

Marmetal Industries, LLC		
Number: QC-202	Title: Higher Level Quality Level Terms and Conditions	Creation Date 06/20/2018
Revision Level 2	Approved by: J. Demetriou, QC Manager	Revision Date 8/13/18
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Unless otherwise stated on the Purchase Order, the following conditions apply to Purchase Orders referencing this document:

1.0 Contract work includes, without limitation, raw materials, components, intermediate assemblies, manufacturing processes, services, and quality systems.

2.0 Vendor to submit to Marmetal Deviation/Waiver request within 2 days of receipt of Purchase Order to notify Marmetal of any adverse issues regarding requests made on Purchase Order. This includes, but not limited to, availability of requested material, documents, hardware, certifications, processes, delivery schedule, or any other aspect of Purchase Order request. Marmetal will then determine what action is to be taken by vendor. In the event of any inconsistency in the ordering data, order of precedence shall be as follows:

1. Purchase Order
2. Duly authorized Vendor Information Requests or PO supplement
3. The Drawing
4. Component Specification (e.g. EB or Customer Specification)
5. Primary Reference Specifications and Standards (e.g. Military and Federal Specifications)
6. Sub-tier Specifications (e.g. Commercial Specifications)

3.0 Packing Slip referencing Marmetal Purchase Order Number, and Contract Work included must be provided with every delivery to Marmetal.

4.0 Documentation and record retention shall be as follows:

4.1 All test and inspection records including radiographs, furnace charts of heat treatment (unless otherwise noted in the purchase order), radiographic records, and reports of nonconformances, applicable to material supplied to the purchaser shall be retained by the supplier. These records shall include verification that all required inspections and tests have been accomplished with satisfactory results by a qualified individual.

4.2 Test records shall be retained for a period of seven years after completion of the last item of the contract/purchase order.

At the end of the seven-year retention period, as discussed above, the supplier shall contact Marmetal for instructions. Destruction of test, inspection, Quality Records and objective quality evidence must be approved by Marmetal.

4.3 Where work is performed under continuing contracts/purchase orders or on other than a contractual basis, these records shall be retained for seven years from the date the work was performed.

4.4 Records shall be made available to Marmetal within 36 hours upon request. When requested, the supplier shall provide objective quality evidence that the item, material, or service used in the performance of this order is in full compliance with the appropriate specifications and indicated revisions.

5.0 Material supplied to Marmetal must be marked with heat/lot number and must be traceable to supplied material test reports. Traceability of all material supplied by Marmetal must be maintained through all process operations, including any subcontracted operations, to the finished components. As our subcontractor you are required to maintain traceability of this material at all times while it is in your possession. All documents furnished to Marmetal in compliance with the above referenced purchase order MUST indicate the traceability numbers indicated on the material and this form. Failure to comply with these requirements is considered NONCOMPLIANCE with our purchase order. When the marking on a part or piece of material will be removed by the manufacturing process, the marking shall be transferred to another location on the piece. If marking cannot be transferred to another location, it shall be restored after the completion of the operation. Items too small to mark or items that continually have their marking removed by the various manufacturing operations making it impractical to maintain, can be controlled by the

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use of totes, bags, and/or boxes identified with the proper traceability information provided the identity is maintained at all times.

6.0 Marmetal does not procure Conflict Minerals from Covered Countries, as those terms are defined in the Securities and Exchange Commission's final rules governing Conflict Minerals set forth at 17 CFR Parts 240 and 249(b), promulgated pursuant to Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

7.0 All materials provided by Marmetal for this order will be identified by Marmetal in accordance with MIL-STD-792 when delivered to Vendor. Vendor is required to keep such material segregated from intermingling with other materials. Vendor is required to keep all Marmetal supplied material marked in accordance with MIL-STD-792 during the entire time in Vendor possession. If Vendor must remove markings for processing purposes, Vendor must re-identify upon completion of process in accordance with MIL-STD-792.

8.0 Marmetal, our Customers, and the Federal Government reserves the right to audit processes, materials and systems to verify the conformance of the item(s) and services to the purchase order at any location including sub-tier suppliers.

9.0 The requirements listed below shall be used for Level 1 material in conjunction with the requirements of MIL-I-45208, MIL-Q-9858, or one of the ISO Quality System Modules, as specified by the applicable contract/purchase order. When more stringent material Quality Assurance requirements are provided, they shall take precedence.

9.1 Suppliers shall have an effective quality program and a material control/identification system which complies with this document and the requirements of the applicable procurement specifications or drawings and which will permit the collection and issuance of Objective Quality Evidence required to allow purchaser acceptance of materials and components.

9.2 Objective Quality Evidence (OQE) will be required for material identified as "Level 1" in the purchase order.

9.3 The manner in which required OQE is developed by the supplier shall be controlled by a written procedure or procedures. These instructions shall be clear and concise. The OQE for the actual item being shipped shall be representative of the individual heat, batch, or lot as defined in the applicable specification and shall be in compliance with the invoked acceptance criteria. However, for continuous melt or continuous pour processes, the OQE shall be representative of the time period (as determined by the invoked specifications) during which the material was poured.

10.0 Terms and conditions as stated in this document, special quality provisions, applicable specifications and/or drawing requirements shall be included in the purchase order to sub-tier suppliers.

11.0 Marmetal will notify Vendor of any non-conformance, in writing, upon receipt inspection of material/services.

11.1 Vendor must provide Marmetal with corrective action response within 5 days of receipt of notice of non-conformance.

11.2 Marmetal will provide Vendor with approval/disapproval notice after receipt of corrective action response. In some instances, Marmetal will be required to consult with our Customer to determine

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approval/disapproval. In such circumstances, Marmetal may put order on hold with Vendor until the response is determined.

12. Marmetal conducts periodic Vendor Audits. Marmetal will notify vendor of results of such audit if it is determined by Marmetal that corrective action is required by Vendor to improve any issues found during audit.

12.1 Marmetal will maintain a non-conformance log on all Approved Vendors. Marmetal non-conformance log will be used during Vendor Audits and will be comprised of non-conformance of all material, services, paperwork, procedures and deliveries.

12.1 Vendor may be put on Probation if audit results find excessive instances of non-conformance. If Probation is determined, Vendor will be notified in writing by Marmetal and a corrective action plan may be implemented. Upon Vendor completion of corrective action plan, Marmetal will conduct a follow-up Vendor Audit to determine if corrective action plan was successfully implemented by Vendor. Upon successful completion of Vendor Probation Period and implementation of corrective action plan, Vendor will be placed back on Active Vendor List. If Vendor fails to comply with corrective action plan, Vendor will be removed from Marmetal Approved Vendor List.

13.0 Vendor must comply with all Federal and State Labor Laws.

14.0 Marmetal maintains a Code of Ethics and strictly prohibits bribes, kickbacks or any form of improper payments to customers, customer representatives or suppliers. We also prohibit any employee from accepting such payments. No Marmetal employee may accept, solicit, or give gratuities in return for favorable treatment. As such, we require all Vendors to follow Code of Ethics. (a) Marmetal may request a copy of Vendor Code of Ethics

14.1 Any violation of Vendor Code of Ethics, as determined by Marmetal, will require Vendor to be placed on Probationary List. Corrective Action will be determined and implemented. Upon successful completion of corrective action, Vendor may be placed on Active Vendor List. Failure to successfully complete corrective action will result in Vendor being removed from Active Vendor List.

15.0 Vendor is required to implement Contract Compliance and Awareness of Malpractice Prevention. To demonstrate contract/purchase order compliance with this specification, the supplier is required to perform, and maintain records for, the following:

15.1 Alert all employees to Contract Compliance and Awareness of Malpractice Prevention during new hire indoctrination.

15.2 Annually provide refresher training to this Contract Compliance and Awareness of Malpractice Prevention for all employees.

15.3 The below notice is provided as an example of a visible reminder notice and provides contact information should malpractice or fraud & falsification be observed or suspected. Suppliers are to post this notice in conspicuous and prominent locations throughout the facility, especially work areas, at a minimum rate of one copy for every 50 employees.

NOTICE

Any party aware of, or having reason to suspect, MALPRACTICE OR FRAUD & FALSIFICATION is obligated to report this violation anonymously or in person to:

a.) Company Supervision or Management,

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b.) Purchaser Supervision or Management,

c.) Purchaser Quality Representative,

d.) Purchaser Buyer, or

e.) Department of Defense Hotline • telephone (800) 424-9098 or • website

<http://www.dodig.osd.mil/hotline/hotline7.htm> • email hotline@dodig.osd.mil or • mail to Department of Defense Hotline The Pentagon Washington, DC 20301-1900

Should such a notification be necessary, information including location, date(s), time, names of people involved, and violation suspected would be most helpful to promote an investigation.

15.4 Supplier to include verification during internal audits that malpractice and F & F training is performed during internal and external quality audits.

15.5 Perform periodic and independent overchecks of final inspections and testing.

15.6 Alert all sub-tier suppliers of malpractice and F & F by pass down of this specification in suppliers purchase orders.

15.7 While performing quality audits of sub-tier supplier's- facilities, confirm and verify awareness of malpractice prevention.

15.8 Marmetal may visit Vendor Facility to confirm and/or request copies of policy and documentation. Any violation of Malpractice Prevention Policy, as determined by Marmetal, will require Vendor be placed on Probationary List.

15.8.1 Corrective Action will be determined and implemented.

15.8.2 Upon successful completion of corrective action, Vendor may be placed on Active Vendor List. Failure to successfully complete corrective action will result in Vendor being removed from Active Vendor List.

16. All NDT (LP, MP, UT, VT, RT), Alloy Identity, Welding and Brazing (production and repair) and special processes (e.g. forging, 1st article) must be performed in accordance with approved written procedures, these procedures shall be submitted to Marmetal for approval. This request for approval shall be submitted and approved **prior to** performance of the applicable task. Failure to comply will be cause for rejection.

17. Vendor to comply with Safeguarding Covered Defense Information and Cyber Incident Reporting in accordance with the Defense Federal Acquisition and Regulation (DFAR) Clause 252.204-7012.

18. Marmetal is an Equal Opportunity Employer and requires all Vendors to follow Equal Opportunity Employment guidelines, where there is no discrimination against a job applicant or employee based on race, color, religion, sex (including pregnancy, gender identity, and sexual orientation), national origin, age, or disability.

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Date	Sections	Changes	Revision #	Approved By
6/28/2018	Document Number	Changed Document from QC-201 to QC-202	1	Jim Demetriou
8/13/2018	Document Number	Corrected DFAR clause in Sec 17 to 252.204-7012	2	Jim Demetriou