PURCHASE ORDER QUALITY ASSURANCE PROVISIONS

General Requirements:
Unless otherwise specified in the PO/RO/Contract the general requirements below apply to all orders:

Purchase Order Receipt and Verification:
The Supplier shall verify all purchase orders issued by Phoenix Heli-Support, LLC. (PHS) upon receipt. Any discrepancies in price, quantity, specifications, quality requirements, and packaging or delivery requirements shall be communicated to and resolved with PHS purchasing before taking action on the purchase order.

PHS OTC Customer Quotes and Purchase Orders:
Stock is subject to prior sale and any refunds are at the sole discretion of PHS. The delivery schedule, lead times per item and per batch are given as indication only. Delivery times are subject to change without notice. New Airbus parts may only be sold to customers residing in the United States of America. A 25% restocking fee will be assessed on all parts returned for credit. A $1000 maximum fee per line item will apply.

Prices, Taxes and Payment
All prices are firm unless otherwise agreed to in writing. Phoenix Heliparts Inc. reserves the right to change the prices and specifications of its products at any time without notice. Overseas deliveries may be subject to import duties and taxes, which are levied once the package reaches the specified destination. Any tax, duty, custom or other fee of any nature imposed upon this transaction by any federal, state or local governmental authority shall be paid by Buyer in addition to the price quoted or invoiced. In the event Phoenix Heli-Support LLC. is required to prepay any such tax, Buyer will reimburse Phoenix Heli-Support LLC Payment terms shall be net at the time of order by Buyer. Buyer assumes all liability for expenses incurred for return of an item and a 25% restocking fee will be incurred unless otherwise noted at time of sale.

Arbitration
By acceptance of the (products/services) included in Phoenix Heli-Support LLC., you agree that all disputes between the parties, or arising from the relationship between the parties, and all disputes arising from or related to the (products/services) included, including the scope of this arbitration agreement, shall be resolved by binding arbitration by the National Arbitration Forum, under the Code of Procedure then in effect. Any and all costs incurred by both parties for this arbitration will be paid by the person or business that received services or products from Phoenix Heli-Support LLC. Any award of the arbitrator(s) may be entered as a judgment in any court having jurisdiction. In the event a court having jurisdiction finds any portion of this agreement unenforceable, that portion shall not be effective and the remainder of the agreement shall remain effective. Information may be obtained and claims may be filed at any office of the National Arbitration Forum, www.arbitration-forum.com, or by mail at P.O. Box 50191, Minneapolis, MN 55405. This agreement shall be governed by and interpreted under the Federal Arbitration Act, 9 U.S.C. Sections 1-16.

Supplier Sub-tier Control:
Supplier is responsible for ensuring the following:
- All items procured from its sub-tiers conform to all relevant requirements of the purchase order.
- All applicable provisions of this document are flowed to its subcontractors including copies of the latest revision process specifications.
- Sub-tier supplier quality systems shall be compliant to the same or a higher level than the supplier requirement.
- Non-disclosure agreements need to flow down to sub-tiers when providing proprietary drawings, specifications or data.

Certifications:
Suppliers shall notify PHS immediately if certifications/accreditations (i.e. ISO9001, AS9100, NADCAP, Repair Station Certificates) were not renewed or were revoked.

Certificate of Compliance:
The supplier/vendor shall provide a Certificate of Compliance that all materials, processes, and/or finished items supplied under this order conform to applicable material and/or process specifications and are as specified by PHS Purchase Order. The Certificate of Conformance shall identify the items covered by the certification. Materials received without certification may be rejected and returned at vendor’s expense. Certification shall be signed by a responsible member of the vendor’s firm.

Distributors:
The technical and quality requirements of the purchase order apply to both you and the manufacturer of the material. As the direct supplier to PHS and the representative of the manufacturer, you are responsible for compliance with all purchase order requirements.

Right of Entry:
PHS reserves the right to review control methods and inspect material included in this order at the supplier's plant and at any sub-tier plant. Access rights shall be extended to our customer and Government or Regulatory Agency representatives.
Source Inspection:
When source inspection by PHS is required, the supplier is responsible for inspecting and presenting a fully conforming product to PHS Quality Assurance Representative. The supplier shall provide an adequate work area, a current copy of the purchase order, packing slips, all applicable drawings and specifications, required certification/test reports, and all necessary inspection equipment that the PHS Quality representative may require. The source inspection requirement will be identified on the Purchase Order or subcontract.

Corrective Action:
When deemed necessary, PHS may require Root Cause/Corrective Action for nonconformities that are identified with materials, parts, or services that are provided. If this occurs the supplier may be contacted to provide information or will be required to complete a Corrective and Preventive Action Request if one is issued.

Nonconforming Material:
Authority to ship nonconforming material must be obtained through PHS. Nonconforming material shipped without prior approval is subject to return at the supplier’s expense. The supplier must gain approval to ship nonconforming product and each supplier is required to report to PHS if a product or article has been released from that supplier and subsequently found not to conform to the applicable design data.

Records:
All Quality Records are to be legible, reproducible, and identifiable to the purchase order. Quality Records are to be stored and maintained in such a way that they are readily retrievable in facilities that provide a suitable environment to minimize deterioration or damage and to prevent loss. This applies to our suppliers and any lower-tier suppliers. Retention period for Quality Records are 5 years from Purchase Order completion unless otherwise specified. PHS, our customers, Government, or Regulatory Agency representative shall have access to review quality records as they pertain to this order and copies shall be furnished upon request.

General Requirements (cont):

Packaging:
As a minimum, the supplier shall package all material in a manner that will ensure protection against corrosion, oxidation, deterioration and physical damage during shipment to PHS. Items damaged due to inadequate packaging will be rejected and returned to the supplier. Note: Wood pallets fabricated outside of the United States must be treated for infestations and identified on the pallet in accordance with U. S. Regulations.

ESD Packaging/Packing Requirements: Static sensitive parts will be packed in a conductive frame or with leads inserted in conductive elastomer or foam to protect them against electrical charges. External labels shall identify the package on at least two sides as containing static sensitive devices. (MIL-B-81705)

Raw Material Identification: All raw material, included plate, bar, extrusion, sheet, etc…of aluminum, steel, or other material, must be identified per the applicable specification. Identification to PHS Purchase Order Number is also requested.

Chemicals: All chemical shipments shall comply with appropriate EPA, RCRA, OSHA, and DOT requirements for safe transportation, labeling (smallest unit containers and outer packaging), special or unusual handling requirements, and spill instructions. A copy of the MSDS, if applicable, shall be provided with each shipment.

Shelf Limited Life Items: All Shelf-Life-Limited Items shall include date of manufacture and shelf life must be supplied with each limited life item. Shelf-life-limited items must have a minimum of 80% of shelf life remaining when received by PHS. In some cases approval may be obtained from PHS to ship shelf-life-limited under the 80% requirement- must obtain PHS approval prior to shipment.

Wire, braid, sleeving, tubing and cable: Must be a continuous piece; no splicing, melting or bonding will be accepted.

Commercial Aircraft Part Identification: In accordance with Federal Aviation Administration (FAA) Regulations parts must be identified with at least one of the following, as applicable:

   A) FAA Form 8130-3, “Authorized Release Certificate”, “Airworthiness Approval Tag”
   B) FAA Technical Standard Order (TSO) markings on part and associated TSO certification
   C) FAA Parts Manufacturing Approval (PMA) markings on part and associated PMA certification
   D) FAA Production Certificate statement on associated shipping documents that indicates the part was produced under FAA Production Certificate
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E) Certificate of Conformity from the Supplemental Type Certificate (STC) holder; shipment of parts based on a STC must be shipped with documentation referencing the STC

F) Maintenance Release Documentation with all applicable information and accomplished by those authorized to perform maintenance, preventive maintenance and alterations IAW FAR Part 43

Service Purchase Order (OSR) Special Requirements

FAA Repair Stations: FAA Certificated Repair Stations performing work under this contract must be accomplished in compliance with Seller’s applicable valid air agency certificate. All documentation required by this contract and regulation must be included with each shipment. The return to service must comply with all regulatory requirements including but not limited to, current FAA orders and memoranda.

Notification of Change: When performing work to PHS specifications (i.e. PHS Drawing/Print) the Supplier shall notify PHS in writing of all process, design, fabrication, testing, facilities and material affecting form, fit, function, reliability or interchangeability of the end item specification or drawing requirements during the performance of this contract. The supplier shall afford PHS an opportunity to examine such changes for compliance to the contractual Quality Assurance requirements including necessary approvals.

Special Process Control: When specified by PHS, Certificates shall be submitted with each shipment to specify that all special processes or inspection methods, such as plating, anodizing, chemical conversion, heat-treating, non-destructive testing and destructive testing, demonstrate compliance with the requirements of the drawings, specifications, or purchase order and are accomplished by an approved source using approved equipment and personnel.
Specific Requirements:
Quality requirements 1 through 10 apply when specified on the Purchase Order or subcontract. In the event any term cannot be met, the vendor is responsible for notifying the PHS purchasing representative immediately.

1. Traceability: Traceability shall be maintained from receipt of raw material through finished product. Records and material must be identified by lot number, material type, specification and applicable revision identifier or date of issue, heat number, serial number, etc., as required to maintain traceability. Records shall be maintained on file at supplier’s facility. If a time limit is not specified, records shall be kept for five (5) years subsequent to completion of purchase order deliveries.

2. Part Identification: When part marking is called out on PHS specifications (i.e. Drawing/Print) parts shall be marked in accordance with the applicable drawing and shall include the manufacturer’s cage code preceded by MFR. The marking shall be accomplished IAW MIL-STD-130 (latest revision or as specified on PO). Marking shall be applied in the approximate area and using the same method as depicted on the drawing.

Parts not required to be marked per drawing shall be individually bag and tagged, IAW MIL-STD-130. Tag shall include nomenclature, part number, revision, and manufacturer’s cage code preceded by the letters MFR. When Department of Defense Federal Acquisition Regulations Supplement (DFARS) 252.211-7003 (Item Identification and Valuation) is listed as a requirement, an IUID marking is required.

Products ordered on this Contract shall be serialized by the Supplier using serialization scheme as defined in applicable drawings/specifications. The Supplier's serialization scheme shall include provisions to ensure that serial numbers are not duplicated on products with the same part number and provide an audit trail to all material, fabrication, assembly, inspection and test documentation.

3. Fasteners: Each container of fasteners shall be conspicuously marked with the number of the lot from which such fasteners were taken. The supplier shall provide one Certificate of Conformity for each part number contained in a fastener shipment. This document shall contain as a minimum the supplier's name, the standards and specifications, name of the manufacturer, lot number, purchase order number, item number when applicable, and a factual statement that a copy of a written certificate by the Manufacturer is on file at the supplier’s facility available for review by PHS upon request.

4. The Manufacturer's certificate shall state that –
   (1) The fasteners have been manufactured according to the requirements of the applicable standards and specifications and have been inspected and tested by a laboratory,
   (2) And that an original laboratory testing report is on file with the manufacturer and available for inspection.


6. First Article: First Article Inspection required per the AS9102 Standard. A first article inspection (FAI) shall be performed on new product of the first production run in accordance with SAE AS 9102. The First Article Inspection report must accompany the product.

7. Bearings: A specific certification stating that the bearing was made in the US or Canada for all Government contracts is required.

8. Boeing Suppliers: Only Boeing approved suppliers can be used for this procurement. These suppliers are listed in the D1-4426 database.


10. Government inspection: Is required prior to shipment from your plant. Upon receipt of this order, promptly notify the Government representative who normally serves your plant.