



General Supplier Terms and Conditions

Supplier Terms & Conditions Agreement

As a supplier to Ketchie Inc., it is understood that acceptance of our purchase orders indicates your organization's agreement to meet the general supplier requirements indicated below.

The requirements, therefore, are to be considered as Terms and Conditions for all purchases.

General Terms and Conditions apply to all purchases made by Ketchie Inc.

EXTERNAL PROVIDER ENSURES, WITH THE ACCEPTANCE OF APPLICABLE KETCHIE INC. PURCHASE ORDERS, THAT PERSONS ARE AWARE OF THEIR CONTRIBUTION TO PRODUCT OR SERVICE CONFORMITY INCLUDING THEIR CONTRIBUTION TO PRODUCT SAFETY AND THE IMPORTANCE OF ETHICAL BEHAVIOR.

The seller warrants that in the performance of this purchase order, seller shall comply with all applicable statutes, rules, regulations, and orders of the Government and any of the state or political subdivision thereof, and agrees to indemnify KETCHIE INC. against any loss, damage, cost, or liability by seller's violation of this warranty.

Communication to KETCHIE INC. should be made to the Buyer of Record on the Purchase Order. If communication is handled in a non-written/electronic format it should be followed by a written/electronic format as requested.

KETCHIE INC. reserves the right of final approval of Product and services; methods, processes, and equipment; and the release of final product and or services. All special processes required by this Purchase Order must be performed by qualified personnel.

Key, critical, and special characteristics are to be identified and controlled as noted on the Purchase Order or specification.

RIGHT OF ACCESS

Right of access by KETCHIE INC. , our customer and regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records to include verification and validation on site, as defined on the Purchase Order and arranged with the supplier.

QUALITY MANAGEMENT SYSTEM

External Provider, including their sub-tier providers, should implement a Quality Management System (QMS). KETCHIE INC. reserves the right to review and approve the Quality Management System.

Standard QMS Requirements Include:

Milling • Turning • Grinding • Gear Shaping

www.KetchieInc.com

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Local: 704-786-5101 • Fax: 704-784-1521

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NON-CONFORMING MATERIAL (OUTPUTS)

External Provider shall notify KETCHIE INC. of non-conforming product within 24 hours of discovery of such non-conformity, regardless of whether it be prior, during, or after receipt of the product. KETCHIE INC. does not grant disposition authority for non-conforming product. No known non-conforming product shall be shipped to us without our written authorization.

External Provider shall obtain KETCHIE INC. 's approval for non-conforming product disposition.

SERIOUS FAILURES, MALFUNCTIONS OR DEFECTS

External Provider shall notify KETCHIE INC. of any serious failures, malfunctions or defects found in the product within 24 hours of discovery via written communication.

CHANGES

External Provider shall notify KETCHIE INC. of changes in product and/or process, changes of suppliers, and changes of manufacturing facility locations within 24 hours.

SUBCONTRACTORS

KETCHIE INC. does not allow its suppliers to subcontract any product or process to a sub-tier supplier without prior written consent from KETCHIE INC. If a subcontractor is required, notification must be provided to KETCHIE INC. in writing, stating the service to be provided and subcontractor(s) to be used.

SUPPLIER PERFORMANCE MONITORING

Performance of suppliers is monitored using specific metrics data that includes but is not limited to:

- Quality performance of parts and services and On-time delivery performance.
- o If KETCHIE INC. 's monthly supplier evaluation identifies a supplier with an on-time delivery rate less than 80%, a corrective action request may be issued for supplier response.
- o If KETCHIE INC. 's monthly supplier evaluation identifies a supplier with quality defective rate exceeding 1%, a corrective action request may be issued.
- If delivery cannot be met, the appropriate KETCHIE INC. Buyer of Record must be notified in advance.

CORRECTIVE ACTIONS

Corrective Actions flowed to the External Provider shall be completed and returned in a timely manner. External Provider is required to flow down corrective action requirements to sub-tier providers when it is determined the sub-tier provider is responsible for the non-conformity.



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INCOMING INSPECTION

KETCHIE INC. performs an incoming inspection to ensure the purchased product meets purchasing requirements. These requirements may include:

- Verification of the certificate of conformity, or other certifications.
- Products are inspected to ensure they meet requirements (dimensions, etc.) and the results are recorded when appropriate.
- All special processes (plating, heat treat etc.) where the compliance cannot be verified by KETCHIE INC., inspection will require Certificate of Conformity or applicable certification documents.

RECORD RETENTION

External Provider shall retain all Records including disposition requirements associated with the Purchase Order as required by contract for a minimum period of 5 years unless otherwise dictated on purchase order and the records to be deliverable to the KETCHIE INC. Buyer of Record within 48 hours after request.