

S&H Machine, Inc.
Supplier Quality Clauses

<u>Quality Code</u>	<u>Quality Clause</u>
QC-1	<p>Order of Precedence: In the event of conflict between these Supplier Quality Clauses, or SHF-406 S&H Terms and Conditions of Purchase, and specifications or drawings applicable thereto, the order of precedence shall be as follows:</p> <ol style="list-style-type: none">a. Special Terms and Provisions set forth on the face of the Purchase Order and incorporated therein by reference;b. Purchase Order General Terms and Conditions (this document);c. Specifications; andd. Drawings <p>Should any conflict arise, Seller shall contact S&H Machine for clarification in writing.</p>
QC-2	<p>Quality System Requirements: Your Quality System must comply with one of the following: AC7004, AS9100, or ISO 9001.</p>
QC-3	<p>Calibration System Requirements: All Inspection and Test Equipment used to process and inspect our parts must be calibrated. Your Calibration system must conform to the latest edition of ANSI/NCSL Z540.1, ISO 10012, or ISO 17025.</p>
QC-4	<p>Right of Access: S&H Machine reserves the right of access, including our customers 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.</p>
QC-5	<p>Purchase Order Terms: If Buyer elects to deliver materials, Buyer, at its own expense, shall deliver parts to Vendor's receiving area. Vendor shall be liable to Buyer for any loss or damage of the parts from the time of such delivery until the parts are returned to Buyer; if Buyer elects to pick up materials, Buyer, at its own expense, shall pick up processed parts at Vendor's loading dock promptly after notification that such parts are available for pick up, or in accordance with any agreed upon delivery schedule. If Vendor picks up and delivers material, Vendor, at its own expense, shall pick up parts at Buyer's loading dock and shall be liable to Buyer for any loss or damage of the parts from the time of such pick up until the parts are returned to the Buyer; Vendor, at its own expense, shall deliver processed parts to Buyer's receiving area promptly after processing, or in accordance with any delivery schedule agreed upon by both parties.</p> <p>SEE ALSO: <u>SHF-406 S&H Terms and Conditions of Purchase</u></p>
QC-6	<p>Inspection and Certificates of Conformance: You must perform Final Inspection of processes that affect our parts prior to shipment.</p> <ul style="list-style-type: none">• Machining suppliers must furnish inspection reports, Certificate of Conformance, and, as applicable, Material and Processing Certifications for the parts they submit.• Processing suppliers must furnish processing certifications to the purchase order requirements, and shall not process any parts for which they are not certified or approved.• Material suppliers must furnish material certifications with original mill certs to the purchase order requirements.
QC-7	<p>Sub-Contracting: You are not to sub-contract (also known as "farming out") any of our parts to other companies without our written authorization. Notify S&H Machine Quality department prior to transferring any S&H Machine work to a new facility. S&H Machine Quality Manager will determine prior to the transfer if the external provider may perform the transfer of work. Supplier must receive a written notification of S&H approval.</p>
QC-8	<p>Proprietary Information: Our Purchase Order instructions, prints, sketches, and specifications are considered proprietary information and are the exclusive property of S&H Machine, Inc., or our customers, and are considered trade secrets. All information in the contract must be held in confidence and no third-party request for information will be authorized unless instructed in writing by S&H Machine representative.</p>

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QC-9	Communication of Shipment Delays: Any delay in shipment must be conveyed to S&H Machine Purchasing as soon as the delay is known.
QC-10	Notification of Nonconformity: Supplier is required to provide us with notification of any nonconformance. Nonconforming products are to be tagged, segregated from the good parts, and noted on your shipper. Notify S&H Machine quality department of nonconforming product and make proper arrangements for approval.
QC-11	Current Specifications: You are responsible for maintaining the most recent revision of specifications, drawings, process requirements, inspection/verification instructions and/or other relevant technical data referenced on the purchase order. All work must be processed per latest revision unless otherwise instructed on purchase order.
QC-12	Record Retention: All Inspection, test records and certifications must be kept for a period of Forty (40) years after final payment for supplies or services.
QC-13	Identification Documents: Identify invoices, shippers, pack lists, and certifications with our part number, revision letter, Purchase Order number, our Work Order number, and the quantity of pieces. Supplier certifications must have a connection to mill certificates, where applicable. Supplier documentation to include the part serial numbers, where applicable.
QC-14	Identification of Packaging and Traceability: Identify packages with our part number, revision letter, our Purchase Order number, our Work Order number, and the quantity of pieces. When multiple boxes are used, please number each box with a unique number and the total number of boxes. Supplier documentation to include the part serial numbers, where applicable. Suppliers are to take great care that parts and orders are not intermixed.
QC-15	Return of S&H Machine Property: Material containers, drawings, tooling, and any other items furnished to you are to be returned to us at the completion of this order. Any drawings or specifications furnished to you are not to be reproduced without our authorization. Any Drawings, Sketches, or Specifications that you maintain are considered Uncontrolled.
QC-16	Notification of Changes: You are required to provide us with notification of changes in any product and/or process definition, changes of suppliers, changes of manufacturing facility location and, where required, obtain approval prior to completing our Purchase Order.
QC-17	Safety Data Sheets: Safety Data Sheets are required when products you provide are (or contain) restricted, toxic or hazardous substances. You must warrant your compliance with governmental regulations if the products you supply are restricted, toxic or hazardous substances.
QC-18	Workmanship and Handling: Our parts must be packaged and processed to prevent them from being damaged or from being mixed with other parts/processes. It is important that you handle our parts with care. Nicks, Dings and Scratches will be cause for rejection and all Rework or Scrap charges may be billed back to your company.

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QC-19	Supplier Performance: S&H evaluates supplier performance on a monthly basis using a percentage calculation. Percentage ratings that fall below 95% quality and/or 80% delivery are deemed unacceptable. We may require formal corrective action from you when the quality and/or delivery rating falls below for three consecutive months.
QC-20	Foreign Object Damage and Debris: Perform due diligence to prevent, detect, and remove Foreign Object Damage / Foreign Object Debris (FOD).
QC-21	Conflict Minerals: We require raw materials that are produced in both an ethical and socially responsible manner. S&H Machine requires our raw materials to be certified as free from elements that originate in conflict-affected and high-risk areas. Our sourcing practices comply with Section 1502 of the Dodd-Frank Act. Ensure that persons are aware of their contribution to product and service conformity, product safety, and the importance of ethical behavior.
QC-22	Export Control: a. The parts and technical data provided under this contract may be subject to the International Traffic in Arms Regulation (ITAR) (22 CFR 120-130), and the Export Administration Regulations (EAR) (15 CFR 730 -774). b. External provider agrees to comply with all applicable US export control laws and regulations, including the requirement for obtaining any export license or agreement, if applicable. c. External provider acknowledges that these regulations impose restrictions on import, export, re-export, and transfer of technology to foreign persons. Without limiting the foregoing, external provider agrees that it will not transfer any export controlled part or technical data to foreign persons without the authority of an export license, agreement, or applicable exemption or exception. d. External provider shall immediately notify S&H Machine, Inc. Purchasing Representative if External provider is, or becomes, listed in any Denied Parties List or if External provider's export privileges are otherwise denied, suspended or revoked in whole or in part by the US Government entity or agency. e. If External provider is engaged in the business of either exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, External provider represents that it is registered with the Office of Defense Trade Controls, as required by ITAR, and it maintains an effective export/import compliance program in accordance with ITAR. f. External provider shall be responsible for all losses, costs, claims, causes of action, damages, liabilities and expense, including attorneys' fees, all expense of litigation, and/or settlement, and court costs, arising from any act or omission of External provider, its officers, employees, agents, external providers, or subcontractors at any tier, in the performance of any of its obligations under this clause.

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Counterfeit Parts Prevention:

- a. For purposes of this clause, Counterfeit Material consists of those parts delivered under this Contract that are the lowest level of separately identifiable items (i.e. articles, components, goods, and assemblies). "Counterfeit Material" means fraudulent material that has been confirmed to be a copy, imitation or substitute that has been represented, identified, or marked as genuine, and/or altered by a source without legal right with intent to mislead, deceive or defraud.
 - b. External provider agrees and shall ensure that Counterfeit Material is not delivered to S&H Machine.
 - c. External provider shall only purchase products to be delivered or incorporated as Material to S&H Machine directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Material shall not be acquired from independent distributors or brokers unless approved in advance in writing by S&H Machine.
 - d. External provider shall immediately notify S&H Machine with the pertinent facts if External provider becomes aware or suspects that it has furnished Counterfeit Material. When requested by S&H Machine, External provider shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM.
 - e. In the event that Material delivered under this Contract constitutes or includes Counterfeit Material, External provider shall, at its expense, promptly replace such Counterfeit Material with genuine Material conforming to the requirements of this Contract. Notwithstanding any other provision in this Contract, External provider shall be liable for all costs relating to the removal and replacement of Counterfeit Material, including without limitation, S&H Machine costs of removing Counterfeit Material, or reinserting replacement Counterfeit Material and of any testing necessitated by the reinstallation of the Material after Counterfeit Material has been exchanged. The remedies contained in this paragraph are in addition to any remedies S&H Machine may have at law, equity or under other provisions of this Contract.
 - f. External provider shall establish and maintain a Counterfeit Prevention Program using Aerospace Standard
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