

MAGNETIC SEAL CORP

365 MARKET STREET – WARREN, RI 02885

TEL: 401-247-2800 FAX: 401-247-2805 WWW.MAGSEAL.COM

TERMS AND CONDITIONS OF PURCHASE ORDER

INTRODUCTION

Magnetic Seal Corp's Mission

To find better ways to generate sustained success for our customers, team members, and suppliers by continually advancing our engineering, quality, and manufacturing expertise in providing proven sealing solutions.

Magnetic Seal Corp's Vision

To be recognized globally as the trusted supplier of innovative sealing solutions for maximizing critical system reliability.

Scope

This manual contains the contractual Quality Assurance Requirements that appear on all Magnetic Seal Corp (MSC) purchase orders. Failure to comply with the clauses may result in return shipment of parts at the supplier's expense and/or withholding of payment. All communication must be directed through the buyer.

For the purpose of these Purchase Order Quality Clauses, the following terms shall take on the assigned meanings:

- A. Buyer – shall mean the affiliate of MSC identified on the purchase order as the buyer.
- B. Supplier – shall mean the party identified on the purchase order as the supplier, which provides goods and services that contributes to MSC.
- C. Non-Conformance – shall mean the failure to meet the requirements of all applicable documents including but not limited to the purchase order, part drawing, quality assurance plans, specifications, etc.

This document is categorized into four (4) sections;

- I. General Terms & Conditions, numbers 1 through 9, applies to all Purchase Orders.
- II. Aerospace Conditions, when AS9100 is referenced on the Purchase Order, numbers 10 through 26 applies.
- III. Special Processing, when referenced on the Purchase Order, numbers 27 through 31 applies.
- IV. Customer Related Flow Down, when referenced on the Purchase Orders, numbers 32 through 36 applies.

The order of precedence of documents is:

- 1. Purchase Order
- 2. Engineering Drawing
- 3. Magnetic Seal (if applicable)
- 4. Industry Specification (if applicable)

MSC's supply base will consist of organizations supportive of our business needs. Criteria for evaluation and selection of suppliers for placement on MSC's Approved Supplier List (ASL) is based on the suppliers' abilities to consistently deliver defect free products and/or services, meet our delivery requirements, be cost competitive and be responsive to MSC's needs.

Suppliers to MSC will be evaluated on an annual basis. Supplier performance shall be measured on their ability to uphold the delivery dates defined in the order conformation from MSC. It will also be measured on the supplier's ability to meet or exceed the specs and tolerances of any given part defined on that parts print. Any instance where a supplier does not meet either of these items that supplier will be required to submit a corrective action report for improvement.

FILENAME

REVISION

REVISION DATE

MSC Terms & Conditions

*

Nov. 1, 2017

I. THE FOLLOWING NUMBERED CONDITIONS APPLY TO THIS CONTRACT:

1. MAINTENANCE OF DATA: All records of material, inspection and test must be kept on file by Supplier for review by MSC or Customer personnel in accordance with the NDA on file.

2. CONTROL OF NONCONFORMING MATERIAL: Supplier shall maintain control of all nonconforming material found at the facility. Parts shall be identified and separated in addition to a statement of Cause/Corrective Action and dates of Effective Implementation. Supplier must provide a corrective action response within 30 calendar days. If a response is not received, a reminder call, email or letter, will be sent. If a corrective action response is not responded to within 60 days of original receipt, MAGSEAL reserves the right to terminate for cause any open purchase order with the supplier. Unusual circumstances that require additional time to resolve should be arranged in advance by the supplier through MSC's Quality Department.

3. CHANGES: Changes that depart from the Original Intent of the Purchase Order may not be made without the written consent from MSC Supply Chain. Supplier design changes must be approved in writing by MSC prior to implementation.

4. PRESERVATION AND PACKAGING: Supplier shall maintain a system ensuring adequate controls. FOD (Foreign Object Damage) must be observed before and after packaging.

5. GOVERNMENT ACCESS APPLIES: FAR's and Documents that apply and are required are listed on the face of the Purchase Order.

6. RAW MATERIAL CERTIFICATION: Two (2) copies of Certification of Material must be supplied, showing Chemical and/or Physical Ranges, and must identify the applicable Specification, Heat Lot(s), Purchase Order Number, and other pertinent information as stated on the face of the Purchase Order, and must be signed by the designated Quality Analyst/Inspector at your facility.

7. COUNTERFEIT PARTS:

- (a) All Suppliers must adhere to AS6174 regarding, Counterfeit Material and Assuring Acquisition of Authentic and Conforming Material. Suppliers of raw materials/components shall insure that only new and authentic materials/components are used fulfilling POs to MSC. Distributors may only purchase materials/components directly from original manufacturers. Use of material that was not provided by these sources is not authorized unless first approved in writing by MSC. The supplier must present compelling support for its request and include in its request all actions to ensure the material is authentic and conforming including all applicable traceability.
- (b) Supplier's system shall be consistent with applicable industry standards including, as a minimum, AS553 for the detections and avoidance of Counterfeit Parts and Suspect Counterfeit Parts, including policies and procedures for training personnel, designing and maintaining systems to mitigate risks associate with parts obsolescence, marking sourcing decisions, prioritizing mission critical and sensitive components, ensuring traceability of Parts, developing lists of trusted and non-trusted suppliers, flowing down requirements to subcontractors and suppliers, inspecting and testing parts, reporting and quarantining Counterfeit Parts and Suspect Counterfeit Parts and taking corrective action.
- (c) Should Supplier become aware of a confirmed or suspect Counterfeit Part that , by any means, has been delivered to Buyer, or acquired for Buyer's Order where or not deliver to Buyer, Supplier shall notify Buyer in writing as soon as

FILENAME

REVISION

REVISION DATE

MSC Terms & Conditions

*

Nov. 1, 2017

possible but not later than five (5) days of such discovery. Supplier shall verify receipt of this notification by Buyer. Supplier shall be liable for cost of Counterfeit Parts and Suspect Counterfeit Parts and the cost of rework or corrective action that may be required by Buyer to remedy the use or inclusion of such Parts.

8. RETURN OF REJECTED MATERIAL: Nonconformance of parts returned must be identified. Reference to Rejection Reports and Purchase Order parts to be “tagged” as to the nonconformance and directed to the Quality Assurance Manager or Supplier Quality Engineer at MSC, for resolution.

9. FOREIGN OBJECT DEBRIS (FOD): All Supplier will take necessary steps during processing and packaging to prevent addition of any foreign object debris or contaminates. Supplier shall have a F.O.D. prevention and training program adequate enough to ensure compliance.

II. THE FOLLOWING NUMBERED CONDITIONS WHEN AS9100 IS REFERENCED ON THE PURCHASE ORDER APPLY TO THIS CONTRACT:

10. QUALITY SYSTEMS: Suppliers whose product or service is subject to an approved Quality Systems shall meet current AS 9100 "Quality Management Systems/Aerospace - Requirements including:

- a. requirements for approval of product, procedures, processes and equipment.
- b. requirements for qualification of personnel.
- c. quality management system requirements.
- d. The identification and revision status of specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data. o requirements for design, test, verification, use of statistical inspection, verification (including production process techniques for product acceptance, and related instructions for acceptance by the organization, and as applicable critical items including key characteristics, requirements for test specimens (e.g., production method, number, storage conditions) for design approval, inspection/verification, investigation or auditing.
- e. requirements regarding the need for the supplier to
 - i. notify the organization of nonconforming product
 - ii. obtain organization approval for nonconforming product disposition,
 - iii. notify the organization of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain organization approval, and
 - iv. flow down to the supply chain the applicable requirements including customer requirements,
 - v. record retention requirements, and right of access by the organization, their customer and regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records.

The Supplier and any applicable sub-tier suppliers should maintain a documented Quality System manual and make it available upon request by MSC. This documented Quality System must include provisions for the supplier to manage the competence, awareness, and training of all personnel where required.

11. AS9100D: RIGHT OF ACCESS: MSC, its Customers, and Regulatory Authorities have the right of Access to all facilities involved in the Purchase Order and to all applicable records and requirements, including flow-down to sub-tier suppliers, and the applicable requirements including key characteristics where required. MSC reserves the right to inspection and audit at the Supplier's premises.

12. PROCESS CHANGE: Process changes must be communicated, and approved (prior to change) if any of the following occur:

- Quality Management System status change (e.g. QMS certification or withdrawal)

FILENAME	REVISION	REVISION DATE
MSC Terms & Conditions	*	Nov. 1, 2017

- Change in processes
- Change in materials
- Change in management
- Contact change
- Location change
- Equipment change
- Use of Sub-Tier External Provider

Note- All changes must be submitted in writing or electronically to Magnetic Seal Corp, Supply Chain Manager.

- 13. CALIBRATION CERTIFICATION:** When a product is manufactured by the Supplier, values are to be verified and accepted. A Certification Traceable to National Institute of Standards Technology (NIST) must accompany material (Size-Block Masters).
- 14. SHELF LIFE ITEMS:** Raw materials or parts subject to deterioration of quality by virtue of time or environment will be identified by the date which critical like began, or by limiting conditions under which the raw material/part can be held. A minimum of 75 percent, unless otherwise specified, of the applicable raw material/part shelf shall remain upon receipt of the raw material/part, or the raw material/part may be subject to pro-rated pricing or rejection and return to the supplier unless otherwise specified on the purchase order. Shelf Life items must have evidence of Date of Manufacture, Duration of shelf life, and storage temperature.
- 15. SAMPLING PLAN REQUIREMENTS:** The following Sampling Plan Requirement(s) apply when referenced on the face of Purchase Order of the deliverable lot quantity:
- A. In accordance with ASQ H1331 also known as ISBN 978-0-87389-739-6
 - B. 100% Inspection
 - C. Sampling Plan agreed upon by Quality Assurance Manager at MSC and Supplier
 - D. Supplier approved Sampling Plan
- 16. SCRAP ALLOWANCE:** MSC’s expectation is 100% quality of the purchase order quantity. Exceptions must be in writing and agreed upon by both parties.
- 17. COUNTRY OF ORIGIN:** Material must be melted in the United States of America (USA) or in a qualified country as identified in the Defense Federal Acquisition Regulation Supplement 225.872-1, pursuant to DFARS 252.225-0741 Alt. 1. Require “**County of Origin**” of the melted ingot stated on Certification.
- 18. SPECIAL PROVISIONS AND INSTRUCTIONS:** Special Provisions and Instructions as listed on the face of the Purchase Order are applicable and must be in compliance and certified when applicable.
- 19. CERTIFICATION OF COMPLIANCE (C of C) REQUIRED:** Provide Certification of Compliance with each shipment that assures full conformity with the quality requirements, applicable drawings and specifications. The certificate shall be validated by an authorized representative of the Seller’s Quality Department.
- 20. QUALITY AND DELIVERY:** Material and/or process certificates may be required with shipments. The supplier will be notified on the purchase order of these requirements. By providing the shipment the supplier confirms that the products comply with the purchase order requirements. (b) Supplier shall strictly adhere to the shipment, delivery or completion schedules specified in the purchase order. In the event of any anticipated or actual delay supplier shall promptly notify MSC, stating the reasons for the delay and the actions being taken to overcome and minimize the delay, and provide MAGSEAL with a recovery schedule. Any excess transportation costs, due to the supplier not meeting the shipping instruction requirements, will be deducted from the purchase price.
- 21. SUPPLIER EVALUATION:** MSC maintains an ASL, materials, and adhere to the quality requirements and services. Selection preference shall be given to suppliers with accredited third party certified quality management systems.

FILENAME	REVISION	REVISION DATE
MSC Terms & Conditions	*	Nov. 1, 2017

- 22. SPECIAL PROCESSES:** Supplier to provide Certification requiring Special Processes. Certification must state acceptance to the applicable specification(s), and must accompany each lot of material shipped to MSC. Special process suppliers are required to be NADCAP accredited unless approved in writing by MSC.
- 23. VISUAL ACUITY:** Supplier's employees with inspection responsibilities must have records of eye exams that are no less than one year old documenting Snellen 20/25 or better in at least one eye and pass a color vision test.
- 24. MERCURY FREE MATERIAL:** Material furnished under the PO must be certified as "Free Of Mercury" in any form. Mercury bearing instruments and/or equipment, which may cause contamination, shall not be used in the manufacture, assembly or testing of these materials. This requirement must be passed on to sub-tier suppliers.
- 25. CONFLICT MINERAL REQUIREMENT:** All parts must comply with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") regarding the sourcing of tantalum, tin, tungsten and gold from certain mines within the Democratic Republic of Congo (DRC) or adjoining countries as defines in the Act. All necessary steps must be taken to implement conflict-free sourcing wherever possible.
- 26. ITAR & EAR:** All drawings and any other accompanying documents provided, if any, may contain information subject to the International Traffic in Arms Regulations (ITAR) and/or the Export Administration Regulation (EAR). Transfer of any Technical Data by any means to a foreign person or foreign entity, whether in the United States or abroad, without first complying with the export license requirements of the ITAR and/or the EAR is against the law and in violation of the terms of any PO. By agreeing to accept any order, Supplier certifies to MAGSEAL that Supplier has not violated any ITAR and/or EAR laws in the fulfillment of this order or any subsequent or previous order

III. THE FOLLOWING NUMBERED SPECIAL PROCESSING CONDITIONS WHEN REFERENCED ON THE PURCHASE ORDER APPLY TO THIS CONTRACT:

- 27. PHYSICAL/CHEMICAL TEST REPORTS:** Testing by an approved Testing Laboratory must be completed per the guidelines as stated on the face of the Purchase Order. Supplier agrees to Conduct First Article Inspections AS9102 (where required). The supplier must perform an FAI when there is any change to the product or process. These changes may include a change in manufacturing source(s), process(es), or inspection method(s) that can potentially affect fit, form, or function (includes sub-tiers and special processing sources). In the event a First Article Inspection is required per AS9100, report must be submitted with the shipment and the piece tagged for verification.
- 28. FIXED PROCESS/FROZEN PROCESS/ENGINEERING SOURCE APPROVAL (ESA) :** MSC's approval of manufacturing process is required per the part drawing. The process used for the part manufacture shall be approved prior to delivery of the first article of a given part number for production. Manufacturer will submit a digital first piece to MSC for approval prior to the production run. Prior to shipment a first piece, mid piece and last piece will be clearly tagged and submitted with the lot with an inspection report for review. The supplier shall not deviate from the approved process without receiving written approval from MSC.
- 29. TEST REPORTS:** Test Reports must show evidence of tests performed with recorded result data, nonconformance(s) discovered, and action taken. Reports must accompany each lot of material shipped.
- 30. NONDESTRUCTIVE TESTING:** 100% Nondestructive Testing required. Results must be identified with MSC Purchase Order Number, and must accompany the material. Specific applicable Clauses referenced on Purchase Order apply.

FILENAME	REVISION	REVISION DATE
MSC Terms & Conditions	*	Nov. 1, 2017

31. HEAT TREATING: heat treating or stress relief requirements as outlined in the drawing(s) must be documented with the furnace time - temperature chart(s). The chart(s) must be kept on file subject to MSC's quality assurance review and approval, and maintained per the quality record retention requirements specified in these terms and conditions.

IV. THE FOLLOWING NUMBERED CUSTOMER REQUIREMENTS WHEN REFERENCED ON THE PURCHASE ORDER APPLY TO THIS CONTRACT:

32. UTC REQUIREMENTS: Any supplier working on UTC member "End Use" parts must be AS9100 compliant and apply/conform to AS13000 Problem Solving Requirements for Suppliers. All ASQR-01 requirements (Supplier Quality Requirements) and AQR- 15.1 requirements (FOD, Handling, Storage, Packaging, Preservation and Delivery) apply. Any PO identifying the part as having PPAP requirements must follow ASQR-09.2.

- a. UTAS ASQR-20.1 (Supplier Sampling Requirements), HSM 236 (FAIRs), and HSM 19 (Buy Requirements).
- b. Pratt & Whitney US PW-QA 6101 (Supplier Quality Assurance for APU)
- c. Pratt & Whitney Canada SQOP-01-01 applies (General Requirements)

33. GE AVIATION REQUIREMENTS: Materials, Processes, or Services supplied on this Purchase Order are for GE AVIATION End Use per S-400 (CMTL) and/or S-1000 (Quality System Requirements for Suppliers). GE AVIATION flow-down requirements and specific Clauses referenced on the Purchase Order apply.

34. KAMAN REQUIREMENTS: Materials, Processes, or Services supplied on this Purchase Order are for Kaman. End Use per QRP 0541.07 (Quality Requirements Manual) SQRM-1 (Supplier Quality Requirements Manual). Kaman flow-down requirements and specific Clauses referenced on the Purchase Order apply.

35. ROLLS ROYCE REQUIREMENTS: Materials, Processes, or Services supplied on this Purchase Order are for Rolls Royce. End Use per SABRe (Supplier Management System Requirements). Rolls Royce flow-down requirements and specific Clauses referenced on the Purchase Order apply.

36. SAFRAN REQUIREMENTS: Materials, Processes, or Services supplied on this Purchase Order are for SAFRAN. End Use per GRP-0087 (SAFRAN Supplier Requirements). SAFRAN flow-down requirements and specific Clauses referenced on the Purchase Order apply.

FILENAME	REVISION	REVISION DATE
MSC Terms & Conditions	*	Nov. 1, 2017