

MAGNETIC SEAL, LLC.

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TERMS AND CONDITIONS OF PURCHASE ORDERS

MAGNETIC SEAL, LLC. MISSION

To find better ways to generate sustained success for our customers, team members, and suppliers by continually advancing our engineering, quality, and manufacturing expertise in providing proven sealing solutions.

MAGNETIC SEAL, LLC. VISION

To be recognized globally as the trusted supplier of innovative sealing solutions for maximizing critical system reliability.

SCOPE

This manual contains General Terms and Conditions of Purchase Orders as well as contractual Supplier Quality Assurance Requirements that appear on all Magnetic Seal, LLC. (MSC) Purchase Orders. The Terms and Conditions herein, as well as the Supplier Quality Assurance Requirements as applicable per supplier, will be flown on MSC Purchase Orders for all suppliers that contribute materials, products, and/or services to MSC.

The order of precedence for documents applicable to MSC Purchase Orders (POs) is the following:

- (a) Purchase Orders
- (b) Engineering Drawings
- (c) MSC Documents and Specifications
- (d) Industry Specifications (if applicable)

DEFINITIONS & TERMS

For the purpose of this document, which specifies the contractual quality clauses applicable to MSC Purchase Orders, the following definitions and terms shall take on the assigned meanings:

Buyer – the MSC affiliate identified on the Purchase Order as the Buyer. The Buyer procures goods and services for MSC and manages Supplier accounts. All Supplier communication must be directed through Magnetic Seal, LLC.'s Buyer

Supplier – the party identified on the Purchase Order as the Supplier. The Supplier provides goods and services that contribute to MSC product

Special Processes – Processes where the resulting output cannot be verified by subsequent monitoring or measurement. Special Processes may include but are not limited to processes that require destructive testing (DT) or non-destructive testing (NDT) to verify, or that fundamentally change the physical or functional characteristics of MSC product, components, or raw materials

Nonconformance – the failure to meet the requirements of all applicable documents, including but not limited to: the purchase order, part drawing, quality assurance plans, specifications, etc.

SUPPLIER POLICIES & INFORMATION

MSC's supply base will consist of organizations supportive of our business needs. In line with MSC's business and culture, all levels of personnel contributing to applicable purchases orders shall behave ethically and be aware of their impact on the conformity of products and services, product safety, and industry standards.

Criteria for evaluation and selection of suppliers for placement on MSC's Approved Supplier List (ASL) is based on the Supplier's ability to consistently deliver conforming products and/or services, meet MSC's delivery requirements, offer competitive pricing, and be responsive to MSC's needs.

All Suppliers contributing to MSC are evaluated on an annual basis. Supplier performance is measured on a variety of metrics, including but not limited to the Supplier's ability to uphold the delivery dates defined on applicable order confirmations and the Supplier's ability to meet or exceed applicable product specifications as defined by engineering drawings.

In the event that the Supplier does not meet each performance criteria explicated in this document, the Supplier may be required to submit a Corrective Action Report for improvement. Failure to comply with the clauses contained in this document may result in the return of product shipments at the Supplier's expense and/or the withholding of payments to the Supplier.

CONTENTS

GENERAL TERMS AND CONDITIONS OF PURCHASE ORDERS:	Clauses 1 through 12
AEROSPACE CONDITIONS:	Clauses 13 through 32
SPECIAL PROCESSING:	Clauses 33 through 36
CUSTOMER SPECIFIC FLOW DOWN REQUIREMENTS:	Clauses 37 through 41

GENERAL TERMS AND CONDITIONS OF PURCHASE ORDERS:

(Clauses 1 through 12 apply to all MSC Purchase Orders)

1. Delivery Requirements:

The Supplier shall strictly adhere to the shipment, delivery, and completion schedules specified on MSC purchase orders. If the Supplier has reason to believe that a delivery of Products or the performance of Services may not be made on the dates specified by the purchase order agreement or if an actual delay has occurred, whether due to a Force Majeure Event or for any other reason, the Supplier shall send written notice to MSC, stating the cause and expected duration of the delay within 48 hours after the origination of the cause. The Supplier shall take all steps necessary to avoid or minimize the delay to the maximum extent possible, including the expenditure of premium time and expedited transportation. The Supplier shall be responsible for any additional costs associated with such efforts unless the Supplier's delay is caused directly by a Force Majeure Event, in which case the parties shall negotiate in good faith the allocation of such costs and expenses between them.

If the Supplier is unable to meet the required dates specified on the purchase order and is late by 30 days or more, the Buyer reserves the right without liability to cancel the order in whole or in part and/or fill such order or any portion thereof from sources other than the Supplier and reduce the Supplier's order quantities accordingly at no per-unit price increase, without any penalty to the Buyer. Any preparations made or work performed by the Supplier or its subcontractors prior to issuance of the Order shall be at the Supplier's expense.

2. Latest Revisions of Standards & Specifications:

The Supplier shall comply with and certify conformity of materials, products, and/or services to the latest revision of standards and/or specifications as noted on or applicable to the Purchase Order. This clause includes government, industrial, commercial, and/or customer specifications and requirements flown down on MSC Purchase Orders. The Supplier shall contact MSC to verify the latest revisions of customer specifications, as required.

3. Changes:

Changes that depart from the original intent of the PO may not be made without written consent from the Buyer. Supplier design changes must be approved in writing by MSC prior to implementation.

4. Organizational & Process Change:

Prior to any significant changes in the Supplier's organizational structure or internal processes, MSC must be notified of and approve the applicable changes. All changes must be submitted in writing or electronically with signature to the Buyer. Such changes may include the occurrence of any of the following:

- Quality Management System status change (such as QMS certification or withdrawal)
- Changes in Processes
- Changes in Materials
- Changes in Management
- Changes in MSC Supplier Contact
- Changes in Location
- Changes in Equipment
- Changes in Sub-Tier Suppliers

5. Sub-tier Control and Flow Down:

The Supplier shall flow down all applicable MSC Purchase Order requirements to their sub-tier suppliers and subcontractors. The Supplier is responsible for ensuring traceability of any and all materials, products, and/or services used in the manufacture of product shipped and deliverable to MSC. The Supplier is responsible for identifying and recording the name and location of all supply chain intermediaries from purchase by the Supplier back to original manufacture.

6. Shelf Life Items:

Any materials, parts, or components subject to deterioration from environmental exposure or over time shall be identified by the applicable date of manufacture, processing, testing, or critical functionality. Unless otherwise specified, a minimum of 75% of any material's, part's, or component's Shelf Life shall remain upon the Buyer's receipt of the applicable product. If Supplier product shelf life exceeds below MSC's minimum acceptance requirements, the applicable product may be subject to prorated pricing, rejection, or return. Shelf Life Items must be accompanied by aforementioned date of manufacture / processing / testing / critical functionality, duration of shelf life, applicable storage temperate, and any other significant environmental and/or storage conditions that may affect the product's shelf life (i.e. light, moisture, vibration, etc.)

7. Foreign Object Debris (FOD):

The Supplier shall maintain adequate preservation and packaging controls to prevent the introduction of FOD (Foreign Object Debris) before and after packaging of final product, and throughout the manufacturing process. The Supplier shall have a FOD prevention and training program, and take any necessary steps to prevent FOD and/or other contaminants from being introduced to product delivered to MSC.

8. Mercury Free Material:

Material furnished under the Purchase Order must not contain mercury in any amount or form and must be certified as "Free of Mercury". Due to the potentiality of contamination, all mercury bearing instruments and equipment are prohibited from use in the manufacture, assembly, testing, or inspection of product, components, or materials shipped to MSC or applicable to MSC purchase orders. These requirements must be flown down to sub-tier suppliers by the Supplier.

9. Conflict-Free Mineral Requirement:

All products, components, and materials must comply with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) regarding the sourcing of tantalum, tin, tungsten and gold from certain mines within the Democratic Republic of Congo (DRC) or adjoining countries as defines in the Act. All necessary steps must be taken to implement conflict-free sourcing wherever and whenever possible.

10. ITAR & EAR:

All drawings and/or any additional accompanying documents and communications may contain information subject to the International Traffic in Arms (ITAR) and/or the Export Administration Regulation (EAR). The transfer of technical data by any means to a foreign person or entity, whether domestic or abroad, without first complying with the export and license requirements of ITAR and/or EAR is against the law and is in violation of the terms of any and all MSC Purchase Orders. By accepting any Purchase Order, the Supplier certifies that their organization has not and/or will not violate any ITAR or EAR laws during fulfillment of applicable, past, or future Purchases Orders with MSC.

11. Government Acquisition & Procurement Regulations:

Federal Acquisition Regulation Supplement (FARS), Defense Federal Acquisition Regulation Supplement, and other applicable required documents shall be listed on the face of the Purchase Orders, as applicable for all Federal and Defense contracts and subcontracts.

12. Country of Origin:

Supplier materials must be melted in the United States of America (USA) or in a qualified country as identified in the Defense Federal Acquisition Regulation Supplement 225.872-1, pursuant to DFARS 252.225-7014 Alt 1. DFARS compliant Certification of Country of Origin and melt location must accompany melted ingot.

AEROSPACE CONDITIONS:

(Clauses 13 through 32 apply to AS9100 Purchase Orders)

13. Quality Management Systems:

The Supplier and any applicable sub-tier suppliers should maintain a documented Quality Management System manual and make it available to MSC upon request. This documented Quality Management System must explicate the Supplier’s management strategies regarding the awareness, training, and competencies of the Quality System for all employees, to the extent required by position and/or title.

14. Supplier Quality:

The Supplier shall comply with the applicable Quality clauses, as noted on the Purchase Order, explicated in this document. By accepting MSC purchase orders providing shipment of product to MSC the Supplier confirms acknowledgement of and compliance with this document, as well as all purchase order requirements, engineering drawing requirements and/or specifications, any additional MSC and/or flow down end-user requirements, and all applicable regulatory and industry-standard requirements.

15. Supplier Evaluation:

The Supplier’s qualification for MSC’s ASL is evaluated annually and is contingent upon product quality, on-time-delivery, supplier quality management system requirements, and the Supplier’s ability to adhere to applicable industry standards and additional flow down quality requirements specified on individual purchase orders and in this document. Selection preference shall be given to suppliers with quality management systems certified by accredited third-party organizations. MSC expects the Supplier to achieve 100% On-Time Delivery (OTD) and Quality conformance. All Suppliers found to have OTD or Quality performance below 90% during MSC’s yearly 12-month calendar review of Suppliers risk the opportunity for future development work with MSC. Future development work can be reestablished once an agreed upon improvement plan has been put into place.

16. Maintenance of Data:

All records of materials, products, services, inspection, testing, and/or personnel must be kept on file by the Supplier for review by MSC or MSC's customer personnel, in accordance with the NDA on file.

17. Record Retention:

Unless otherwise specified by end use customer requirements or agreed upon by MSC in writing, the Supplier shall retain quality records and be made available to MSC upon request for a minimum of 50 years from the closing of the Purchase Order or for duration established by and flown down from MSC's end use customer. Quality records may include but are not limited to any testing, inspection, and/or data collection, traceability records, certificates of compliance for materials, products, and/or services, and any other required documentation which pertains to the applicable processes utilized for the manufacture of product delivered to MSC. The Supplier must notify MSC prior to the destruction of any records applicable herein.

18. Vision Test Records:

The Supplier must keep records current within the last 12 months that document passing Snellen 20/25 (or better and in at least one eye) and color-vision tests for employees with final product release / inspection responsibilities.

19. AS9100 & Right of Access:

MSC, its Customers, and Regulatory Authorities have Right of Access to all facilities, records, and requirements applicable to MSC Purchase Orders, including but not limited to flow down requirements to sub-tier suppliers and material key characteristics. MSC reserves the right of inspection and audit of the Supplier's premises.

20. Counterfeit Material:

- (a) All Suppliers shall establish a Counterfeit Material awareness and control program, utilizing AS6174 "Counterfeit Materiel; Assuring Acquisition of Authentic and Conforming Materiel" for guidance. Suppliers of raw materials and/or components shall ensure that only new and authentic raw materials and/or components are used to fulfill MSC Purchase Orders. Distributors of raw materials and/or components may only purchase for resale directly from the Original Manufacturer (OEM). Distribution of material that was not procured from OEMs is unauthorized unless prior written approval is obtain from MSC. To obtain the aforementioned MSC prior written approval, the supplier's request must present compelling support for all actions taken to ensure the materials and/or components procured from non-OM sources are authentic and conform to all requirements, specifications, and applicable traceability referenced on the Purchase Order.
- (b) The Supplier's Quality Management System (QMS) shall be consistent with all applicable industry standards including AS553, "The Detection and Avoidance of Counterfeit Parts and Suspect Counterfeit Parts", as a minimum requirement. Additional minimum QMS requirements include: policies and procedures for training personnel; designing and maintaining systems to mitigate risks associated with part obsolescence; systems for controlling the sourcing of part markings; prioritization of mission critical and sensitive components; ensuring traceability materials, components, and parts; development of approved and non-approved supplier and sub-tier supplier lists; inspection and testing of parts; reporting and quarantining of counterfeit parts and suspect counterfeit parts; and adherence to Corrective Action and Corrective Action Report requirements.
- (c) Should the Supplier become aware of any confirmed or suspect Counterfeit Part that has by any means been acquired for and/or delivered to the Buyer, the Supplier shall notify the Buyer in writing immediately. The Supplier shall verify the Buyer's receipt of this escape notification. The Supplier shall be liable for the cost of replacement, rework, corrective action, and/or any additional fee pertaining to the discovery and/or escape of confirmed or suspect Counterfeit Parts.

21. Control of Nonconforming Material:

The Supplier shall maintain control of all nonconforming material, products, and/or services generated internally by the Supplier, received from a Subcontractor or external provider, and/or identified by MSC after delivery. Should the Supplier suspect and/or discover that any nonconformities could affect and/or have affected and materials, products, and/or services delivered or provided to MSC, the Supplier shall immediately (within 24 hours) notify the Buyer and quarantine the applicable nonconformities. The Supplier shall consider any materials, products, and/or services traceable to the same manufacture lot as suspected and/or delivered nonconformities as also nonconforming. The Supplier shall issue a Statement of Cause and submit to the Buyer in writing immediately.

22. Nonconforming Product Acceptance / Supplier Variation Requests:

Any deviation from the Purchase Order requirements, engineering drawings, MSC and/or industry specifications and standards, or any other requirements flown down to the Supplier must be submitted to the Buyer and agreed upon in writing by MSC prior to shipping. MSC reserves the right to reject any and all nonconforming product acceptance requests and/or supplier variation requests.

23. Corrective Actions & Corrective Action Responses

If the Supplier and/or MSC discovers any suspected and/or confirmed nonconforming material, products, or services that may affect or has affected deliverable product top MSC, MSC may issue a Corrective Action (CA) to the Supplier. If the Supplier receives a CA from MSC, the Supplier must provide a Corrective Action Response (CAR) to the Buyer and/or MSC's Quality Assurance Representative within 30 calendar days. If MSC does not receive a CAR within the 30 day period, the Supplier will be sent a reminder call, email, or letter. If a CAR is not received within 60 calendar days of original receipt of CA statement, MSC reserves the right to terminate for cause any open purchase order with the Supplier. In the event that unexpected circumstances require the Supplier additional time to resolve, the Supplier should contact the Buyer and make advanced arrangements with MSC's Quality Assurance Representative.

24. Return of Rejected Material:

Any product that is returned to the Supplier as nonconforming shall be handled in accordance with CP-903 "Control of Nonconforming Material". If rejected material is returned to the Supplier, the Supplier should contact the Buyer and/or MSC's Quality Assurance Representative for resolution.

25. Certification of Calibration:

Product manufactured by the Supplier must be traceable to the unique equipment used for production and for verification of the product's conformity to the Buyer's requirements. The applicable equipment must be identifiable and calibrated to masters or standards accompanied by certification traceable to the National Institute of Standards and Technology (NIST).

26. Sampling Plan Requirements:

The following Sampling Plan Requirement(s) apply to the deliverable lot quantity when referenced on the face of the respective MSC Purchase Order:

- (a) In accordance with ASQ H1331 also known as ISBN 978-0-87389-739-6
- (b) 100% Inspection
- (c) Sampling Plan agreed upon by Quality Assurance Manager at MSC and Supplier
- (d) Supplier approved Sampling Plan

27. Test & Inspection Reports:

Test and Inspection Reports must show evidence of tests performed with data clearly recorded, characteristics of inspection whether dimensional or visual, and any nonconformance(s) discovered. In the event any nonconformance is discovered, the supplier must submit a report of the corrective action(s) taken to contain the nonconforming material and to prevent any future occurrence of the nonconformance(s). Reports must accompany each lot of material shipped.

28. First Article Inspection Report:

The Supplier agrees to conduct First Article Inspections (FAI) per AS9102, when applicable and/or required. The Supplier must perform FAIs when there are any changes to the product or processes used in the manufacture, processing, testing, or inspection of the product that may affect the fit, form, or function of the product. The aforementioned changes apply to sub-tier suppliers as well as the Supplier. In the event that a First Article Inspection is required per AS9102, the Supplier must include a First Article Inspection Report with shipment. The aforementioned First Article Inspection Report must be accompanied by the applicable product part, tagged for verification.

29. Certification of Compliance (C of C):

With each shipment, the Supplier must provide Certification of Compliance (C of C) signed by an authorized Quality Representative that states compliance to all requirements listed on or applicable to the Purchase Order, including engineering drawings, MSC customer and PO specific requirements, all requirements flown down from end-user (when applicable), and industry standards and specifications.

30. Special Provisions, Instructions, and Requirements:

When listed on the face of the Purchase Order, Certification of Compliance to Special Provisions, Instructions, and Requirements shall accompany any and all shipments of product applicable to Purchase Order.

31. Raw Material Certification:

Two (2) copies of Certification of Material must be supplied that include chemical and/or physical property ranges, identification of applicable industry and/or customer specifications, heat lot numbers, applicable purchase order numbers, and any other pertinent information per requirements of the applicable purchase order. Certifications of Material must be signed by an authorized Quality Representative of the Supplier.

32. Physical & Chemical Test Reports:

Physical and chemical characteristic testing of product, components and materials must be conducted by an approved testing laboratory, and must be completed per the guidelines stated on the applicable Purchase Order.

SPECIAL PROCESSING:

(Clauses 33 through 36 apply to Purchase Orders with Special Processing)

33. Special Processes:

Unless otherwise specified or agreed upon by MSC in writing, all Special Process Suppliers and sub-tier Suppliers are required to be NADCAP accredited, at minimum. All Suppliers are required to provide Certification of Conformance for any and all Special Processing traceable to product, components or raw materials. Certifications must state conformance to applicable specifications referenced on the Purchase Order, Engineering Drawings, MSC Documents, and/or Industry Specifications, and must accompany each shipment to MSC.

34. Heat Treating:

When Heat Treatment and/or Stress Relief processes are applicable to products shipped to MSC, documentation of furnace charts (time & temperature charts) must accompany the respective products. The chart(s) must be kept on file by the Supplier and maintained per the quality retention record requirements aforementioned in this document, and are subject to MSC's Quality Assurance review and approval.

35. Nondestructive Testing (NDT):

100% of any Nondestructive Testing conducted is required to be reported and submitted to MSC. Results must be identifiable with MSC Purchase Order number and must accompany material shipped. Specific clauses referenced on the Purchase Order apply.

36. Fixed Process / Frozen Process / Engineering Source Approval (ESA):

MSC's approval of the Supplier's manufacturing process is required per part engineering drawing. The processes used for manufacturing the applicable part(s) shall be approved prior to the receipt of shipment by MSC of the First Article of any given production part number. The Supplier will submit a digital first piece to MSC for approval prior to the first production run. The Supplier shall clearly tag and submit the first piece, mid piece, and last piece of the applicable production run with shipment of product, accompanied by an inspection report for MSC review. The Supplier shall not deviate from the processes agreed upon with MSC, unless written approval from MSC has been obtained by the Buyer.

CUSTOMER SPECIFIC FLOW DOWN REQUIREMENTS:

(Clauses 37 through 41 apply to Purchase Orders with Customer Specific Flow Down Requirements)

37. Raytheon Technologies Requirements

Any supplier working on RTX member "End Use" parts must be AS9100 compliant and apply/conform to AS13000 Problem Solving Requirements for Suppliers. All ASQR-01 requirements (Supplier Quality Requirements) and AQSR-15.1 requirements (FOD, Handling, Storage, Packaging, Preservation and Delivery) apply. Any Purchase Order identifying the part as having PPAP requirements must follow ASQR-09.2. The following documents also apply:

- (a) **UTAS: ASQR-20.1** "Supplier Sampling Requirements", **HSM 236 "FAIRs"**, and **HSM 19 "Buy Requirements"**
- (b) **Pratt & Whitney US: PW-QA 6101** "Supplier Quality Assurance for APU"
- (c) **Pratt & Whitney Canada: SQOP-01-01** applies "General Requirements"
- (d) **Pratt & Whitney Rzeszów S.A. (P&WR) / Pratt & Whitney Kalisz Sp. z o.o. (P&WK) / Pratt & Whitney Tubes Sp. z o.o. (P&WT): 01/ESCO** "Quality Requirements for Suppliers". Note: Work Transfer per 01/ESCO must be communicated to MSC's Quality Management and/or through MSC's Purchasing department, not directly to P&WP.

38. GE Aviation Requirements:

When materials, processes, and/or services are supplied for GE AVIATION End Use, documents S-400 (CMTL) and/or S-1000 (Quality System Requirements for Suppliers) apply. GE AVIATION flow down requirements and specific clauses referenced on the Purchase Order also apply.

39. Kaman Requirements:

When materials, processes, and/or services are supplied for KAMAN End Use, documents QRP 0541.07 (Quality Requirement Manual) and SQRM-1 (Supplier Quality Requirements Manual) apply. KAMAN flow down requirements and specific clauses referenced on the Purchase Order also apply.

40. Rolls-Royce Requirements:

When materials, processes, and/or services are supplied for ROLLS-ROYCE End Use, the document SABRe (Supplier Management System Requirements) applies. ROLLS-ROYCE flow down requirements and specific clauses referenced on the Purchase Order also apply.

41. Safran Requirements:

When materials, processes, and/or services are supplied for SAFRAN End Use, the documents GRP-0087 "Safran Requirements for External Provides" and AHS000007 "Supplementary Quality Requirements for STS Providers" apply. When applicable, Suppliers shall adhere to the timely processing of Corrective Actions per AHS000174. SAFRAN flow down requirements and specific clauses referenced on the Purchase Order also apply.