

KSM Purchase Order Quality Requirements – 7/15/19 Revision D

QMS8-F400

The following provisions with their terms and conditions shall become an integral part of the purchase order to the extent specified in the purchase order and shall become a supplement to the presently existing terms and conditions of the purchase order. All specifications and standards referenced in this document are the latest issue in effect at the time of Purchase Order placement, unless otherwise stated.

1. KSM FIELD INSPECTION

KSM reserves the right to visit the plant of the Supplier or his source to survey facilities, systems, and/or product to determine satisfactory conformance to the applicable specifications. KSM Quality Assurance representative(s) may elect to conduct inspection either on a random basis or to the extent of 100% inspection. Supplier will be notified if KSM inspection is to be conducted on specific shipments. No shipments are to be held for KSM inspection unless notification is received prior to, or at the time of, material being ready for shipment.

2. IDENTIFICATION MARKING

The manufacturer shall be responsible for legibly and permanently identifying each part in the method prescribed by the detail drawing and/ or purchase order.

3. CERTIFICATE OF COMPLIANCE

Certificate of compliance is required with each shipment of this item. The C of C shall contain the P/N(s) listed on the Purchase Order, the name of an authorized Quality Assurance representative of the Supplier, and will read substantially as follows: "Materials and processes, including special processes, used to produce the item(s), components, parts, described on the Purchase Order conform to all Purchase Order requirements, referenced specifications or special requirements." When Special Process is involved, the Supplier shall provide Certificate of Compliance that contains the name, specification number, type, and class, of the material or process specified in the appropriate specification/drawing. It must include serial numbers, lot codes and date codes, as applicable. It must also list all Special Processes used in the manufacture of delivered items. If Source Inspection is invoked on this order, the Certificate of Compliance must be completed and presented to the Source Inspector at the Supplier's facility at the conclusion of the Source Inspection. The Source Inspector shall review the Certificate of Compliance and indicate acceptance on the Certificate (stamp or signature.).

4. COUNTERFEIT PARTS

KSM will not utilize counterfeit parts, and must do everything possible with its suppliers and sub-tier suppliers to prevent the use of counterfeit parts.

5. WORKMANSHIP STANDARD

The materials and workmanship shall conform to the requirements specified in the appropriate specification/drawing.

6. RAW MATERIAL REPORTS

With the shipment, the Supplier shall forward reports of mechanical properties and chemical composition to show evidence of conformance to all applicable specifications for all raw material used in fabrication of the ordered material. With shipment of chemical orders, the Supplier shall forward an MSDS / SDS. All Chemicals shall have, at a minimum, 50% of useable shelf life, when received by KSM.

7. TRACEABILITY OF RAW MATERIAL

For all material used on this purchase order, the Supplier must provide a certificate that reads substantially as follows: "Raw materials used in this Purchase Order conform to all applicable Purchase Order requirements and are traceable to test reports at the point of manufacture. Originals or true copies of such reports are available for review by KSM.

8. FIRST ARTICLE INSPECTION (FAI)

First article inspection shall be performed and the report (FAIR) shall be submitted on the same drawing revision called out on the Purchase Order for Pre-Production and Production builds only. FAIR shall have the supplier name, purchase order number, and part/ assembly number. FAI shall be performed on the first parts manufactured by KSM Supplier and sub tier manufacturers and require FAIR approval by KSM. Supplier may submit electronic copy of FAIR via email to KSM Quality, shavez.lee@ksmmetalfabrication.com. In addition, first article inspection shall be performed on current production runs affected by design changes.

9. PACKING & FOD

Unless otherwise specified on the drawing, the specification, and/or the purchase order, the following requirements are mandatory:
(a) Prior to packaging, material shall be clean (free from (FOD) foreign matter). Critical functioning or close tolerance surfaces shall be cleaned to insure removal of corrosion, soil, grease, residues and fingerprints, perspiration or other acid and alkali residues.

(b) Material not inherently resistant to corrosion shall be inhibited with a suitable medium. (c) Material shall be packaged to the extent necessary to provide protection from the hazards of transport, contamination and physical damage encountered in general handling, shelf storage, and issue.

10. KSM SOURCE INSPECTION

All goods (which throughout this contract includes, without limitation, raw materials, components, intermediate assemblies, end products and, where applicable, services to be performed hereunder) shall be subjected to inspection and test at all times and places, including the period of manufacture by KSM and its customers. KSM, its customers, and appropriate regulatory agencies shall have access to all related product and records and all facilities of the Supplier or of Suppliers subcontractors in which work on this contract is being performed. Supplier and Suppliers subcontractors shall provide all reasonable facilities for the safety and convenience of Inspectors at no additional cost. Supplier shall furnish to Inspectors all information and data as may be reasonably required to perform their inspection. All goods to be delivered hereunder shall be subject to final inspection, test and acceptance by KSM at destination, notwithstanding any payment or inspection at source. KSM shall accept or give notice of rejection of goods delivered hereunder within a reasonable time after receipt of such goods. Failure to give notice of rejection shall constitute acceptance, but acceptance by any manner shall not waive any warranty obligations of Suppliers.

KSM reserves the right to perform source inspections at the Suppliers facility. The inspections, if deemed required, will be scheduled through the KSM Quality Assurance and Purchasing organizations. The Supplier is responsible for providing the representative with suitable working area, tools as necessary and identified by the representative, and access to Supplier support personnel in respect to the product and processes associated with the product to be source inspected. The Supplier shall inform KSM as to the readiness of the product to be source inspected a minimum of 48 hours in advance of material / product availability.

11. KSM FURNISHED TOOLING

The Supplier is responsible for the protection, calibration, maintenance, and care (other than normal wear) of all tooling and equipment owned by KSM. Said tooling or equipment shall be subject to surveillance inspection upon notice and shall be returned in an acceptable condition upon demand or notice.

12. SUPPLIER FAILURE ANALYSIS & NOTICE OF ESCAPEMENT, REQUIRED

Any Non-conforming materials / products, escaping from the Suppliers Facility, shall be immediately (within 24 Hours of realization) communicated to KSM Quality. Additionally, as required by KSM on specific identified occurrences, the Supplier shall provide a complete failure analysis and corrective action report. The report should be supplied in an "Eight Discipline (8D) format or similar. Failure analysis and corrective action report shall describe the actual cause of failure including the component failure mechanism, date code, serial number or lot affected to preclude recurrence of this failure mode.

Any tender of goods which is nonconforming as to the quality or quantity of the delivery schedule shall constitute a breach of this contract and KSM shall have the absolute right to reject such goods, in whole or in part, and notify Supplier thereof. In the event of such a tender, KSM shall be entitled to all remedies as provided by law, and in addition thereto shall have the right to do any or all of the following: (I) to hold such nonconforming goods for a reasonable period at Supplier's risk and expense pending a determination to accept or reject any or all thereof, (II) to return same to Supplier at KSM' election and at Supplier's risk and expense for replacement or correction, (III) to accept same subject to an equitable price reduction, (IV) to replace or correct same and charge to supplier the cost occasioned to KSM thereby, (V) to recover by offset or otherwise any and all expenses, costs, price reductions and damages paid, incurred, or suffered by KSM as a result of such holding, return, replacement, correction, reduction, or rejections, of nonconforming goods.

13. SUPPLIER'S QUALITY MANAGEMENT SYSTEM

(a) The materials and services processed by the Supplier for this order must be controlled by a documented quality management system that conforms to MIL-I-45208, ISO 9001 or AS9100, as appropriate, or:

(b) The materials and services processed by the Supplier for this order must be controlled by a documented quality management system acceptable to KSM.

14. CALIBRATION SYSTEM

Measurement and test equipment (MT&E) used in the performance of this order shall be calibrated in accordance with ANSI/NCSL Z540-1 or ISO 10012. In the event MT&E is later to be found nonconforming to requirements after its use on KSM product, Supplier shall immediately notify KSM Quality authority.

15. RIGHT OF ENTRY

KSM, KSM customer(s), and statutory/ regulatory authorities shall have the right of entry to Suppliers facilities in order to determine and verify the quality of work, material and all applicable records. This right extends to the applicable areas of all sub tier facilities at any level of the supply chain involved in the purchase order. Such investigations at facilities will be performed jointly by KSM, the KSM customer, statutory/ regulatory authorities, and the subcontractor (as applicable).

16. TEST/INSPECTION DATA

(a) Inspection measurements and/or electrical test results of items on this purchase order shall be taken and included with each purchase order shipment. Actual data to be recorded shall be specified in the detail specification/drawing. The Supplier shall assure that products failing to meet performance requirements are not shipped to KSM. Test and inspection data shall be submitted electronically to shavez.lee@ksmmetalfabrication.com or in hard copy with the product.

As a minimum, test data shall include:

- (1) Part number and revision.
- (2) KSM purchase order number.
- (3) Supplier's acceptance test procedure number (as applicable) and revision date.
- (4) Characteristic measured with measurement data.
- (5) Date of test / inspection completion.
- (6) Evidence of test / inspection acceptance by Supplier's Quality Assurance representative.

(b) Supplier shall document and submit actual inspection results using Supplier documentation. Test/Inspection data shall be maintained in accordance with KSM Record Retention requirements, KSM Procedure QMS7-P300 (Latest Revision).

17. RECORD RETENTION

Quality Records shall be maintained by the Supplier for a minimum of 10 years, after the work has been performed for KSM. These records can be electronic and or paper. Supplier shall insure that they are available upon request.

18. DESIGN AND PROCESS CHANGE NOTIFICATION

When the Supplier is manufacturing to KSM or KSM Customer design, no departure from the process, drawing and/or specification shall be made unless specifically authorized by the purchase contract. In the event the Supplier intends to make any process change or move manufacturing, processing or testing functions to a subcontractor or a new subcontractor, the Supplier will submit a transition plan and new subcontractor details to KSM for concurrence. KSM reserves the right to approve both the subcontractor and the transition plan.

19. MATERIAL REVIEW BOARD RESTRICTIONS

The Supplier may *rework* nonconforming material (additional processing of material in order to make the material compliant with material/product specification and/or drawing) processed for this purchase order. However, the Supplier shall not *repair* or use as-is nonconforming material without prior written authorization from KSM Quality. These conditions apply only to material purchased by the Supplier; they do not apply to material consigned to the Supplier by KSM. Consigned materials are addressed by direct interactions between KSM Quality and the Supplier. The definition of rework and repair are as follows:

Rework The act of processing nonconforming articles, through the use of original or alternate equivalent processing, in a manner that *assures conformance* of the article with applicable drawings or specifications. Examples: Stripping and repainting product that did not meet drawings or specifications. Adding welds or machining holes in accordance with revision change of drawings or specifications.

Repair The act of restoring the *functional capability* of a nonconforming article. In common usage, repair may restore article to compliance with the applicable drawing or specification. In stringent (military) usage, rework is in compliance whereas repair restores functionality without being in compliance. Examples: Plug welding an extra hole, installing a bushing liner sleeve to repair an oversize bore.

The Supplier may request waiver or deviation of drawing and specification requirements from KSM Quality authority. Supplier shall submit written deviation request via email shavez.lee@ksmmetalfabrication.com. Supplier shall proceed with the waiver/deviation, without written approval from KSM Quality.

20. CORRECTIVE ACTION

Supplier shall respond in writing to a request for corrective action made by KSM. Corrective action shall be extended to all lower tier Suppliers. All articles rejected by KSM and subsequently resubmitted by the Supplier to KSM shall bear adequate identification of such resubmission either on the articles themselves or on the Supplier's shipping document. Reference shall be made to the KSM's rejection document and evidence given that the causes for rejection have been corrected.

21. SUPPLIER EMPLOYEE AWARENESS

Your employees, as a supplier of KSM, shall be made aware of their contribution to product and service quality, their contribution to product safety, and the importance of ethical behavior. Also, the prevention, detection, and removal of all foreign objects, (FOD).

22. RETURN AUTHORIZATION NUMBER

Requests for a Return Authorization number shall be satisfied within 48 hours. If an RMA# is not provided in 48 hours, the buyer will assign the QN# as the RMA # and return the product to the supplier.