

Purchase Order Quality Clauses

Right of Entry – Shackelford Machine Inc., the customers of Shackelford Machine Inc., the customers' customer and/or regulatory agencies shall be allowed the right of entry to determine and verify the quality of work, records and material at any place, including the plant of the subcontractor.

Quality Standards Requirements Flow Down – Subcontractors shall have a quality management system and/or calibration system meeting one of the following requirements as applicable: AS9100, AS9110, AS9120, ISO 9001, AC7004, AC7103, ISO 17025, ANSI/NCSL Z540-1, or D6/82479 Addendum 1. Shackelford Machine, Inc. reserves the right to approve Suppliers based on requirements, resources and performance. Shackelford Machine, Inc. reserves the right to approve subcontractors in lieu of the requirements identified above, based on prior experience and/or recommendation by a Customer.

Control of Non-Conforming Product - Supplier shall not deliver non-conforming product knowingly to Shackelford Machine, Inc. Product that doesn't meet engineering or purchase order requirements shall be returned to supplier at supplier's expense. Non-conforming Product can be submitted to Shackelford Machine, Inc. for review on a Suppliers Nonconformance Report including the root cause and corrective action. Shackelford Machine, Inc. will notify the Supplier if we are able to submit the non-conformance to our customer and of the disposition, when applicable. Any costs incurred by Shackelford Machine, Inc. for any submittal, shall be flowed down to the Supplier.

Non-Conformance Disclosure Notification – Suppliers are required to notify Shackelford Machine, Inc. in writing of any known non-conformances already shipped to Shackelford Machine, Inc. and/or Shackelford Machine, Inc.'s customers. The notification shall include part number, shipper number, quantity, date/s shipped, detailed information of the non-conformance, included root cause and corrective action.

Organizational Change Notification - Suppliers are required to notify Shackelford Machine Inc. of any intended or actual change to the organization (i.e. Management, Facility Location, Process Change, or Changes in Product) and when required, obtain written approval and/or acknowledgement from Shackelford Machine Inc.

Product Verification - Verification by Shackelford Machine, Inc. and/or Shackelford Machine, Inc's Customer shall not absolve the supplier of the responsibility to provide acceptable product nor preclude subsequent rejections.

Quality Records – All quality records are readily available and must be maintained on file for a minimum of ten (10) + 1 years (unless otherwise specified on the Shackelford purchase order).

Approved Processing Sources – Suppliers shall use only end item Customer approved processing sources (see End Customer Approved Processor & Supplier Listing). Certifications must include the specifications flowed down in the Shackelford Machine, Inc. purchase order and the latest specification revisions. It shall be the Supplier's responsibility to flow down the specifications and latest revisions to their subtier processing suppliers.

Material Suppliers – Material supplied against this contract must be purchased from approved sources of the end item users approved sources (see End Customer Approved Processor & Supplier Listing). Certifications must include the specification flowed down in the Shackelford Machine, Inc. purchase order and the specification revision it was manufactured to. When purchasing material from Non-Domestic Material Suppliers, the Supplier must have Shackelford Machine, Inc.’s Customer approval prior to shipment to Shackelford Machine, Inc.

Hardware Suppliers - Fasteners and hardware fabricated to previous specification revisions are acceptable, unless directed by Shackelford Machine, Inc.’s purchase order, in compliance with customer requirements.

Material Receiving Inspection – Seller certifies that they has performed receiving inspection on purchased materials to ensure compliance with all drawings and Shackelford Machine Inc. specification requirements, and has test reports and/or raw material certifications on file available for review upon request.

Handling, Packaging, Preservation, and Delivery – The subcontractor shall use appropriate methods of handling, packaging, and preservation to prevent damage of product in process and during delivery.

Evidence of Inspection – A qualified representative of the suppliers’ quality department shall sign and document acceptance status for each shipment as evidence of inspection. Sampling inspection shall not be performed without prior written approval from Shackelford Machine Inc., unless allowed by specification.

Certificate of Compliance (C of C) – Each shipment shall contain a certificate of compliance that the product meets the requirements of the engineering and purchase order. An authorized representative of the supplier’s quality organization must sign this certificate. The certificate must contain the revision level of all engineering documents or specifications that apply to the work performed by the supplier or the supplier’s subcontractor. When the purchase order does not specify the revision level of the engineering or specification, the latest engineering or specification shall apply. All documents must be 100% legible. Supplier shall provide a copy of all certificates of compliance from supplier’s subcontractor. Certificate of Compliance with physical and chemical test reports must accompany each shipment where supplier furnished the raw material. Material must be identified by heat lot and heat treat load, (if applicable). Test reports must be traceable to the material lots supplied. Where Shackelford Machine Inc. supplies the material for this order, the supplier shall not make any unauthorized substitutions of the material without Shackelford Machine, Inc. prior approval.

First Article Requirements - A completed AS9102 First Article Inspection Report (FAIR) or equivalent shall be provided with the first shipment as evidence of 100% inspection of one each part from the first shipment. Delta (supplemental) first articles shall be performed for all minor configuration changes. Gaps in production of 2 years or more shall require a new AS9102 First Article Inspection Report (FAIR). (Not applicable to hardware when purchased to a specification).

Net Inspect – When included in the Shackelford Machine, Inc. Request for Quote (RFQ) and then required by the Shackelford Machine, Inc. purchase order, the Supplier shall submit first article data via Net-Inspect. Contact Quality Management at the specific division of Shackelford Machine, Inc. to gain access to Net Inspect, when applicable to the Shackelford Machine, Inc. Purchase Order.

Configuration Control – All documents supplied by Shackelford Machine, Inc. shall be configuration controlled by the Shackelford Machine, Inc. purchase order. All documentation supplied by Shackelford Machine, Inc. and retained by the supplier shall be controlled by the Supplier. It shall be the responsibility of the supplier to verify all documents supplied by Shackelford Machine, Inc., and retained beyond the expiration of the Shackelford Machine, Inc. purchase order, against the new purchase order or change order.

ITAR Requirements – When ITAR restriction requirements are flowed down in the Shackelford Machine, Inc. quote and purchase order, the Supplier shall maintain ITAR controls as specified on the Directorate of Defense Trade Controls (DDTC) website: (see End Customer Approved Processor & Supplier Listing).

Shelf Life Requirements – When Shelf Life Requirements are applicable, supplier shall control Shelf Life Sensitive Material Manufacture Date and Expiration Date in accordance with applicable specifications included in the Shackelford Machine, Inc. purchase order. Certifications with shipment shall include the Shelf Life Sensitive Material Manufacture Date and Expiration Date.

Subcontracting – The Supplier must receive permission from Shackelford Machine, Inc. in writing prior to subcontracting product to a machining, sheet metal, or assembly supplier. Shackelford Machine, Inc. Purchase Orders shall not be assigned in whole or in part to any person or entity, including any subcontractor(s), without prior written consent of Shackelford Machine, Inc. Buyer. Note: This Quality Clause does not apply to subcontracting of processing, or heat treating, etc., which were already included in the Supplier's quotation.

Natural Disaster Occurrence - Supplier shall promptly notify Buyer's Authorized Procurement Representative of any occurrence of natural disaster that diminishes Supplier's ability to deliver conforming goods or services.

Counterfeit Parts Program - Supplier is requested to protect Shackelford Machine Inc. from counterfeit parts from being shipped.

Personnel Competency - Shackelford Machine Inc. may specify specific qualification for personnel performing.

Personnel Communication - Supplier is required to communicate with their personnel regarding the following:

- Their contribution to product or service conformity to requirements
- Their contribution to product safety
- The importance of ethical behavior

Purchase Order Terms and Conditions

1. The seller by acceptance of this order accepts all of the terms and conditions hereof. Acceptance of this order shall take place either by execution and return of the signed acknowledgement copy accompanying this purchase order or by part performance of this order. Any modifications or alterations of or additions to the Shackelford Machine Inc. Terms and conditions of this order, to be binding, must be in writing, signed by an authorized representative of the purchaser and delivered by the purchaser to the seller. Any term, condition or reservation, inconsistent with the terms hereof that may be contained in any printed or standard acknowledgement, invoice form or other document issued by seller shall be of no effect (purchaser hereby objects to any such inconsistent terms, conditions, or reservations and notifies the seller that they are rejected) notwithstanding purchasers act of accepting or paying for any shipment or otherwise performing the obligations on its part to be observed or performed hereunder.
2. Unless otherwise stated in the purchase order, terms are Net Thirty (30) days after delivery of goods and receipt of invoices.
3. Seller represents that any price of prices specified in the purchase order do not exceed seller's current selling prices for the sale of substantially similar goods. Unless otherwise stipulated, all prices inserted on the face of this order shall represent the total cost to the purchaser at the point of delivery specified herein, including all sales taxes, excise taxes, custom duties and other government and municipal taxes, levies and charges of every description and charges for packing, crating, boxing, storage and shipping charges. If price is not stipulated on this order, it is not to be filled at higher prices than last previously quoted or charged without written authority of purchaser.
4. When the purchase order does not specify the revision level of the specification, the latest specification shall apply. All engineering documents and drawings are available upon request.
5. All goods shall be shipped F.O.B. as stated on the face of this order. If goods are shipped F.O.B. Destination or purchaser's plant, shipping charges must be prepaid or charged to the appropriate account number given by a Shackelford Machine Inc. representative. No insurance premium or shipping costs will be allowed unless otherwise authorized in writing. Goods must be packed and delivered to conform to Uniform Freight Classification to obtain lowest shipping rate. Packing slips must be enclosed with all shipments showing the order number, line number, release number, if any and quantity. Charges accrued through seller's failure to ship in accordance with the purchaser's shipping instructions will be charged to seller's account.
6. Time shall be of the essence in this order. The goods must be delivered strictly in accordance with the quantities, specifications and delivery schedule specified. Otherwise, in addition to its other legal remedies, purchaser shall be at liberty to cancel this order, in whole or in part. Purchaser assumes no obligation for goods Shackelford Machine Inc. shipped in excess of quantities specified in this order or prior to delivery schedule specified.

7. Goods are subject to inspection by purchaser and purchaser shall be the final judge of the goods. No payment will be made to seller for any goods, which are rejected on such inspection. Purchaser reserves the right to reject any portion of any shipment not strictly in accordance with specifications and in such case will pay to seller a reasonable price therefore, will be held for seller's instructions and at its risk and expense. If instructions are not received within fifteen (15) days after notice of rejection, goods will be returned at seller's expense. No goods returned as defective shall be replaced without purchasers' written permission. Where re-work is required to meet specification requirements, the seller, at no cost to purchaser, shall arrange for such re-work. Payment for goods shall not constitute acceptance thereof by purchaser nor shall purchaser's inspection or omission to inspect relieve seller of its obligation to furnish all goods in strict accordance with all terms and provisions of this order.

8. Supplier warrants the material furnished hereunder: (a) to be free from defects in title, labor, material, or workmanship, (b) to conform to applicable specifications, drawings, samples or other description given, (c) to be suitable for the purpose intended, (d) to be of merchantable quality and further warrants that material of Supplier's design will be free from defects in designs.

9. All work to be performed by supplier hereunder shall be performed entirely at the risk of the supplier and supplier shall defend, indemnify and hold harmless Shackelford Machine Inc., its agents, servants, representatives and employees from and against any and all loss (including without limitation, loss of use), liability, damage, claims, demands, actions and/or proceedings and all costs and expenses connected with any thereof (including, without limitation, attorney's fees) of whatsoever nature on account of any and all damage to or loss or destruction of any property (including, without limitation, property of Shackelford Machine., Inc.), or injury to death of any person (including, without limitation, employees of Shackelford Machine., Inc.) arising directly or indirectly out of or in connection with the performance of Supplier of such work. Without limiting the generality of the foregoing, Supplier agrees to indemnify and hold Shackelford Machine Inc. harmless from and against all claims and liens of any and all persons based upon furnishing of labor and/or material in connections with the goods sold and/or services rendered by Supplier hereunder.

10. The remedies herein reserved shall be cumulative and additional to any other and further remedies provided in law or equity. No waiver of a breach of any provision of this contract shall constitute a waiver of any other breach, or of such provision.

11. Seller shall keep confidential all information, drawings, specifications or data furnished by purchaser, or prepared by seller specifically in connection with the performance of this order and shall not divulge or use such information, drawings, specifications or data to or for the benefit of any other party. Seller agrees that if the goods covered by this order are to be manufactured to design or technical data furnished by purchaser, the seller shall not without the prior written consent of purchaser, manufacture any such goods except for the upon order of the purchaser. Supplier shall not disclose to any person or entity, other than those employees of Supplier who have been a need to know, any information of Shackelford Machine, Inc., whether written or oral, which Supplier may obtain from Shackelford Machine, Inc. or otherwise in performance of this purchase order.

12. The obligations of the seller contained herein shall survive acceptance of the goods and payment therefore by purchaser.

13. In the event of supplier's breach of any of the provisions of this agreement, purchaser may terminate the whole or any part of this purchase order at any time without liability, except for items accepted. A written notice of termination shall be supplied by the purchaser specifying the effective date and the extent of any such termination.

14. This order shall be governed in all respects by the laws of the state of Kansas. In the event that any court of competent jurisdiction or any regulatory agency having such jurisdiction determine that any provision herein contained is either unlawful or unenforceable and therefore invalid, such determination shall not affect any other term or condition herein set forth.

15. Shackelford Machine may, at any time and without stating any reason therefore, terminate any existing Purchase order issued hereunder, either in whole or in part by providing Supplier written notice of its intent to terminate a Purchase order.

End Customer Approved Processor & Supplier Listing:

Beechcraft:

http://www.beechcraft.com/include/content_view.aspx?id=8069

Cessna:

<https://supplier.cessna.com/cgi-bin/quality/view.pl?nadcap=Y>

Bombardier Aerospace

<http://www.bombardier.com/en/aerospace/suppliers>

Boeing:

<http://active.boeing.com/doingbiz/d14426/index.cfm>

Government:

<http://quicksearch.dla.mil/>

U.S. Department of State - The International Traffic in Arms Regulations (ITAR)

https://www.pmdtc.state.gov/?id=ddtc_public_portal_homepage

Clause DFARS 252.225-7014, "Preference for Domestic Specialty Metals,