



2867 NATIONWIDE PARKWAY, BRUNSWICK, OHIO 44212 TEL: 330-225-8336 FAX: 330-225-6015

Supplier Quality Manual

Approvals:

ATD Quality Manager:

A blue ink signature, appearing to be "D. J. [unclear]", written in a cursive style.

Date: 6/18/09

ATD Materials Manager:

A red ink signature, appearing to be "Paul J. [unclear]", written in a cursive style.

Date: 6/18/09

Table of Contents

| <u>Section</u> | <u>Description</u> |
|----------------|---|
| I | Purpose / Scope |
| II | General <ol style="list-style-type: none">1. General Quality Expectations2. Waivers3. Commercial Requirements4. Accessibility to Facilities |
| III | Supplier Approval & Ongoing Performance Requirements |
| IV | General Quality Management System Requirements <ol style="list-style-type: none">1. Quality System Registration2. Continual Improvement3. Advanced Product Quality Planning (APQP)4. Production Part Approval Process (PPAP)5. Material Test Results / Laboratory Accreditation6. Material Safety Data Sheets (MSDS)7. Annual Layout / PPA Verification8. Material and Product Specifications9. Nonconformances10. Corrective Actions11. Traceability12. Labeling13. Packaging & Shipping |
| V | Revision History |
| VI | Attachments <ol style="list-style-type: none">1. ATD Supplier Approval / Evaluation Sheet2. ATD Corrective Action Form |

SECTION I

Purpose / Scope

The purpose of this document is to communicate Automation Tool & Die, Inc.'s requirements for the structure of a fundamental quality management system for those companies that supply goods and services to ATD.

The intent of this Supplier Quality Manual is to define the minimum quality assurance requirements which shall become an integral part of the supplier's Quality System.

It should be noted that ATD is committed to facilitating assistance and partnering with our suppliers to achieve compliance the requirements of this Manual as well as the requirements of the ISO/TS 16949 Standard.

As part of our Supplier Partnership Philosophy, ATD will be available, upon request, to assist our suppliers in improving upon their Quality Management System development.

The establishment of a Supplier Quality System is intended to assure that material provided to ATD conforms to the contracted requirements, drawings and/or specifications. The Quality System shall ensure material conformance throughout the suppliers functions pertinent to contract compliance, including, but not limited to, development, manufacturing, testing, inspection, packaging and storage. All materials shall be processed, controlled, inspected and tested continually in accordance with the requirements set forth in this and other applicable customer standards, drawings and/or specifications.

The supplier's manufacturing and support locations, including procedures, material, inspection methods, test equipment and usage, techniques, facilities, personnel, performance, and documentation may be subject to periodic review and evaluation to this Manual by ATD Quality, Engineering and Purchasing Personnel.

SECTION II

1- General Quality Expectations

The basis for the ATD Supplier Quality Manual Requirements was derived from the requirements contained within the ISO/TS 16949 Standard. ATD has adopted the ISO/TS 16949 Standard as the framework for the basic quality systems required for all suppliers of production goods and services. These requirements are an integral and legally binding aspect of the ATD Purchase Order. Although this does not alter or reduce any other requirements of the contract, it does provide a concise understanding of ATD supplier quality expectations.

ATD expects that supplier's will not only meet engineering specifications, but will continuously improve products and services through process performance optimizations and through reduction in process variation.

Suppliers are responsible for developing and implementing effective operating systems to control and improve the quality of their process and products.

To enable ATD to evaluate quality products and systems, ATD requires all suppliers to have available specified documented evidence of quality for review. ATD reserves the right to evaluate this documented evidence at any point in the time of the products life cycle.

2- Waivers

All Commercial Requirements detailed in this Supplier Quality Manual shall be considered mandatory unless a documented signed waiver has been issued by ATD. The Purchase Order issued to suppliers may also waive requirements detailed in this Supplier Quality Manual.

In the event that the supplier provides the same product, materials or service to multiple ATD facilities, the supplier shall submit individual written waivers to each of the ATD facilities. Approval of a written waiver by one ATD facility does not constitute automatic approval by the other ATD facilities.

SECTION II continued...

3- Commercial Requirements

The supplier shall be responsible to reimburse ATD for any additional cost incurred resulting from either supplier related quality and/or delivery concerns. Reference the full Automation Tool & Die “[Supplier Terms and Conditions](#)” in Section VI - Attachments. Typical charges may include, but are not restricted to:

- ❑ Excessive / Premium freight costs to ATD customer facilities
- ❑ Costs of rejected material, products or services
- ❑ Costs of testing or laboratory inspection / tests
- ❑ Labor premiums associated with overtime
- ❑ Labor cost for ATD personnel to sort / rework suspect product
- ❑ Labor costs for running replacement product
- ❑ Labor costs for ATD customer personnel sorting
- ❑ Travel costs for ATD personnel to support ATD Customer facilities
- ❑ Administrative costs

4- Accessibility to Facilities

The supplier shall provide accessibility to facilities for ATD Personnel, as well as contracted affiliates of ATD. The supplier shall also provide the same level of accessibility to customers of ATD

SECTION III

Supplier Approval & Ongoing Performance Requirements

All potential new suppliers must successfully address and respond to the ATD Supplier Approval / Evaluation Form (See Attachment 1).

Those suppliers who are not registered to ISO 9001:2000 must submit an action plan for Third Party Registration which includes milestones for the supplier's registration process.

The supplier's registration process must be completed no later than July 31, 2007.

Once returned and reviewed and approved by ATD Quality and Purchasing Personnel, the Supplier will be added to the ATD Approved Supplier List under a conditional status pending the satisfactory receipt of the first two product / material shipments or the fulfillment of a service contract.

Once the quality portion of the ATD Supplier Approval / Evaluation Form has been fulfilled, the Supplier will be officially added to the ATD Approved Supplier List and will then be responsible for adhering to the ongoing performance criteria stipulated in this Manual.

Specific supplier performance will be evaluated annually against the following:

- On Time Delivery of products, materials or services to ATD

The suppliers are expected to adhere to 100% on time delivery requirements. Failure to achieve this goal will result in the issuance of a corrective action. Delivery Due Dates are clearly identified on each ATD Purchase Order.

- Quality Performance

Poor Quality and/or Service performance will be communicated in the form of Corrective Actions issued to the Supplier.

- Corrective Action Responsiveness

Suppliers are expected to respond to issued Corrective Actions within the time frames specified on the individual corrective action documents.

- Maintaining ISO 9001:2000 Registration

Suppliers must maintain Third Party Registration to the ISO 9001:2000 Standard. ATD should be updated with regards to registration status at the completion of each Third Party Audit activity in order to assure continued registration or potentially assist the supplier is resolving issued nonconformances.

SECTION IV

1- Quality System Registration

The supplier shall provide a copy of their Quality System Registration Certificate to ATD Purchasing, to retain on file. The supplier shall advise ATD, in writing, of any changes to their registration status, whether renewal, probation, revocation, upgrading or certification to additional standards.

Suppliers currently registered to ISO 9001:2000 must have a plan for developing compliance to ISO/TS 16949 requirements.

In the event any of the supplier's other customers place them on a special status notification, the supplier shall communicate related Quality or Delivery issues to ATD Quality.

In addition, the supplier shall be able to demonstrate, when requested, compliance with national and/or international standard and regulations regarding health, safety and environmental issues relative to its business.

ATD reserves the right to request further registration certificates, as appropriate, i.e. Environmental, Medical, Laboratory, etc. Such additional requests shall be dependent upon the end use of the product, material or services or ATD customer specified requirements.

2- Continual Improvement

Each supplier is recommended to promote continual improvement in all activities such as quality, cost, delivery, and where appropriate, design and development.

Continual Improvements may be demonstrated through the use of metrics associated with the Key Processes and may include projects related to efficiency, training and cost of poor quality. Examples may include education and training in problem solving techniques

The Continual Improvement Projects shall incorporate assigned responsibilities, target dates for completion, and be reviewed at regularly scheduled Management Review Meetings.

SECTION IV Continued....

3- Advanced Product Quality Planning (APQP)

Regardless whether the supplier is providing products, material or services for automotive or non-automotive applications, the supplier shall have resources available and be capable of participating in quality planning and product launch efforts.

At a minimum, each supplier shall be capable of providing ATD with the following APQP Documents:

- ❑ Process Flow Diagram
- ❑ Process Failure Mode and Effects Analysis (PFMEA)
- ❑ Control Plan

The following Automotive Industry Action Group (AIAG) Documents and formats are considered to be applicable extensions to this Supplier Quality Manual and the overall ATD requirements:

| | |
|---------|--|
| PPAP | Production Part Approval Process |
| APQP/CP | Advanced Product Quality Planning and Control Plan |
| FMEA | Failure Mode and Effects Analysis |
| MSA | Measurement System Analysis |
| SPC | Statistical Process Control |

Suppliers are responsible for obtaining and maintaining current editions of these documents. See information for obtaining these documents at www.aiag.org

4- Production Part Approval Process (PPAP)

All production part sample submissions SHALL include the following:

- ❑ Part Submission Warrant
- ❑ Process Flow Chart
- ❑ Process FMEA
- ❑ Control Plan
- ❑ Specifications
- ❑ Test Results

Additional Part Submission Warrant requirements beyond those listed above will be communicated under a separate cover when the need arises (i.e. Level 3 Submission Level).

Prior to commencing production, the supplier shall have documented PPAP Approval from ATD. ATD will not be held responsible for any product, material or services, which were completed prior to ATD approval.

SECTION IV Continued....

The supplier shall be responsible for managing all changes to product, material or services which were originally approved and are currently being provided to ATD.

For guidelines regarding when PPAP submission and approval is required, the supplier should reference the AIAG PPAP Manual or contact ATD Quality Personnel.

Failure to comply with these requirements shall make the supplier fully responsible for absorption of all costs resulting in failures attributable to the change.

ATD Quality Personnel shall be notified of all intentions to change. Written Quality and Purchasing approval must be obtained prior to change implementation.

Suppliers will be responsible for annual re-validations of submitted PPAPs. ATD Quality shall be provided with information relative to the current status of the PPAP documentation on file at ATD and if there is any need to update or modify the existing documentation.

Distributors will be excluded from all APQP/CP and PPAP Requirements, but will be responsible for providing Certificates of Analysis traceable to Accredited Laboratories for any products / materials provided (see Section IV – Laboratory Accreditation for further information)

5- Material Test Results / Laboratory Accreditation

Tests must be performed by Third Party Laboratories that are A2LA or ISO 17025 Registered. Laboratory Accreditation and Laboratory Scope must be submitted for all tests.

ISO/TS 16949 Supplier test results are acceptable providing the tests are performed in their facilities and have the tests, equipment and pertinent standard stated in their laboratory scope. A copy of the laboratory scope must be provided with the PPAP.

Although the supplier may have the capability to conduct Laboratory Tests within the supplier facility, ATD reserves the right to demand Laboratory Tests to be conducted by a Third Party Accredited Laboratory.

The supplier shall bear the costs of Laboratory Tests conducted by the Third Party Accredited Laboratory.

The Material Test Results submitted must contain a clear comparison between applicable standards and test results, and final conclusions, which clearly indicates compliance with the standard

SECTION IV Continued....

6- Material Safety Data Sheets (MSDS)

All product, materials or services provided to ATD shall satisfy current governmental regulations applicable to the county of sale as well as the country of manufacture. Governmental regulations typically include, but are not restricted to:

- Toxic and Hazardous Materials
- Environmental Impact
- Banned and Regulated Substances (International Material Data System – IMDS)

Material Safety Data Sheets (MSDS), with full disclosure, must be submitted to the ATD facility receiving the product, material or service. The MSDS must be approved prior to shipment to ATD.

If MSDS information is not submitted, or approval is not obtained, the PPAP Submission may not be approved, or subsequent shipments rejected.

In the event that the supplier provides the same product, materials or service to multiple ATD facilities, the supplier shall submit individual MSDS information to each of the ATD facilities.

Approval of an MSDS submission by one of the ATD facilities does not constitute automatic approval by the other ATD facilities.

International Material Data System – IMDS

ATD has received mandates from Customers with respect to supporting environmental initiatives securing the abolishment and regulation of hazardous materials. Entailed in these requirements is mandatory and extensive disclosure of processes, materials and basic substance disclosure for all components, sub-components or materials supplied.

Therefore, ATD is requesting that its suppliers provide a declaration stating that all products and components supplied to ATD comply with all banned and regulated substance regulations effective immediately.

With this, all current products and any newly awarded products must comply with these standards at initial part approval (PPAP).

Current legislation has targeted the elimination of heavy metals (lead, cadmium, mercury, hexavalent chromium and their compounds), carcinogenic, mutagenic, and/or toxic chemicals, with the aim of increasing the recyclability of commercial products.

Suppliers impacted by this requirement are encouraged to familiarize themselves with this requirement.

Reference www.mdsystem.com and <https://fsn.ford.com/environl.frames.html>

SECTION IV Continued....

7- Annual Layout / PPAP Validation

The supplier shall conduct annual layout inspection and functional testing for all active products, material or services provided to ATD.

Results from the annual layout inspection shall be forwarded to the ATD Quality Department with an appropriate Warrant Sheet attached for approval.

For purposes of clarification, the due date for annual layouts and PPAP Validation shall be the anniversary of the date that the original PPAP was approved.

PPAP Levels for the annual submissions will remain the same as stated in Section IV-4 of this Manual unless dictated otherwise.

8- Material and Product Specifications

For any product, material or service, specifications may be referenced on the ATD Purchase Orders.

The ATD supplier shall be responsible for:

- obtaining and maintaining the current revision of any specifications referenced
- compliance to all specifications referenced
- notifying ATD of any exceptions, deviations or waivers for stated requirements (any such notification must be documented and approved by ATD before being considered an allowable exclusion)
- the control over subcontracted suppliers. For any product, material or service, which requires the ATD supplier to subcontract to external facilities, the ATD supplier shall be responsible for ensuring compliance to specifications. The ATD supplier shall be considered responsible for all aspects of their subcontractor's performance.

Proposed changes to specifications will be sent to suppliers for review and acknowledgement. It is the supplier's responsibility to review proposed changes and respond in writing concurrence as written or request exceptions, deviations or waivers.

Upon agreement of the proposed changes between ATD and the supplier, production shipments incorporating the change cannot begin until approval is obtained (see Section IV-4 PPAP).

Suppliers are responsible for supplying products that meet the current revision level of all specifications.

SECTION IV Continued....

9- Nonconformances

ATD only accepts products that meet print or specification requirements.

Requests for deviations, concessions or waivers for non-conforming products shall be submitted to the ATD Quality Department. The supplier, prior to shipment of the nonconforming product, must receive ATD written approval and uniquely mark and/or identify the shipment so that ATD receiving personnel understand that the product / material is being received with an accepted deviation from the requirements.

In the event nonconforming product is identified at an ATD facility, the supplier will be required to process a formal Corrective Action in order to eliminate the cause of the nonconformance.

An ATD Corrective Action Form (see Attachment 2) will be issued detailing the supplier's responsibility for applying a short term containment action, investigating and identifying the root cause of the situation, applying a long term corrective action solution, and following up to verify whether the corrective action applied was implemented and has effectively eliminated the nonconformance from recurring.

The supplier is reminded that the nature and number of nonconformances, as well as the effectiveness in resolving Corrective Actions make up an integral part of the ATD Supplier Ongoing Monitoring and Performance Criteria. Failure to meet the ongoing monitoring and performance criteria may be grounds for removal from the ATD Approved Supplier List and the awarding of additional business.

10- Corrective Actions

For Corrective Action, the supplier will be required to complete the ATD Corrective Action Form (Attachment 2) in accordance with the directions provided for each individual instance.

It is acceptable, and recommended, to utilize your own corrective action form when processing any ATD Supplier Corrective Actions for the purpose of ensuring that information regarding the nonconformance(s) is being captured in your own corrective action system.

Other corrective action formats may be requested in order to satisfy ATD Customer Requirements.

Upon notification of a nonconformance, the supplier will be provided with an ATD Supplier Corrective Action and shall be required to complete the necessary investigations and action plans within the time frame specified.

SECTION IV Continued....

As previously stated, corrective actions returned to ATD must include:

- The application of a short term fix (containment action),
- Records of the investigation and identity of the root cause of the situation,
- Application of a long term corrective action solution,
- Follow up verification activities with records to support corrective action implementation and overall effectiveness in eliminating the initially identified nonconformance and its recurrence.

NOTE: Containment actions shall be short term temporary solutions to a nonconformance, until long term corrective actions can be implemented and proven effective. Containment actions will not be accepted as a long term corrective action.

11- Traceability

Suppliers shall establish a documented system, which provides for positive identification and record keeping for each lot throughout the production process per shift, from receipt through to delivery.

12- Labeling

At a minimum, the label on the final product and/or material provided to ATD must include:

- Supplier Name
- Supplier Part Number
- ATD Part Number
- Part Description
- Manufacturing Date
- Lot Number

The Lot Number and/or Manufacturing Date must ensure traceability of product from raw materials to finished goods in the supplier's manufacturing process.

SECTION IV Continued....

13- Packaging & Shipping

All products and/or materials supplied to ATD facilities must be in suitable packaging to prevent damage and reasonable protect the products / materials during shipment to ATD.

Suitable packaging methods have been defined as:

- The use of a suitable pallet (size and strength),
- The use of a suitable product container (returnable totes, drums, pails)
- Shrink wrap or other protective barrier,
- Banded products and materials,
- No shipping containers or boxes shall hang over the edge of any pallet

Additional packaging instructions (special instructions) may be specified on the individual ATD Purchase Order Documents or on the ATD Specification Data Sheet for Packaging.

SECTION V

Revision History and Supplier Acceptance

| Rev # | Revision Date | Description of Change |
|-------|---------------|--|
| 1 | 6/23/04 | Initial release of the ATD Supplier Quality Manual |
| 2 | 06/18/09 | Updated "Supplier Terms and Conditions" |
| | | |
| | | |
| | | |

Supplier Acceptance

Please review the latest Revision to the ATD Supplier Quality Manual.

Once you've read and understand the requirements contained within the document, please sign and date this page, make a copy for your records and return this original page to the ATD Quality Department to retain on file.

Any exceptions or deviations to these requirements must be documented on a separate cover, and accompany the copy of this page being returned to ATD.

Only after having received written confirmation and acceptance from ATD will the noted exceptions be considered authorized.

Signature

Printed Name

Company Name

Title

Date

SECTION VI - ATTACHMENTS

AUTOMATION TOOL & DIE, INCORPORATED

SUPPLIER TERMS AND CONDITIONS

1. **PURCHASE ORDER DEFINED:** The term "Purchase Order" as used in these terms and conditions means the document entitled "Purchase Order" that Automation Tool & Die, Incorporated ("ATD") issues to Supplier. Where applicable, it also includes the following: Any written contract entered into between Supplier and ATD; the written quote, bid, or proposal submitted by Supplier in response to a solicitation; and any written or oral solicitations that ATD issued to Supplier to which Supplier provided a quote, bid, or proposal (including specifications), and amendments to that solicitation.

If there are any inconsistencies among the documents listed above, the inconsistencies will be resolved in the descending order of importance listed above, with the document entitled "Purchase Order" being first in order of importance. The terms and conditions set forth in the Purchase Order take precedence over any conflicting terms and conditions in documents that Supplier provides. Furthermore, any terms proposed by Supplier that add to, vary from, or conflict with the terms herein are hereby rejected.

2. **SUPPLIER DEFINED:** The term "Supplier" as used in these terms and conditions means any party that enters into any Purchase Order with ATD or, where applicable, any party that enters into any written contract with ATD, or submits a written quote, bid, or proposal in response to a solicitation, or provides a quote, bid, or proposal (including specifications) and amendments to any written or oral solicitation issued by ATD.
3. **ACCEPTANCE AND REJECTION:** If prior to final acceptance, any goods, services, or work product are found to be defective, deficient, or not as specified, or if ATD is entitled to revoke acceptance of them, ATD may reject or revoke acceptance, or require delivery at an equitable reduction in price, at ATD's option. Supplier must reimburse ATD for all incidental and consequential costs related to unaccepted goods or services. Notwithstanding final acceptance and payment, Supplier will be liable for latent defects, deficiencies, fraud, or such gross mistakes as amount to fraud. Acceptance of performance does not waive the right to claim damages for breach. ATD is not obligated to notify Supplier of, or to pay Supplier for, goods shipped or services provided in excess of those stated in the Purchase Order. ATD may, in its discretion, reject over-shipments or additional services or work product not specified in the Purchase Order.

If for any reason Supplier fails to return to ATD the signed acknowledgement copy of any Purchase Order, any conduct by Supplier that recognizes the existence of a contract pertaining to the subject matter thereof will constitute unqualified acceptance by Supplier of the Purchase Order and all of its terms and conditions.

If any Purchase Order has been issued by ATD in response to Supplier's offer and if any of the terms herein are additional to or different from the terms of such offer, then the issuance of the Purchase Order by ATD will constitute an acceptance of such offer, subject to the express condition that the Purchase Order constitutes the entire agreement between ATD and Supplier with respect to the subject matter thereof and the subject matter of such offer. Further, Supplier is deemed to have so assented and acknowledged unless Supplier notifies ATD to the contrary in writing within seven (7) calendar days of receipt of the Purchase Order. Any reference by ATD to Supplier's proposal is solely for the purpose of incorporating the description and specification of goods and services contained therein to the extent that such description and specifications do not conflict with the description and specifications on the face of the Purchase Order.

4. **PRICE:** The price for the goods or services is the price shown on the Purchase Order. Supplier warrants that the agreed price is not less favorable than that currently extended to any other buyer for the same or like goods or services in equal or lesser quantities. Unless ATD otherwise consents in writing, the price shown on the Purchase Order is the limit of the liability of ATD for the goods or services and all work thereon. Any requested change increase in the price must be submitted to ATD in writing and can become effective no sooner than sixty (60) days after agreement with the appropriate agent of ATD.

Supplier warrants its pricing, terms, delivery, service, and quality to be consistent and competitive with the market. If ATD reasonably determines that the Supplier's performance is not competitive with the industry, ATD will give Supplier an opportunity to correct the deficiencies within 30 days of ATD's notice. If Supplier fails to correct such deficiency within the applicable period, then ATD may terminate this agreement and/or undelivered quantities of components under outstanding purchase orders. In the event of such termination, ATD shall have no other liability other than payment of the agreed purchase price for components delivered prior to the termination date.

5. **TAXES:** Unless exempt therefrom, all taxes that Supplier is required by law to collect from ATD are included in the price stated herein. Upon request, Supplier will furnish promptly all documents required to Customs drawback purposes, properly completed in accordance with governmental regulations applicable thereto. Unless otherwise stated herein, all Customs drawback will be credited to ATD. Any reduction in Supplier's cost resulting from a reduction in freight rates, custom duties, import taxes, excess taxes, and sales taxes in force on the date hereof is to be paid to ATD by Supplier in reduction of the price of the goods ordered or services provided.
6. **EXCUSABLE DELAY:** Supplier will not be deemed to be in default on account of delays in the delivery of goods or in the performance of services or any other act to be performed by Supplier under the Purchase Order due to any cause to the extent it is beyond Supplier's control and not occasioned by Supplier's fault or negligence, provided that promptly upon the occurrence of any event which may result in a delay in the delivery of goods or the performance of services, Supplier must give notice to ATD, which notice will identify such occurrence and specify the period of delay which may be reasonably expected.

During that period of such delay or failure to perform by Supplier, ATD, at its option, may purchase goods from other sources and reduce its schedule to Supplier by such quantities without liability to Supplier or have Supplier provide the goods by other sources and quantities requested by ATD at the price set forth in the Purchase Order. If requested by ATD, Supplier, within ten (10) days of such request, must provide adequate assurances that the delay will not exceed thirty (30) days.

In the event delivery of the goods or performance of services will be delayed due to any cause beyond Supplier's control and not occasioned by Supplier's fault or negligence for a period of more than thirty (30) days after the end of the calendar month in which delivery is otherwise required, ATD will have the option to terminate the Purchase Order upon written notice given to Supplier within five (5) business days after the expiration of such thirty (30) day period, and such termination will discharge all obligations and liabilities of the parties hereunder with respect to undelivered goods, services, data, or other items to be furnished hereunder.

7. **ASSIGNMENT AND DELEGATION:** Supplier shall not subcontract the performance of all or any part of any Purchase Order or assign all or any of its rights under a Purchase Order without the prior written approval of an authorized representative of ATD. ATD will not

unreasonably withhold approval. Any obligation to pay an assignee is subject to offset for any claims ATD has against Supplier, whether or not arising under any particular Purchase Order.

8. **CHANGES:** At any time prior to the time title has passed to ATD with respect to goods or acceptance of services or work product, an authorized representative of ATD may make changes within the general scope of the Purchase Order, including changes in drawings, designs, specifications, packaging, time and place of delivery, nature and duration of services, and method of transportation, by giving notice to Supplier and subsequently confirming such changes in writing. If such changes affect the cost of, or the time required for performance of a Purchase Order, an appropriate, equitable adjustment must be made to the Purchase Order. No change by Supplier will be recognized without written approval of an authorized representative of ATD. Any claim of Supplier for an adjustment under this paragraph will be deemed to have been waived unless made in writing within ten (10) days from the date of receipt by Supplier of notification of such change. Nothing in this paragraph will excuse Supplier from proceeding with performance of the Purchase Order as modified.

9. **COMPLIANCE WITH LAWS:** Supplier will comply with all applicable federal, state, and local laws, rules and regulations, orders, guidelines, standards, limitations, controls, prohibitions, or other requirements that are contained in, issued under, or otherwise adopted pursuant to such laws relating to the services, manufacture, production, labeling, sale and shipment of the goods, including the Americans with Disabilities Act, and all applicable federal and state laws, rules, and regulations pertaining to fair employment practices or which prohibit discrimination because of age, color, sex, physical or mental handicap, race, nationality, religion or creed, or other similar federal or state laws or regulations.

Among other things, this provision specifically applies to the laws for marking country of origin on all goods supplied under the requirements of the Purchase Order. Further, Supplier represents that it will, at all times, comply with such applicable laws and wherever necessary will render immediate effect to such applicable laws and, further, when asked or directed by ATD, will furnish proof of such compliance.

10. **BANKRUPTCY:** In the event of any proceedings, voluntary or involuntary, in bankruptcy or insolvency, by, or against Supplier, or for the appointment of a receiver or trustee or an assignee for the benefit of creditors, ATD will be entitled to cancel the Purchase Order without liability.

Any person or entity to which the Purchase Order is assigned pursuant to the provisions of Bankruptcy Code 11 U.S.C. Section 101, et seq., is deemed without further act or deed to have assumed all of the obligations arising under the Purchase Order on and after the date of such assignment. Any such assignee must, upon demand, execute and deliver to ATD an instrument confirming such assumption.

11. **INSPECTIONS:** Supplier agrees to permit access to its facilities, subcontractor facilities, and Supplier processes for producing the goods or services, at reasonable times for inspection of the goods or services covered under the Purchase Order. ATD will also have the right to test, at its own cost, the goods supplied under the Purchase Order. Neither inspection at Supplier's facilities nor testing will constitute final acceptance of the goods or services, nor relieve Supplier of liability for any defects as a result from manufacture or delivery of such goods under a particular order. Inspection by ATD does not constitute a waiver of liability of Supplier nor will it constitute a waiver of rights by ATD. If ATD determines the goods are noncompliant or the services are deficient, Supplier will be responsible for the payment of all costs incurred by ATD for testing and inspection. Supplier must comply with all quality assurance procedures specified by ATD, including those set forth in any manual on Supplier quality standard procedures.

12. **APPLICABLE LAWS:** The laws of the State of Ohio apply to the performance and interpretation of the Purchase Order without reference to its choice of law rules. Any provision required to be included in a contract of a type similar to the Purchase Order by any applicable and valid executive order, federal, state, or local law, ordinance, rule, or regulation is deemed to be incorporated into the Purchase Order. Unless otherwise agreed to by Supplier and ATD in writing, there is excluded from all Purchase Orders (including any amendments or changes thereto) the application of the United Nations Convention on Contracts for the International Sales of Goods.

13. **PATENT AND COPYRIGHT INDEMNITY:** Supplier will indemnify ATD, its successors, and customers for, and hold ATD harmless from all losses, liabilities, lawsuits, claims, expenses (including attorney's fees), costs, and judgments resulting from or based upon claims that the goods or services are or were defective or deficient, of warnings or failures to warn, of mislabeling of the materials, of late delivery or non-delivery of materials, services, or work product or of any claims of infringement or inducement to infringe by a third party of any copyright, patent, trademark, trade name or other intellectual property rights, or of alleged misuse or misappropriation of a trade secret resulting directly or indirectly from Supplier's actions. Further, Supplier agrees to waive any claim against ATD under the Uniform Commercial Code or otherwise, including any hold harmless or similar claim in any way related to a claim asserted against Supplier or ATD for patent, trademark, copyright infringement, or the likewise, including claims arising out of compliance with specifications furnished by ATD. Additionally, Supplier agrees to grant ATD a worldwide, nonexclusive, royalty-free license to repair and have repaired, to reconstruct and to have reconstructed the goods ordered under the Purchase Order. Supplier assigns to ATD all right, title, and interest in and to all patents, trademarks, copyrights, and mask work rights in any materials created for ATD under any Purchase Order.

Supplier agrees not to assert any claim (other than a claim for patent infringement) with respect to any technical information which Supplier has disclosed or may hereinafter disclose to ATD in connection with the goods or services covered by the Purchase Order.

14. **WORKS MADE FOR HIRE:** In the event Supplier creates, drafts, or in any way produces any creative works, research data, reports, designs, recordings, writings, software code, graphical representations or other intellectual property ("Works") pursuant to the requirements of the Purchase Order, such Works will be treated as works for hire under the U. S. copyright laws and will become the sole and exclusive property of ATD. ATD will, at all times, retain ownership in and the right to any Works to be delivered under the Purchase Order and Supplier assigns all of Supplier's right, title, and interest in such Works to ATD.

15. **FORCE MAJEURE:** Except for payment of sums due, neither party will be liable to the other nor deemed in default under the Purchase Order if and to the extent that such party's performance of the Purchase Order is prevented by reason of Force Majeure. The term "Force Majeure" means an unforeseeable occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, Force Majeure includes acts of God; acts of the public enemy; war; riots; wildcat strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injunctions-intervention acts; or failures or refusals to act by government authority; and other

similar occurrences beyond the control of the party declaring Force Majeure which such party is unable to prevent by exercising reasonable diligence.

16. **TITLE AND DELIVERY:** Unless stated otherwise in the Purchase Order, all prices for goods will be F.O.B. point of destination and will include all delivery and unloading at the destination identified in the Purchase Order. Title and risk of loss with respect to the goods will remain with Supplier until ATD has accepted the goods at the F.O.B. point specified. The cost of all return shipments for goods will be borne by Supplier, with title and risk of loss passing at F.O.B. point specified, unless otherwise specified by ATD.

The services must be carried out and completed in accordance with the agreed timeframe set forth in the Purchase Order. Time is of the essence and any changes to the agreed timeframe must be authorized by ATD. If any services are delivered late according to the agreed timeframe, ATD will have the right to seek reimbursement for any added costs incurred to maintain production, including but not limited to premium freight expenses, and excess charges paid to another supplier.

17. **SHIPMENT OF GOODS:** Supplier agrees to properly pack, mark, and ship goods in accordance with the requirements of ATD and applicable law, including the North American Trade Agreement or related implementing regulations, including the requirement to have all goods marked with a country of origin designation when such goods are manufactured outside of the United States, and the requirements of any involved carrier in a manner to secure the lowest transportation and tariff costs. The marks on each package and identification of the goods in shipping, material, bills of lading, and other invoices must be sufficient to enable ATD to identify the goods purchased, which will include but not be limited to ATD's part number and Purchase Order number on all packing slips and invoices. Supplier further agrees to supply ATD SPC data as requested, and upon request, bar coding documentation with each shipment.
18. **WARRANTIES:** Supplier warrants that the goods, services, or work product provided under the Purchase Order are conveyed with good title, free from any competing claims of ownership, security interests, and liens and free from any claims of copyright, trademark, or patent infringement.

Unless modified elsewhere in these terms and conditions, Supplier warrants that, for one year after acceptance by ATD, the goods, services, or work product will: strictly comply with all of ATD's specifications and instructions (including but not limited to those stated on the Purchase Order) and with any samples furnished by, or supplied to, ATD; be free from defects in workmanship and material; be fit for the intended purposes for which they are used by ATD; with the variations permitted by the Purchase Order, be of even kind, quantity, and quality within each unit and among all units; be adequately contained, packaged, and marked as the Purchase Order may require; and conform to the written or oral promises or affirmations of fact made by Supplier.

Inspection or testing of or payment for the goods, services, or work product does not affect the warranties set forth in subparagraphs A or B of this paragraph by ATD.

These warranties run to ATD, its successors, assigns, and customers, and the users of its products. Supplier agrees to replace or correct defects of any goods or services not conforming to the foregoing warranties promptly, without expense to ATD, when notified of such nonconformity by ATD. In the event of failure by Supplier to correct defects in or replace nonconforming goods or services promptly, ATD, after reasonable notice to Supplier, may make such correction or replace such goods and services and charge Supplier for the cost incurred by ATD.

19. **DISCLOSURE AND SPECIAL WARNINGS:** Supplier agrees to furnish to ATD, at Supplier's expense, material safety data sheets for all items, articles, or services covered by the Purchase Order. In addition, if requested by ATD, Supplier must promptly furnish to ATD, in such form and detail as ATD may direct, a list of all ingredients in the goods purchased under the Purchase Order, the amount of one or more of the ingredients, and information concerning any changes in or additions to such ingredients. Prior to and with the shipment of goods under the Purchase Order, Supplier agrees to furnish to ATD sufficient warning and notice in writing, including appropriate labels (Physical, Health Hazard), on goods, containers, and packaging of any kind, a statement of hazardous material which is an ingredient or any part of the goods under the Purchase Order, together with such special handling instruction as may be necessary to advise carriers or employees of ATD how to exercise any measure of care and precaution which will best prevent bodily injury or property damage in the handling, transportation, processing, use, or disposal of goods purchased under the Purchase Order and use of and later disposal of containers and packaging of goods shipped under the Purchase Order to ATD.
20. **PAYMENT:** To be paid, Supplier **must submit an itemized invoice** referencing a valid Purchase Order number together with proof of shipment, completion, and/or delivery. The invoice must specify the goods, services, or work product provided, including item number, and a description of items, sizes, quantities, and unit prices, which must match the description in the Purchase Order, the date or dates of delivery; and the specific dollar amount owed. Supplier must be paid upon completion of the entire Contract unless a schedule of progress payments for work in progress is agreed in writing with ATD. Invoices for progress payments must specify the actual work performed. No charges will be accepted for boxing, crating, drayage, or storage unless specified in writing by ATD.

Unless otherwise agreed in writing, invoices are paid net sixty (60) days from the date of receipt of the goods or completion of any required services, and not on the basis of Supplier's invoice date. Payment of invoices will not constitute acceptance of the goods and will be subject to adjustment for shortages, defects, and other failures of Supplier to meet the requirements of the Purchase Order. ATD's tender of payment by check is sufficient, provided such check is honored upon presentation to the "Payer Bank."

21. **INDEMNIFICATION:** To the fullest extent permitted by law, Supplier will defend, indemnify, and hold harmless ATD and its respective directors, agents, officers, officials, employees, volunteers, and successors and assigns from and against all claims, damages, losses, and expenses (including but not limited to attorney's fees and court costs) arising from the acts, errors, mistakes, omissions, work or service (howsoever arising, including without limitation, by reason of negligence, breach of warranty, defect in design, material, workmanship, or otherwise, and even though strict liability be claimed) of Supplier, its agents, employees, or any tier of Supplier's subcontractors in the performance of the Purchase Order, directly or indirectly caused by, incident to, or growing out of defects in the design, manufacture, or materials used in the goods, negligence in the manufacture or provision of the goods supplied, or performances of the services hereunder. The amount and type of insurance coverage requirements set forth in this Agreement will in no way be construed as limiting the scope of indemnification in this paragraph.

Supplier further agrees to pay the settlement of all such claims and the defense of any suit, suits, or legal proceedings of any kind, brought to enforce such claim or claims, and to pay all judgments entered in such suit, suits, or legal proceedings, and all costs of attorney fees or other

expenses. Supplier agrees that in any instance where such claims in any way affect ATD's interests under a Purchase Order or otherwise, Supplier will not consummate any settlement without ATD's prior written consent. Supplier's covenants of indemnity herein will continue in full force and effect notwithstanding the termination or expiration of the Purchase Order.

22. **INSURANCE:** Unless an authorized representative of ATD instructs Supplier otherwise, Supplier will maintain during the term of the Purchase Order insurance policies described below issued by companies licensed in Ohio. ATD shall be explicitly named as an Additional Insured on said policy. Before supplying any goods or providing any services, Supplier must furnish the ATD Risk Manager with certificates of insurance evidencing the required coverages, conditions, and limits required by the Purchase Order at the following address: 2867 Nationwide Parkway, Brunswick, Ohio 44212.

The insurance policies, except those for workers' compensation or professional liability, must be endorsed to name ATD, its agents, officers, officials, employees, and volunteers as additional insureds. In the event any insurance policies required by the Purchase Order are written on a "claims made" basis, coverage will extend for two years past completion and acceptance of Supplier's goods, work, services, equipment, or materials, and must be evidenced by annual certificates of insurance. The insurance policies must be endorsed stating that they will not expire, be canceled, suspended, voided, or materially changed without 30 days' written notice by certified mail to the ATD Risk Manager. Supplier insurance must be primary, and any insurance or self-insurance maintained by ATD may not contribute to it. If any part of the Purchase Order is subcontracted, these insurance requirements also apply to all subcontractors. Insurance coverage required under the Purchase Order, unless the authorized ATD Purchasing Representative instructs Supplier otherwise, is: commercial general liability insurance with a limit of not less than \$2,000,000 per occurrence for bodily injury, property damage, personal injury, products, and completed operations, and blanket contractual coverage, including but not limited to, the liability assumed under the indemnification provisions of the Purchase Order; automobile liability insurance with a combined single limit for bodily injury and property damage of not less than \$2,000,000 each occurrence with respect to Supplier's owned, hired, and non-owned vehicles; workers' compensation insurance with limits statutorily required by any applicable federal or state law and employer's liability insurance of not less than \$100,000 each accident, \$100,000 disease for each employee, and \$500,000 disease policy limit; and, if applicable, professional liability insurance covering acts, errors, mistakes, and omissions arising out of the work or services performed by Supplier, with a limit of not less than \$2,000,000 each claim.

23. **TERMINATION:** ATD may terminate the Purchase Order for convenience by giving Supplier fifteen (15) days' written notice of termination. Upon termination for convenience: Supplier will, upon receipt of notice from ATD, discontinue work in connection with the Purchase Order, cease order materials therefore, and use its best efforts to cancel existing orders for materials needed for the terminated portion; and ATD will consider in good faith any documented request by Supplier for reimbursement of costs incurred.

A non-breaching party may terminate the Purchase Order without penalty for the failure of the other party to comply with the Purchase Order by giving that other party thirty (30) days' written notice of the failure to comply.

Termination of the Purchase Order by ATD will not relieve Supplier of its obligations or liabilities under the applicable provisions of the Uniform Commercial Code.

ATD, upon termination of the Purchase Order, will not be required to make any payments for finished goods, work-in-process, or other raw materials fabricated or procured by Supplier in amounts in excess of those authorized for delivery by the Purchase Order nor for any undelivered goods which are in Supplier's standard stock or which are readily marketable. For requested reimbursement for production material, ATD will only consider claims supported by ATD POs, schedules or forecast for three (3) weeks of requirements for finished goods and five (5) additional weeks for WIP and raw material. Payments made under this paragraph may not exceed the aggregate price payable by ATD for finished goods which would be produced by Supplier under delivery or release schedules outstanding at the date of termination. Except as provided in this paragraph, ATD will not be liable for and will not be required to make payments to Supplier directly or on account of claims of Supplier's subcontractor for loss of anticipated profit, unabsorbed overhead, interest on claims, product development, or engineering costs and facilities, and equipment rearrangement costs or rental, unamortized depreciation costs, and general and administrative charges from termination of the order. Within sixty (60) days of the effective date of termination, Supplier must submit a comprehensive termination claim to ATD with sufficient supporting data and evidence to permit ATD to audit, and will thereafter promptly furnish such supplemental or supporting information as directed by ATD and will give to ATD, its agents, or representatives, the right to audit and examine all books, records, facilities, work material, inventory, products, designs, records, reports, or other items that relate to the termination claim of Supplier.

24. **PROPERTY RIGHTS:** All tools, equipment dies, gauges, models, drawings, supplies, fixtures, molds, patterns, or other materials furnished by ATD to Supplier or made by Supplier for the purpose of the Purchase Order, or to be paid for by ATD, and all replacements thereof and materials fixed or attached thereto, are and remain the property of ATD. Supplier will bear the risk of loss or damage to ATD's property.
25. **CERTIFICATION:** Supplier certifies that it is an independent contractor and not a partner with ATD for any purpose, provides services to other customers, maintains insurance, sets its own priorities on time and hours of work, provides its own supplies, and determines the means of delivering the goods or services.
26. **CONFIDENTIALITY:** During production of the goods or provision of the services and thereafter, Supplier will retain in confidence, and will not disclose to any third party, without the prior written consent of ATD, the specifications, drawings, information, or data furnished to Supplier by ATD ("ATD's Confidential Information"); provided that Supplier may, during production, reveal ATD's Confidential Information to selected employees of Supplier who have a need to know and who have the same obligation of confidentiality as does Supplier. Supplier and the selected employees (referred to above) will not use ATD's Confidential Information for any purpose other than the production of the goods or provision of the services for ATD. Upon completion of the production of the goods, the provision of the services, or the termination or cancellation of any Purchase Order, whichever occurs first, Supplier must return to ATD all documents (and all copies thereof) which contain all or any portion of ATD's Confidential Information. The obligations under this paragraph will survive the cancellation, termination, or completion of the Purchase Order.

Any unpatented knowledge or information concerning Supplier's goods, products, methods, or manufacturing processes which Supplier may disclose to ATD incident to the manufacture of the goods or the performance of services covered by the Purchase Order will, unless specifically agreed to in writing, be deemed to have been disclosed as part of the consideration for the Purchase Order, and Supplier agrees not to assert any claim against ATD by reason of ATD'S use or alleged use thereof; and if the Purchase Order involves experimental research or development work paid for by ATD, Supplier agrees to grant to ATD an irrevocable and exclusive, royalty-free license to make, have made, use, and sell any inventions resulting from the work under the Purchase Order.

27. **ADVERTISING:** Supplier will not advertise the fact that it has contracted with ATD for goods and services or appropriate or make use of ATD'S name or other identifying marks or property without the prior written consent of ATD. Further, Supplier may not use any trademark, trade names, copyrights, or patents of ATD in Supplier's advertising or promotional materials. In the event of Supplier's breach of this provision, ATD will have the right to cancel the undelivered portion of any goods or services covered by the Purchase Order and will not be required to make any further payments except for conforming goods delivered or services rendered prior to cancellation.
28. **RIGHTS AND REMEDIES:** All rights and remedies of ATD are cumulative and do not exclude any remedies allowed by law. The failure by ATD to exercise or enforce any of the terms or conditions hereof will not constitute or be deemed a waiver of ATD's rights hereunder to enforce each and every other term contained herein. The failure by ATD to insist upon strict performance of any of the terms and provisions herein will not be deemed a waiver of any subsequent default in the terms or provisions herein. Waiver of any breach will not constitute waiver of any other breach of the same or any other provision. Acceptance of any items or payment therefore will not waive any breach.
29. **ANTI-KICKBACK ACT:** By accepting a Purchase Order, Supplier represents, covenants, and warrants to and with ATD that Supplier and all subcontractors below Supplier are in full compliance with the Anti-Kickback Act of 1986 and amendments thereto (the "Act"). Supplier further agrees to indemnify and hold harmless ATD and its respective directors, officers, and employees from any violation of the Act by Supplier or any subcontractors below Supplier. All defined terms set forth in the act apply to this paragraph.
30. **SEVERABILITY:** In the event that any provision in a Purchase Order should under applicable law, in whole or in part, be held invalid, illegal, or void, such invalidity, illegality, or unenforceability will in no event affect the applicability of the other provisions of the Purchase Order.
31. **AGREEMENT:** Each Purchase Order, together with the attachments, exhibits, or supplements specifically referenced in the Purchase Order, constitutes the entire agreement between ATD and Supplier with respect to the matter contained therein and supersedes all prior written or oral representations and agreements. The Purchase Order may only be modified by an order amendment or alteration specifically identified as such and entered into over the signature of ATD's Purchasing VP.

SUPPLIER APPROVAL / EVALUATION SHEET**Section A: General Company Information and Quality System Status**

Company Name: _____

Company Address: _____

Company Primary Contact: _____

Title: _____

Company Phone: _____ Company Fax: _____

Description of Major Products or Services:

Lead Times: Standard _____ Custom _____

Minimum Order Quantity: _____

Dates of Scheduled Plant Shutdowns : _____

Material is packed by: Piece Count or WeightDo you have a Quality System in place at your facility? YES NODo you have a Quality Manual? YES NO

If yes, please provide and uncontrolled copy.

Is your facility ISO 9001:2000 or ISO/TS 16949:2002 Certified? YES NO

If yes, please provide a copy of your Certificate

If no, please provide a detailed plan for achieving registration

Please review the ATD Supplier Quality Manual and document any exceptions to the requirements contained within the document.

Submitted by: _____ Date: _____

For Automation Tool & Die, Inc. use only - General Company and Quality System Approval:

Management Representative signature: _____ Date: _____

Department Head signature: _____ Date: _____

If the General Company and Quality System Information have been accepted, add the supplier to the Approved Supplier List on a Conditional Basis until Section B of this form is completed.

SUPPLIER APPROVAL / EVALUATION SHEET

Section B: Quality Assurance Requirements

Communication of any Special Quality Assurance Requirements to the prospective Supplier:

Special Quality Assurance Requirements imposed by ATD on the supplier:

For potential suppliers who are not certified to ISO 9001:2000 or other Quality Management System standard, we need to ensure that the supplier has provided a detailed plan for achieving registration and can provide ATD with the following information until registration is achieved:

- 1) Select a characteristic to be measured / monitored by the supplier.
- 2) Request and receive quarterly data from the supplier on the selected characteristic.
- 3) Identify and update AT&D receiving inspection and required data collection

Production Trials and Quality Assurance Inspection Results:

| <u>Trial Number</u> | <u>Results/Comments</u> | <u>Accepted By:</u> |
|---------------------|-------------------------|---------------------|
| 1 | | |
| 2 | | |

Automation Tool & Die, Inc. - Quality Assurance Approval:

Management Representative signature: _____ Date: _____

Materials Manager signature: _____ Date: _____

If the General Company and Quality System Information and Quality Assurance Requirement Sections have been accepted, the supplier can be taken off of Conditional Status and officially added to the Approved Supplier List.

