

Supplier Terms and Conditions

KD Industries, Inc.

Purpose: This Document acts as communication for the Flow Down Requirements from KD Industries, Inc. to our Suppliers to ensure awareness.

Within this Document, the term Supplier refers to external organizations that provide products and/or services to KD Industries, Inc.

The following are KD Industries, Inc.'s requirements for Suppliers:

- a) The Purchase Order (PO) and referenced requirements and specifications are required to be followed for the processes, products, and services to be provided *including the identification of relevant technical data (e.g., specifications, drawings, process requirements, work instructions)*;
- b) The Supplier shall maintain controls for the approval of their:
 1. products and services;
 2. methods, processes, and equipment;
 3. the release of products and services;
- c) The Supplier shall maintain organizational competence, including any required qualification of persons;
- d) The Supplier shall cooperate through all interactions with KD;
- e) KD Industries, Inc. monitors Suppliers' performance (Goal: 87% OTD and less than 2 per month per quarter)
- f) Certain instances may require KD Industries, Inc. and/or its customers to perform verification and/or validation activities at the Supplier's premises;
- g) *The Supplier shall maintain control of design and development activities;*
- h) *The Supplier shall maintain control of special requirements, critical items, or key characteristics;*
- i) *The Supplier shall maintain control of tests, inspections, and verification activities (including production process verification);*
- j) *The Supplier shall maintain control of the use of statistical techniques for product acceptance and related instructions for acceptance by the organization;*
- k) *The Supplier shall:*
 - *implement a quality management system;*
 - *use customer-designated or approved Suppliers, including process sources (e.g., special processes);*
 - *notify the organization of nonconforming processes, products, or services and obtain approval for their disposition;*
 - *prevent the use of counterfeit parts;*
 - *notify the organization of changes to processes, products, or services, including changes of their Suppliers or location of manufacture, and obtain the organization's approval;*
 - *flow down to Suppliers applicable requirements including customer requirements;*
 - *provide test specimens for design approval, inspection/verification, investigation, or auditing;*
 - *retain documented information, including retention periods and disposition requirements (shred);*

| Record Retention Requirements | |
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| Retention Time Period (From Date of Manufacture) | Part Type |
| 40 Years | Critical Safety Item(s), Flight Safety Item(s) and for major Rotor Item(s). |
| 10 Years | All other serialized parts other than off-the-shelf or Industry Standard Parts. |
| 10 Years | All other nonserialized parts |

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- l)** *The Supplier shall provide the right of access by the organization, their customer, and regulatory authorities to the applicable areas of facilities and to applicable documented information, at any level of the supply chain;*
- m)** *The Supplier shall ensure that persons are aware of:*
 - *their contribution to product or service conformity;*
 - *their contribution to product safety;*
 - *the importance of ethical behavior.*