

PURCHASE ORDER TERMS & CONDITIONS

FLOW DOWN OF REQUIREMENTS

The supplier is responsible for the flow down of all applicable purchase order requirements or special processes to their sub-tier sources and must be performed by a qualified personnel. Purchaser reserves the right to assure customer contractual requirements are adhered to and are adequately flowed down to the approved sub-tier sources.

DOCUMENT CONTROL

The Supplier shall at all times retain title to all drawings and specifications furnished by Purchaser to the Supplier and intended for use in connection with this Purchase Order.

Supplier shall use such drawings and specifications only in connection with this Purchase Order, and shall not disclose such drawings and specifications to any person, firm or corporation other than Purchaser's or Supplier's employees, sub-contractors, or governmental inspectors and then only to the extent needed in connection with this Purchase Order. Suppliers shall be fully responsible for the safe custody of all drawings, instructions and specifications supplied by the Purchaser. The supplier shall ensure that relevant Purchase Order specifications are readily available for personnel at required work areas. Any discrepancies shall be resolved with the Purchaser's Purchasing Department prior to commencing work. The supplier shall, upon Purchaser's request or upon completion of this Purchase Order, promptly return all drawings and specifications to Purchaser.

The supplier retains all documentation associated with the purchase orders for 10 years or as otherwise stated on the purchase order. The Purchaser requires documents to be controlled in accordance with the requirements of the applicable QMS and the purchaser has the rights to review and approve the QMS system.

PURCHASER SUPPLIED MATERIAL

Material supplied by the Purchaser shall be used only for the order concerned.

The supplier shall not substitute other material without written and specific authorization from the Purchaser. Full traceability to purchaser's supplied material documentation must be maintained. The supplier's shipping document number must be identified on the supplier certificate of conformance.

RELEASE DOCUMENTS (Certificate of Conformance)

A certification of conformance with all requirements of this order, signed by an authorized member of your Organization, must be in the carton or package with the material (not to be attached to the outside of same package/carton with the custom's documents or other shipping papers).

The certificate shall contain, as a minimum, the following information:

- a) Supplier name and address
- b) Purchase order number and line item
- c) Unique identification number for certificate
- d) Authorized signature
- e) Material specification and revision (as applicable)
- f) Part number and revision
- g) Serial number and/or lot number (as applicable)
- h) Quantity
- i) List of special processes performed, their source and approval number (as applicable)
- j) A statement indicating the material/part/process has been completed, inspected and is in conformance to the applicable specification and or drawing and purchase order
- k) Shelf life remaining per our instructions on the Purchase Order

NON-CONFORMING PRODUCT

The Supplier shall develop a process that ensures that the product that does not meet the part or drawing requirements, is not shipped to the purchaser. In the event that non-conforming product has shipped to the purchaser, the supplier must immediately notify the purchaser of the non-conformance. The Supplier must obtain organization approval for non-conforming product disposition. The supplier must notify the organization of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain organization approval, and flow down to the supply chain the applicable requirements including customer requirements.

PURCHASER/CUSTOMER/REGULATORY INSPECTION

Purchaser, Customer Quality Assurance Representatives or Regulatory Authorities shall have the right of access to any area of Purchaser or its suppliers to inspect material and services to determine contract compliance. The supplier shall provide the necessary personnel and equipment to perform the requested verification. Acceptance of the product through this inspection does not relieve the supplier of his contractual quality assurance obligations and responsibilities.

The Purchaser reserves the right to approve or specify any designs, key characteristics, critical items, tests, inspection plans, verifications, criteria for design and development required by the Customer to the Supplier. The purchaser reserves the right of final approval of product and services, methods, processes and equipment and the final release of products and services, and specify the use of statistical techniques for product acceptance. The Purchaser reserves the right to require external providers to show evidence of processes to prevent the use of counterfeit parts and FOD.

The Purchaser reserves the right to monitor the supplier's performance which includes:

- a) Supplier risk
- b) Quality of product or service
- c) On time delivery

The Purchaser reserves the right to identify the requirements for interaction with our vendors including:

- a) The use of interactive documentation
- b) The use of fax/email
- c) Documented confirmation methods of all verbal interactions.

ETHICS

Supplier must be committed to the highest standards of ethics and business conduct. Supplier must comply with the law, honor commitments, act in good faith, and be accountable. Supplier must strive to maintain full compliance with all laws and regulations applicable to the operation of the business and customer relationships. Supplier must not offer, promise, authorize, or provide, directly or indirectly, anything of value (including business gifts or courtesies) with the intent or effect of inducing anyone to engage in unfair business practices. Supplier will avoid involvement in activities that may be perceived as a conflict-of-interest. Supplier will respect the legitimate proprietary rights and intellectual property rights of customers and Suppliers and take proper care to protect sensitive information, including confidential, proprietary and personal information.

PRODUCT SAFETY

The Supplier must maintain and operate its manufacturing/production facilities and processes in accordance with local, federal laws/regulations in the country of origin. At no time, shall any All Custom Gasket Employee, be exposed to hazardous materials or unsafe conditions as a result of Supplier shipments to All Custom Gasket. For items with inherent hazards, safety notices must be clearly visible. As applicable, documented safety handling and protection information must be provided.

The Purchase reserve the right to require and request evidence of external provider's ensuring that their personnel are aware of:

- a) Their contribution to product or service conformity
- b) Their contribution to product safety
- c) The importance of ethical behavior