



## Purchase Order Terms and Conditions

### SCOPE AND APPLICABILITY

These Purchase Order Terms and Conditions (these "Terms and Conditions") establish quality control requirements for the vendor ("Vendor") identified in a Purchase Order issued by of Slice of Stainless, Inc. ("SOS"). These Terms and Conditions shall be automatically incorporated into each purchase order issued to and accepted by the Vendor ("Purchase Order") and shall be effective upon receipt and acceptance of the Purchase Order by the Vendor. These Terms and Conditions are supplemental to any specific requirements set forth in the Purchase Order. In the event of a conflict between the specific requirements of the Purchase Order and these Terms and Conditions, the requirements set forth in the Purchase Order shall control.

These Terms and Conditions shall apply to all materials, supplies and services ("Materials") provided by Vendor to SOS or any upstream supplier or vendor (a "Secondary Vendor") from whom Vendor acquired any Materials or portions of Materials. Compliance with these Terms and Conditions is a requirement for remaining on the SOS approved Vendor list. The Vendor is responsible for meeting all requirements of the Purchase Order and these Terms and Conditions.

### SPECIFICATION AND CHANGES

All Materials shall conform to SOS's specifications, drawings, and instructions, which will be provided to Vendor along with the Purchase Order.

### FLOWDOWN

These Terms and Conditions shall be incorporated into any and all contracts entered into between Vendor and any Secondary Vendor (as if such Secondary Vendor was in the position of Vendor herein) and shall be binding upon each of them as though they were fully set forth therein.

### APPLICABLE DOCUMENTS

The following regulations and standards, as they may be amended from time to time, are hereby incorporated into these Terms and Conditions to the extent they are applicable to the Vendor's fulfillment of the Purchase Order or are referenced in these Terms and Conditions:

MIL-STD-45662A	Calibration System Requirements
MIL-I-45208A	Inspection System Requirements
ANSI Z540-1	General Requirements for Calibration Laboratories and Measuring and Test Equipment
ISO 9000	Quality management and quality assurance standards (and applicable ISO 9000 family section including ISO 10012 series and Guide 25)
SAE AS9000	Aerospace Basic Quality System Standard
SAE AS9100	Quality Management Systems – Requirements for Aviation, Space, and Defense Organizations
10 CFR Part 21	CFR Title 14, Chapter 1, Subchapter C, Part 21, Subpart A, Section 21.2 Titled: "Falsification of applications, reports, or records"

### VENDOR RESPONSIBILITY FOR CONFORMING MATERIALS

Vendor shall establish and maintain an internal quality control system ("QCS") that complies with the requirements of MIL-I-45208, MIL-Q-9858, AS9000, AS9100, and ISO 9000, as they may be amended from time to time. The QCS shall be subject to SOS approval and shall include, but not be limited to, the following features:

1. Processes to assure that all Materials are properly tested to prove conformance with the Purchase Order and these Terms and Conditions.
2. Processes to assure compliance with the standards set forth in these Terms and Conditions, including the following federal regulations: CFR Title 10, Chapter 1, Part 21 (Reporting of Defects and Noncompliance) and CFR Title 14, Chapter 1, Subchapter C, Part 21, Subpart A, Section 21.2 (Falsification of Applications, Reports or Records).
3. Processes to ensure Vendor's personnel are aware of:
  - i. Their contribution to product or service conformity
  - ii. Their contribution to product safety



iii. The importance of ethical behavior

Vendor shall give SOS written notification upon making any changes to its QCS, or if it becomes aware of any Secondary Vendor changing its quality control system.

In addition to the foregoing, the QCS shall establish and maintain an effective system for controlling non-conforming Materials, including procedures for the identification, segregation, presentation and disposition of reworked or repaired Materials. All non-conforming Materials shall be identified to prevent use, shipment, and intermingling with conforming Materials.

#### **RECORDS**

Vendors shall maintain records of all inspections and tests of Materials (the "Records"). The Records shall indicate the nature and number of observations made, the number and type of deficiencies found, if any, the quantities approved and rejected, and the nature of corrective action taken, if any. The Records shall be available and furnished to SOS upon request. Vendor shall retain electronic or paper copies of the Records for a period of seven (7) years following final payment for Materials.

#### **CORRECTIVE ACTION**

Vendor shall take prompt action to correct Materials which do not conform to any of the following:

1. The item specification as set forth on the Purchase Order;
2. Inspections and tests required by the Purchase Order, or
3. Other inspections and tests required to substantiate product conformance as set forth in these Terms and Conditions.

Non-conforming Materials delivered to SOS or its customers will be held for ten days pending Vendor's corrective action. After this time, the Materials will be returned to the Vendor at the Vendor's expense.

#### **MEASURING AND TEST EQUIPMENT**

Vendor shall provide and maintain sufficient gauges and other measuring and testing devices which are sufficiently accurate to assure the compliance of Materials with the standards set forth in the Purchase Order and in these Terms and Conditions, including without limitation ANSI (NCSL) Z540-1 and ISO 10012.

#### **INSPECTION RIGHTS**

SOS and its direct and indirect downstream customers, including government agencies ("Customers"), reserve the right to inspect all of Vendor's relevant processes, systems, procedures and records, including without limitation, the QCS and the Records. SOS and Customers have the right to inspect all Materials, regardless of where such inspections occur. Vendor shall provide all necessary facilities, equipment, documentation, and personnel required to perform any inspection at no additional cost to SOS or Customers.

#### **SAMPLING INSPECTION**

Sampling inspection procedures used by Vendor to determine quality and conformance of Materials shall be in accordance with the instructions set forth in the Purchase Order. In the event that the Purchase Order is silent on sampling inspection procedures, then Vendor shall use standards that conform with MIL-STD-105, as it may be amended from time to time, including sampling procedures and tables for inspection by attribute.

#### **RECEIVING INSPECTION**

Subcontracted or purchased Materials are subject to inspection at destination, as necessary to assure conformance with the Purchase Order and these Terms and Conditions. Acceptance of Materials at their destination does not relieve Vendor of any responsibility regarding non-conforming Materials. SOS will report to Customers any non-conformity found with respect to Materials, and may require Vendor to coordinate with Customers on corrective action.

#### **DEVIATION REQUESTS**

Requests for deviation from the requirements of the Purchase Order shall be submitted to and approved by SOS in writing prior to shipment to SOS. Non-conforming Materials shipped to SOS without approval will not be accepted. Materials accepted on a deviation request by SOS will be shipped to SOS' Customers with all certifications referencing the nonconformance.

#### **CUSTOMER/SLICE OF STAINLESS, INC. FURNISHED MATERIAL**

When Materials are sold to SOS, and a Customer is an instrumentality of the federal government of the United States, Vendor shall, and shall ensure that all



Secondary Vendors, comply with the following provisions:

- a) Inspect, upon receipt of Materials for proper type, completeness, and damage in transit;
- b) Conduct periodic inspections to assure adequate storage conditions and to guard against damage from handling and deterioration during storage;
- c) Conduct functional testing as required by the Purchase Order, or if the Purchase Order is silent as to functional testing, conduct functional testing both before and after processing, to determine satisfactory operation and quality.
- d) Ensure proper use and disposition of Materials.
- e) report any furnished Materials found damaged or otherwise unsuitable for use to SOS.

#### **MILL TEST REPORT**

Unless otherwise specified in the Purchase Order, Materials supplied shall be accompanied by a clear and reproducible copy of the mill test report ("MTR") with each shipment. The MTR shall include actual test results and all traceability information, including heat number, batch number, and other applicable specifications and requirements. MTRs shall contain an unqualified and signed certification that the reported results represent the actual attributes of the Materials furnished and indicate full compliance with the applicable specification and Purchase Order requirements. The report shall contain the date, name, title and signature of the Vendor's duly authorized representative. For the purpose of clarity, the unqualified nature of the MTR shall preclude Vendor from inserting any qualifications therein, such as "to the best of our knowledge" or "we believe the information contained herein to be true."

#### **PREPARATION FOR SHIPMENT**

The QCS shall assure that the Materials are packaged such that they are fully protected and preserved during shipment (in accordance with customary practices in the aerospace industry) unless otherwise specified on the Purchase Order.

#### **INTELLECTUAL PROPERTY**

SOS's drawings, specifications and/or procedures (the "Proprietary Materials") are proprietary to SOS and are supplied to Vendor for the sole purpose of fulfillment of the Purchase Order. The Proprietary Materials shall not be reproduced and are provided to Vendor solely for its internal use. The Proprietary Materials shall not be used for any other purpose or disclosed to any third party without SOS's written permission. This section shall not apply to disclosure to Vendors' employees for purposes of fulfillment of the Purchase Order or disclosure to any government agency or testing agency for purposes of fulfillment of the Purchase Order (collectively, the "Third Parties"). In the event that Vendor discloses SOS' Proprietary Materials to any Third Parties, the Vendor shall require such Third Parties to sign a written confidentiality agreement containing terms that are at least as stringent as those set forth in this Section.

#### **ADDITIONAL QUALITY ASSURANCE PROVISIONS**

In addition to the foregoing, the following terms are incorporated by reference into each Purchase Order:

##### **1. CHEMICAL AND/OR PHYSICAL TEST REPORTS**

Each shipment of Materials must be accompanied by legible and reproducible copies of all chemical and/or physical test reports, identifiable with the furnished Materials, which shall be attached to the packing slip. These reports shall contain a signed certification (the "C of C") that the reported results represent the actual attributes of the Materials furnished and indicate full compliance with the applicable specification and Purchase Order requirements. The reports must contain the date, signature and title of the authorized representative of the agency performing the test and must contain sufficient information to assure conformance to specification requirements. The report must include the specification, drawing number and revision relative to the Materials including the identifying number for traceability (i.e. heat number, run number, batch number, lot number, etc.) Statements on Material certification documents must be unqualified and must state that "substantiating evidence is on file and available upon request."

(A) Chemical and/or Physical Test(s) – These reports must contain the date, specification and lot, roll, batch or serial numbers applicable to the Materials



submitted. They shall also delineate the specific requirement(s), test methods and quantitative results obtained.

(B) Dimensional Inspection Record – The report must contain the date and results of the dimensional measurement of the Materials or items submitted. The reports shall state the part number, description of the dimension and the results of the measurement. Vendor shall maintain evidence of the inspections performed which may include a list of the tool(s) or equipment used to obtain the measurement and their calibration dates.

## **2. SEAMLESS CERTIFICATION**

The C of C shall also include a specific statement that “all material supplied on this order is seamless.”

## **3. NO WELD CERTIFICATION**

The C of C shall contain a statement that “no welding or weld repair has been performed” on the Materials being supplied.

## **4. DOMESTIC MATERIALS ONLY**

All Materials supplied under this contract shall be manufactured by domestic sources (United States of America) only, in accordance with FAR 52.225-11.

## **5. MERCURY NON-CONTAMINATION STATEMENT**

Certifications shall contain an unqualified statement that Materials are free from contamination by mercury and mercury bearing substances.

## **6. TRANSCRIPTION OF DATA**

Material certification data shall be recorded on the testing company’s letterhead and bear the name (typed or printed), title, and signature of the authorized representative of the testing company. Certification data supplied shall be either the mill certification, or the certification from the testing facility performing the test. “NO TRANSCRIPTION OF DATA IS ALLOWED.” All certifications must be traceable to the Materials furnished.

## **7. DIMENSIONAL DATA SHEET**

Each lot of Material must be inspected by the Vendor and the results of inspection recorded on a dimensional data sheet. One (1) copy of the data sheet with records of objective evidence of acceptance must accompany each lot. As a minimum, lot size, sample size and results (accept or reject) must be recorded. The dimensional data sheet must reflect the Purchase Order number,

specification number, drawing number and revision, lot number and any other identifying number, i.e. heat, batch, serial numbers, etc. for traceability. The form used for the dimensional data sheet shall be optional.

## **8. SPECIAL PROCESSES OR PROCESSING APPROVAL**

Special processes or processing, which may be, but not limited to; welding, brazing, heat treating, metal forming, surface preparation, film or plating applications, non-destructive testing, approval of processing equipment, procedures or personnel, must be approved prior to the initiation of any task required in the completion of the Purchase Order. The Vendor is responsible for obtaining such approval as required by the Purchase Order and verification of such approval shall appear on the C of C.

## **9. AGE CONTROL & LIFE LIMITED PRODUCTS**

Age control and life limited products shall be identified with the date of manufacture, test time or cycle at which useful life will be extended. (i.e. shelf life or cycle life). Materials supplied to SOS. shall have a minimum of 75% of its life expectancy remaining.

## **10. SOURCE INSPECTION**

If specified on the Purchase Order, SOS’s Quality Assurance representative(s) and the applicable representatives from any Customers, including without limitation the instrumentalities of the federal government of the United States, shall have the right to inspect relevant Materials prior to shipment or performance of tests at Vendor’s facility. Vendor shall notify SOS or the applicable contact at a Customer twenty-four (24) hours in advance to permit schedule of source inspection.

Vendor shall, in accordance with this provision, provide all necessary facilities, equipment, documentation and personnel required to perform this inspection at no additional cost to SOS or any Customer.

## **11. PERMANENT MATERIAL IDENTIFICATION**

Materials must be permanently identified with the heat, lot, ingot, batch number, etc. as applicable.

## **12. TEMPORARY MATERIAL IDENTIFICATION**

Materials must be temporarily identified per specification requirements set forth on the Purchase Order.



### **13. HEAT TREAT RECORDS**

Vendor shall furnish records of the heat treatment, including austenitizing, tempering, and stress relieving temperatures, the times and method of cooling from the tempering and stress relieving temperature of each lot of bar.

### **14. DEFENSE PRIORITIES AND ALLOCATIONS SYSTEM**

This is a rated order for national defense. All requirements of 10 CFR Part 700 apply to all Materials.

### **15. PRESERVATION, PACKAGING, AND MARKING OF MATERIAL**

All Materials must be preserved, packaged, and marked in a manner that meets or exceeds all standard commercial practices consistent with ASTM A700, ASTM B660, and ASTM B249.

In addition to any markings required by the specific Material specifications and other sections of these Terms and Conditions, all Materials are to be marked with:

1. Name of manufacturer
2. Heat number
3. Specification designation
4. Alloy or grade
5. Temper
6. Part number

Material markings must be performed with permanent ink or paint. Container or bundle markings shall be resistant to the elements.

### **16. MARKING OF PAPERWORK (PACKING LIST)**

The packing list for all Materials shipped to SOS hereunder must contain the following information:

1. Vendor name
2. Date of order
3. Name of manufacturer
4. Heat number
5. Specification designation
6. Alloy or grade
7. Temper
8. Size (in the units ordered)
9. Part number
10. Quantity ordered and quantity shipped
11. Customer Order Number
12. Customer Requisition or "Mark For" number
13. "Urgent" or "Special Handling" if applicable