

## PURCHASE ORDER TERMS AND CONDITIONS

Koch Metal Spinning Co., Inc. (KMSCO) requires full compliance to the following clauses when noted on the Purchase Order (PO). Failure to comply or partial compliance with any clause specified by the PO shall be cause for rejection and return of the shipment. When noted on the PO, the supplier may be required to flow these clauses down to sub-tier supplier(s).

### 01 KMSCO SOURCE INSPECTION

All items and processes covered by this PO are subject to inspection and / or review at the supplier's facility by a KMSCO Quality Control Representative. The Supplier shall provide no less than seventy-two (72) hours advance notice to KMSCO to permit scheduling of source inspection. Specific operations in the manufacturing cycles may be designated as KMSCO Quality Surveillance Points / Key Characteristics. Upon notification, KMSCO may opt to witness the designated operation.

### 02 FIRST ARTICLE INSPECTION

Supplier first piece inspection is required on one (1) piece, unless specified otherwise on the PO. Supplier is to submit a complete inspection report together with the part(s) it represents. Processing of production items prior to such approval is at the Supplier's risk.

### 03 NO CHANGE WITHOUT APPROVAL

Supplier shall not make any configuration changes to the article defined including changes to external providers or location of manufacture or processes to provide the article defined on this PO without written consent from KMSCO.

### 04 NONCONFORMING MATERIAL

Supplier will notify KMSCO of any nonconforming product prior to shipment to KMSCO.

### 05 RIGHT OF ACCESS

During performance of this PO, authorized KMSCO representatives, its customers and / or regulatory authorities and those of the subcontractor's sub-tier suppliers, when applicable, reserve the right of entry for review and surveillance of all facilities involved in this PO including applicable quality records.

### 06 CERTIFICATION OF COMPLIANCE

The Supplier shall furnish with each shipment a legible and reproducible copy of a certificate stating compliance to the requirements of the PO listing the supplier's name, the purchase order number, item name, and, as applicable either the specification number (including revision and amendments) or drawing number (including revision). This certificate shall be authenticated by a responsible Quality Assurance Representative or Company Official attesting compliance to all applicable PO requirements.

### 07 CERTIFICATION OF MATERIAL

Each shipment of material must be accompanied by a legible copy of a certification, which states that the material supplied was made from material which meets the requirements of the KMSCO PO / drawing / specifications. Actual test reports (chemical and physical) are to be provided.

The KMSCO PO number or specification number with revision level must appear on the certification. The certification must contain the signature of a responsible representative of the supplier and his title.

#### 07A FULL TRACEABILITY

A test report from the original raw material manufacturer (the mill) for all raw materials used in the manufacturing process traceable through all levels of the supply chain by pack slip or invoice referencing the heat/ lot number is required.

### 08 HEAT OR MELT IDENTIFICATION

All parts and/or material shall be identified with the heat melt, heat code or lot number. When shipment consists of two (2) or more heat lots, each lot must be segregated and identified with the packing slip noting the quantity of each heat lot shipped.

### 09 MATERIAL SUPPLIED BY KMSCO

KMSCO will furnish the subcontractor with material or supplies, which are required by the subcontractor to produce the article(s) called for on this PO.

### 10 TRACEABILITY / SERIALIZATION

Serialization required for control purposes. Method of application, location sequence, and clarity requirements are as identified on this PO or on an applicable drawing / specification.

Component integrity includes the traceability of serialized parts to original mill heat, heat treat batches, inspection reports and any other manufacturing process which affects end item product quality. All certification documents shall reflect this traceability.

### 11 PROCESS CERTIFICATION

Each certification shall indicate the process performed, the applicable specification(s) or standard(s), revision level and the process supplier's name and address if other than KMSCO. It shall also include the part number and revision, KMSCO purchase order number, and serial number(s) when applicable.

### 12 CERTIFICATION OF CALIBRATION

Each item shall be accompanied by a signed certification of calibration stating that the item(s) have been calibrated and are traceable to nationally recognized standards.

A) The certification shall reference the National Institute of Standards and Technology (NIST) test number for the calibration standard(s) used, where applicable.

B) The certification shall reference the NIST test number and accuracy of the calibration standard(s) used, where applicable, including as-found and as-left data for the equipment being calibrated.

C) The certificate shall include:

- 1) Date of calibration.
- 2) Notification of out of tolerance conditions.
- 3) Identification of measurement uncertainties.

### 13 RIGHTS AND RESERVATION

All drawings, designs, information, tools, patterns, equipment and other items supplied by KMSCO, and proprietary rights embodied therein are reserved, and the same shall not be used or reproduced for any purpose whatsoever except for the performance of work under this PO. The supplier / subcontractor shall not publicize or advertise this subcontract without KMSCO'S prior approval.

### 14 SAFETY DATA SHEETS (SDS)

A safety data sheet is required to accompany all shipments of hazardous material.

### 15 VERIFICATION OF SUBCONTRACTORS PRODUCT

A) KMSCO'S customer or customer's representative shall be afforded the right to verify at the subcontractor's premises that the subcontracted product conforms to specified requirements.

B) Specific operations in the manufacturing cycle may be designated as KMSCO Quality Surveillance Points / Key Characteristics. Upon notification, KMSCO may opt to witness the designated operations.

### 16 RECORD RETENTION

Production records shall be maintained by the supplier for a minimum of 10 years unless otherwise specified on this PO. NDT inspection records, heat treat records and chemical and physical certifications should be maintained for a minimum of 25 years unless otherwise specified on this PO.

**17 KMSCO DESIGNATED SUBCONTRACTORS**

If subcontracting is required the supplier must use a subcontractor designated by KMSCO.

**18 SUBCONTRACTOR EVALUATION**

The supplier should carry out subcontractor assessment by an appropriate combination of surveillance of their quality systems and evaluation of their capability from previous delivery records. If necessary to make use of a subcontractor selection should be made on a basis of ability to meet quality requirements, including customer approved sources as required.

**19 COUNTERFEIT PART PREVENTION**

The supplier shall have a program in place to prevent the delivery of counterfeit parts and materials to KMSCO. All parts, materials delivered to KMSCO shall be procured directly from the original manufacturer. If it is determined that this is not possible the KMSCO buyer must be notified within (5) working days of this determination. The supplier is responsible for the flow down of this requirement to its sub-tier contractors and their compliance to it.

**20 SUPPLIERS CONTRIBUTIONS**

The supplier shall have a program in place to make their employees aware of what contributions they make to product or service conformity and product safety.

**21 ETHICAL BEHAVIOR**

The supplier shall have a program in place explaining the importance of ethical behavior.

**22 IMPLEMENT A QUALITY MANAGEMENT SYSTEM**

The supplier shall implement a quality management system to control all products and services they provide.