

Bill McClung Inc Standard Supplier Terms & Conditions Agreement

General: As a supplier to Bill McClung Inc., it is understood that when accepting our purchase orders, your organization agrees to meet the following stipulations / AS9100 requirements whenever accepting Bill McClung Inc., Purchase Orders

1. Where required on the Bill McClung Inc., Purchase Orders, its suppliers must use Bill McClung Inc., customer-approved special process sources.
2. Bill McClung Inc 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 Bill McClung Inc. Management. Bill McClung Inc. requires all suppliers to abide by ethical business practices.
3. Furthermore, the supplier is required to notify Bill McClung Inc. of any changes to a product and/or process and to obtain approval from Bill McClung Inc., Management when applicable.
4. Bill McClung Inc. their customers, and regulatory authorities retain the right of access to all supplier facilities involved in the aerospace order and to all applicable records.
5. The AS9100 standard requires that all applicable customer/regulatory/AS9100 requirements for the supplier to flow-down to sub-tier suppliers (includes requirements in the purchasing documents and key characteristics where required).
6. Bill McClung Inc. 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 employee. Bill McClung Inc. 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, Bill McClung Inc. 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 etc.) where the compliance cannot be verified by inspections will require a Certificate of Conformity.
7. When appropriate, Bill McClung Inc. may delegate the inspection authority to one of its approved suppliers. Bill McClung Inc. will communicate the inspection requirements (including approved monitoring and measurement equipment/methods) and Bill McClung Inc. will maintain a record of those approved to carry out such inspections.
8. When Bill McClung Inc., or its customer intends to perform verification at the supplier's premises; Bill McClung, Inc. will first state the intended verification arrangements and the method of product release. This information will be communicated on the Bill McClung Inc. Purchase Order or via another acceptable purchasing arrangement.
9. Where specified in the contract, the Bill McClung Inc.'s customer or customer's representative will be afforded the right to verify at the supplier's premises and Bill McClung Inc.'s premises that subcontracted product conforms to specified requirements. Verification by the customer is not used by Bill McClung Inc., as evidence of effective control of quality by the supplier and shall not absolve Bill McClung Inc. or 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 and to ensure product identification and traceability (and for other reasons), Bill McClung Inc. 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 Bill McClung Inc.'s Purchase Order or may otherwise be communicated to the supplier.

11. Records are available for review by customers and regulatory authorities in accordance with contract or regulatory requirements and must be retained for a minimum of 8 years.

12. Bill McClung Inc. expects 100% on time delivery. If the agreed upon delivery cannot be met, the appropriate Bill McClung representative must be notified in advance. If Bill McClung Inc. annual supplier evaluation identifies a supplier with an on time delivery rate of 95% or less a corrective action can be issued.

13. Bill McClung Inc. requires that products provided by its Approved Suppliers be correct and free of defect per the supplied Purchase Order. If Bill McClung Inc. annual supplier evaluation identifies a supplier with a scrap/rework rate that exceeds 5% of their Bill McClung Inc delivered products; a corrective action can be issued.

14. Bill McClung Inc. 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: withholding payment until the issue is resolved, removal of the supplier from Bill McClung Inc.'s Approved Supplier List, and/or legal action.

15. Suppliers shall include all FAR and DFARS flow-down clauses as required to all lower tier subcontracts issued in support of any Purchase Orders issued by Bill McClung Inc.

Created 7/9/18 – Thom Fairleigh – Bill McClung Inc – V.P. Contracts

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