

Quality Assurance Requirements #002 6/30/10

TO DETERMINE THE SAUER, U.S.A. QUALITY ASSURANCE REQUIREMENTS WHICH ARE INVOKED, REFER TO THE PARAGRAPHS AS SPECIFIED ON THE RESPECTIVE SAUER, U.S.A. PURCHASE ORDER.

FAILURE TO COMPLY WITH ALL APPLICABLE QUALITY ASSURANCE REQUIREMENTS SHALL BE CAUSE FOR REJECTION OF SUPPLIES AND SERVICES BY SAUER COMPRESSORS.

1. DEFINITIONS: (as utilized herein)

- A. The term "BUYER" shall mean Sauer Compressors, USA, Inc. (Herein referred to as Sauer, USA).
- B. The term "SELLER" shall mean the subcontractor, individual, firm, or corporation, which shall supply the products and/or services, as described in this order.
- C. The designation "ORDER" shall mean the Sauer USA Purchase Order, incorporating by reference these Quality Assurance Requirements; and all drawings, specifications, and any applicable data incorporated by reference therein or herein.
- D. The term "SUPPLIES", as used herein, includes, but is not limited to; raw materials, components, intermediate assemblies, end products, and specific lots of supplies and services.

2. SOURCE INSPECTION:

- 2.1 The buyer reserves the right to inspect at source all supplies and services at the seller's facility in addition to any supplies or services not manufactured or performed at the seller's facility by a SAUER USA Quality Representative. The seller shall furnish, at no cost, necessary facilities and equipment to the Quality Representative for their inspection.
- 2.2 Deleted
- 2.3 Government source inspection is required prior to shipment from your plant. Upon receipt of this order, promptly notify the Government Representative who normally services your plant so appropriate planning for Government inspection can be accomplished.

3. QUALITY/INSPECTION SYSTEM:

- 3.1 Deleted
- 3.2 **Inspection of Supplies:** FAR 52.246-2(b) is invoked for this order..
- 3.3 The seller shall have and maintain an inspection system in accordance with ISO 9001, MIL-I-45208, and/or equivalent. The seller's inspection system shall be documented and shall be available for review by the Government, their representative, and the buyer prior to the initiation of production and throughout the life of the order.
- 3.4 Seller's Inspection Sampling Plan shall be in compliance with ANSI ASQC Z.4 or ANSI ASQC Z1.9.

4. CALIBRATION SYSTEM:

- 4.1 The seller shall maintain a calibration system that is in compliance with ANSI/NCSIZ540-1-1994, ISO 10012-1, or MIL-STD-45662. Calibration records shall show traceability of the standards used for calibration to the National Institute of Standards and Technology (NIST).
- 4.2 Deleted

5. DRAWINGS AND SPECIFICATIONS:

In performance of the work under this order, the seller shall comply with the specifications shown or referenced to on the order and all drawings and all specifications referenced on such drawings. Such specifications are deemed to be and are hereby made a part of the order. Unless otherwise specified, all specifications referenced within the order, drawing, or specifications reference by other specifications, shall be to the current published revision level.

6. CERTIFICATIONS:

- 6.1 A **Certificate of Conformance** (C of C) shall be provided with each shipment of supplies presented to the buyer. The certificate must stipulate that the items ordered and contained in such shipment meet all drawings, specifications, and other applicable documents as cited in the order. This statement shall also specify that process certifications, inspection records, chemical, physical, nondestructive, any other test reports as required are on file and available upon request. This certificate must be recorded on the seller's letterhead and bear the date, name (typed or printed), organizational title, and signature of the authorized representative of the seller. Statements of material certification documents must be positive. Disclaimers such as "to the best of our knowledge" or "we believe the information contained herein is true" are not acceptable.
- 6.2 A Statement of Quality shall accompany each shipment of suppliers' for each item presented to the buyer. It must contain the signature and title of the authorized representative of the seller. The seller's own format on the seller's letterhead may be used as long as it bears all applicable information (i.e., drawing number and revision, lot/serial numbers, specification, inspection methods, etc.

7. OBJECTIVE EVIDENCE:

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- 7.1 Actual mill chemical and physical test reports, which indicate conformance with order requirements for all raw materials used to produce supplies, shall accompany each shipment.
- 7.2 Non-destructive Test Certification/Reports (dye penetrate inspections, radiography, ultrasonic inspection, et al, as applicable) shall be provided with delivery of the supplies and/or services to SAUER USA.
- 7.3 Certification and/or test reports of hydrostatic testing per order requirements shall accompany each shipment.
- 7.4 Functional test report/data per order requirements, shall accompany each shipment.
- 7.5 & 7.6 Deleted
- 7.7 Inspection results/reports shall accompany each shipment. These are normally generated during receipt, first piece, in-process, or final inspections by the seller's inspection personnel and consist of inspections such as alignment checks, visual inspections, dimensional measures, etc.

8. PROHIBITED MATERIALS:

- 8.1 The use of toxic chemicals, hazardous substances, or ozone depleting substances shall be avoided wherever feasible. Items containing materials or components that would produce or generate noxious fumes, when exposed to flames or excessive heat, shall not be used. Materials used shall possess anti-galling and corrosion resistant properties specific to a marine environment. Materials supplied shall be free of Asbestos, Polychlorinate Biphenyl (PBC), Mercury, Cadmium plated parts and fasteners, Aluminum fasteners and Aluminum couplings. Where specific requirements, other than those listed herein, are necessary, they will be listed on the applicable purchase order. These requirements shall be passed on to all sub-tier suppliers or subcontractors.
- 8.2 All materials shall be Mercury free.

9. CORRECTIONS AND ADDITIONS:

All documentation which serves as objective quality evidence shall be legible, reproducible, and documented with an instrument that provides a permanent record; i.e., ink, pen, typewriter, etc. Corrections and additions to Quality documents shall be made as follows:

- a) Drawing a single line through the incorrect entry. (Erasure or obliterations, including 'white-out' of information is prohibited.)
- b) Enter the corrected information.
- c) Initial and date each correction.
- d) When additional information is added to a Quality document, the entry must be initialed and dated.
- e) When a Quality document is retyped, in portion or completely, to correct or add information, it shall be identified as a corrected copy and all changes shall be identified: i.e., (*) This document shall be re-signed and dated.

***NOTE: Quantitative, semi-quantitative data cannot be altered on another organization's Quality document.**

10. Deleted

11. NONCONFORMING SUPPLIES:

Supplies not in compliance to drawing(s) and/or specification(s) requirements shall not be shipped without prior approval from the buyer. The seller may request same by notifying the buyer's Quality Control in writing of actual discrepancy, reason for discrepancy, and action taken to present recurrence. If authorization is given to ship, nonconforming supplies must be identified and segregated from conforming supplies. Acceptance will depend upon verification of discrepancy and final approval at the buyer's facility.

12. RECORDS RETENTION:

All Quality records of inspection, tests, and other Quality related records shall be maintained by the seller for a period of seven years after final delivery. Such records shall be made available to the buyer upon request.

13. LIMITED SHELF LIFE MATERIALS:

- 13.1 Unless otherwise specified, the supplies provided against the requirements of this order shall be certified to have a minimum of five (5) years shelf life and a minimum of 80% shelf life shall remain at time of receipt at the buyer's facility. The following data shall be furnished by the seller with shipment:
 - a) Cure Date.
 - b) Lot and or Batch Number.
 - c) Shelf Life Limitation (i.e., suggested shelf life in years of expiration date by "Quarter Year").
 - d) Any special storage condition requirements.
 - e) Manufacturer's Name.

13.2 and 13.3 Deleted

14. WELDING AND BRAZING:

All welding and brazing procedures and performance qualifications shall be in accordance with MIL-STD-278/248 and submitted to the buyer's Quality Control department for review and approval, prior to starting production. If a procedure or performance qualification is referenced in a drawing, those qualifications should be additionally adhered to. If the Seller's procedure and performance qualifications have been previously approved by Buyer, a copy of the approval letter shall be submitted.

15. SPECIAL MATERIAL IDENTIFICATION:

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Supplies are required to be identified in accordance with MIL-STD-130 in addition to any other drawing or specification requirements.

Change Log

| Document Revision Date | Description of Change |
|------------------------|--|
| 12/18/09 | Initial Release |
| 6/30/10 | Removed 2.2, 3.1, 7.5, 7.6. Moved 10 to 3.4. Added 8.2. |