



Supplier Quality Requirements

Terms and Conditions to Purchase Order

Product Conformity

Seller shall assure product conforms to requirements and specifications set forth on purchase order. Product is subject to inspection and approval after delivery by KWG representatives.

Delivery

Seller is expected to deliver products 100% on- time.

Purchase Order

Purchase orders will be issued to Seller and shall describe quantity, material, material grade, size, processes, special processes, references, specifications, drawing revision and any other requirements governing the purchase. Sellers proceeding without a purchase order risk non-payment.

Contract Review & Acknowledgment of Purchase Orders

Seller shall do a thorough contract review before accepting a purchase order. Seller shall acknowledge receipt of purchase order within a reasonable time.

Non-Conforming Product Notification and Control

Seller is responsible for notifying KWG, immediately, of a product suspected or found to be non-conforming. Under no circumstance, shall Seller knowingly ship a non-conforming product to KWG Industries without prior permission. KWG Industries reserves the right to withhold payment, reject and/or seek to recover costs resulting from a delivery of non-conforming product.

Corrective Action & Preventative Action Request

Seller shall complete a CAPA response that includes: root cause analysis, corrective & preventative actions and an implement date within 10 days of a request. If a CAPA is not completed, KWG Industries reserves the right to withhold payment.

Identification

Seller must make certain products are properly identified.

Traceability

Seller must make certain all certifications: (Manufacturing Certificates of Conformance, Test Reports, Process Certs, Raw Material) is traceable to one another; by either lot number, date code, heat number, job or work order number or material purchase order number.

One Heat Number/Lot per Line Item

Seller must contact purchaser for approval if multiple lots will be supplied to complete an order. Seller must make certain multiple heat numbers are tagged separately and not mixed.

Certifications

Seller shall include certificates with shipments: Mill Certificate, Process certifications (Manufacturing Certificates of Conformance, Test Reports, Process Certs, Raw Material performed on material. The producing mill information and country of origin must show on Mill certificate. All certifications must be clear and legible.

Certificate of Conformance.

Seller shall include a Certificate of Conformance for all processes and services performed.

Control of Seller's Sub-Contractors / Seller's Seller

Seller shall assure Seller's sub-contractors conform to KWG quality requirements.

Packaging & Packing List



Seller must make certain product is adequately packaged to prevent damage. Seller's packing list and certificates is required with a shipment.

Maximum Forklift Weight

Max. Fork-lift weight is 2,000 pounds.

Special Processes

Where applicable (**when stated on purchase order**), Seller shall perform special processes by sources accredited by NADCAP. Seller shall assure Seller's sub-contractors conform to KWG quality requirements.

Foreign Object Debris

Seller shall establish and maintain controls to eliminate foreign debris and/or contamination.

Conflict Mineral

Seller agrees to trace and certify or, if Seller does not manufacture the Products, to require the manufacturer of the Products to trace and certify, the country of origin of minerals used in all materials used by Seller or the manufacturer in the Products or parts of Products or in the manufacture of the Products or parts of Products and to promptly provide Buyer with such documents and certifications as requested by Buyer to satisfy Buyer's Securities Exchange Commission reporting obligations under Section 1502 of the DoddFrank Act relating to Conflict Minerals.

Calibration

Seller must make certain tools and equipment are calibrated in accordance with organizations quality system.

Mercury Free

Seller is responsible to ensure product did not come into contact with mercury or mercury compounds during manufacturing or subsequent processing.

Record Requirements

Seller must make certain records are accurate and securely retained for a minimum of 8 years.

Return Policy

KWG reserves the right to return product within a reasonable time frame; if product does not meet requirements/specifications of purchase order and/or drawing.

Right of Entry

KWG Industries, KWG Industries customers', government representatives or regulatory agencies shall reserve the right to audit Seller's facilities with suitable notification: to review processes, subcontractors, procedures and records that are applicable to KWG Industries.

Confidentiality

Seller shall treat all documents and information confidential.

Hazardous Material

Seller shall provide a label on products indicating hazardous material and types.

Export Compliance Requirements

In accordance with 22 CFR & 122.1 (a), persons who engage in the United States in business of either manufacturing or exporting defense articles or furnishing defense services is required to register with the U.S. Department of State, Office of Defense Trade Controls and apply for export authorization prior to exports of controlled hardware, technical data, software and services. Manufacturers who do not engage in exporting must nevertheless register. Information regarding registration may be found at www.pmdtdc.state.gov

Please be advised any technical data (i.e. specification, drawings, etc.) provided by KWG marked with an ITAR restrictive legend is considered to be export controlled and may not be provided to any foreign person *. Foreign persons are persons who are not 1) U.S. Citizens, 2) Permanent Resident Aliens (Green Card Holders), or 3) protected persons (Refugees). A foreign person includes an individual who has been granted an Employment



Authorization card, unless other documentation is provided from 1-3 above. As a KWG Seller you may not provide any of the export controlled data provided by KWG to foreign Sellers, regardless of the nature of the relationship to the U.S. Seller, for any reason without prior specific export authorization secure from the ODTCL. As a KWG Seller agree not to transfer any export controlled technical data provided by KWG Industries to any sub-contractor or vendor without first notifying/flowing down to the sub-contractor or vendor of the export compliance requirements as stated above. As a KWG Seller you confirm that your Sellers have not been currently debarred or suspended pursuant to any of the statutes at ITAR 120.27.

Approved Quality System

The Seller shall maintain the Quality Management System approved by KWG upon which the Seller's current Approved Seller status is based. The Seller's Quality Management System shall be subject to review and/or audit for continued approval by the Buyer (KWG) or other designated representative. No waiver or deviation from the Quality Management System requirements shall be permitted without written approval from the Buyer (KWG).

Vendor Awareness

Seller shall ensure that all employees and external providers supporting the Seller are aware of: (a) Their contribution to product or service conformity; (b) Their contribution to product safety; and (c) The importance of ethical behavior.

Counterfeit Parts

Seller shall supply Articles that are not and do not contain suspect counterfeit parts. A suspect item is an item in which there is an indication by visual inspection, testing, or other information that it may not conform to established government or industry accepted specifications or national consensus standards. A suspect/counterfeit item is any item that is a copy damaged beyond possible repair, but are or substitute without legal right or authority to do so, or one whose material, performance, characteristics or identity does not appear to be authentic. The term also includes approved Article that has reached a design life limit or has been altered and deliberately misrepresented as acceptable. Failure by Seller to document material substitution or identify that an item has been refurbished or remanufactured is considered to be fraud, and the Item then becomes suspect counterfeit. If it is determined by Buyer that a suspect counterfeit part has been supplied, Buyer will impound the items pending a decision on disposition. Notwithstanding anything else to the contrary herein, Seller shall replace such items with items acceptable to Buyer and shall be liable for all costs relating to the impoundment, removal, and replacement. The remedies contained in this paragraph are in addition to any remedies Buyer may have at law, equity or under other provisions herein. Buyer may also notify the applicable Government representatives and reserves the right to withhold payment for the items pending results of the Investigation.