



# NOR-RAL

Composite Solutions•Precision Machining  
Registered ISO 9001 & AS9100  
NADCAP Accredited

## NOR-RAL INC GENERAL FLOW DOWN REQUIREMENTS

The following requirements apply to all external providers supplying build-to-print Parts, Materials and Services that are procured by Nor-Ral Inc.. This document does not apply to COTS (Commercial off-the-shelf items) and standard hardware made to an industry standard (MS, AMS, MIL SPEC, etc). If your company is providing a service/part in support to a Lockheed Martin Aeronautics purchase order please see section below titled: *LOCKHEED MARTIN AERONAUTICS COMPANY FLOW DOWN OF ENGINEERING SPECIFICATION REQUIREMENTS*.

- A. Seller shall provide and maintain a quality system acceptable to the Buyer and Buyer's customers for the supplies and services covered by this purchase order.
- B. Seller shall provide the Buyer, Buyer's Customers or regulatory authorities the right of access to the applicable areas of their facilities and to applicable documented information, at any level of the supply chain, including those of external providers where work is being or is scheduled to be performed under this purchase order.
- C. Seller shall notify Buyer of any and all non-conforming products. Seller's disposition of non-conforming items is limited to scrapping of the material, elimination of the non-conformance by rework to engineering, or return to supplier. For items of Buyer's customer design, Seller shall submit non-conforming material reports to Buyer for disposition. Seller shall not incorporate any non-conformance into any product, process, procedure or data unless and until Seller has obtained written approval from design activity. Seller's continued processing of material containing a non-conformance prior to Buyer's customer MRB disposition is a Seller's risk. Buyer and Buyer's customers shall have the right to refuse to accept any non-conformances.
- D. Seller shall notify the Buyer of changes to processes, products, or services, including changes of their external providers or location of manufacture, and obtain the Buyer's approval.
- E. Seller shall implement and maintain a system that provides for identification, documentation, segregation and disposition of non-conforming material and shall assure effective and positive corrective action is taken to prevent, minimize or eliminate non-conformances.
- F. Seller's purchase orders to external providers shall clearly state the use of customer-designated or approved external providers for processing and nondestructive testing requirements. This includes special processes, inspections, tests and approval criteria as required by this purchase order. When required the Seller shall provide test specimens for design approval, inspection/verification, investigation, or auditing. Seller shall assure appropriate specifications and other directives are flowed down and used by Seller's external providers. Seller shall require their external providers to flow down and to incorporate documents and requirements in purchase orders to their external providers.
- G. Buyer shall have the right to perform in-process inspections, audits, and system surveillance at Seller's and Seller's external providers facilities as part of the verification of conformance to the requirements of this purchase order. Buyer shall have the right to utilize sample inspection methods for acceptance of product. If the sample is unacceptable, Buyer shall have the right to return all or part of the lot for credit or replacement. When a *Corrective Action* is sent to an external provider in the event of nonconformities, a response is to be completed. In the event that the response is inadequate or unacceptable, the external provider shall be notified and requested for additional corrective action. The external provider shall be issued a notification upon no response to a corrective action and the supplier will be documented as being unapproved if a response is not received in a thirty day time frame.



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External providers on that are unapproved shall not be used until an acceptable corrective action has been approved.

- H. Seller shall approve, retain, and provide copies of Certificate of Conformance (COC) with each shipment. This COC shall certify that all items provided under this purchase order meet all applicable requirements and at minimum, include the following:
  - 1. Manufacturer's name and address;
  - 2. Manufacturer's and/or Buyer's part number and dash number, group number, or similar;
  - 3. Commodity or item level identification for the item(s) such as date codes, lot codes, heat codes, serializations, unique item identifiers, or batch identifications;
  - 4. Signature or stamp with title of Seller's authorized personnel signing the certificate
- I. Seller shall maintain complete records of all manufacturing, inspection, test and item level traceability that ensures tracking of the supply chain back to the manufacturer of the material being delivered per this order. 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 seller, and shall include the manufacturer's commodity or item level identification for the item(s) such as date codes, lot codes, heat codes, serializations, unique item identifiers, or batch identifications. Records shall be made available to Buyer and Buyer's customers during the performance of this purchase order and at least 10 years after completion of the purchase order and for such longer periods, if any, as may be specified elsewhere in this purchase order. Upon request by Buyer, records shall be forward to Buyer at no additional cost within 30 days of request.
- J. "If suspect/counterfeit materials or components are furnished under this purchase agreement, such items shall be impounded. The Seller shall promptly replace such items with items acceptable to Nor-Ral Inc. and the Seller may be liable for all costs relating to impoundment, removal, and replacement. Nor-Ral Inc. may turn such items over to Authority Having Jurisdiction for investigation and reserves the right to withhold payment for the suspect items pending the results of the investigation. Any known instances of fraud or attempted fraud shall be documented in writing to Nor-Ral Inc..
- K. When a product or service upon inspection at the Buyer's location is found to be not in conformance the Buyer may issue to the external provider a non-conformance report.
- L. Seller shall make personnel aware of the requirements for product and service conformity, product safety and the ethical behavior per the AS9100 requirements.
- M. The Buyer's Control and monitoring of the external providers' performance shall be based on supplier on- time delivery acceptance and the number of Non-Conformances issued.



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LOCKHEED MARTIN AERONAUTICS COMPANY  
FLOW DOWN OF ENGINEERING SPECIFICATION REQUIREMENTS

The current revision, in effect as of the date of this purchase order, of each of the following specification documents, is hereby incorporated into this purchase order by this reference:

1. ENGINEERING PURCHASING SPECIFICATION (EPS) MANUAL
2. C-130 SPECIFICATIONS CONTENT LIST
3. F-22 MATERIALS & PROCESS ENGINEERING SPECIFICATIONS & STANDARD PARTS DOCUMENTS
4. Q4R – FOREIGN OBJECT DEBRIS/DAMAGE (FOD) PREVENTION
5. PREFERRED PARTS HANDBOOK (PPH)
6. F-22 PARTS PROCUREMENT MANUAL (PPM)
7. STANDARD PROCESS SPECIFICATION (STP)
8. PROCESS SPECIFICATIONS AND PROCESS BULLETINS
9. STANDARD MATERIAL SPECIFICATIONS (STM)
10. APPENDIX QJ SELLER QUALITY REQUIREMENTS AND ADDENDUM TO APPEDIX QJ
11. APPENDIX QC SELLER QUALITY REQUIREMENTS STANDARD TERMS AND CONDITIONS
12. APPENDIX QX SUPPLIER QUALITY REQUIREMENTS.
  - a. INCLUDING SECTION 1.4 AS IT PERTAINS TO COUNTERFEIT PARTS PREVENTION
13. PM-5010 SUPPLIER/SELLER SHIPPING INSTRUCTIONS

Seller hereby agrees that (1) it has obtained or will obtain from Buyer each of such specification documents listed in 1 through 13 above and (2) in performance of its obligations in connection with this purchase order, Seller shall comply with such specification documents and all other requirements of this purchase order, unless Seller is otherwise directed by the Buyer.

The EPS manual, C-130 specification contents list, and F-22 materials & process engineering specifications & standard parts documents, items 1 through 4, can be accessed on the Lockheed Martin Aeronautics - Material Management website at:

<http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html> A downloaded version of the Lockheed Martin Aeronautics Specification documents 5 through 9, are not available online and must be obtained from the Buyer.

Seller must have an appropriate fully executed Proprietary Information Agreement (PIA) with Lockheed Martin Aeronautics acting through and on behalf of its Lockheed Martin Aeronautics Company to gain access to such specification documents. If the Seller has not entered into any such PIA, it shall fill out the PIA found on the website referenced above and fax, the completed PIA to 770-494-8382, to the attention of the "PIA coordinator".

Seller shall include the language of the above text, starting with the title "Flow Down of Engineering Specification Requirements", in its entirety, including this paragraph, in the Seller's purchase orders with its Suppliers with instructions for it to be inserted in purchase orders at every tier where the Seller or its Suppliers at any tier may elect to use a Buyer approved source for an controlled process. Buyer approved sources and controlled processes can be found on the Lockheed Martin Aeronautics - Material Management website at: <http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html>

## Terms and Conditions

Each Purchase Order issued by Nor-Ral, Inc. to a seller of goods (“Seller”) to Buyer (a “Purchase Order”), is made expressly subject to the following terms and conditions (the “Terms and Conditions”):

1. Agreement to Govern Any purchase by Buyer under a Purchase Order will be governed by the Terms and Conditions and the Terms & Conditions will prevail over and additional, contrary or inconsistent terms or conditions contained in any order, estimate, shipment or invoicing document of Seller, unless expressly incorporated in these Terms and Conditions or on the face of a Purchase Order. The Terms and Conditions will be deemed accepted upon the commencement of performance by Seller.
2. Specifications All specifications, drawings and data submitted to Seller by Buyer in connection with a Purchase Order are incorporated in and made part of the Terms and Conditions.
3. Confidentiality Each party acknowledges that its respective performance or its obligations under a Purchase Order and the Terms and Conditions may require that it have access to confidential business and proprietary information of the other including but not limited to:
  - (a) Data, plans, specifications, formulae, drawing or any other information whether business or technical, of a confidential nature, which has been furnished directly or indirectly, in writing or otherwise to the other, and
  - (b) Such information as a person familiar with the disclosing party’s business and the industry in which it operates would reasonably consider to be (i) of a confidential or proprietary nature and (ii) that the maintenance of its confidentiality would likely be of a commercial value to the disclosing party (“Confidential information”).

Each party agrees on behalf of itself and its officers, directors, employees and agents to use its/their best efforts to prevent either duplication or disclosure of the Confidential Information of the other Party.

Confidential Information will not include:

- (a) Information that is in the public domain prior to its disclosure,
  - (b) Becomes part of the public domain through to no wrongful act of the receiving party,
  - (c) Was in the lawful possession of the receiving party prior to its disclosure to the receiving party in connection with the Purchase Order or
  - (d) Was independently developed by receiving party.
4. Delivery Buyer reserves the right to cancel all or any part of the undelivered portion of a Purchase Order if Seller does not make deliveries as specified in a Purchase Order, time being of the essence of a Purchase Order, or if Seller breaches any of the Terms and Conditions including, without Limitation, the warranties of Seller described in Paragraph 6 below.

Authorization for Early Shipment – Buyer agrees to accept shipments up to 30 days prior to delivery dates set forth in this Nor-Ral Inc. purchase orders. Shipments more than 30 days in advance of the delivery dates set forth in the purchase orders require written approval of the Buyer.



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5. Consideration If the supplier fails to deliver on or before the specified delivery date of the contract (Purchase Order), the supplier shall, in place of actual damages, pay Nor-Ral, Inc., consideration costs, in the amount of 25% of the total value of the Purchase Order.
  
6. Verification and Records Seller will comply with all drawings and test specifications relating to the goods incorporated in the Terms and Conditions under Paragraph 2 above and will make such tests as are specified in such drawings, designs and specifications. Buyer or its customers will be afforded the right to perform verification at Seller's premises or upon receipt of the goods. Where Buyer or its customers request to perform verifications at Seller's premises, Seller will furnish, at no additional charge, facilities and assistance for safe and convenient inspections and tests. No verification, where performed, will relieve Seller of its obligations and warranties under the Terms and Conditions.  

The seller will maintain quality records for ten years unless otherwise specified to demonstrate conformance to a contractual requirements and the effective operation of the goods. Seller will provide access to plant facilities, if applicable, and records of Seller for inspection and/or audit by Buyer and/or parties authorized by Buyer.
  
7. Warranty Seller warrants to Buyer, its successors, assigns, customers and users of the products manufactured by Buyer incorporating the goods purchased pursuant to a Purchase order (including all replacements items and all replacement or corrected components which Seller furnishes pursuant to the warranty that:
  - (a) It has good title to any and all goods supplied pursuant to a Purchase Order, and said goods are and will be free and clear of any and all liens and encumbrances;
  - (b) And all goods and supplies under a Purchase order will be of merchantable quality;
  - (c) Any and all goods supplied under a Purchase Order will be (i) fit for the particular use intended, (ii) free from defects, whether patent or latent, in material and workmanship, and (iii) in full conformity with all contract specifications and requirements; and
  - (d) Seller will in the performance of its obligations hereunder, comply with all and will not violate any applicable federal, provincial or local laws of governmental regulations or order.The foregoing warranties will survive acceptance of the goods by Buyer and will be in addition to any warranties of additional scope given to Buyer by Seller.
  
8. Price The price for the product sold hereunder shall not be higher than that appearing on the face of this purchase order, if there is a discrepancy the Seller must contact Buyer (Purchasing Agent) and discuss issues with prices.
  
9. Shipping & Routing Vendor shall, if applicable to the purchase order:
  - (a) Follow shipping instructions shown on this order or previous routing letter or shipments will be considered F.O.B. Purchaser Destination. If it requires insurance as noted on the face of the purchase order then to make sure that it is noted as such. Freight companies already incorporate a certain amount of insurance based on the weight of the shipment. Seller is to make sure it is sufficiently covered.
  - (b) Package sufficiently to insure package or packages against damage.
  - (c) Make sure to mark proper classification on package to insure that there are no additional charges on shipment.
  - (d) If Seller is paying for shipment ("FOB Destination") and charges are to be added to invoice, then Seller will be responsible for insurance and for using the most economical and efficient way to insure timely delivery.



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10. Changes Buyer reserves the right at any time to make changes in the following:

- (a) Specifications, drawings and data incorporated in this order where the goods to be furnished are to be specially manufactured for Buyer;
- (b) Methods of shipment or packing; or
- (c) Place or time of inspection, delivery or acceptance.

If any such change causes an increase or decrease in the cost of or the time required for performance of a Purchase Order, an equitable adjustment will be made in the purchase price or delivery schedule, or both. If Buyer & Seller cannot agree to such price or time adjustment within ten (10) business days (or such other time as may then be agreeable to both parties), of Seller's receipt of Buyer's request for a change, either party may terminate the applicable Purchase Order upon five (5) business days prior notice to the other. Any changes to such Purchase Order, if agreeable to Buyer, whether initiated by Seller or Buyer, will be denominated as a "revision" to a Purchase Order. Only Buyer will issue revisions and, if issued, will be numbered serially, and each such revision will be further subject to the Terms & Conditions.