



Purchase Order Terms and Conditions

In these Purchase Order Terms and Conditions ("Terms and Conditions"), any provider of products or services for which an American Stainless Corporation ("ASC") purchase order is issued shall be referred to as the "Supplier". These Terms and Conditions do not apply to providers of product, or services, associated with maintenance, repair, overhaul, or office supplies not intended for resale. All sales from the Supplier to ASC are subject to these Terms and Conditions, as they are part of the contractual agreement made upon acceptance of any Purchase Order ("Purchase Order") issued by ASC. Any acknowledgement or other communication from the Supplier that contains terms and conditions other than those herein stated will not be binding upon ASC, unless acceptance is made in writing by an authorized representative of ASC.

The Supplier is required to maintain the quality management system in effect at the time an ASC purchase order is received, in order to guarantee the product will meet the requirements of the purchase order and product specifications. The Supplier shall make their employees aware of their contribution, as applicable, to product conformity, product safety and ethical behavior. The Supplier must notify ASC of any changes in status of scope of the Supplier's quality management system or any related certifications associated with the Supplier's quality management system. This notification must occur within one (1) week of the change, or prior to the provision of any ordered product or acceptance of any new Purchase Order. Ongoing supplier approval status is based on the Supplier's ability to continue meet ASC's requirements and specifications.

Entire Agreement; Amendments

(a) It is the mutual desire and intent of ASC and Supplier to provide certainty as to their respective rights and remedies against each other by defining the extent of their mutual undertakings. Accordingly these Terms and Conditions: (i) contain the entire understanding of ASC and Supplier with respect to the subject matter of the Purchase Order and incorporate all representations, warranties, covenants, commitments and understandings on which ASC and Supplier have relied; and neither party makes any other representations, warranties, covenants, commitments or understandings; and (2) supersede all previous representations, warranties, covenants, commitments and understandings between ASC and Supplier, written or oral, including any terms in an estimate, an offer or other similar document, with respect to the subject matter of the Purchase Order.

(b) Except as set forth in subsection (a) above, the Terms and Conditions set forth herein shall supersede all provisions, terms, and conditions contained in any estimate, proposal, acknowledgement, receipt, or other communication from Supplier to ASC (hereinafter referred to as "Supplier Documents"), and the rights of the parties shall be governed exclusively by the provisions, terms, and conditions of these Terms and Conditions, regardless of whether such Supplier Documents are delivered to ASC before, contemporaneously with, or after delivery of the Purchase Order. If any Supplier Documents are delivered to ASC, it is expressly understood



and agreed that the Terms and Conditions of this Agreement shall prevail insofar as they may in any way conflict with the terms and conditions set forth in such Supplier Documents. Supplier hereby releases ASC from any obligations that are set forth in such Supplier Documents to the extent such obligations are inconsistent with ASC's obligations pursuant to these Terms and Conditions. Supplier hereby represents and warrants, with the knowledge that ASC is relying on such representation and warranty, that Supplier shall not seek to enforce any provisions, terms, or conditions contained in a Supplier Document to the extent that such provisions, terms or conditions are inconsistent with the provisions, terms, or conditions herein stated.

No modification, amendment or waiver of any term or condition in the Purchase Order or herein shall be effective, unless set forth in a document signed by an authorized representative of ASC.

Purchase Order

Supplier is required to inspect material to confirm it meets all ASC specifications set forth on a Purchase Order, and all ancillary documentation annexed to any Purchase Order. Any deviation or exception must be agreed to in writing by an authorized representative of ASC.

Record Retention

Records regarding Purchase Orders from ASC shall be retained by Supplier for a minimum of seven (7) years, unless otherwise specified on the Purchase Order.

Traceability

All products must be marked in accordance with material specifications and must be traceable to the country of melt and mill of manufacture. All products must be clearly marked with corresponding heat numbers. If shipping multiple heat numbers they must be clearly marked and separated.

Material Test Reports

The Supplier shall provide the material test report ("Test Report") and any additional paperwork traceable to the material producer. The Test Report shall show the physical and chemical test results required pursuant to the specifications set forth on the Purchase Order, including any heat treat response tests or non-destructive requirements. All testing required by the Purchase Order specifications shall be included on the Test Report. Material Country of Origin and Country of Melt and complete traceability to the original manufacturer must be indicated on the Test Report. All test reports should be signed and dated by qualified personnel.

Processing Test Reports

Processing test reports ("Processing Report") shall show material specifications, condition or temper, heat lot, controlling process specification, and subsequent processing parameters as specified in the Purchase Order. Processing parameters may include thermal processing times and temperatures, furnace number, NDE test specifications, and internal procedure number. Subsequent test validations required by the Purchase Order, such as hardness, conductivity, or mechanical testing shall be included within the Processing Report. If a sub-tier supplier carries



out the subsequent testing, the sub-tier supplier must be approved by ASC. All Processing Reports should be signed and dated by qualified personnel.

Inspection Sample Size

The Supplier shall use inspection sample sizes as set forth in ASC's Purchase Order. Where this is not defined or otherwise established in the ASC Purchase Order, the sample size shall be based on ANSI/ASQL Z1.4 (MIL-STD-105) 1.0 AQL Level S4, c=0.

Approved Suppliers

Supplier must advise ASC in writing if using a supplier outside of ASC's approved supplier list. Material chain of custody must be maintained and information to prove such chain of custody must be supplied to ASC for material.

Site Inspection

ASC reserves the right to perform source inspections at Supplier's facility, which shall include a right of access for customers of ASC and regulatory authorities to verify Product specifications and processes for conformity to specified requirements set forth in a Purchase Order.

Shipping Terms

Unless otherwise set forth in an ASC Purchase Order, delivery of product is to be F.O.B. ASC's office location, and all amounts stated in the Purchase Order include all delivery charges thereto. If ASC and Supplier mutually agree that goods are to be shipped F.O.B. shipping point, and ASC has not designated routing, Supplier shall ship goods via the most economical method that will meet the delivery date provided to Supplier by ASC. Supplier shall provide a packing list to ASC for all shipments referencing the appropriate order number.

Shipping Tolerance

Shipping tolerances are per industry standard at +/- 10%, or per the specifications specifically set forth in an ASC Purchase Order. If lengths are not identified on the Purchase Order, the industry standard 12 ft. r/l bars shall apply.

Rejections

In the event material fails to meet specifications or Purchase Order requirements, Supplier must provide a response within five (5) business days of ASC's notification of non-compliant material. If the supplier does not respond within (5) business days, ASC reserves the right to debit the Supplier's account and return the non-conforming material freight collect. ASC shall be required to inspect and review all product and material delivered by Supplier within a commercially reasonable period of time.

Acknowledgment and Flow Down



Supplier's acknowledgment of these Terms and Conditions will be confirmed by ASC's receipt of the Purchase Order confirmation, receipt of product(s), or receipt by ASC of Supplier's invoice. The Supplier shall flow down all requirements of these Terms and Conditions and of any Purchase Order, including information on key characteristics, specifications, etc., when required, to its lower tier suppliers.

Indemnification

Supplier agrees to indemnify, defend, and hold harmless ASC (including ASC's directors, personnel and agents) against any and all losses, claims, liabilities, damages and expenses, including without limitation reasonable attorney's fees, (collectively, "Claims") in connection with or arising out of the following: (a) any negligent or willful misconduct of Supplier, its personnel, agents, consultants or subcontractors; or (b) Supplier's (including its personnel, agents, consultants or subcontractors) breach of any provision of the PO or these Terms and Conditions.

Limitation of Liability

UNDER NO CIRCUMSTANCES WILL ASC BE LIABLE FOR CONSEQUENTIAL, INDIRECT, SPECIAL, PUNITIVE, EXEMPLARY, MULTIPLIED OR INCIDENTAL DAMAGES OR LOST PROFITS, WHETHER FORESEEABLE OR UNFORESEEABLE, OR PREJUDGMENT INTEREST OR ATTORNEYS' FEES OR COSTS BASED ON CLAIMS OF SUPPLIER OR ANY OTHER PARTY ARISING OUT OF BREACH OR FAILURE OF EXPRESS OR IMPLIED WARRANTY, BREACH OF CONTRACT, MISREPRESENTATION, NEGLIGENCE, STRICT LIABILITY IN TORT, FAILURE OF ANY REMEDY TO ACHIEVE ITS ESSENTIAL PURPOSE, OR OTHERWISE. NOTWITHSTANDING THE FORM (e.g., CONTRACT, TORT OR OTHERWISE) IN WHICH ANY LEGAL OR EQUITABLE ACTION MAY BE BROUGHT. IN NO EVENT WILL ASC BE LIABLE FOR DAMAGES OR LOSSES THAT EXCEED, IN THE AGGREGATE, THE GREATER OF: (a) THE AMOUNT DUE FROM ASC AS SET FORTH IN THE PURCHASE ORDER, BUT NOT ALREADY PAID TO SUPPLIER, FOR THE PRODUCTS OR MATERIAL PROVIDED BY SUPPLIER IN ACCORDANCE WITH THE PURCHASE ORDER AND THESE TERMS AND CONDITIONS; OR (b) \$1,000.00. THIS SECTION WILL NOT APPLY ONLY WHEN, AND TO THE EXTENT THAT, APPLICABLE LAW SPECIFICALLY REQUIRES LIABILITY DESPITE THE FOREGOING DISCLAIMER, EXCLUSION AND LIMITATION.

Governing Law

The laws of the State of New York, without regard to principles of conflict of laws or ASC's place of residence, will govern these Terms and Conditions and the Purchase Order.

American Stainless Corporation reserves the right to further inspection and possible rejection of parts after acceptance of shipment.