



# Supplier Terms and Conditions

General Terms and Conditions	
QA 1	Machining suppliers must supply certificate of conformance and as applicable, material and processing certifications for the parts, they submit to SKM Industries, Inc. When specified by PO an Inspection Report must also be supplied with the shipment
QA 2	When Specified by PO a documented first article inspection reports shall be submitted to Quality prior to the beginning of production. The supplier assumes all financial responsibility for replacement, rework, and material when production of parts is begun without first article inspection approval from quality. If an AS9102 form is required, it also must be stipulated on P.O.
QA 3	Any delay in shipment for any reason has to be conveyed to SKM Industries, Inc. quality as soon as the delay is known by the supplier.
QA 4	Any change to the contract requirements by the supplier must be approved by the SKM Industries, Inc. in writing. Notify SKM Industries, Inc. of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain SKM Industries, Inc. approval.
QA 5	All information in the contract must be held in confidence by the supplier and no third-party request for information will be authorized unless instructed in writing by an SKM Industries, Inc. representative. When ITAR and/or government rated data is noted on the purchase order, the US government restrictions must be followed. If you have any questions concerning ITAR or government rating notify the company buyer. All concerns must be answered prior to you accepting this order. All documents and records are to be retained for 10-year min unless extended retention is required by SKM Industries, Inc. or its customers.
QA 6	In addition to SKM Industries, Inc.'s right of access, the supplier agrees to right of access for SKM Industries, Inc. customers, or regulatory agencies to all facilities at any level of the supply chain, involved in the order and to all applicable records in the performance of this contract.
QA 7	Manufactures or machining suppliers must have a quality system in compliance to AS9003, AS9100, or ISO9001; SKM Industries, Inc. may make conditional exceptions based on supplier survey information or applicable customer requirements.
QA 8	Suppliers are required to notify quality prior to transferring any work to a new facility. SKM Industries, Inc. will determine (prior to the transfer) if the supplier may perform the transfer of work.
QA 9	Supplier must notify SKM Industries, Inc. of nonconforming product and ensure process control to prevent <b>Counterfeit Parts</b> from being delivered to SKM Industries, Inc. (Product produced or altered to imitate or resemble product without authority or right to do so, with intent to mislead or defraud by passing the imitation as original.)
QA 9A	Supplier must notify SKM Industries, Inc. of any product or service provided that contains or uses <b>Conflict Materials</b> as defined within Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to the use of conflict minerals. The Conflict Minerals legislation excludes any reporting requirements for conflict minerals that are "outside the supply chain" prior to 1/31/2013. Even if a product contains a conflict mineral, if the conflict mineral was mined, smelted, or refined prior to 1/31/2013, the conflict minerals rule does not apply to that product. Products that are fully manufactured before 1/31/2013 are not be covered by the rule and do not require reporting.
QA 10	SKM Industries, Inc. must approve the supplier's disposition of nonconforming material. Supplier must ensure that its personnel are aware of their contribution to product/service conformity and product safety and the importance of ethical behavior. Supplier must maintain a minimum of 90% quality and 90% delivery ratings.
QA 11	Requirements for the supplier to flow down to their sub-tier suppliers the applicable requirements in SKM Industries, Inc. purchasing documents, including key characteristics and applicable F.O.D. control processes where required.
QA 11A	If this is a rated order certified for national defense use, and you are required to follow all the provisions of the Defense Priorities and Allocations System regulation (15 CFR Part 700)".
QA 12	Requirements for the supplier to comply with executive order E13224. Supplier shall not engage in any transaction of any type with persons or businesses or organizations who commit, threaten to commit, or support terrorism.
General Terms and Conditions combined for Processing suppliers.	
QA 13	Processing suppliers must furnish processing certifications to SKM Industries, Inc. purchase order requirements and shall not process any parts for which they are not certificated or approved. Acceptable quality system requirement are AC7004, ISO9001, or AS9100; SKM Industries, Inc. may make conditional exceptions based on supplier survey information or applicable customer requirements. Supplier must have the ability to ensure the adequacy of the special process provided and provide SKM Industries, Inc. the required documentation per purchase order requirements. <b>QA 3, QA 4, QA 5, QA 6, QA 8, QA 9, QA 9A, QA 10, QA 11, QA 11A, QA 12</b>
General Terms and Conditions combined for Material suppliers.	
QA 14	Material suppliers must furnish material certifications to SKM Industries, Inc. purchase order requirements and shall not supply material for which they are not certificated or approved. When noted on our purchase orders, raw material supplied must be USA domestic material. Acceptable quality system requirements are ISO9001, AS9100 or AS9120; SKM Industries, Inc. may make conditional exceptions based on supplier survey information or applicable customer requirements. The Supplier must have the ability to ensure the adequacy of the product provided and provide SKM Industries, Inc. the required documentation per purchase order requirements. <b>QA 3, QA 4, QA 5, QA 6, QA 8, QA 9, QA 9A, QA 10, QA 11, QA 11A, QA 12</b>
General Terms and Conditions combined for Machining and Manufacturing suppliers.	
QA 15	For Machining and Manufacturing suppliers QA 1 - QA 12 are applicable. The Supplier must have the ability to ensure the adequacy of the product provided to SKM Industries, Inc. and provide the required documentation per purchase order requirements.
General Terms and Conditions combined for Calibration and Testing suppliers.	
QA 16	Calibration and Testing suppliers must furnish calibration/test reports to SKM Industries, Inc. purchase order requirements and be traceable to the specific equipment or item for which they are calibrating or testing, traceability to NIST and/or other national or international standards must be supplied. ISO9001, ISO 17025, Nadcap testing, ANSI Z540, and/or Navlap accreditation will be the quality system requirements; SKM Industries, Inc. may make conditional exceptions based on supplier survey information or applicable customer requirements. <b>QA 3, QA 4, QA 5, QA 6, QA 8, QA 9, QA 10, QA 11, QA 11A, QA 12</b>
QA 17	General certificate of compliance with specific reference to the military part numbers being procured.

All suppliers must comply with the General Terms and Conditions according to the commodity supplied. Additional Quality clauses will be noted on the Purchase Order as applicable.