

## **A. REGULATORY TERMS AND CONDITIONS OF ORDER**

1. Binding. Acceptance of a PO is a binding contract and any breach to said contracts are legally binding in the State of Maryland within the United States with all applicable laws and governing.
2. Termination of Order. We reserve the right to cancel a PO without penalty if supplier is unable to meet defined requirements.
3. Delivery. Delivery times are defined on each PO. If supplier is unable to meet defined deadlines, we must be notified immediately for risk assessment and adjustment. If items are received without the proper documentation, items will be placed on hold until required paperwork is received. Payment terms with supplier begin when items are received and accepted without issue.
4. Legal. Supplier agrees to all applicable regulations as stated applicable on the corresponding PO:
  - a. International Traffic in Arms Regulations (ITAR). May contain data subject to US Export Laws and Regulations in which supplier must follow protocols defined within the ITAR Regulation. Data may not be exported or re-exported to foreign persons, employed by, or associated with, or under contract to supplier or sub-tier sources without prior written notice and approval. If data is marked as export controlled, supplier holds buyer harmless from and against all claims, liabilities, and expenses that may be imposed by US Authority.
  - b. Federal Acquisition Regulations (FAR/DFAR). Applicable FAR/DFAR clauses will be listed on each PO as applicable. FAR 52.246.2, 52.203-7, DFAR 252.225-7014 including all deviations, and 252.872-1 are applicable for all orders.
  - c. Defense Priorities and Allocations System (DPAS). Priorities assigned and required by the Federal Government to flow down priority on certain orders. DX is the highest rating for urgency and DO is critical to national defense.
  - d. Conflict Minerals. Applicable conflict minerals policies and procedures defined by REACH and RoHS to ensure safety.
  - e. Information Security. Supplier must have an information security program to protect proprietary, intellectual, and other sensitive information and correspondence submitted via electronic medium. Such practices should include appropriate physical security, back-up procedures including verification of back up activity, and disaster recovery. NIST 800-171 should be used as a guideline unless specifically noted as a requirement.
5. Safety and Ethical Behavior. Supplier agrees to ensure personnel are aware of their contribution to product safety and ethical behavior. Supplier also agrees to the prevention of international human trafficking and adherence to appropriate working conditions and labor laws.
6. Nonconformance. Supplier agrees to accept suspected items for review and disposition if found nonconforming to stated requirements by our quality activities. Returns pending a disposition will result in a HOLD on payment of invoices until resolution is determined and processed.

## **B. GENERAL TERMS AND CONDITIONS OF ORDER**

1. Quality Management System (QMS). Supplier agrees to adhere to certain QMS Functions or maintain a certificate of registration to a recognized QMS standard, such as ISO 9001, AS9100, etc.
  - a. Third-party registration must be through an accredited agency with annual audits performed at a minimum.
  - b. QMS functions for suppliers that lack formal registration include Document and Records Control, Maintenance and Calibration of Equipment, Training and Competency program for all personnel, Inspection processes with defined records, Control and Handling of rejects, and other pertinent controls defined in other applicable sections of this document.
  - c. Any changes to the QMS as originally provided must be communicated to company quality immediately for risk assessment.

2. Right of Access. We reserve the right to review the processes and records associated with this order at all suppliers' facilities with appropriate notification. This right extends to our customers, applicable regulatory agencies, and any sub-tier suppliers used in the fulfillment of this order.
3. Supplier Evaluation. We reserve the right to plan and perform an on-site supplier evaluation to ensure Terms and Conditions of order listed within this document and associated purchasing documents can and are being met. Such evaluations can be part of initial approval activities, on-going approval practices, or due to negative performance trends.
4. Supplier Performance Monitoring. We monitor and measure on time delivery and quality performance of all suppliers to ensure continued approval. Failure to meet desired performance levels can result in a Corrective Action being submitted, re-evaluation, or removal from approved status.
5. Sub-Tier Sources. If any of this order is outsourced to your suppliers, all applicable requirements and specifications must be communicated (including all applicable key characteristics) to each sub-tier supplier used.
6. Records. Unless specifically noted on the PO, records must be maintained on file for complete traceability to the OEM/Material used for a minimum of 10 years.
7. Counterfeit Prevention. Supplier adheres to the requirements of all counterfeit prevention protocols to ensure only authentic and approved parts are provided. Please see AS5553, AS6174, and AS6081 for guidance.
8. Foreign Object Debris/Damage (FOD). Supplier agrees to maintain a FOD program appropriate to the work and products provided. At a minimum, FOD Awareness is required. Refer to AS9146 for guidelines in implementing and maintaining an appropriate FOD program.
9. Corrective Action. Supplier agrees to respond to any submitted Supplier Corrective Action Requests (SCAR's) in a timely manner with appropriate correction, root cause, and prevention of recurrence. Guidance for completing a SCAR can be provided upon request.
10. Acceptance and Approval. We reserve the right to approve or specify any designs, tests, inspection plans, verifications, use of Statistical Techniques for product acceptance, and any applicable critical items and associated key characteristics. This right extends to designation of requirements for test specimens for design approval, inspection/verification, investigation, or auditing.
11. Change Orders. It is the responsibility of the supplier to fully communicate all change orders to GCS for approval PRIOR to changing order definition. If GCS dictates the change, supplier must alter all internal processes and plans to incorporate the change. If such changes require amendments to original PO cost and delivery, these must be approved by all parties prior to approval and processing.
12. Preservation and Special Handling. Special handling and preservation of product and work environment is crucial to quality and safety.
  - a. Shelf-Life Controls. All items that contain expiration dates or specific handling requirements must be clearly identified on product and paperwork provided. All shelf-life items with an expiration date must have 75% of life remaining. Deviations from these requirements will result in a rejection and items returned to the supplier.
  - b. Electrostatic Discharge (ESD). All electronic work and assembly that have ESD provisions must be produced in a controlled environment to prevent damage according to appropriate ESD program controls. Records of ESD program controls are required to be maintained.
  - c. Hazardous or Explosive Materials. All hazardous materials and products must be appropriately stored, handled, packaged, and labeled.
13. Customer provided materials/property. All materials, products, and other supplies provided to the supplier as part of an approved PO must be tracked and maintained when at the supplier's facility in

*eth best manner practical. Any issues, concerns, damage, deviations, etc. must be reported to GCS immediately upon detection for action and risk assessment. Supplier does not retain disposition authority for any items provided by GCS unless explicitly defined in writing.*

14. Shipping Documentation. *Supplier shall provide a proper Bill of Lading signed by the Carrier, or any other legally applicable documents providing title to the goods to Purchaser upon delivery, fully protecting all parties in case of damage in transit. All costs incurred due to improper packing will be the responsibility of the supplier.*
  - a. *We ask you to secure the packing slip to the OUTSIDE of the carton and include ALL the following information on all packing slip:*
    - i. *Your name and address*
    - ii. *GCS P.O. number*
    - iii. *Number of pallets or cartons*
    - iv. *Product name and description*
    - v. *GCS part number*
    - vi. *Your part number*
    - vii. *Quantity ordered*
    - viii. *Quantity shipped*
  
15. Shipment Policy. *We ask your assistance in meeting all contractual delivery requirements in the most quality oriented and cost-efficient manner. If you have any questions about our policy, please contact our Purchasing Department at 301.746.8970 ext. 225.*
  - a. Too early: *Any shipment that arrives 10 days or more before the due date is way too early. Some vendors may want to ship early because they have an item in stock. We ask that you coordinate early shipment with our Purchasing Department. Early shipments are treated as exceptions rather than standard practice. We just do not have enough room to store extra supplies.*
  - b. Late: *When a shipment arrives late, it really creates problems. Since most of our business involves “kitting” for our customers, late shipments hold up kits. A \$500 widget could hold up a \$500,000 order. A phone call or email between your sales rep and our purchasing agent in advance allows us an opportunity to work with our customer if an item is expected to be late. Please call us if an item will be late...*
  - c. General: *We accept deliveries Monday through Friday from 7:00 a.m. through 3:00 p.m. with one exception for deliveries of aluminum extrusions on Friday. If you absolutely must deliver those on Friday, please contact Purchasing ahead of time.*
    - i. *Sometimes, a shipment for us may be going somewhere other than Accident, Maryland. The Bill of Lading must instruct the freight carrier a third-party bill freight to us.*
    - ii. *Please take an extra moment to ensure a packing slip is included with the shipment or email a copy of the packing slip to us at [purchasing@garrettcontainer.com](mailto:purchasing@garrettcontainer.com).*
  - d. Cost Efficiency: *We know there are many ways to move supplies around, and we believe some ways are better and more efficient to us and our customers. Please use the following when determining the best shipping method:*
    - i. *Small (up to 150 lbs.): Please use UPS Ground.*
    - ii. *Medium (150 lbs. or more and 1-8 pallets): If your shipment to us weighs more than 150 lbs or is 1-8 pallets please use less than truckload (LTL) shipping methods or truckload rate. Generally, the truckload rate should be saved for loads of 6-8 pallets, but please check to see whether the LTL or truckload rate is best and use that. We have found that Yellow Freight or Fed Ex Freight are the most reliable, so please use one or the other (unless our P.O. identifies an alternative carrier).*
    - iii. *Large (8-24 pallets): If you are shipping something big and heavy, please use a partial truck or full truck. We must know when the truck is coming, so please contact us to report delivery. You are welcome to contact us, and we will work with you to find the best carrier.*
    - iv. *Whatever shipping manner you use, please provide us an email or phone call with the tracking or Pro number of the shipped goods. UPS and Fedex both have great tools for automatic notification.*

- e. Condition: Please be proactive to ensure our supplies arrive here undamaged. Here are some steps to consider preventing damage and allow us to know what is in the package before we open it. we reserve the right to do so when we see damage to any shipment.
  - i. Small Shipments/Packages: Please use packing material like plastic bubbles or peanuts (the Styrofoam kind). Also please secure the carton with good tape so it stays closed until we open it.
  - ii. Medium Shipments/Packages: When possible, please stretch wrap and band the pallets with steel bands (for loads that require banding) nice and neat with no overhang and a minimum of 2" floor clearance.
- f. Violation: When we get shipments that need extra attention because they are delivered improperly, packaged improperly, or without packing slips, it has a significant negative impact on our operations. When items arrive too early, too late, by other than a cost-efficient way, or are damaged due to poor packaging, we reserve the right to do any of the following:
  - i. Paying your bill past the due date without penalty
  - ii. Charging back for repair cost, storage, or a reasonable labor cost to remedy the problem; or
  - iii. Refusing acceptance of the delivery

**C. TERMS & CONDITIONS OF ORDER FOR PART & COMPONENT PROVIDERS / DISTRIBUTION CENTERS**

- 1. Configuration. Supplier agrees to provide parts defined within the associated PO to the revision level noted. If no revision level is noted, the latest revision level is required.
- 2. Verification Records. Supplier agrees to provide conformance records of parts provided to ensure items meet specification and performance requirements. A Certificate of Conformance is acceptable.

**D. TERMS & CONDITIONS OF ORDER FOR MANUFACTURING PROVIDERS**

- 1. Records. In addition to B6, the following records must also be retained as noted on the corresponding PO:
  - a. Manufacturing Traveler/Routers that indicate complete operations and traceability to materials used
  - b. Conformance Records, including Inspection and Test Reports. Such reports should include evidence that all product requirements have been met through appropriate inspection and testing efforts and include the following at a minimum:
    - i. Signatures and dates by authorized representative with appropriate authority of release
    - ii. GCS Issued PO Number
    - iii. Part Number with any alternates
    - iv. Part Number/Drawing Revision Level
  - c. First Article Inspection/Test Records, which shall meet the requirements of AS9102.
  - d. Equipment maintenance or calibration records
  - e. Personnel qualifications
- 2. Operational Controls. All manufacturing activities must be in accordance with applicable specifications and performed by qualified/competent personnel with records of training/competence maintained as a quality record (see C1 above) and available upon request.
- 3. Configuration. Any differences between what is listed above and what is provided by the supplier must be clearly identified, communicated, and approved prior to shipping. Supplier is not allowed to modify drawings, specifications, or product characteristics without written consent of our engineering and quality departments.
- 4. Verification & Release. When utilizing sampling inspection as a means of verification, the method must be in accordance with a statistically valid standard (i.e. ANSI Z1.4 or equivalent).

5. Nonconformance. Detection of a nonconforming product regarding any order (currently in work or previously shipped) must be promptly communicated to our quality department for evaluation.
6. Digital Process Definition (DPD) / Model-Based Definition (MBD). Supplier agrees to adhere to all requirements of applicable DPD/MBD specifications as noted on the associated PO/Specification. Controls in place can be verified by internal personnel or our customer via remote or on-site evaluation.

**E. TERMS & CONDITIONS OF ORDER FOR SERVICES AND SPECIAL PROCESS PROVIDERS**

1. Process Controls. All special process activities must be in accordance with applicable specifications and performed by qualified personnel with appropriately controlled/calibrated equipment. These records will be made available upon request per C1. Any changes to processes or process validation must be communicated to the Quality department for evaluation.
2. Calibration. Service providers must provide records of calibration that include received condition, returned condition, measurement results, reference to procedures used, and metrological traceability to applicable NIST standards. While not required, calibration providers are preferred to have a third-party registration to an appropriate quality standard, such as ISO 17025.
3. Inspection & Testing. Coordinate Measuring Systems (CMS) used to inspect and approve release of products must be an approved method and periodically validated in accordance with established procedures/instructions.
  - a. Full reports are provided, and calibration/validation records of equipment used are available upon request.
  - b. CMS using DPD/MBD must follow protocol defined in D6.