

Kansas Modification Center

General Terms and Conditions of Delivery



Kansas Modification Center, LLC
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Reviewed and issued by:

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Dated

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Revision A

Revision notes

Revision Level	Change Description	Date and Approval
New	Original Release	3/30/2022
A	Updated section 11.1, termination clause	06/14/2022

1 PURPOSE

1.1

Kansas Modification Center LLC (KMC) wishes to purchase goods and services from suppliers in support of the 777 Passenger to Freighter Conversion taking place at NIAR in Wichita, KS. These Terms and Conditions provides and communicates the requirements and expectations for suppliers that wish to support this program. These conditions are governed by and construed in accordance with the laws of the State of Kansas.

2 GENERAL

2.1 General

Any delivery and performance relationship between Kansas Modification Center (hereinafter referred to as "KMC") and the contractor (hereinafter referred to as the "Contractor") shall be exclusively governed by the terms and conditions below, unless otherwise agreed in writing between KMC and the Contractor. These General Terms and Conditions of Purchase shall apply even if KMC accepts goods / services without reservation, despite being aware of terms of the Contractor which are inconsistent or which deviate from these General Terms and Conditions of Purchase.

2.2 Order of Precedence

In the event of a conflict between the terms and conditions included herein and other requirements set forth in any other document, the order of precedence shall be:

1. Purchase orders that amend these terms and conditions
2. Contracts for the specific service or product supplied
3. These General Terms and Conditions
4. Federal Aviation Regulations requirements

2.2 Non-Disclosure

All suppliers are required to have on file an executed Non-Disclosure with KMC. If the supplier requires NIAR interaction or requires NIAR to exchange engineering information or intellectual information, a three-way non-disclosure will be required between KMC, NIAR and the supplier. All suppliers are required to flow down this non-disclosure requirement to all sub tier suppliers if engineering information, proprietary information or intellectual property is transferred to the sub tier in support of this program.

3 CONTRACT

3.1 Purchase Orders

KMC will issue Purchase Orders (PO) for good and services by electronic order. Within five (5) business days for new purchase orders and two (2) business days for change orders and items ordered that are currently on contract, supplier shall confirm acceptance of KMC's order in writing without undue delay. If supplier's order confirmation deviates from KMC's order, KMC will only be bound by the order if KMC has consented to the deviation in writing. The acceptance of goods and services or payment for same shall not constitute acceptance of supplier's deviations. The supplier shall have five (5) business days to accept or reject PO. If PO is rejected or after five (5) business days, KMC may cancel the order.

3.2 Contract

KMC may enter into a long-term contract to supplement issuance of the PO and outline specific details that supplement the PO. Associated purchase orders will reference the contract.

3.3 Condition of Supply

Purchase Order will clearly define condition of supply of good or service purchased along with stated delivery date and non-typical inspection or conformity requirements.

4 QUALITY REQUIREMENTS

4.1 Supplier Quality Management System

Supplier shall have a quality management system (QMS) that is certified, by way of third party, to one of the appropriate standards below.

- a. ISO9001 / AS9100 Rev D
- b. 14 Code of Federal Regulations (CRF) 21.137
- c. AS9120
- d. ASA 100 / FAA 00-56A
- e. Existing system that do not meet the above approvals above and have been audited by NIAR or KMC and are shown to have satisfactory traceability and quality oversight for all items delivered may be approved on a conditional approval by NIAR's or KMC's quality manager.

4.2 Non-Conforming Product

Supplier will notify KMC of nonconforming processes, products, services or other Quality escapes and obtain approval for their disposition prior to shipment of product. Suppliers will notify KMC within 24 hours or as soon as reasonably possible when nonconforming

product has escaped their quality system. This notification must be in writing and include the PO number, part number, serial number (if applicable), shipment date, quantity and a clear description of the nonconformity and action to be taken.

Supplier will notify KMC of changes to processes, products, or services, including changes of their external providers or location of manufacture and obtain approval before shipment. Suppliers are expected to flow down to their external providers all applicable requirements including customer requirements noted within this document.

4.3 Conflict and Counterfeit Materials

Supplier shall take all necessary steps to ensure that all materials are original to specifications, no conflict material are used or sourced and that no counterfeit materials are used in the production of delivered product.

4.4 Root Cause and Corrective Action

Root cause and corrective action will be required on all non-conforming product submitted to KMS for disposition and all products that are included in any quality escape.

Root cause and corrective action may be requested when supplier does not fulfill expectations of all contractual language for design, delivery and quality of products.

4.5 Inspection Requirements

The supplier is expected to perform test, inspection and verification (including production process verification) in accordance with the approved technical data (CMM, drawing, specification, etc.) prior to shipment to KMC.

5 FIRST ARTICLE REQUIREMENTS

5.1 Company Conformity

Supplier will ensure that all products produced will undergo a company conformity inspection. Conformity will again be required due to any changes in sub tier suppliers, manufacturing location or changes to processes.

5.2 AS 9102 FAI

Supplier will document all company conformity item per AS9102 requirements. AS9102 forms will be required to be submitted on Net-Inspect and approved by KMC before shipment. All manufacturing records to support AS9102 forms 1 and 2 will be required to be uploaded and linked to the first article report in Net-Inspect.

5.3 FAA Conformity

Supplier will be notified of items that will require FAA conformity. Notification will be made in writing on the associated purchase order. Additional inspection points may be required throughout the manufacturing process and will be identified before the manufacturing process has been completed. After company conformity and FAI documents are complete, notify KMC for conformity and shipment instructions.

6 WARRANTY

6.1 Supplier Warranty

Supplier shall warrant that all delivered items conform to the latest revision of the engineering specifications, free from defects and are suitable for the intended use and purpose. Supplier also warrants that all good and services do not infringe on other third-party rights or protected intellectual property rights. Items that do not meet all specifications will not be accepted unless agreed to in writing and accompanied by an approved Quality Notification (QN). At KMC's option, non-conforming items will be returned for replacement or reworked at supplier's cost.

6.2 Supplier Designed Equipment

Supplier also warrants that all good and services do not infringe on other third-party rights or protected intellectual property rights.

Warranty scope and product liability insurance on supplier designed parts and equipment will be detailed in associated contract that pertain to these goods and services.

7 SUB TIERS

7.1 Use of approved sources

Supplier will ensure that all critical processes are completed by a KMC approved source. Processes and sources are listed in in Schedule 1 of this document and available online at www.kansasmod.com/suppliers.. If a process is not listed in Schedule 2, it is not considered a critical process and any commercial source is approved.

7.2 Source of materials

Supplier will ensure that all material is procured from an approved source and if not directly purchased from the source, that the material is purchased from an approved distributor. Approved material suppliers are listed in Schedule 2 of this document and available online at www.kansasmod.com/suppliers.

7.3 Sources for Standard Hardware

Supplier will ensure that all standards are procured from an approved distributor. Approved standard suppliers are listed in Schedule 3 of this document and available online at www.kansasmod.com/suppliers.

8 DELIVERY

8.1 Required Documentation for Delivery

All shipments will be required to have an approved AS9102 FAI approved before shipment. The following hard copy paper work will be attached to and identifying the shipped goods.

1. Shipper stating the following
 - a. PO Number
 - b. Part Number
 - c. Quantity Shipped
 - d. Lot or serial number(s)
 - e. Certificate of Conformance signed by supplier
2. Via electronic transfer or hard copy
 - a. Material certifications including physical and chemical test reports
 - b. Certificate of Conformance for all supplied hardware
 - c. Special process specifications dated and stamped or signed by company individual.

8.2 Point of Delivery

The place of performance or place of delivery regarding all contractual obligations shall be Wichita, KS unless otherwise agreed to in writing or stated on the purchase order. Delivery shall be included in pricing unless otherwise agreed to in writing.

8.3 Packing

Purchase Order will clearly define condition of supply of good or service purchased along with stated delivery date and non-typical inspection or conformity requirements.

8.4 Schedule

Purchase Order will clearly define delivery schedule of all goods and services. All delivery dates are to be receipt at delivery point regardless of agreed to shipping terms. Supplier shall provide such information to KMC to ensure timely delivery of all products.

3.3 Delivery Penalty

At KMC's discretion, supplier will be responsible for all costs incurred by KMC associated to supplier's nonperformance to the associated order. Nonperformance is defined as but not limited to delivery performance, quality performance or any violations of the terms identified in this document.

The supplier shall notify KMC in writing without undue delay of foreseeable delays in the delivery provision of goods and services and advise KMC of the anticipated duration of any such delay, including delays connected to force majeure rational.

9 PAYMENT TERMS

9.1 Terms

Unless otherwise agreed, payments will be net thirty (30) days. Payment terms will begin upon the receipt of goods and services or the receipt of a properly submitted invoice, whichever is later. Items shipped early without KMC consent will be considered to be received on the next scheduled PO delivery date.

10 RIGHT OF ENTRY

10.1

The supplier guarantees KMC, NIAR, the Federal Aviation Administration (FAA) and other civil regulatory authorities with jurisdiction, or their delegates, the right of access to supplier's facilities, quality-related records, processes and data related to this activity. For aviation-related goods and services, supplier will ensure that this requirements for access by the FAA or other civil regulatory authority with jurisdiction, is flowed down to their sub tier suppliers and vendors.

11 TERMINATION

11.1

If program is terminated, KMC will be responsible for all incurred costs of items placed on purchase order. Reasonable means shall be taken by supplier to limit the cost of these items.