

<h1>Supplier Purchase Order Quality Clauses</h1>		LODI IRON WORKS, INC., 820 S. SACRAMENTO ST LODI, CA 95241 P (209) 368-5395 F (209) 339-1453
Doc. Number: QF 7.4.0-03	Revision: D	Effective Date: 9-4-18

SUPPLIER MONITORING: Lodi Iron Work's Suppliers are measured against a goal of 99% quality and 99% on time delivery. In the event these goals are not met, Lodi Iron Works may submit a corrective action request for review and return within a specified time frame. Vendors may be removed from our Approved Vendor List if a response to corrective action is not sent in a timely manner, or the quality and delivery performance remains below our minimum acceptable goals.

GENERAL REQUIREMENTS These codes do not supersede, but supplement the standing requirements that:

1. Latest Revisions to Specifications and Drawings apply unless ostensive specified.
2. A General Certificate of Compliance is required with each shipment.
3. Chemical and Physical Test Reports are required when specified by purchase order for raw material suppliers and shall be certified by the supplier. Each certification must contain the printed or typed name, date, title, and signature of the individual authorized to sign.
4. Special processors certifications to the specification requirements called out on the engineering drawings and for the Purchase Order shall be submitted with this shipment.
5. Distributor of standard hardware shall provide inspection reports and certification. All reports must contain the printed or typed name, date, and organizational title, plus the full signature of the authorized representative of the Suppliers Company.
6. Mercury Free Contamination Certificaton: In accordance with MIL-STD-767 and/or per customer requirements.
 - 2a. Sub-contractors must be notified and must comply with the requirements of this notice.
7. Paperwork accompanying the material will reference Lodi Iron Works Purchase Order. Invoices must reference the Purchase Order as well.
8. The supplier's quality system shall conform to the requirements of ISO 9001:2008, MIL-I-45208, MIL-Q-9858, or SAE-AS9100, and is subject to inspection and approval by LODI IRON WORKS quality department.
9. The supplier's calibration system shall conform to the requirements of ISO-I0012, ANSIINCSL-Z540-1-1994, MIL-STD-45562A or comparable system requirements, and is subject to inspection and approval at all times by LODI IRON WORKS quality department.
10. LODI IRON WORKS customers' reserve the right to verify the quality of contracted work, record and material. When requested, the supplier shall grant Lodi Iron Works personnel, Lodi Iron Works' customers and applicable regulatory authorities the "Right of Access" of the all areas of the facility(ies), including records related to contractual requirements.
11. Supplier shall maintain their own "lot" identity on articles or material supplied to this Purchase Order. This information is to be available for LODI IRON WORKS. Review upon request. Lot numbers are not required unless specified on purchase order.
12. The supplier is expressly denied MRB authority. The acceptance of nonconforming parts/materials is the prerogative of and shall be prescribed by LODI IRON WORKS.
13. The supplier shall incorporate good commercial practices for the preservation and packaging of all articles applying to this Purchase Order and shall identify each package permanently and legible with Purchase Order number, manufacturer's name, part number, date shipped and packing sheet number.
14. LODI IRON WORKS may elect to sample inspect (per MIL-STD-I05, ANSI ASQCZI.4-1993 LEVEL II or other) the parts or material on the Purchase Order at supplier's facility or upon receiving parts or material at our facility.
15. The supplier shall provide a complete dimensional first article report with actual findings recorded. (IF REQUIRED)
16. The supplier's identification is required. The supplier's part number and name or trademark shall be affixed to the articles defined in this Purchase Order.
17. The supplier is to notify LODI IRON WORKS of any proposed changes to design, parts, material, fabrication methods, process, or change in Lodi Iron Works or location. LODI IRON WORKS approval shall be obtained prior to change incorporation.
18. The supplier will warrant its materials and workmanship for a suitable period.
19. Supplier shall retain appropriate records, certificates of compliance and test reports for 5 years from date of shipment.
20. Supplier is responsible to verify and demonstrate compliance to all contract requirements including work performed by sub-tier contractors.

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21. Supplier is responsible for obtaining copies of Industry, National, International, Federal, US Government and all other documents applicable to and considered part of contract requirements.
22. Supplier shall notify Lodi Iron Works of any changes in material (e.g. grade of material) or product structure (e.g. Bills of Material) or processes (e.g. routings or heat treating) that significantly differ from the structure or processes used to manufacture the material or product used in the qualification tests.
23. These quality clauses must be flowed down to sub-tier suppliers.

COUNTERFEIT PARTS/WORK PREVENTION- For purpose of this clause, Work consists of those parts delivered under this Contract that are the lowest level of separately identifiable items (e.g., articles, components, goods, and assemblies). "Counterfeit Work" means Work that is or contains items misrepresented as having been designed and/or produced under an approved system or other acceptable method. The term also includes approved Work that has reached a design life limit or has been damaged beyond possible repair, but is altered and misrepresented as acceptable.

1. SELLER agrees and shall ensure that Counterfeit Work is not delivered to LODI IRON WORKS.
2. SELLER shall only purchase products to be delivered or incorporated as Work to LODI IRON WORKS directly from the Original Component Manufacturer (OCM) Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Work shall not be acquired from independent distributors or brokers unless approved in advance in writing by LODI IRON WORKS.
3. SELLER shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM. This can be in the form of a Certified Material Test Report (CMTR)
4. In the event that Work delivered under this Contract constitutes or includes Counterfeit Work, SELLER shall, at its expense, promptly replace such Counterfeit Work with genuine Work conforming to the requirement of this Contract. Notwithstanding any other provision in this Contract, SELLER shall be liable for all costs relating to the removal and replacement of Counterfeit Work, including without limitation LODI IRON WORKS's costs of removing Counterfeit Work, of reinserting replacement Work and of any testing necessitated by the reinstallation of Work after Counterfeit Work has been exchanged. The remedies contained in this paragraph are in addition to any remedies LODI IRON WORKS may have at law, equity or under other provisions of this Contract.
5. This clause applies in addition to any quality provision, specification, statement of work or other provision included in this Contract addressing the authenticity of Work. To the extent such provisions conflict with this clause, this clause prevails.
6. SELLER shall include paragraphs (1) through (4) of clause or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as Work to LODI IRON WORKS.

CONFLICT MINERALS POLICY- On August 22, 2012, the final rule regarding sourcing of conflict minerals under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) was approved by the U.S. Securities and Exchange Commission ("SEC"). The rule imposes reporting requirements on publicly traded companies subject to the SEC to report annually the presence of conflict minerals originating in the Democratic Republic of the Congo (DRC) or adjoining countries in the products they manufacture or contract to manufacture whereby the conflict minerals are necessary to the functionality or production of a product. Lodi Iron Works is committed to taking all steps to comply with the legislation and is implementing a comprehensive due-diligence process to meet our obligations. Further, Lodi Iron Works is committed to sourcing components and materials from companies that share our values around human rights, ethics and environmental responsibility.

1. Lodi Iron Works expects its suppliers to commit to the EICC Code of Conduct which includes a provision related to the responsible sourcing of minerals. Thus, suppliers must have a policy to reasonably assure that the tantalum, tin, tungsten and gold in the products they manufacture are conflict free.
2. Lodi Iron Works expects suppliers to establish their own due diligence program to achieve conflict-free supply chains. Lodi Iron Works also requires our suppliers to undertake reasonable due diligence to determine if the specified metals are being sourced from certified conflict-free smelters validated as compliant to the CFS protocol, using the CFS Compliant Smelter List and, if not, to make deliberate progress towards doing so. The CFS program is a global program where an independent third party evaluates a smelter's procurement activities and determines if the smelter demonstrated that materials they processed originated from conflict-free sources. Through this industry collaborative effort, smelters are audited globally. The list of compliant smelters and refiners is posted at www.conflictreesourcing.org.