

SUPPLIER TERMS & CONDITIONS: Raw Material and Special Process Supplier Contract Requirements

Raw material and special process orders issued by J Chadwick Co (“JCC”) are subject to the following requirements that shall remain in effect without expiration. Additional contract and/or product/service requirements may apply and will be clearly stated on the Purchase Order document. Supplier’s acceptance of an order from JCC is conditional upon the Supplier’s assent to these T&Cs. Any and all exceptions taken must be submitted to JCC in writing and approved prior to delivery of any products and/or services.

Please contact our Operations Manager if you have any questions or require clarification on any of the following requirements.

GENERAL PRINCIPLE

Suppliers shall operate in full compliance with all local, state and federal employment, health and safety, immigration, and environmental laws and regulations.

RIGHT OF ENTRY

Suppliers are required to grant JCC, our customers and regulatory agencies access to the Supplier’s facility, applicable records and of any sub-tiers involved, to ensure compliance with all applicable specifications and laws.

FINANCIAL RESPONSIBILITY

Suppliers are required to maintain commercial general liability insurance limits of at least \$1,000,000 per occurrence and \$1,000,000 annual aggregate. On request, the Supplier will provide JCC with a certificate of insurance (e.g., ACORD Certificate of Liability Insurance) issued from the Supplier’s insurance agent or broker.

QUALITY MANAGEMENT SYSTEM

Supplier are required to comply with, and/or be certified to, an appropriate higher-level quality standard (e.g., AS9100, AS9120, ISO 9001, and AS9003). J Chadwick Co must be notified of any exceptions and may still issue purchase order to supplier, depending on the nature and application of material.

Suppliers that obtain certification and subsequently change certification/registration bodies (CRB), lose registration status, or are put on notice of losing registration status, shall notify J Chadwick Co within three days of receiving such notice from its CRB.

GUARANTEE OF SOURCES

Suppliers are required to implement and maintain a material authenticity assurance plan compliant to SAE AS6174A.

Suppliers shall ensure that only new and authentic materials are delivered to JCC. Suppliers may only provide materials directly from the original manufacturer or an authorized distributor. Use of material originating from any other sources is not authorized and may not be furnished under any circumstances.

SUPPLY CHAIN TRACEABILITY

Suppliers shall maintain a method of item level traceability that ensures tracking of the supply chain back to the original source of the material being delivered. This traceability method shall clearly identify the name and location of all of the supply chain intermediaries from the manufacturer to the direct source of the material for the Supplier, and shall include the manufacturer’s commodity or item level identification for the item(s) such as codes, lot codes, heat codes, serializations, unique item identifiers, or batch identifications.

PRODUCT IMPOUNDMENT

If suspect or counterfeit material is furnished to JCC, such items will be impounded. JCC may turn such items over to the authority with jurisdiction for investigation and reserves the right to withhold payment for the suspect items pending the results of the investigation. In addition, the Supplier may be liable for all costs relating to impoundment, removal, and replacement.

CERTIFICATE OF COMPLIANCE

Suppliers are required to provide a Certificate of Compliance (CofC) with each shipment. The CofC can be a separate document, or it can be included as part of the shipping declaration/packing slip text. The CofC is required to determine acceptability of the supplies; if a CofC is not provided, is incomplete or otherwise unacceptable, the supplies will be rejected.

Supplier CoCs shall, at minimum, include the following:

1. Supplier name and address.
2. J Chadwick Co purchase order and line item number.
3. Manufacturer and/or J Chadwick Co part number and dash number, group number, or similar.
4. Manufacturer and/or J Chadwick Co item Name/Description.
5. Quantity Shipped and Unit of Measure.
6. Commodity or item level identification for the item(s); date codes, lot codes, heat codes, serializations, unique item identifiers, batch identifications, etc.
7. Actual Manufacturer Name and Location.

8. MRB/RMA number, as applicable.
9. Statement that all parts and services conform to quality, contract, and product or service requirements.
10. Signature or stamp with title of seller's authorized personnel signing the certificate.

PROCESS CONTROLS

Supplier is required, upon request, to submit evidence demonstrating control of processes performed to achieve planned results, including a) defined criteria for review and approval of the processes, b) approval of equipment and qualification, c) use of specific methods and procedures, d) requirements for records and e) revalidation.

TESTING AND INSPECTION

Suppliers shall establish and implement test and inspection activities necessary to assure the authenticity and conformance of purchased material.

Tests and inspections shall be performed in accordance with clearly delineated accept/reject criteria provided or approved by JCC. On request, the Supplier shall prepare and provide JCC evidence of tests and inspections performed and conformance of the material to specified acceptance criteria.

Tests and inspections shall be performed by persons that have been trained and qualified concerning detection of the types and means of counterfeiting and how to conduct effective product authentication.

NONCONFORMING PRODUCT

Suppliers are required to notify JCC of any nonconforming product resulting from the purchased product or service. Nonconforming product must not be further processed without written authorization. Any and all nonconforming product returned to our facility must be properly identified to indicate its status.

Written notification must be made of any process or product discrepancy discovered after delivery, immediately upon discovery, to prevent further processing and/or delivery of nonconforming product to our customers.

RECORDS

Suppliers shall maintain on file quality assurance, product/service realization, inspection and testing, and final release records to establish the conformance of all product/services delivered to JCC. Supplier shall make such records available to regulatory authorities and JCC's authorized representatives for ten (10) years from the date of the shipment for every order unless otherwise specified on the order.

Stated retention time notwithstanding, the Supplier may not dispose of any records without notification and approval from JCC. At the expiration of the retention period and prior to any disposal of records, Seller will notify JCC of records to be disposed of, and JCC reserves the right to request delivery of such records. In the event JCC chooses to exercise this right, Seller shall promptly deliver such records to JCC on media agreed to by both parties.

The above provision is required to be flowed to the Supplier's sub-tier supply chain.

SUB-TIER SUPPLIERS

Any inability or unwillingness of a lower-tier supplier to comply with any provision or quality requirement should be documented in writing and submitted to JCC.

PENALTIES ASSOCIATED WITH FRAUD

This purchase order and activities hereunder are within the jurisdiction of the United States Government and the State of California. 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 this purchase order may be punishable in accordance with applicable legal statutes.