

**PARKER HANNIFIN CORPORATION
TERMS & CONDITIONS OF PURCHASE**

**EXOTIC METALS FORMING DIVISION –
SUPPLEMENTAL CLAUSES**

To the extent the Terms and Conditions contained herein conflict with those in the applicable Parker Hannifin Corporation Terms & Conditions of Purchase -Commercial (TCP), the terms contained in this Supplemental shall control.

Point of Contact: The Exotic point-of-contact is the buyer identified on the purchase order. Any questions, problems or information should always be directed to the buyer.

Flow Down: Exotic's suppliers shall ensure flow down to, and compliance with, all applicable purchase order requirements to their sub-tier suppliers, including approved special process sources.

1. ADDITIONAL CHANGES

1.1. RESCHEDULING OF DELIVERY DATES

In addition to the provisions of Section 3 of the Parker TCP, any rescheduling of delivery dates resulting from changes to the production rates of the aircraft program or to the Buyer's needs shall not entitle the Seller to price increase.

1.2. FOR BOEING END USE CONTRACTS

Notwithstanding the provisions of Section 5 of the Parker TCP the following applies to Boeing end use Product, no equitable adjustment shall be made to the recurring price or the nonrecurring price for any Change unless the cost of such Change (plus or minus) is greater than or equal to 2% of the then current Product price.

Claims shall be made individually for each Product and for each Change. Each claim shall be considered separately for application of the limitation in the preceding paragraph. Changes may not be combined for the purposes of exceeding such 2% threshold. If the aggregate cost of Changes falling below 2% threshold exceeds \$5,000USD in any 12-month period, then limitation in the preceding paragraph shall not apply during that 12-month period.

1.3 SUPPLIER INITIATED CHANGES

Seller shall not make any change in material, design details or component parts thereof without written approval of Exotic or Exotic's End Customer (as applicable).

2. QUALITY DOCUMENTS, APPLICABILITY

The following Parker Quality documents are incorporated herein as part of the terms and conditions:

2.1 P9112, PURCHASE ORDER CLAUSES

Applicable Q-notes will be specified on the purchase order. All suppliers are required to comply with all the notes listed on the purchase order. These requirements are in addition to other purchase order requirements.

2.1.1 Specifically, for note Q010 – General Requirements Mandatory Clauses Section 1.3, for Exotic suppliers if PPAP is to be required, the requirement will be explicitly stated on the purchase order denoting “PPAP required for this order”.

2.1.2 Section 1.5.2 Certification Requirements is revised as follows for EMFD deliveries, only the below applies:

The supplier shall furnish with the delivery of products and/or services on the contract, all certifications, test reports and other documents (hereafter certifications), issued by the supplier or by the supplier’s sub-tier sources that are required by the contract. The supplier is responsible to ensure that all certifications furnished by the supplier, or by the supplier’s sub-tier sources, are complete, legible and reproducible, accurate and in compliance with all contract requirements. Parker Aerospace reserves the right to return all products to the supplier at supplier’s expense when the certifications that support the products and/or services are not properly executed.

The supplier shall maintain the original certifications and test reports in a manner so that upon Parker Aerospace’s request, they can be retrieved and furnished to Parker Aerospace within twenty-four (24) hours. The supplier shall notify Parker Aerospace in writing prior to disposal or destruction of the original certifications and test reports listed on the Summary Report and give Parker Aerospace an opportunity to obtain possession of the original certifications and test reports.

Supplier shall certify that parts and/or material supplied are in compliance with the applicable drawing and or/specification requirements and maintain objective evidence of conformance on file. One (1) copy of this certification, **signed by the supplier’s duly authorized representative**, shall be included with each shipment. Each Certificate of Conformance must stipulate the configuration revision data required to accurately describe the item ordered.

2.1.3 SQRM, Supplier Quality Requirements Manual – requirements contained within this document are hereby incorporated and applicable to all orders.

Specifically, for notifications of facility changes as outlined in Section 3.9, notifications shall be provided to the Exotic division by notifying the Buyer 90 days prior to changes in the product or process used in the manufacture of products for Exotic.

2.1.4 References to PHConnect – At this time Exotic has not implemented the PHConnect portal system for suppliers, as implementation occurs, Exotic will communicate which elements of PHConnect are applicable to Exotic specific suppliers. For supplier who support other Parker divisions and are already using PHConnect, then continue to support PHConnect requirements for Exotic as well as other divisions.

3 ADDITIONAL QUALITY REQUIREMENTS

3.1. Supplier certifications and other references to drawings, specifications or purchase order requirements must include the applicable revision status of the document. All test reports, dimensional data or specification requirements provided must reflect the tolerance for the applicable dimension or characteristic.

Additionally, acceptance of the articles or materials specified on a purchase order will be withheld pending receipt of all required data and documentation. This could delay payment.

3.2. CALIBRATION SYSTEM REQUIREMENTS

Reliability goals, accuracy ratios and Significant-Out-Of-Tolerance condition criteria are as follows: Calibration interval analysis methodology used to maintain the reliability of measurement & test

equipment, shall have a stated reliability goal to meet a minimum of 95% reliability target for measurement & test equipment in-tolerance at the end of their interval schedule. Significant-Out-Of-Tolerance conditions are defined as measurement & test equipment out-of-tolerance condition exceeding 25% of product tolerance. These conditions require documented review of impact on quality and notification to Exotic if product received by Exotic has been affected.

3.3. DISTRIBUTORS

The technical and quality requirements of the purchase order apply to you (as the distributor) and the manufacturer of the product or material. As a distributor you are responsible for assuring that requirements are satisfied.

3.4. END-USE CUSTOMER QUALITY SYSTEM REQUIREMENTS

When the end-use customer shown below is listed on the purchase order, the corresponding additional Quality System Requirement applies unless otherwise specified on the purchase order.

End Use / Proprietary Customer	Additional Quality System Requirement
Hamilton Sundstrand	ASQR-01
Jamco	MOS-M-K073
Pratt & Whitney	ASQR-01
Pratt & Whitney Canada	ASQR-01 & SQOP:01-01
Lockheed (Sikorsky)	SSQR-01 Sikorsky
Collins Aerospace (UTAS, Goodrich, Rohr, etc)	ASQR-01 and ASQR-01-AA
All Other Listed Customers	AS9100 Compliant

Note: If no end-use customer is listed on the purchase order, then Exotic's approval of the supplier's quality system is the only required approval.

3.5. SPECIAL PROCESS CERTIFICATION

All manufacturing, inspection, or testing which is required to be performed by "Approved Sources" shall be performed only by sources specifically approved to perform the processes per the applicable specification and/or drawing (i.e. D1-4226 for Boeing, Source Qualification List for Pratt & Whitney, Rohr QSD for B F Goodrich/UTAS, etc.). Supplier shall contact Exotic buyer with any questions on the applicability of special process sources prior to the processing of hardware.

Certifications or test reports from approved processors are required with each shipment. The certification shall include:

- The special process performed
- The process specification
- The name of the agency performing the process, if other than the seller.
- Revision level of the process specification. Processes shall be performed to the latest specification revision level unless revision level is specified on Exotic's purchase order.

The following special processes are considered examples, but others may be specifically noted on the purchase order: Welding, brazing, X-ray, penetrant inspection, heat treating, coating application, chemical milling, etc.

3.6. STATISTICAL PRODUCT ACCEPTANCE REQUIREMENTS – FOR BOEING END USE PRODUCTS

Supplier must perform 100% inspection for in-process and final inspection, or Supplier must confirm to the requirements of document AS9138 “Aerospace Series- Quality Management Systems Statistical Product Acceptance Requirements” as may be amended from time to time. With the exception noted herein, Supplier’s statistical sampling procedure/plan conformance to AS9138 with minimum protection levels meeting AS9138 Table A1 and C=0 will constitute Boeing Quality Approval subject to restrictions noted in AS9138, Section 4.3 Safety/Critical Characteristics, and part/product Design Data sampling requirements and/or prohibitions. Exotic and/or Boeing reserves the right to disallow a supplier’s statistical methods for product acceptance for specific sites/programs, parts or characteristics, and to conduct surveillance at Supplier’s facility to assess conformance to the requirements of AS9138.

3.7 NON-DELIVERABLE SOFTWARE CONTROL

When applicable, Suppliers shall establish and implement a software quality assurance program plan for non-deliverable software used in the automated manufacturing of deliverable hardware or in the qualification or acceptance of deliverable hardware. Objective evidence that the software performs its required functions shall exist prior to use of the software. The software shall be placed under internal configuration control which includes library backup prior to its use. Access shall be made available for review at Supplier’s facility to determine compliance with contract requirements.

3.8 REFERENCE P9112 Q-NOTE MATRIX

The following cross-reference matrix is provided as a reference during the transition to incorporation P9112 Q-Notes. Please contact your Exotic Metals Forming Division Buyer with questions.

Q-CODE NOTES MATRIX:			
Q-CODE No.	Q-CODE Name	Controlling Document	Section
Q-CODE 1	Quality System Requirements	Parker Hannifin Corp Terms & Conditions of Purchase Exotic Metals Forming Division - Supplemental Clauses	3.4
Q-CODE 2	Product Changes	Parker Group Aerospace Purchase Order Clauses P9112	1.2.2
Q-CODE 3	Certification Content	Parker Group Aerospace Purchase Order Clauses P9112	1.5.3
Q-CODE 4	Raw Material	Parker Hannifin Supplier Quality Requirements Manual	5.12
Q-CODE 5	Material Identification	Parker Group Aerospace Purchase Order Clauses P9112	2.3.3
Q-CODE 6	Serialization	Parker Group Aerospace Purchase Order Clauses P9112	2.11
Q-CODE 7	Certificate of Conformance	Parker Group Aerospace Purchase Order Clauses P9112	1.5
		Parker Hannifin Corp Terms & Conditions of Purchase Exotic Metals Forming Division - Supplemental Clauses	2.1.2
Q-CODE 8	Special Process Certification	Parker Hannifin Corp Terms & Conditions of Purchase Exotic Metals Forming Division - Supplemental Clauses	3.5
Q-CODE 9	First Article Inspection	Parker Purchase Order Clauses P9112	1.9.1
Q-CODE 10	Right of Entry and Customer/Government Source Inspection	Parker Hannifin Supplier Quality Requirements Manual	3.3 & 5.7
Q-CODE 11	Nonconforming Products and Material Review	Parker Group Aerospace Purchase Order Clauses P9112	1.7.3 & 1.7.4
Q-CODE 12	Software Control	Parker Hannifin Corp Terms & Conditions of Purchase Exotic Metals Forming Division - Supplemental Clauses	3.7

4 PACKING AND SHIPPING

Seller shall mark on containers handling and loading instructions and shall attached shipment information to the outside of the container. International shipments are to comply with the “Exotic Metals Forming – International Shipping Terms and Conditions” available at the Exotic division website.

5 BUYER PROPERTY AUDITS

Buyer also reserves the right to request and receive a list of Buyer’s owned tools in Seller’s or Seller’s supplier’s possession and to audit said list against actual tools at Seller’s or Seller’s supplier’s facility.

3. THIRD PARTY SALE RESTRICTIONS

Notwithstanding the foregoing, the Seller shall secure Buyer’s written authorization prior to any other manufacture for, use by, offer of sale, or sale to, any entity other than Buyer of Product or other product, equipment, or service which utilizes Buyer’s Information.

6 COMPLIANCE WITH LAWS, EXECUTIVE ORDERS, AND REGULATIONS

6.1 REGULATORY - ENVIRONMENTAL, HEALTH & SAFETY

Additionally, Seller shall comply with Executive Order 11246, amended through Executive Order 13665, and its applicable regulations, Section 503 of the Rehabilitation Act of 1973 and Section 402 of the Vietnam Era Veterans Readjustment Assistance Act unless exempted from such coverage, the Occupational Safety and Health Act of 1970 (“OSHA”), and the Resources Conservation and Recovery Act and all applicable requirements of the Fair Labor Standards Act (29 U.S.C. 201-219).

6.2 REGULATORY – HUMAN RIGHTS, CONFLICT MINERALS

- 6.2.4 Buyer and Buyer’s Customers are committed to assuring a safe and secure work environment and the protection and advancement of human rights throughout worldwide operations. The Buyer and Buyer’s Customers policies do not allow the use of child or forced labor.
- 6.2.5 Seller recognizes, consistent with the public policy underlying enactment of the Conflict Minerals provision (Section 1502) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”), the significant legal and non-legal risks associated with sourcing tin, tantalum, tungsten and gold (the “Conflict Minerals”) from the Democratic Republic of the Congo and adjoining countries (“DRC countries”). Accordingly, Seller commits to comply with Section 1502 of the Act and its implementing regulations; to the extent Seller is not a “Registrant” as defined in the Act, Seller shall comply with Section 1502 of the Act and its implementing regulations except for the filing requirements. In particular, Seller commits to have in place a supply chain policy and processes to undertake (i) a reasonable inquiry into the country of origin of Conflict Minerals incorporated into products it provides Buyer; (ii) due diligence of its supply chain, following a nationally or internationally recognized due diligence framework, as necessary, to determine if Conflict Minerals sourced from the DRC countries directly or indirectly support unlawful conflict there, and (iii) risk assessment and mitigation actions necessary to implement the country of origin inquiry and due diligence procedures. Seller shall take all other measures as are necessary to comply with the Section 1502 of the Act and its implementing regulations, including any amendments thereto.

6.3 ENVIRONMENTAL MANAGEMENT, HEALTH AND SAFETY MANAGEMENT, SUSTAINABILITY

- 6.3.4 Seller shall implement an environmental management system (“EMS”) in accordance with International Standards Organization (ISO) 14001. The EMS shall be certified and registered by an independent auditing body, and a copy of the certification shall be provided to Buyer. Seller shall promptly notify Buyer of any change to its EMS’s certification or registration status. Seller shall include these requirements in each of its subcontractor and supplier contracts (with each production manufacturing subcontractor or supplier classified under NAICS codes 31-33 and

having more than 500 employees) in support of the performance of Seller's obligations under this agreement, as well as the requirements of Section 17 Compliance with Laws, of this agreement.

- 6.3.5 Seller shall implement a health and safety management system (HSMS) with respect to its performance under this agreement. Seller shall include this requirement in any of its subcontractor and supplier contracts in support of the performance of Seller's obligations under this agreement, as well as the requirements of Section 17 Compliance with Laws, of this agreement.
- 6.3.6 Buyer encourages Seller to implement environmentally friendly practices such as the efficient use of resources and minimization of waste; this must be a continuous and ongoing process. Seller represents that it will develop and maintain an updated corporate sustainability plan which may include, but is not limited to: i) reduction of energy consumption, ii) reduction of greenhouse gasses, iii) reduction of solid waste, iv) reduction of hazardous waste, v) environmentally and resource friendly procurement process including environmentally friendly packaging and resource management. Seller represents that it will encourage its sub-tier suppliers to develop and incorporate their own corporate sustainability plans and practices similar to what is outlined in this Section 6.3.
- 6.3.7 Ozone Depleting Substances. An 'Ozone-depleting substance', as used in this clause, means any substance the Environmental Protection Agency designates in 40 CFR Part 82 as-- (1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or (2) Class II, including, but not limited to hydrochlorofluorocarbons. Seller shall label shipping or storage containers of ozone-depleting substance and products that contain or are manufactured with ozone-depleting substances in the manner and to the extent required by 42 U.S.C. 7671j (b), (c), and (d) and 40 CFR Part 82, Subpart E, as applicable:
- Warning Contains * _____, a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere. Warning Manufactured with * _____, a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere. *
- Seller shall insert the name of the relevant substance(s).
- 6.3.8 Buyer requires that the provisions/requirements set forth above be included in Seller's direct supply contracts as well as the obligation that they be flowed to the sub-tier supply chain. For the purpose of this note Supply Chain shall mean Seller's direct and indirect suppliers performing value-added activity on the products and services. It focuses on direct and lower-tier suppliers.