



## Petersen Precision Engineering Purchasing Terms and Conditions

As a supplier to Petersen Precision Engineering, LLC, hereinafter referred to as PPE, it is understood that your organization agrees to meet the following stipulations / requirements whenever a PPE Purchase Order is delivered. These requirements are, therefore, to be considered as terms and conditions to all purchases of products and services. External provider ensures, by acceptance of a PO, that persons are aware of their contribution to product or service conformity including their contribution to product safety and the importance of ethical behavior.

1. Suppliers must use PPE customer-approved special process sources. These sources will be communicated to you by PPE in advance or with the Purchase Order.
2. PPE is to be contacted (by the supplier) in the event of nonconforming product / material. Arrangements for the approval of supplier nonconforming product / material must be as directed by a PPE authorized manager or designee in writing.
3. Furthermore, the supplier is required to notify PPE of any changes to a product and/or process and to obtain approval of such change from an authorized PPE manager or designee.
4. PPE, their customers, and regulatory authorities retain the right of access to all supplier facilities involved in the order and to all associated / applicable records.
5. PPE requires that all applicable customer / regulatory requirements for the supplier to flow-down to your supplier / sub-tier suppliers (includes requirements in the purchasing documents and key characteristics).
6. PPE performs inspection activities to ensure that purchased product meets purchase requirements. They may include:
  - a) Receiving inspections (of supplier products/services/documents) may be / are performed by a designated PPE employee. PPE verifies the authenticity of the appropriate certificate of conformity, material certificates, etc. and other accompanying documentation by review and comparison (as is appropriate) to the drawing and/or industry specifications or by other means. When necessary, PPE may inspect or audit at the supplier's facility.
  - b) Furthermore, products are inspected to ensure they meet requirements (dimensions, etc.) and the results are recorded (as appropriate). All special processes (anodizing, heat treat, plating, etc.) will require a Certificate of Conformity.
7. When appropriate, PPE may delegate the inspection authority to one of its approved suppliers. PPE will communicate the inspection requirements and maintain a record of those approved to carry out such inspections.
8. When PPE or its customer intends to perform verification at the supplier's premises, PPE will first state the intended verification arrangements and the method of product release. This information will be communicated on the PPE Purchase Order or via another acceptable purchasing arrangement.
9. Where specified in the contract, PPE's customer or customer's representative will be afforded the right to verify at the supplier's and PPE's premises that subcontracted product conforms to specified requirements. Verification by the customer is not used by PPE as evidence of effective control of quality by the supplier and shall not absolve PPE nor its supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the customer.
10. To prevent the purchase of counterfeit or suspect / unapproved products, to ensure product identification and traceability, and for other reasons, PPE will institute controls that include the requirement of Material Certificates, Certificates of Conformity, and / or other supporting documentation from its suppliers as is appropriate. These requirements may be specified on PPE Purchase Order or may otherwise be communicated to the supplier.
11. Supplier records are available for review by customers and regulatory authorities in accordance with contract or regulatory requirements. Quality records for all products and services provided shall be retained a minimum of 3 years or a duration as agreed upon separately.
12. PPE may also require specific actions where timely and / or effective corrective actions to a supplier issue(s) are not achieved. These actions may include but are not limited to any or all of the following: sourcing such material or services with another supplier, withholding payment until the issue is resolved, removal of the supplier from PPE's Approved Supplier List, and legal actions.
13. Supplier's documented information such as Test Reports, Material Certs., and / or Certificates of Conformity shall accompany all orders.
14. The supplier shall immediately notify PPE and explain any circumstances, including labor dispute, which may delay the timely performance of the Purchase Order and shall continue to notify PPE of any significant changes in delivery status.

Effective August 26, 2021