an acquisition if -
  - A. The acquisition was conducted by full and open competition;
  - B. The acquisition was synopsisized under 5.201; and,
  - C. No offer for a domestic end product was received.

**F4. EXPORT CONTROL COMPLIANCE** - The information contained may be subject to International Traffic Arms Regulations (ITAR) or Export Administration Regulations (EAR) Controls and may not be disclosed to any foreign person(s) or firm, including persons employed by or associated with your firm, without first complying with all requirements of the ITAR, 22 CFR 120-130 and the EAR, 15 CFR 730-774.

**CAS Suppliers are hereby notified of the following International Traffic in Arms Regulations (ITAR) Compliance Requirements.**

• CAS Suppliers are also notified that any technical data (i.e. specification, drawings, etc.) provided by CAS is considered to be export controlled and may not be provided to any foreign person

\* Foreign persons are person who are not 1) U.S. Citizens, 2) U.S. Permanent Resident Aliens (Green Card Holders), or 3) Protected Persons (Refugees).



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- CAS Suppliers may also **not** provide any of the export controlled technical data provided by CAS to foreign suppliers or affiliates, regardless of the nature of the relationship to the U.S. supplier, for any reason, without prior specific export authorization secured from the ODTCL.
- CAS Supplier is also notified that it may not transfer any export controlled technical data provided by CAS to any U.S. sub-contractor/vendor without first notifying the subcontractor/vendor of the export compliance requirements as stated above.

By this notification, you as a CAS supplier have been so advised of its compliance obligations under the ITAR and EAR.

**F5. SPECIAL CONDITIONS – FAR / DFARS FLOWDOWN CLAUSES OR PROVISIONS**

To the extent this Order is in support of a US Government Contract, the FAR clauses or provisions referenced below are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable during the performance of this Contract.

If the date or substance of any of the clauses or provisions listed below is different than the date or substance of the clause or provisions incorporated in the Prime Contract, the date or substance of the clause or provision incorporated by said Prime Contract shall apply. Any clauses or provisions missing from below that is not flowed down from the Prime Contract, the clauses or provisions incorporated by said Prime Contract shall apply.

**FAR FLOWDOWN CLAUSES/PROVISIONS - REQUIRED:**

1. 52.203-13 Contractor Code of Business Ethics and Conduct (OCT 2015)
2. 52.203-19 Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements (JAN 2017)
3. 52.204-21 Basic Safeguarding of Covered Contractor Information Systems (JUN 2016)
4. 52.204-23 Prohibition on Contracting for Hardware, Software, and Services Developed or Provided by Kaspersky Lab and Other Covered Entities (JUL 2018)
5. 52.204-25 Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment (AUG 2020)
6. 52.209-6 Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment (AUG 2013)
7. 52.211-15 Defense Priority and Allocation Requirements (APR 2008)
8. 52.215-14 Integrity of Unit Prices (OCT 2010) (delete paragraph (b) of the clause)
9. 52.219-8 Utilization of Small Business Concerns (OCT 2018)
10. 52.222-21 Prohibition of segregated facilities (APR 2015)
11. 52.222-26 Equal Opportunity (SEP 2016)
12. 52.222-35 Equal Opportunity for Veterans (OCT 2015)
13. 52.222-36 Equal Opportunity for Workers with Disabilities (JUL 2014)
14. 52.222-37 Employment Reports on Veterans (FEB 2016)
15. 52.222-40 Notification of Employee Rights Under the National Labor Relations Act (DEC 2010)
16. 52.222-50 Combating Trafficking in Persons (JAN 2019)
17. 52.225-1 Buy American – Supplies (MAY 2014)
18. 52.225-13 Restrictions on Certain Foreign Purchases (JUN 2008)
19. 52.227-1 Authorization and Consent (DEC 2007)
20. 52.232-40 Providing Accelerated Payments to Small Business Subcontractors (DEC 2013)
21. 52.234-1 Industrial Resources Developed Under Title III, Defense Production Act (SEP 2016)
22. 52.244-6 Subcontracts for Commercial Items (MAR 2015)
23. 52.246-11 Higher-Level Contract Quality Requirement (DEC 2014)
24. 52.247-64 Preference for Privately Owned U.S.-Flag Commercial Vessels (FEB 2006)

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**DFARS FLOWDOWN CLAUSES/PROVISIONS - REQUIRED:**

1. 252.203-7002 Requirement to Inform Employees of Whistleblower Rights (SEP 2003)
2. 252.204-7000 Disclosure of Information (OCT 2016)
3. 252.204-7009 Limitations on the Use or Disclosure of Third- Party Contractor Reported Cyber Incident Information (OCT 2016)
4. 252.204-7012 Safeguarding covered defense information and cyber incident reporting (DEC 2019)
5. 252.204-7014 Limitations on the Use or Disclosure of Information by Litigation Support Contractors (MAY 2016)
6. 252.204-7018 Prohibitions on the Acquisition of Covered Defense Telecommunications Equipment or Services (DEC 2019) except as modified below: All subparagraphs of the DFARS clause will remain the same except for (d)(1), which will read as follows:
  - (1) In the event the Seller identifies covered defense telecommunications equipment or services used as a substantial or essential component of any system, or as critical technology as part of any system, during contract performance, the Seller shall report to Boeing the information in paragraph (d)(2) of this clause.
7. 252.223-7008 Prohibition of Hexavalent Chromium (JUN 2013)
8. 252.225-7001 Buy American and Balance of Payments (DEC 2017)
9. 252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals (OCT 2014)
10. 252.225-7007 Prohibition on Acquisition of Certain Items from Communist Chinese Military Companies (DEC 2018)
11. 252.225-7036 – Buy American – Free Trade Agreements – Balance of Payments Program – Basic (DEC 2017)
12. 252.225-7048 Export-Controlled Items (JUN 2013)
13. 252.227-7015 Technical Data - Commercial Items (FEB 2014), applies if any technical data related to commercial items developed in any part at private expense will be obtained from Seller for delivery to the Government.
14. 252.227-7037 Validation of Restrictive Markings on Technical Data (SEP 2016)
15. 252.228-7001 Ground and Flight Risk (JUN 2010)
16. 252.244-7000 Subcontracts for Commercial Items and Commercial Components (DoD contracts) (JUN 2013)
17. 252.246-7003 Notification of Potential Safety Issues (JUN 2013)
18. 252.247-7023 Transportation of Supplies by Sea (APR 2014)

**FAR FLOWDOWN CLAUSES/PROVISIONS – IN ADDITION WHEN APPLICABLE:**

1. 52.203-6 Restrictions on Subcontractor Sales to the Government (SEP 2006) (If subcontract exceeds the simplified acquisition threshold)
2. 52.203-7 Anti-Kickback Procedures (If subcontract exceeds \$150,000)
3. 52.203-17 Contractor Employee Whistleblower Rights and Requirement To Inform Employees of Whistleblower Rights (If subcontract exceeds the simplified acquisition threshold)
4. 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement (If subcontract exceeds the simplified acquisition threshold)
5. 52.230-2 Cost Accounting Standards (OCT 2015) (In subcontracts in excess of \$750,000 or full CAS coverage applies)
6. 52.230-3 Disclosure and Consistency of Cost Accounting Practices (In subcontracts in excess of \$750,000 or full CAS coverage applies)
7. 252.215-7010 Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data (JAN 2018) (If subcontract exceeds the simplified acquisition threshold)
8. 252.249-7002 Notification of Anticipated Contract Termination or Reduction (OCT 2015) (If subcontract exceeds \$700,000)