



## **Quality Terms and Conditions for Vendors**

[NOTE: Some of the requirements listed below are contingent upon other variables (i.e. – ‘aerospace products’, when required by Purchase Order, ‘if applicable’, ‘as applicable’ etc.). If the item(s) being supplied against these PO’s do not meet variables, than the requirements do not apply, unless they were previously addressed during the quoting stage].

### **Quality System**

The supplier is required to maintain the quality system in effect at time of quality approval to guarantee the product or service will meet the requirements of the purchase order and applicable specifications.

The supplier’s quality system is subject to the approval of Industrial Metals Int’l Ltd’s quality department. This approval may be obtained via written quality survey or an on-sight quality audit and is subject to a periodic re-approval. Loss of Quality System certification or major changes are to be reported to Industrial Metals International Ltd. Quality department.

Suppliers of non-aerospace products shall, as a minimum, maintain a quality system compliant with ISO 9001:2015. Suppliers of aerospace products shall, as a minimum, maintain a quality system compliant with AS9100D or AS9120B.

If a defect is suspected post shipment the supplier is required to notify Industrial Metals Int’l Ltd of the potential defect.

### **Order of Precedence**

If any requirement(s) defined in this document contradict the purchase order, the purchase order requirement(s) shall take precedence.

### **Flow down Requirements**

To endure conformance to all Purchase Order requirements, Seller shall flow down all applicable requirements to Seller’s sub-tier sources, when such sources are used by Seller for procurement of processing of products for Industrial Metals International Ltd.

### **Material Country of Origin**

Requirements for origin of Material will be identified on the Industrial Metals Int’l Ltd Purchase Order. North American suppliers must note the NAFTA compliance status of the material. Seller shall indicate Country of Origin on labels and/or certificate of conformance.

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### **Special Processes**

The supplier is to maintain Special Process records, which should include, but are not limited to, the qualification of processes, procedures, and personnel. Supplier Records and Retained Information Supplier is responsible for inspection of all material under the referenced Purchase Order to all applicable drawing requirements and specifications prior to delivery. Supplier and their subcontractor(s) (if applicable) shall prepare records evidencing all inspections made under the referenced Purchase Order. Acceptance by Industrial Metals International Ltd. does not relieve supplier of any responsibility from meeting all engineering drawing and specification requirements.

Special Processes shall be performed by sources that are accredited by the National Aerospace and Defense Contractors Accreditation Program (NADCAP) and approved by end user (if applicable). This requirement applies whether the process is performed by the seller or by the seller's sub-tier sources.

Special Processes include, but are not limited to: NDT, Nonconventional Machining, Heat Treat, Welding and Chemical Processing.

This provision applies unless otherwise agreed to by Industrial Metals International Ltd.

### **Test, Inspection and Verification System**

Suppliers shall develop inspection procedures and maintain records of inspection. Records shall include evidence of inspection for all attributes (e.g. physical inspection, acceptance test data) of products/processes supplied to Industrial Metals International Ltd., show that the product has been inspected and/or tested during all stages of manufacturing, identify the name of the individual (I.e. with stamps, etc.) who certified the results and where applicable include the results of the inspections and tests.

### **Supplier Records**

Supplier is responsible for inspection of all material under the referenced purchase order to all applicable drawing requirements and specifications prior to delivery. Supplier shall prepare records evidencing all inspections made under this order. Acceptance by Industrial Metals Int'l Ltd does not relieve the supplier of any responsibility from meeting all engineering drawing and specification requirements. Inspection and test records shall be retained and made available to Industrial Metals Int'l Ltd for a period of no less than 10 years from delivery of material or they shall be forwarded to Industrial Metals Int'l Ltd for retention. These quality records include, but are not limited to: Manufacturer's Certificate of Conformance. Raw Material Certification, Test Reports, Inspection Reports and Process Certifications. Applicable specification and revision level must be present on certification and test reports.

### **Right of Entry**

Industrial Metals International Ltd. , our customers, our customers' final customers and regulatory agencies shall have the right to verify the quality of work, records and material at your facility. When Industrial Metals International Ltd. Purchase Order shall state the arrangements and method of product release/approval.

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### **Identification**

To prevent the purchase of counterfeit or suspect unapproved product, supplier shall mark/label the product in accordance with the latest revision of the specification/drawing and/or purchase order. Material shipped to any Industrial Metals Int'l Ltd facility or direct shipped to Industrial Metals Int'l Ltd's customer on behalf of Industrial Metals Int'l Ltd requires the identification of the Industrial Metals Int'l Ltd Purchase Order number on the packaging or package label.

### **Technical Data**

Supplier shall comply with all specifications and drawings stated in the purchase order. Suppliers shall comply with the most stringent specification in the event of a conflict in specifications. If specification revision is **not listed, latest revision applies.**

### **Traceability**

All Aerospace products shall have assigned a unique traceability number in the form of a lot/batch numbers or serialization. The supplier shall establish and maintain a documented heat lot control system that assigns a unique number to each heat lot or batch and shall be traceable through all fabrication and heat treat processes.

### **Preservation**

Suppliers must exercise reasonable care when packaging and preserving material for transport to Industrial Metals Int'l Ltd. The material must be in good order; damage, corrosion free and Foreign Object Debris/Damage (FOD) free upon receipt into an Industrial Metals International Ltd. Facility. Supplier is expected to have documented standards for protection and preservation that are based on experience and industrial standards as appropriate to the product shipped. Supplier shall maintain a (FOD) prevention program to preclude introduction of foreign objects into the material processed or provided. Failure to properly protect the material will be cause for reject and subsequent return and debit of the material supplier.

### **Approved Suppliers**

If subsequent processing or sub-contracting is employed, the supplier must verify that their processor is an Industrial Metals Int'l Ltd approved processor and is currently approved by Industrial Metals Int'l Ltd's customer. Industrial Metals International Ltd. suppliers and/or sub-tier suppliers are prohibited from using any source listed on the US government Excluded Parties List System (ELPS) (ref. <https://www.sam.gov>) in the production of material to be delivered to Industrial Metals International Ltd.

### **Material Test Reports**

Material certifications (also referred to as "chemical and physical test reports", or as "test reports") are required with each shipment. All certifications must be traceable to one another by either a lot numbers, date code, heat number, job/work order numbers, or material P.O. number. If not supplied at the time of shipment, all certifications must be maintained on file and available upon request by buyer. The supplier shall provide copies of the original mill Test Reports showing material traceability to the producer. The Test Reports shall show the test results required by the specification referenced in the Purchase Order including any heat-treat response tests or NDE as required. Material Country of Origin and Country of Melt and complete traceability to the original manufacturer must be indicated on the Test Report. Certification of the manufacturing process and subsequent verification of the process results by processing vendor's lab is required, and should be included or forwarded to Industrial Metals Int'l Ltd along with applicable certificate of conformity, test reports, and/or airworthiness approval from approved manufacture or approved Quality Terms and Conditions (continued)



repair station. Such test reports shall show the actual number of pieces for each heat lot. If a sub-tier vendor carries out the subsequent testing, the sub-tier vendor must be approved by Industrial Metals Int'l Ltd and Industrial Metals Int'l Ltd's customer. All test reports should be signed and dated by qualified personnel. For all materials, all testing required by specification shall be reported on certified Test Reports.

#### **Processing Test Reports**

Processing Test Reports shall show material specification, condition or temper, heat lot, controlling process specification, and subsequent processing parameters as specified by the controlling specification. Processing parameters may include thermal processing times and temperatures, furnace number, NDE test specification, and internal procedure number. Subsequent test validations required by specification or purchase order such as hardness, conductivity, or mechanical testing shall be reported on the test report. If a sub-tier vendor carries out the subsequent testing, the sub-tier supplier must be approved by Industrial Metals Int'l Ltd and its customer. All processing test reports should be signed and dated by qualified personnel.

#### **Sub-Processing Test Reports**

If supplier carries out subsequent sub-processing, the sub-tier processing vendor must be approved by Industrial Metals International Ltd. and its customer and included as part of the Test Report record. All sub-processing test reports should be signed and dated by authorized personnel.

#### **Certificates and Full Traceability**

When required by the purchase order, seller shall provide a Manufacturer Certificate of Conformance, with the following (at minimum) clearly noted on it, with each shipment:

Vendor Name

Vendor Part Number

IML PO Number

Quantity

Lot/Heat Number

Seller must ensure that all certifications (Manufacturers Certificate of Conformance, Test Report's, Process Certs, Raw Material, Inspection Reports, etc....) for a part are traceable to one another by either a lot number, date code, heat number, job/work order number or material PO number and are available upon request by the buyer.

#### **Revision Levels**

All material supplied to Industrial Metals International Ltd. by the seller and its suppliers must be manufactured to an/or meet the most current revision level of the controlling part drawing/specification and its associated specifications at the time the purchase order was issued, unless otherwise specified on the purchase order. If Seller has a later revision on file than that which is specified on the PO (if applicable), seller must notify Industrial Metals International Ltd. of the discrepancy and obtain clarification.

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### **Test Pieces**

Test pieces when required will be specified as a requirement on the Industrial Metals Int'l Ltd Purchase Order. The supplier will supply a representative test piece of each heat lot, not cut from the prime material unless authorized by PO.

### **Performance Monitoring and Rejections**

Industrial Metals International Ltd. will monitor supplier's performance by examining on-time delivery, material claims, credits, recalls and documentation issues. In the event a shipment fails to meet specifications or Purchase Order requirements, supplier and its subcontractor(s) (if applicable) must provide a response to Industrial Metals International Ltd. Quality Assurance within 10 days of notification. If supplier does not respond within 10 working days, Industrial Metals International Ltd. shall as its discretion debit accounts payable and return the discrepant material freight collect.

### **Shelf Life**

Seller shall advise shelf life and/or expiration date if applicable.

### **Packaging**

Packaging should be done to protect product. All necessary steps shall be taken by the seller to prevent contamination, introduction of Foreign Object Debris (FOD), and deterioration. Parts must be packaged in a manner with sufficient protection to prevent damage during shipping. No loose packaging material small enough to block holes and/or crevices shall be used in the packaging of products.

### **Multiple Lots**

Multiple lots shall be bagged/boxed/handled/packaged & identified separately and distinctly. Co-mingling of lots is not permissible. A manufacturing lot is defined as all material manufactured at the same time from the same material, or processed together through all operations.

### **Shipping Tolerance**

Shipping tolerances per Purchasing Department / Supplier agreement.

### **Quality Performance**

Industrial Metals International Ltd. expectations are that suppliers deliver 100% on- quality material. This includes accuracy, legibility and reproducibility of support documentation i.e. Certificate of Conformance, Processing certificates, etc. Industrial Metals International Ltd. monitors supplier Quality Performance and may issue formal Root Cause and Corrective Action(s) based on a suppliers continued quality performance trends, the severity and type of quality issue, etc..

### **Continual Improvement**

Suppliers of aerospace and commercial products shall have a documented process for generating Corrective Actions and Process Improvement. The Corrective Action Process shall minimally include; a Problem Statement, Containment, Root Cause Analysis and Corrective Action Resolution. The resolution shall include Mistake Proofing to endure the Corrective Action  
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put in place will reduce risk of reoccurrence or at best eliminate the problem. Corrective Action Resolution shall be reviewed at established intervals.

### **Product Acceptance Requirements**

Prior to shipment the supplier is responsible for ensuring that 100% of all attributes on all material produced are in accordance with the Industrial Metals International PO requirements. Inspection and testing shall occur throughout and/or after all of the machining or processing of a manufacturing lot is complete. The method of inspection shall be suitable and capable for each type of feature or inspection being performed. Material shall be 100% visually inspected for loose or hanging burrs, machining chips, handling damage and FOD (foreign object debris) prior to shipment.

### **Foreign Object Debris/Damage (FOD) Control Program**

Suppliers shall maintain a Foreign Object Debris/Damage (FOD) control program to ensure that the delivered products; fit, form, function, integrity and material condition is not compromised.

### **Rejections**

In the event a shipment fails to meet Specifications or Purchase Order Requirements, the supplier must provide a response to Industrial Metals Int'l Ltd Quality Assurance within 10 days of notification. If the supplier does not respond within 10 working days, Industrial Metals Int'l Ltd shall at its discretion debit accounts payable, and return the discrepant material freight collect.

### **Nonconforming Product**

Seller shall notify Industrial Metals International Ltd. of any nonconforming product and obtain Industrial Metals International Ltd.'s approval for disposition thereof in writing within 10 days of the non conformance. Industrial Metals International Ltd. Quality Manager/ Material review will request acceptance from customer on nonconforming material in writing, per method(s) required and/or accepted by customer.

### **Paperwork Corrections**

Changes or amendments to any of the certification paperwork must identify the authorizing party via signature, initial, stamp or any other similar method along with the amendment date. Incorrect data must be corrected by striking through the error with 1 thin line, adding the correct information initialing (or stamping) and dating the correction.

### **Suspected Unapproved, Unapproved, and Counterfeit Parts**

The supplier shall have a program in place to prevent the delivery of counterfeit materials. All materials shall be procured directly from the Original Manufacturer or from an authorized distributor. The supplier is responsible for the flow down of this requirement to its sub-tier contractors and their compliance to it. For guidance supplier may refer to SAE documents AS9100 Rev. D and AS9120B ([www.sae.org](http://www.sae.org)). Seller must ensure that no product supplied under this order includes counterfeit work as defined by AS6174 Sec. 3. This order is subject to the requirements of AS6174 Section D.2.1.

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### **Hazardous Material**

Seller shall comply with requirements of RoHS and REACH as applicable.

All material shall be accompanied by a relevant Safety Data Sheet (SDS) (formally called Material Safety Data Sheet (MSDS)) with each shipment.

### **DFAR / FAR Requirements**

When applicable the following government regulations shall apply and shall flow down to sub-tier suppliers:

- DFARS 252.203-7002 requirement to inform employees of whistleblower rights;
- DFARS 252.204-7000 disclosure of information;
- DFARS 252.204-7012 safeguarding covered defense information and cyber incident reporting;
- FAR 52.209-06 protecting the government's interest when subcontracting with contractors debarred, suspended, or proposed for suspension;
- FAR 52.222-21 prohibition of segregated facilities (apr 2015)
- FAR 52.222-26 equal opportunity;
- FAR 52.222-36 affirmative action for workers with disabilities;
- FAR 52.222-50 combatting trafficking in persons;
- FAR 52.223-18 encouraging contractor policies to ban text messaging while driving;
- FAR 52.225-13 restrictions on certain foreign purchases;
- FAR 52.244-06 subcontracts for commercial items;
- FAR 252.222-7007 representation regarding combating trafficking in persons;
- DFAR 252.225-7048 export controlled item;
- FAR 52.211-15 (15 CFR 700)- Commerce and Foreign Trade. Section 700.3 - Priority Ratings and Rated Orders.

### **ITAR**

Supplier agrees to comply with all applicable U.S. export control laws and regulations. The supplier, also agrees to indicate on the packing slips and/or certifications if that subject material is regulated under ITAR by typing or stamping "ITAP MATERIAL" for the respective material.

### **ROHS / REACH Compliance**

Required compliance of the following shall flow down to sub-tier suppliers.

- RoHS (EU) Directive 2015/863
- RoHS 3
- REACH (EU) 1907/2006/EC

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## **Supplier Performance and Monitoring**

### On-time Delivery Window

Shipments that arrive on our dock between 10 and 0 days before the supplier promised date, provided the time of PO acknowledgment, are considered on-time. Any shipment received outside of that window without prior acceptance by Industrial Metals International Ltd. may be rejected and returned at the supplier's expense. In addition, shipments, whether returned or not, will negatively impact the supplier's on-time delivery performance as indicated on our Supplier Rating Report.

Industrial Metals International Ltd. OTD expectations are 100% on-time. Industrial Metals International Ltd. monitors suppliers OTD and may issue a formal Root Cause and Corrective Action(s) based on a supplier's continued negative trends.

## **Acknowledgement and Flow Down**

Suppliers' acknowledgement of these Terms and Conditions will be confirmed by receipt of signed purchase order, receipt of invoice, or any services rendered against the purchase order. The supplier shall flow down all requirements of these Terms and Conditions and of the Purchase Order (including information on key characteristics where required) to its lower tier suppliers.

## **Supplier Awareness**

Supplier shall ensure that they are aware of, and their employees are aware of:

- Their contribution to product conformity.
- Their contribution to product safety.
- The importance of ethical behavior.

## **Calibration**

Tools and equipment used in acceptance of product shall be calibrated in accordance with the latest revision of ANSI/NCSL Z540.3, ISO 10012-1 or ISO/IEC 17025 and traceable to the National Institute of Standards and Technology (NIST).

## **Risk Assessment**

Seller shall utilize the current revision of the SAE Aerospace Recommended Practice ARP9134 - Supply Chain Risk Management Guideline to assess those elements other than the Quality Management System requirements that could affect the products and services being provided to Industrial Metals International Ltd. The guidelines established by SAE ARP9134 should be reviewed as a business production tool, as part of an integrated business culture, to help identify and reduce risk ethic the entire supply chain. It is recommended that the SCRМ guidelines shall, when appropriate, be included as a flow down requirement to the Seller's sub-tier suppliers.

Industrial Metals International Ltd. will use guidelines based on SAE ARP9134, to supplement existing risk management philosophies, to evaluate and reduce risks within the supply chain at both new and existing suppliers.

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**Zero Defect Plan**

A Zero-Defect Plan may be requested by IML in response to a rejection or NCR- Non-Conforming Report, a negative supplier trend, and/or Corrective Action Requests (CARs). The Zero-Defect Plan is derived from quality certification processes such as AS9100, ISO9001, etc. that contain requirements for continual improvement.

**Changes in product definitions**

The Supplier is to notify Industrial Metals Int'l Ltd for approval of any exceptions/changes in product definitions and/or manufacturing process, service process, and/or testing process when such a change will affect contract requirements, Industrial Metals Int'l Ltd's customer's special process approval, material specification requirements, or the purchase order.

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