

SUPPLIER TERMS AND CONDITIONS

As a condition for being initially selected as a supplier to Audubon Machinery Corporation (AMC) and as a condition for continuing to be an approved supplier to AMC, AMC requires your organization's compliance to the following:

1. Supplier Quality Management System Development: Unless otherwise approved by AMC, Supplier shall develop and maintain a quality management system that is, at the least, third-party certified to ISO 9001:2015 Quality Management System requirements, and will work towards the eventual goal of obtaining third-party certification to ISO 13485:2016 Quality Management System requirements. AMC is committed to supporting you in achieving this goal and has developed a roadmap to help our suppliers achieve this goal.

2. Product document version management: All AMC purchase orders will be accompanied by, where applicable, product drawings, work instructions and other process documents (ex. Control plans, Safety specifications, etc.), hereinafter collectively called "product documents". These product documents will include, where applicable, revision levels of our customer drawings. You will be required to ensure that all this revision level is identified on all documents and records used by your organization to process the order.

3. Customer-designated external providers: Supplier will use customer-designated or approved external providers wherever applicable. At times, AMC's customers designate specific requirements for special process sources, AMC will communicate this to the supplier and the supplier is then responsible to flow down these requirements to their suppliers.

4. Personnel competence: Personnel performing work affecting quality while product/service is within Supplier's control shall be competent and qualified based on established criteria regarding education, experience, skills, training. The Supplier is responsible for determining acceptable standards and for monitoring that they are being met.

5. Supplier verification of product/service during product realization process: The supplier will use established methods at applicable stages of supplier's product realization process to confirm product/service meets AMC's requirements prior to being shipped to AMC.

6. Supplier verification of product/service prior to final release: The supplier will ensure that all products/services realized for AMC be subject to a final verification by the supplier at the supplier's premises to ensure compliance to AMC's requirements. Evidence of this verification must be maintained as a quality record by the supplier with traceability to the person authorizing such release.

7. Nonconforming product detected at supplier's premises: When non-conforming product is manufactured, your organization will notify AMC of the nature of nonconformity. All nonconforming product shall be properly identified so as to prevent its unintended use until disposition is finalized. AMC will advise your organization of the disposition of the nonconforming product. Nonconforming product can be disposed of as any of the following:

- a. Accept as-is for intended or alternate application with deviations approved by AMC
- b. Rework, re-inspect

c. Scrap

8. Non-conforming product detected at AMC's premises: Upon receipt of products/services from the supplier at AMC's premises, AMC will subject the product/service to an incoming verification to ensure that the purchased product/service meets AMC's purchase requirements. AMC reserves the right to subject products/services deemed to be non-conforming AMC's purchase requirements to any of the following dispositions:

- a. Accept as-is
- b. Require rework and re-inspection by supplier
- c. Reject as scrap

9. Supplier Corrective Action Requests: AMC reserves the right to issue a Supplier Corrective Action Request (SCAR) to the supplier to address any non-conforming situation caused by the Supplier. S-CARs must be addressed by the supplier in the prescribed format within prescribed duration.

10. Use of approved methods, processed and equipment: The supplier shall use approved methods, processes and equipment to meet AMC's requirements for the purchased product/service. These approved methods, process and equipment are methods, processes and equipment that were used by the suppliers to submit initial production parts/services to AMC which are the basis for AMC's approval of the supplier's ability to deliver such product/service to AMC during regular production runs.

11. Supplier-AMC interactions & approvals: Supplier will notify AMC prior to executing any of the following changes to your product and/or process:

- a. Changes in originally approved methods, processes and equipment
- b. Changes in suppliers
- c. Changes in manufacturing location and layout

While notifying AMC of all changes is a requirement, not all changes will require approval from AMC to implement the change. However, based on the potential severity of the proposed change on the end product, Supplier may require an approval from AMC prior to executing the proposed change.

12. Control and monitoring of supplier performance: AMC performs continual monitoring of performance of critical suppliers considering factors including but not limited to:

- a. Quality
- b. On-time-delivery
- c. Service

Annually, AMC performs a supplier risk assessment considering the above factors. Suppliers presenting an acceptable risk to AMC as a result of the annual supplier risk assessment will be unconditionally re-approved for the following year. Suppliers who do not meet the established acceptable performance levels will be subject to actions deemed necessary to prevent unacceptable risks on AMC's product safety, personnel safety, product performance, process effectiveness or process efficiency, these actions can include increased incoming inspection, new business hold or removal of supplier from critical approved supplier list, subject to approval by AMC's core team.

13. Specification Compliance: Supplier shall have on file adequate data showing that all components and materials used in the articles furnished against the Purchase Order comply with the physical and chemical properties required. Supplier further warrants that unless otherwise specified, the articles to be furnished shall be in compliance with all applicable specifications including process and Government specifications current as of the date of this order. Supplier agrees that data attesting to the above shall be retained on file for a period of ten (10) years after final payment under this order and shall be available to AMC when requested.

14. Certificate of Conformance (C of C): The supplier shall provide with each shipment a written statement titled "Certificate of Conformance" that complies with the requirements of this document. Certificate of Analysis is required when specifically required in the Purchase Order. All certificates and test reports shall include the typed or printed name and acceptable signature of the authorizing company official. The recording of false, fictitious or fraudulent entries on documents may be punished as a felony under Federal Statute.

15. Records retention and documentation: All records related to AMC's contract will be retained by your organization for a minimum of 10 years, unless otherwise specified by AMC explicitly in a specific purchase order. Records shall be made available to the purchaser within 48 hours (business days only included) of request. Records are to be documented in a manner or medium that if altered, would be obvious that changes were made. Permanent ink shall be used. No erasures or "white-out" is allowed.

16. Right of access: AMC, AMC's customer, and any applicable regulatory body will have right of access to applicable areas of your organization, at any level of the supply chain, involved in the order and to all applicable records. With 15 days prior notification, these authorities will reserve the right to perform audits and/or inspections at your organization and your subcontractor's facilities. These audits and/or inspections performed will determine the conformance of the product to the purchase order requirements.

17. Statutory and regulatory compliance:

- a) Statutory and regulatory compliance - General: Where specified in AMC's purchase order, supplier will ensure compliance with any specified statutory and regulatory requirements pertaining to the product/service.
- b) Statutory and regulatory compliance - Flow-down to sub-tier suppliers: Where applicable, Suppliers are required to flow down statutory and regulatory requirements specified by AMC to the supplier's suppliers and require their compliance to such requirements. Further, Suppliers are required to develop, implement and maintain systems to ensure that their suppliers are compliant with these requirements, where applicable.
- c) Statutory and regulatory compliance - Labor Laws: Supplier shall comply with Executive Order 13496 (January 30, 2009), pertaining to employee rights under the National Labor Relations Act; the OSHA Act of 1970; the Executive Order 11141 Non-Discrimination by Age; Executive Order 11458 and 11625 Utilization of Minority Business Enterprises; 11701 Listing of Job Openings for Veterans; Section 503 of the Rehabilitation Act of 1973; Vietnam Era Veterans' Act of

- 1974; Executive Order 13201 Ch. 470, Notification of Employee Rights Concerning Payment of Union Dues or Fees.
- d) *Statutory and regulatory compliance* - Ethics Laws: Supplier shall comply with 41 CFR 60-471; 29 CFR Part 471, Appendix A; All applicable export and import laws, as well as anti-bribery and anti-corruption laws.
 - e) *Statutory and regulatory compliance* - Anti-Discrimination Laws: Supplier shall comply with all applicable provisions of Executive Agreement 11246 of September 24, 1965, as amended, the terms of which are incorporated herein by this reference and made a part thereof. It is the policy of AMC to provide equal employment opportunity and to adhere to federal, state and local laws pertaining thereto. Appropriate action shall be taken by Supplier, with respect to itself and any of its subcontractors, vendors, and suppliers to ensure compliance with such laws. All federal, state and local equal opportunity and affirmative action requirements with regard to race, gender, creed, color, age, religion, national origin, disability or veteran status, are incorporated herein by reference.

18. Conflict between Purchase Order and Supplier Terms & Conditions: To the extent if there is a conflict between requirements contained in this document and requirements set forth on the face of or in the attachments on AMC's purchase order, the requirements on the face of the purchase order and/or in the attachments shall prevail.

19. Document controlled location: The copy of this Terms & Conditions on www.audubonmachinery.com is the relevant version. Any other version of this document is considered obsolete and must not be used.

20. Supplier's supplier flow-down: Where applicable, Suppliers are required to flow down requirements of this terms and conditions document and any other requirements from AMC to the supplier's suppliers and require their compliance to such requirements. Further, suppliers are required to develop, implement and maintain systems to ensure that their suppliers are compliant with these requirements, where applicable.

21. AMC Authorized Contact:

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