General Machine Products, Inc.

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Purchasing Process: Terms & Conditions

This document, Purchasing Terms & Conditions shall be considered as an addendum to GMP (the Company) Purchase Order document if and when the following statement **"Subject to Terms & Conditions"** appears on the Purchase Order.

Terms & Conditions

1. All purchases by GMP from your company (the supplier/seller) shall be subject to verification (incoming inspection). If non-conformity is detected during the incoming inspection, purchased product may be subject to immediate return to the supplier, with the appropriate Non-conformance Report (NCR). All NCR's must be completed and returned to the Company's Quality Manager or designated Administrative Assistant within 14 days.

2. Verification activity may include:
    a) Obtaining objective evidence of quality – test reports, certifications.
    b) Audit and inspection at supplier's premises
    c) Review of required documentation
    d) Inspection of product upon receipt, including delivery on time
    e) Delegation of verification to the supplier or supplier certification

3. All suppliers shall be subject to the annual performance review and shall be notified if and when they have been dismissed as a preferred supplier to the Company.

4. All suppliers should carefully review our Purchase Order for the following:

    a) Requirements for approval of product, procedures, processes and equipment.
    b) Requirements for qualification and/or competence of personnel.
    c) Quality Management System requirements and Regulatory requirements.
    d) Name or other positive identification – specifications, inspection instructions.
    e) Requirements for test, examination, inspection, and related instructions regarding acceptance by the Company.
    f) Requirements for test specimens, for design approval, inspection, or auditing.
    g) Requirements relative to notifying the Company of non-conforming product and Company's approval of non-conforming product.
    h) Requirements to notify the Company of changes in product and/or process definition previously successfully utilized, and, where required, obtain Company's approval.
    i) Supplier shall give the right of access to the Company, their customer, and regulatory authorities to all facilities involved in the order and to all applicable records generated by such order. Records shall be filed under GMP name and records retention shall be 7 (seven) years unless otherwise specified.
    j) It shall be supplier's responsibility to flow down to sub-tier suppliers (your supplier) the applicable requirements in our Purchasing Order document and in this document, including key characteristics where required.

5. The Company shall periodically validate test reports and certificates for accuracy.

6. Where the Company will delegate verification activities to the supplier, the requirements for verification activities shall be defined and a register of verification activities noted and maintained.

7. Where the Company or its customer intends to perform verification at the supplier's premises, the Company shall state the intended verification arrangements and method of product release in its Purchasing Order.

8. Where specified in the Purchase Order, the customer or the customer's representative shall be afforded the right to verify at the supplier's premises that subcontracted product conforms to specified requirements.

9. Materials and services provided against this Purchase Order must be purchased from approved sources when specifications are noted on our Purchase Order. Conformance to this policy must be ensured.

10. **Latest Revisions:** The product being manufactured and/or service being performed must be completed per the latest revision. At no time will other revisions be used other than what is indicated on the drawing or purchase order, without the express, written permission of authorized representative of GMP.

11. **Control of Non-conforming Product**: Non-conforming product produced from GMP supplied material will be segregated, tagged, and returned to the Company along with completed internal non-conformance report. Documented cause and corrective action are required.

12. GMP supplier shall use appropriate methods of handling, packaging, and preservation to prevent damage of product in process and during delivery.

13. **Product Certification:** When required per the Purchase Order, Seller/Suppliers shall certify that all parts which are supplied conform to purchase order requirements, applicable specifications, finished dimensions, etc., and that the records are on file, subject to examinations by GMP.

14. **Certificate of Compliance** shall accompany shipments when required per the Purchase Order. When required, the certificate of compliance must be signed by an authorized representative and reflect all information necessary to identify the product, quantity, current revision, and whatever services or processes you (the supplier) have performed. All documents must be 100% legible.

15. **Traceability / Lot Shipment Requirements:** Lots and/or batches shall not be commingled.

- A casting, forging, machined part or stamping lot/batch consists of the same part number, of one alloy, produced using the same processing parameters (including heat treat) and contains a homogeneous heat pour, or same basic material.
- A production lot/batch shall consist of parts that are all the same configuration fabricated under same conditions, from the same material type, processed together and produced as one continuous run.
- A plating lot/batch (nickel, anodize, chemical milling, etc) shall consist of treated articles on the same order, treated under same conditions, from the same chemical composition, from the same tank.
- A coating lot/batch (paint, dry film lube, etc.) shall be processed as one batch, on the same part, on the same order. A batch is defined as the end product of all the raw materials mixed or blended in a single or continuous operation and typically packaged (in bins, baskets, crates, etc.) shipped and tagged as a specific entity.
- All bins/baskets/batches/lots of parts received from GMP for processing shall maintain their respective tags and labels identification throughout processing.

16. **Product Verification:** Verification (inspection) by GMP shall not absolve the seller/supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the Company. The Company shall do its due diligence to inspect for non-conforming parts.

17. **FOD – Foreign Object Detection:** The Seller/Supplier shall ensure that Foreign Object Damage/Debris control process is a part of their final inspection methodology, assuring GMP that work is accomplished in a manner preventing foreign objects or material from entering and remaining in the deliverable items. Maintenance of the work area and control of tools, parts, and materials shall preclude the risk of FOD incidents.

18. **Conflict Minerals Reporting:** The Seller/Supplier will use reasonable efforts to source Conflict Minerals from smelters and refiners validated as being DCR Conflict free and require their direct and indirect suppliers to do the same.

These Terms & Conditions are subject to modification as per GMP requirements, and the requirements of ISO 9001: 2015 which standardized, to the greatest extent possible, quality management system requirements, for the purpose of improved quality, decreasing costs, and improving safety in design & function.

Approvals: GMP – Chief of Inspection, ISO Coordinator, President