

PURCHASE ORDER QUALITY CLAUSES

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English Language – All records and documentation required by this document shall be maintained in the English language.

Right of Access – Steelville Manufacturing Co. (SMC), the SMC Customer(s), and Government and Regulatory agencies purchasing the end product shall be allowed the right of access to determine and verify the quality of work, records and material at any place, including the plant of the Supplier. Where SMC's customer(s) include all tiers of the supply chain upstream from SMC.

Personnel Qualification – The supplier shall ensure personnel performing work under this PO, are qualified to perform the functions required to produce the desired results. This would include any specific training as described within the applicable specifications related to this order. This training shall ensure employees are made aware of the following: their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.

Quality Management System – Suppliers shall have a quality and calibration system meeting one of the following requirements as applicable: AS9100 (D6-82479 Addendum 1), ISO 9001 *or* AC 7004. SMC reserves the right to approve Suppliers based on requirements and resources.

Quality Records – Quality records must be maintained on file for a minimum of ten (10) years (unless otherwise specified) and readily retrievable upon request.

Product Verification – Verification by SMC shall not resolve the Supplier/Supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejections by SMC.

Document Control – All documentation supplied by SMC will be *removed from service* upon completion of the contract. SMC will not maintain records of documents issued to Suppliers.

Approved Processing Sources – When permission is given by SMC to outsource special processing, see paragraph 10 below, sources approved by the product OEM shall be used. The requirements associated with the OEM's approved supplier list shall also be followed, including flow down of these requirements to sub-tier suppliers. For Boeing these requirements can be found at <http://active.boeing.com/doingbiz/d14426/index.cfm>. All Processors will provide appropriate certification of the work performed.

Control of Non-Conforming Product – Non-conforming product produced from SMC supplied material will be segregated and returned to SMC. Seller shall provide documented cause and corrective action upon request.

Handling, Packaging, Preservation and Delivery – The Supplier shall use appropriate methods of handling, packaging and Preservation to prevent damage of product in process and during delivery. The standard packaging and protection requirements of the end product OEM shall be used at all times while the seller has possession and during return shipment of product. An example of end product OEM requirements would be PS20001 for Boeing St. Louis product.

Statistical Techniques – When Required by SMC contract, the Supplier shall perform statistical analysis for applicable key characteristics, and provide results upon SMC's or its customer's request.

Process Owner Approval:

QA Manager Approval:

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Evidence of Inspection – A qualified representative of the Suppliers Quality Department shall sign and document acceptance status for each shipment as evidence of 100% inspection. Sampling inspection shall not be performed without prior written approval from SMC and our Customer. *Companies supplying special processes are exempt from this requirement when the specification allows for less than 100% inspection.*

First Article Requirements – First Article inspections will be performed in accordance with the conditions and methods described in the most recent revision of AS9102. This condition does not apply to companies supplying special processes.

Defense Priorities and Allocations System (DPAS) – Unless otherwise specified, all defense articles shall be considered to have a DPAS rating of "DO".

Special Processing Specification Revision Level – Special processing shall be performed to the specification revision stated on the purchase order. For specifications which have supplemental departure documents, such as BAC specifications, all departure documents applying to the product shall be followed.

Boeing/Government Owned Property (Special Tooling) – When Boeing/Government owned property (special tooling) has been provided to the seller by Steelville Manufacturing Co., the seller must comply to the requirements of Boeing's D950-11059-1 BDS Seller Special Tooling Requirements.

FOD Prevention and Detection – Suppliers shall have a FOD prevention and detection program meeting the requirements of AS9146 in place.

Material Suppliers – Material supplied against this contract must be purchased from approved sources of the end item users (SMC's Customer). Material must be supplied in the ordered condition. All material suppliers will provide their own certification of the material, as well as copies of the mill certification. If this condition is not the "mill" condition, then SMC must be notified prior to order fulfillment if 3rd party processing will be used to satisfy the order. All processing must be performed to SMC's Customer's specification and from SMC's Customer's approved suppliers list.

Non-Domestic Material Suppliers – Non-Domestic material supplied against this contract must be purchased from approved sources of the end item users (SMC's Customer).

Raw Material Requirements – Suppliers providing material to Steelville Manufacturing Co., including those suppliers purchasing raw material for use in products sold to Steelville Manufacturing, must comply to the conditions found in the most recent revision of Boeing's D607 clause. This clause can be found at: http://www.boeingsuppliers.com/idscommon/clauses/clause_h.htm

MIL-A-8625 Dimensional Inspection Requirements – Suppliers performing anodize to MIL-A-8625 shall ensure all coating dimensional requirements are met and tested (measured) as described within the specification. However, the specification required measurement of after coating product dimensions is not required unless there is specific, or implied (e.g. reference to mylar, or visual aid), direction to perform them contained in the Purchase Order.

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Terms and Conditions – The following SMC terms and conditions apply to this contract.

PO Box 919, 1055 Perkins Dr
Steelville, MO 65565

TERMS AND CONDITIONS

1. The Seller by acceptance of this Order, accepts all the terms and conditions hereof. Acceptance of this Order shall take place either by execution and return of the signed acknowledgement copy accompanying this purchase order or by part performance of this Order. Any modifications or alterations of or additions to the terms and conditions of this Order, to be binding must be in writing, signed by an authorized representative of the Purchaser and delivered by the Purchaser to the Seller. Any term, condition or reservation, inconsistent with the terms hereof that may be contained in any printed or standard acknowledgement, invoice form or other document issued by Seller shall be of no effect (Purchaser hereby objects to any such inconsistent terms, conditions, or reservations and notifies Seller that they are rejected) notwithstanding Purchasers act of accepting or paying for any shipment or otherwise performing the obligations on its part to be observed or performed hereunder
2. Unless otherwise stated in this Order, terms are Net Thirty (30) days after delivery of goods and receipt of invoices.
3. Seller represents that any price or prices specified in this Order do not exceed Seller's current selling prices for the same or substantially similar goods. Unless otherwise stipulated all prices inserted on the face of this Order shall represent the total cost to the Purchaser as at the point of delivery specified herein, including all sales taxes, excise taxes and custom duties and other Government and Municipal taxes, levies and charges of every description and charges for packing, crating, boxing, storage and shipping charges. If price is not stipulated on this Order, it is not to be filled at higher prices than last previously quoted or charged without written authority of purchaser.
4. All goods shall be shipped F.O.B. as stated on the face of this order. If goods are shipped F.O.B. destination or Purchaser's plant, shipping charges must be prepaid in all cases. No insurance premium or shipping costs will be allowed unless authorized in writing. Goods must be packed and delivered to conform with Uniform Freight Classification to obtain lowest shipping rate. Packing slips must be enclosed with all shipments showing order number, line number, release number, if any, and quantity. Charges accrued through Seller's failure to ship in accordance with Purchaser's shipping instructions will be charged to Seller's account.
5. Time shall be of the essence in this Order. The goods must be delivered strictly in accordance with the quantities, specifications and delivery schedule specified, otherwise, in addition to its other legal remedies.
6. Purchaser shall be at liberty to cancel this Order, in whole or in part. Purchaser assumes no obligation for goods shipped in excess of quantities specified in this Order or prior to delivery schedule specified.
7. Goods are subject to inspection by Purchaser and Purchaser shall be the final judge of the goods. No

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payment will be made to Seller in respect of any goods, which are rejected on such inspection. Purchaser reserves the right to retain any portion of any shipment not strictly in accordance with specification and in such case will pay to Seller a reasonable price therefore, but such retention shall not preclude Purchaser from rejecting the remainder of any or other shipments. Rejected goods will be held for Seller's instructions and at its risk and expense. If instructions are not received within fifteen (15) days after notice of rejection, goods will be returned at Seller's expense. No goods returned as defective shall be replaced without Purchaser's written permission. Where re-work is required to meet specification requirements, such re-work shall be arranged for by Seller at no cost to Purchaser. Payment for goods shall not constitute acceptance thereof by Purchaser nor shall Purchaser's inspection or omission of inspection relieve Seller of its obligation to furnish all goods in strict accordance with all terms and provision of this Order.

8. Seller expressly warrants that all goods covered by this Order will be fit and sufficient for the purpose intended, merchantable, of good design, material and workmanship, free from defects and will conform to applicable specifications, drawings, samples or description.
9. Seller agrees to indemnify and save harmless Purchaser, its successors and assigns, against all damages, expense, claims, demands, actions, suits and proceedings for actual or alleged infringement of any patent, copyright or trademark by reason of the sale, use or incorporation into manufactured products, of the goods furnished hereunder.
10. This Order shall not be assigned in whole or in part without the previous written consent of Purchaser. When permission has been granted to assign, seller shall insure these Purchase Order Quality Clauses are flowed to the seller's supplier.
11. The remedies herein reserved shall be cumulative and additional to any other and further remedies provided in law or equity. No waiver of a breach of any provision of this contract shall constitute a waiver of any other breach, or of such provision.
12. The Seller shall not, without first obtaining the written consent of Purchaser, in any manner advertise or publish the fact that Seller has contracted to furnish to Purchaser the goods herein mentioned, and for failure to observe this provision the Purchaser shall have the right to cancel the contract resulting from acceptance of this Order, without any further liability thereon.
13. If Seller ceases to conduct its operations in the normal course of business (including inability to meet its obligations as they mature), or if any proceedings under any bankruptcy or insolvency laws is brought by or against Seller, or a receiver for Seller is appointed or applied for, or an assignment for the benefit of creditors is made by Seller, Purchaser may terminate this Order without liability, except for deliveries previously made.

In addition, if the Seller moves its manufacturing location, for any reason ceases to conduct its operations in the normal course of business, or changes its Quality Management System such that either quality or delivery schedule of goods is adversely affected, the Seller shall notify the Purchaser within 30 days. This would include a change in the Quality Management Representative.

14. Seller shall keep confidential all information, tools, drawings, specifications or data furnished by Purchaser, or prepared by Seller specifically in connection with the performance of this Order and shall not divulge or

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use such information, drawings, specifications or data to or for the benefit of any other party. Seller agrees that if the goods covered by this Order are to be manufactured to design or technical data furnished by

15. Purchaser, the Seller shall not, without the prior written consent of Purchaser, manufacture any such goods except for and upon order of the Purchaser.
16. Once the Purchase Order has been completed, and Seller determines a need to keep possession of, drawings, specifications or data furnished by Purchaser in anticipation of future orders, Purchaser furnished materials shall continue to be kept confidential. Seller shall return, or destroy, these Purchaser provided items upon request. Purchaser provided tooling shall be returned at the completion of the order, unless Purchaser specifies otherwise in writing.
17. If technical data has been provided to the seller, the following warning applies, unless otherwise specified.

WARNING: This document contains technical data whose export is restricted by the Arms Export Control Act (Title 22, U.S.C. Sec 2751, et seq.) or the Export Administration Regulations (EAR) (15 CFR chapter VII, subchapter C). Violators of these export laws are subject to severe criminal penalties.

This information in document form (or any other medium), including any attachments and exhibits hereto, may not be exported, released or disclosed to foreign persons whether here in the United States or abroad without first obtaining the proper export authority. Recipient shall include this notice with any reproduced portion of this document.

18. The obligations of Seller contained herein shall survive acceptance of the goods and payment therefore by Purchaser.
19. Termination for Convenience/Basis for Termination; Notice - SMC may, from time to time terminate all or part of any Order issued hereunder, by written notice to Seller. Any such written notice of termination shall specify the effective date and the extent of any such termination.
20. This Order shall be governed in all respects by the laws of the State of Missouri.

Acknowledgment and acceptance of the above SMC Purchase Order Quality Clause and Terms & Conditions is implicit in your fulfilling any order that makes specific reference to this document.