

Purchase Order Standard & Special Instructions (POSSI)

1. Purpose

- 1.1 The following *Purchase Order Standard & Special Instructions* (POSSI) become applicable when referenced on any O&W Heat Treat, Inc (O&W) purchase order, to ensure conformance with all O&W and O&W customer requirements.
- 1.2 Acceptance of a purchase order from O&W constitutes full acceptance of these *Purchase Order Standard & Special Instructions* where applicable and as identified on the O&W purchase order.
- 1.3 Any objection or inability to perform to the applicable and identified *Purchase Order Standard & Special Instructions* on the part of the supplier must be communicated and addressed, in writing, prior to initiating realization of the purchase order. Contact the buyer listed on the O&W purchase order to request resolution for any such objections or for inability to perform any instruction contained therein.
- 1.4 It is the responsibility of the supplier to confirm they are working to the latest revision of this document, which can be found on the home page of www.owheattreat.com. Printed copies are uncontrolled and shall be considered obsolete.
- 1.5 O&W performs a 5-point evaluation and rating of each purchase order issued by our company. This evaluation rates: Delivery, Certification Accuracy & Quality, Product or Service Quality, Responsiveness and Value. Compiled ratings for each specific Supplier are evaluated annually and used to determine whether or not continued use of that Supplier is warranted.

2. Scope

- 2.1 The requirements detailed in section 3., “Standard Requirements for All O&W Purchase Orders” apply to all O&W purchase orders, without exception, for any product or service whatsoever.
- 2.2 In addition to the requirements of section 3., the requirements detailed in section 4., “Standard Requirements for O&W Purchase Orders where a Certification of Compliance is required”, apply to all O&W purchase orders where a Certification of Compliance is required and is clearly indicated on the O&W purchase order (aka, Cert, Certification, Certification of Conformance, etc.) and/or when the code “CERT” appears in the Additional Quality Codes area on the printed Purchase Order.
- 2.3 The quality codes listed in section 5., “Purchase Order Specific Quality Codes”, are required when specifically listed on the O&W Purchase Order. The requirements of section 3. and 4. are applicable whenever any Specific Quality Code (SQC) is identified. Multiple SQCs can be invoked on any one purchase order or may be applicable only by line item.

3. Standard Requirements for All O&W Purchase Orders

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- 3.1 **Priority and Precedence:** O&W's current version of the *Purchase Order Standard & Special Instructions* supercedes, takes priority, and has precedence over supplier's published or unpublished Terms & Conditions, contract review provisions, or purchase order acceptance criteria. Acceptance of the purchase order signifies suppliers acceptance of, and agreement to, all conditions, provisions, and requirements as defined in section 2.
- 3.2 **Nonconforming purchased product:** Supplier will notify O&W of any nonconforming purchased product or changes in product and/or product characteristics and secure written approval *prior to shipment*. All nonconforming purchased product must be clearly identified by tag or other temporary means. O&W reserves the right to withhold payment on nonconforming items.
- 3.3 **Nonconforming Service Discoveries:** Any nonconformance discovered during a contracted calibration or verification service process, whether onsite or offsite, shall be brought to the attention of the O&W QC Manager as soon as possible and always prior to shipment or completion of the contracted service. Any nonconformance discovered during a contracted NDT service shall require identification of the specific nonconformance(s) with a rejection tag on the rejected part(s) or other temporary, equivalent means, as well as clear and unambiguous indication of said nonconformance on the certification supplied at the time of shipment or pickup.
- 3.4 **Supplier Reporting:** The primary point of contact for Suppliers is the O&W Office Manager; however, in the case of quality issues, the Supplier shall contact the O&W QC Manager directly. The Supplier shall provide for the timely (within 2 business days) reporting of any Quality Escapes, nonconformances that violate O&W PO requirements or may affect the quality of already delivered product. Notification shall include a clear description of the discrepancy, identification of suspect product (to include manufacturing dates, serial numbers, quantity, etc.) and material affected by the deficiency, dates delivered, and information regarding the root cause/corrective action steps initiated to address the defective condition, and to prevent recurrence.
- 3.5 **Foreign Object Control:** Supplier procedures shall prevent Foreign Object Damage to all O&W controlled parts and hardware while in Supplier's facility, and shall prevent Foreign Objects from entering, damaging, contaminating or otherwise affecting the product in any way.
- 3.6 **Shipping & Handling:** When specific packaging is not referenced in the O&W purchase order and/or drawing, the supplier shall protect all product using appropriate handling and packaging procedures to prevent damage (including part to part damage), loss, or contamination of product during shipment and subsequent storage at O&W. Use non-ozone depleting packing material in the shipping container/box.

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3.7 SDS (MSDS): Safety Data Sheets are required for all liquid and solid chemicals or compounds.

4. Standard Requirements for O&W Purchase Orders where a Certification of Compliance is required.

All requirements listed in Section 3. and this section are required on all purchase orders where Certifications of Compliance are needed.

4.1 Quality Management System: Supplier must have evidence of current certification or registration to AS9100, ISO9001, ISO 17025, AC7004 or an equivalent aerospace industry recognized quality management system. Waivers for this requirement by be obtained, in writing, after an audit performed by, and as required by, the O&W Quality Manager. Expiration of the supplier's Quality Management System certification or registration prior to the completion or realization of this purchase order shall be considered a violation of this document and its requirements.

4.2 Specifications: Supplier shall comply with any specifications stated on the face of this purchase order to the extent indicated, and with any applicable United States Government Specifications. Unless "or latest revision" appears on the purchase order, all specifications shall be performed to the revision listed on the purchase order. If supplier has possession of a later revision than that listed on the purchase order or is aware of a later revision than that listed on the purchase order, the supplier shall notify the O&W QC Manager for guidance.

4.3 Conflict of Instructions: In case of a conflict in documentation or written instructions, purchase order requirements take precedence over B/P requirements, which in turn take precedence over specification requirements. No requirement on this purchase order shall be interpreted to permit violation of any applicable state, local, or federal statute or regulation.

4.4 A Certificate of Conformance (CoC): A CoC is required with shipment, which must include all applicable specifications, drawings, materials, test reports, purchase order number, serial numbers, end use statements, and all applicable revisions to such. A statement certifying that all materials used or services provided are in accordance to the applicable specifications, that all prescribed processes have been met and all inspections and test were successful and passed must be included with shipment. O&W reserves the right to request copies of, review and approve any relevant internal procedures used by the supplier in the performance of the purchase order. A signature and title of supplier's authorized quality representative is also required.

4.5 Mercury Free Certification: Materials supplied under this purchase order shall be free of mercury contamination. One copy of a certificate of compliance stating that the

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product(s) supplied was manufactured "free of mercury" must shall be sent with the product or material purchased as applicable..

- 4.6 Certificate of Manufacturing Date: A certificate is required for shelf life of age/environmental sensitive materials submitted. Any product, substance or material that has a limited life shall have a minimum of 90% of its certified shelf life remaining upon delivery to O&W. The limited life period shall be identified on the product or support documentation.
- 4.7 Product or Service Verification: O&W, its customers and applicable regulatory agencies, reserves the right to verify, at source or delivery or any time thereafter, the quality of purchased products, services, and records. Typically, we will advise you 24 hours minimum prior to any such verification. Verification activities shall not absolve the supplier of the responsibility to provide acceptable products or services, nor shall it preclude subsequent rejection by O&W or its customers for due cause. Except for age dependent goods or services, there shall be no time limit or expiration for this verification to be performed. Verification activities can include:
- 4.7.1 Obtaining objective evidence of the conformity of the product (e.g., accompanying documentation, certificate of conformity, test records, statistical records, process control records)
- 4.7.2 Inspection and audit at the supplier's premises
- 4.7.3 Inspection of products upon receipt.
- 4.7.4 Tests, evaluations, and simulations of process to demonstrate conformity.
- 4.8 Sub-Contracting: Suppliers of services or product shall not sub-contract any portion of this purchase order without the express written consent of O&W. In all such cases, all requirements of this purchase order shall be flowed down to the sub-contractor, and the supplier shall apply appropriate controls to their sub-tier suppliers to ensure all requirements of the O&W PO are met. Any permitted sub-contracting is limited and regulated by the customer's or prime contractor's requirements if applicable. Only those sub-contractors approved by the customer or prime contractor may be used when applicable to customers's or prime contractor's specification or Quality Requirements.
- 4.9 Qualifications of Performing Personnel: Supplier personnel performing work relating to the conformance to requirements to this purchase order must be adequately trained, experienced, and formally approved by management, to perform such tasks. Records of those qualified and their qualifications must be retained.
- 4.10 Record Retention: All quality records generated by the supplier, related to this order, must be retained per indicated prime contractor requirements or for a minimum of 11 years whichever is longer. All records shall remain legible, readily identifiable and

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retrievable. Quality records shall be all records as defined within the AS9100 Standard, section 4.2.4.

- 4.11 **Property Rights:** O&W grants the supplier the use of the drawings, specifications, operation sheets, technique sheets, tools, fixtures and other items furnished or paid for by O&W for the sole purpose of performing this order for O&W. All items are the property of O&W or its customers and shall not be used or disclosed to others or reproduced for any purpose unless sub-contracting is authorized by O&W. Supplier may then provide items furnished or paid for by O&W to supplier's sub-contractor for the sole purpose of performing to this purchase order. In no event shall such items be modified, altered, or reverse engineered.
- 4.12 **Compliance with Statutes and Regulations:** The supplier warrants and certifies that in performance of this order the supplier will comply with all applicable statutes, rules, regulations and orders, now in effect, of the United States or any agency or department thereof, and of any state or political subdivision of any state, including statutes, rules, regulations and orders pertaining to labor, wages, hours and other conditions of employment and it will comply with applicable wage and price controls and ceilings imposed by law as well as all applicable environmental and hazardous material regulations.
- 4.13 **Listed Federal Regulations:** All federal statutes and regulations flowed to the supplier by O&W or required by the prime contractor shall be complied with. Specific requirements and restrictions such as ITAR, DPAS (rated orders), EAR will be identified on the purchase order and must be observed. If the supplier is not familiar with the aforementioned requirements, contact the O&W Quality Manager for clarification or requirements before beginning effort to satisfy the purchase order.
- 4.14 **Changes to Processes/Product/Services:** Supplier shall notify O&W of any changes to existing processes, products or services that may affect quality of the finished product. O&W shall be notified prior to any changes to any Frozen or Fixed Process.

5. Purchase Order Specific Quality Codes

All requirements listed in Section 3. and 4. And those codes specifically called out on the purchase order from this section are required. All codes shall be referred to by a two to four character code as follows:

Code	Code Definition
CERT	Certification of Compliance with all PO requirements must be supplied

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CKI	Critical/Key Characteristic Inspection: The supplier shall provide critical/key characteristic inspection results with each shipment. Critical/Key dimensions are identified either on the drawing or as part of the Purchase Order notes. Data shall be supplied on 100% of the identified characteristic. Prime contractor's requirements for Critical/Key Characteristic Inspection applies.
MLC	Material Lot Control, and Traceability: Material on this purchase order requires material lot control and traceability. Manufacturing lots shall be traceable and identified to manufacturing documents. Lot date codes, manufacturing lot numbers, or unique job numbers are acceptable means of identification and must be referenced on certification of compliance and traceable to the supplier's manufacturing documents.
PSC	Product and Service Change Control: No change in specification, materials, service or manufacturing process that may affect fit, form and function is allowed to items on this order without prior written notification to O&W and a written authorization from O&W, for that change.
SE	Sample Evaluation: When indicated on the purchase order, supplier will be required to provide a sample or First Article for evaluation for suitability by O&W or its assigns. Procedure sheets, documentation of process and/or equipment and qualifications of personnel performing to purchase order may be required as specified on the purchase order.
FRZ	Frozen Process: A documented procedure sheet is required to be approved by O&W prior to beginning purchase order realization. No change can be made to the frozen procedure without express written consent by the O&W Quality Manager.
DSM	Preference for Domestic Specialty Metal: If this purchase order includes specialty metals the supplier must comply with DFARS Clause 252.225-7014 Alternate 1. The Seller must also certify their compliance with this clause.
CAL	Pyrometric and vacuum system calibration shall be performed in accordance with all PO specified documents, and O&W internal specification TA006-11. The latest revision of this proprietary document is available for review, at our facility, by all applicable calibrating sub-contractors.
GEA	GE S-1000 / S-1002 specification applies and others as applicable.
HSD	United Technologies ASQR-01 specification applies and others as applicable.

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PWA	United Technologies ASQR-01 & PWA-300 specifications applies and others as applicable.
GOV	When “Government End Use” or Government (Federal, DoD, Navy, etc) Contract applies, there are a list of FAR (Federal Acquisitions Regulations) that apply. A partial list of those regulations that are most likely to be relevant can be found in section 6. The list is not exhaustive and does not purport to be definitive. It is the suppliers responsibility to know and to conform to all applicable federal FARs, DFARS, CFRs, etc.

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6. Miscellaneous

6.1 A partial list of applicable FARs for Government contracts:

252.203-7001 Prohibition on Persons Convicted of Fraud or Other
Defense-Contract-Related Felonies

252.204-7000 Disclosure of Information

252.208-7000 Intent to furnish Precious Metals as Government-Furnished Material

252.222-7000 Restrictions on Employment of Personnel

252.223-7007 Safeguarding Sensitive Conventional Arms, Ammunition, and Explosives

252.225-7007 Trade Agreements Act

252.225-7008 Restriction on Acquisition of Speciality Metals

252.225-7009 Restrictions on Acquisition of Certain Articles Containing Speciality Metals

252.227-7033 Rights in Shop Drawings

252.227-7037 Validation of Restrictive Markings on Technical Data

252.227-7038 Patent Rights

252.244-7000 Subcontracts for Commercial Items and Commercial Components (DoD
Contracts)

252.246-7003 Notification of Potential Safety Issues (Jan 2007)

52.203-13 Contractor Code of Business Ethics and Conduct

52.203-7 Anti-Kickback Procedures

52.204-2 Security Requirements

52.211-15 Defense Priority and Allocation Requirements

52.211-5 Material Requirements

52.215-19 Notification of Ownership Changes

52.219-8 Utilization of Small Business Concerns and Small Disadvantaged Business
Concerns

52.219-9 Small Business Subcontracting Plan

52.222-1 Notice of Government of Labor Dispute

52.222-11 Subcontracts (Labor Standards) 7/05

52.222-35 Affirmative Action for Disabled and Vietnam Era Veterans

52.222-36 Affirmative Action for Workers With Disabilities

52.222-37 Employment Reports on Disabled Veterans and Veterans of the Vietnam Era

52.222-39 Notification of Employee Rights Concerning Payment of Union Dues or Fees

52.222-4 Contract Work Hours and Safety Standards Act - Overtime Compensation

52.222-50 Combating Trafficking in Persons (Aug 2007) Alt 1 in included in prime contract

52.223-3 Hazardous Material Identification and Material Safety Data

52.223-7 Notice of Radioactive Materials

52.225-11 Notice of Buy American Act Requirement

52.225-13 Restrictions on Certain Foreign Purchases.

52.225-9 Buy American Act – Trade Agreements – Balance of Payments Program