

Titanium Metal Supply, Inc.

Purchase Order Terms and Conditions/Quality Clauses

<p>THE FOLLOWING GENERAL TERMS AND CONDITIONS (GTC) APPLY TO ALL TMS PURCHASE ORDERS AND CONTRACTS, UNLESS OTHERWISE NOTED. SPECIFIC TMS QUALITY REQUIREMENTS (TMSQR) CLAUSES APPLY WHEN NOTED ON THE PO.</p>	
GTC	<p>RIGHT OF ENTRY. RIGHT OF ENTRY FOR TITANIUM METAL SUPPLY, THEIR CUSTOMER AND REGULATORY AUTHORITIES TO APPLICABLE AREAS OF ALL FACILITIES, AT ANY LEVEL OF THE SUPPLY CHAIN INVOLVED IN THE ORDER AND TO ALL APPLICABLE RECORDS.</p>
GTC	<p>ACCEPTANCE OF THIS ORDER, OR THE INITIATING OF ANY PROCESS, OR THE FURNISHING OF ANY PRODUCT, OR THE ACCEPTANCE OF PAYMENT, CONSTITUTES UNCONDITIONAL ACCEPTANCE BY THE SELLER.</p>
GTC	<p>AMENDMENTS TO THIS ORDER, OR TMS TERMS AND CONDITIONS SHALL BE SET FORTH IN WRITING, VIA PURCHASE ORDER CHANGE NOTICE, AND /OR REVISIONS TO THE PURCHASE ORDER TERMS AND CONDITIONS. TMS WILL CONSIDER SELLERS REQUEST TO MODIFICATION OF, OR EXCEPTION TO, ONLY IF SUCH REQUEST IS MADE IN WRITING, PRIOR TO THE ACCEPTANCE OF THE ORDER (REF. ACCEPTANCE CLAUSE)</p>
GTC	<p>PRICE AS STATED ON THIS ORDER COVERS ALL GOODS AND SERVICES TO BE PROVIDED BY THE SELLER AS SPECIFIED IN THE ORDER. THESE PRICES ALSO COVER ALL CHARGES FOR PACKAGING, CONTAINERS, AND TRANSPORTATION, UNLESS SPECIFICALLY DEPICTED OTHERWISE ON THE FACE OF THE ORDER</p>
GTC	<p>SHIPMENT OF GOODS AND SERVICES UNDER THIS ORDER SHALL BE F.O.B AS SET FORTH ON THE FACE OF THE ORDER. SELLER SHALL FOLLOW BUYERS INSTRUCTIONS REGARDING METHOD OF SHIPMENT, EXCEPT WHERE BUYER HAS SO STATED ON THE FACE OF THE ORDER.</p>
GTC	<p>SCHEDULE FOR DELIVERY WILL BE THE RESPONSIBILITY OF THE SUPPLIER. THE SUPPLIER SHALL NOT BE HELD LIABLE FOR DAMAGES IN RESPECT TO DELIVERY DELAY DUE TO CAUSES BEYOND SELLERS REASONABLE CONTROL. HOWEVER, IF THE SELLER DOES NOT MEET THE DELIVERY DATE AS DEPICTED ON THE FACE OF THE ORDER, THE BUYER MAY APPROVE A REVISED DELIVERY SCHEDULE, OR TERMINATE THE ORDER WITHOUT LIABILITY FOR SUCH TERMINATION.</p>
GTC	<p>HAZARDOUS MATERIAL SELLER AGREES TO FURNISH THE APPLICABLE MATERIAL SAFETY DATA (MSDS) SHEET(S) WITH EACH SHIPMENT, FOR PRODUCTS DESIGNATED BY INDUSTRY, STATE, OR FEDERAL AGENCIES AS HAZARDOUS MATERIAL.</p>
GTC	<p>PACKAGING AND PROTECTION OF THE PRODUCT SHIPPED SHALL BE IN ACCORDANCE WITH THE TMS PO OR BEST COMMERCIAL PRACTICE TO PROTECT PRODUCT FROM DAMAGE AND/OR DETERIORATION.</p>
GTC	<p>CHANGE NOTIFICATION WHERE APPROPRIATE, SUPPLIER SHALL NOTIFY TMS OF CHANGES IN PRODUCT AND/OR PROCESS DEFINITION WHERE FIT FORM OR FUNCTION MAY BE AFFECTED.</p>
GTC	<p>CANCELLATION SHALL REMAIN THE RIGHT OF THE BUYER AND MAY BE INITIATED AT ANY TIME.</p>
GTC	<p>TOOLING FURNISHED BY TMS SHALL BE MAINTAINED INDOORS, THE SELLER IS RESPONSIBLE TO ENSURE ADEQUATE CARE IS UTILIZED WITHIN THEIR FACILITY, TO MAINTAIN THE TOOLING IN GOOD WORKING CONDITION. ANY DAMAGES TO THIS TOOLING, WHILE IN THE CARE OF THE SUPPLIER SHALL BE REPORTED TO THE TMS BUYER IN WRITING. TMS SHALL DISPOSITION DAMAGED TOOLING PRIOR TO FURTHER PROCESSING BY THE SELLER. SELLER REWORK OF TMS FURNISHED TOOLING SHALL BE AUTHORIZED IN WRITING.</p>
GTC	<p>QUALITY ASSURANCE. The supplier shall comply with the TMS Quality System requirements as specified by the TMS Supplier Survey or purchase order. Supplier agrees to implement and maintain the Quality or Inspection System during the performance of this contract. <u>An authorized Certificate of Conformance is required with each shipment. Process suppliers shall furnish a complete Certificate of Conformance with each shipment indicating the PO number, specification number and revision, name of supplier and quantities accepted and rejected. Material suppliers shall furnish chemical/physical test reports with each shipment identifying the applicable specification and revision, actual chemical composition and physical properties, melt, heat, batch, or lot.</u> Additional TMS Quality Requirements (TMSQR clauses) apply when referenced by TMS PO. The supplier is not authorized to perform Material Review action for nonconforming material.</p>
GTC	<p>NONCONFORMANCES Upon acceptance of a TMS purchase order, the supplier agrees that TMS is entitled to reimbursement of TMS labor and material costs associated with seller responsible nonconformances and damages. Any/All non-conforming parts must be clearly identified, documented and segregated. If a non-conformance is discovered after shipment, the supplier is to notify TMS in writing within 72 hours, or 3 business days of the details of the non-conformance.</p>
GTC	<p>RECORDS RETENTION The supplier must retain copies of certifications, test data, chemical and/or Physical test reports, lot control data, inspection records and other pertinent Data requirements. These results and records are to be maintained by the supplier and made available to TMS or TMS's Customer Representative upon request, for a minimum period of seven (7) years after shipment to TMS, or as specified on the face of the P.O., whenever unique record retention requirements are imposed.</p>

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GTC	<p>COUNTERFEIT GOODS PREVENTION: (a) Supplier represents and warrants that Counterfeit Goods are not contained in Goods delivered to Buyer through the implementation of policies that include prevention, detection and risk mitigation methods to protect against the use of Counterfeit Parts.</p> <p>(b) Supplier shall purchase parts directly from the Original Component Manufacturer (OCM) / Original Equipment Manufacturer (OEMs), or from the OCM authorized or franchised distributor. Procurement through an independent distributor, non-franchised distributor or broker is NOT authorized. A certificate of conformance shall accompany each shipment of Goods delivered, along with OCM/OEM documentation that authenticates traceability of the components to that applicable OCM. If an original OEM/OCM certificate is NOT available, distributor shall provide a De-lid and Die Verification Report for the supplied parts verifying authenticity of the parts and such other documentation, testing and/or other information as Buyer shall reasonably request; however, the submission of such additional items shall not relieve Supplier of its obligations hereunder.</p> <p>(c) In the event Supplier becomes aware or suspects that it has furnished Counterfeit Parts, it shall immediately notify Buyer. When requested by Buyer, Supplier shall provide (if available) Authorized Supplier documentation that authenticates traceability of the parts to the applicable Authorized Supplier.</p> <p>(d) In the event that Goods delivered under this Order are, or include, Counterfeit Parts, Supplier shall promptly investigate, analyze and report in writing to Buyer whether such Counterfeit Parts should be replaced with genuine parts conforming to the requirements of this Order, or whether an alternative solution is recommended to meet the Order requirements at Supplier's sole expense. The parties shall then agree upon the appropriate course of action.</p> <p>(e) Supplier shall include this clause or reasonably equivalent provisions in all subcontracts for the delivery of Goods that will be furnished to or included in Goods furnished to Buyer.</p>
TMSQR1	The supplier shall implement a Quality System in compliance with ISO9001:2008 (Design and Servicing excluded)
TMSQR2	The supplier shall implement a Quality System in compliance with SAE AS9100 (Design and Servicing excluded)
TMSQR3	The supplier and supplier subcontractors shall meet and maintain a Calibration System in compliance with Calibration System Requirements of ISO10012 or ANSI Z540-1.
TMSQR4	The supplier shall perform 100% inspection of the TMS noted characteristics, a record of the inspection results shall be provided to TMS, sampling inspection is not allowed.
TMSQR5	The supplier shall implement and maintain a Key Characteristics (KC) control program acceptable to TMS
TMSQR6	The supplier shall perform and document a complete First Article Inspection Report (FAIR) 100% of B/P or specification requirements. One copy of supplier FAIR will be furnished to TMS Inc. along with the first shipment for this PO/contract.
TMSQR7	The supplier shall provide an Inspection Report (IR) identifying engineering requirements and actuals. Format will include design characteristics included in AS9102 FAI documentation. Use of supplier or TMS IR is acceptable if all AS9102 elements are included on report. One copy of the IR shall be furnished to TMS representing each manufacturing lot.