

As a condition for being initially selected as a supplier to Gates Albert (GA) and as a condition for continuing to be an approved supplier to Gates Albert, Gates Albert requires your organization's compliance to the following:

1. **Supplier Quality Management System Development:** Unless otherwise approved by GA, 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 IATF 16949:2016 Quality Management System requirements. GA is committed to supporting you in achieving this goal and has developed a roadmap to help our suppliers achieve this goal.
2. **Prevent the use of counterfeit parts:** The supplier shall have a process that evaluates and minimizes the risk associated with potential counterfeit product entering into the supply chain.
  - a. If you are a raw-material supplier to GA, you will be either an original mill/authorized dealer of material.
  - b. With a minimum frequency of once in three years, you will perform physical random testing to verify conformity of certs and with the goal of preventing and detecting counterfeits.
3. **Product document version management:** All GA 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.
4. **Special characteristics control:** When required, GA will identify certain product characteristics as critical on one or more product document. Such characteristics are considered Key Product Characteristics (KPC) and indicate an elevated level of importance for GA and GA's customer. When KPCs are identified, you will be required to identify them in all applicable documents and records used by your organization to process the order. Where required by GA, you will use the same symbol that GA requires you to use for identifying KPCs in your process documents. Additionally, you will also use proper Statistical Process Control (SPC) techniques to monitor and control these KPCs. At a minimum, the following SPC requirements apply to KPCs:
  - a. X-Bar and R Charts to control variable data
  - b. np Charts to control attribute data
  - c. A minimum Process Capability Index  $C_{pk}$  of 1.33 for all KPCs for new product launches
5. **Special process requirements:** When the Seller or the Seller's Sub-Tier performs any special processing to the Buyer's product or provides a special process service, this information must be provided to the Buyer for approval before the special process work is conducted. At this time, GA utilizes heat treatment and plating special processes. Special process suppliers to GA are required to be compliant with the following:
  - a. Heat treatment: CQI-9 Special Process: Heat Treatment System Assessment
  - b. Plating: CQI-11 Special Process: Plating System Assessment
6. **Customer-designated external providers:** Supplier will use customer-designated or approved external providers wherever applicable. At times, GA's customers designate specific requirements for special process sources, GA will communicate this to the supplier and the supplier is then responsible to flow down these requirements to their suppliers.
7. **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

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met. Your organization is also responsible for ensuring that personnel performing work affecting quality within your organization's control are aware of: -

- a. their contribution to product or service conformity;
- b. their contribution to product safety;
- c. the importance of ethical behavior

8. **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 GA's requirements prior to being shipped to GA.
9. **Supplier verification of product/service prior to final release:** The supplier will ensure that all products/services realized for GA be subject to a final verification by the supplier at the supplier's premises to ensure compliance to GA's requirements. Evidence of this verification must be maintained as a quality record by the supplier with traceability to the person authorizing such release.
10. **Nonconforming product detected at supplier's premises:** When non-conforming product is manufactured, your organization will notify GA of the nature of nonconformity. All nonconforming product shall be properly identified so as to prevent its unintended use until disposition is finalized. All nonconforming products that are disposed off as scrap shall be suitably identified and controlled so as to make it unusable. GA 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 GA
  - b. Rework, re-inspect
  - c. Scrap
11. **Non-conforming product detected at GA's premises:** Upon receipt of products/services from the supplier at GA's premises, GA will subject the product/service to an incoming verification to ensure that the purchased product/service meets GA's purchase requirements. GA reserves the right to subject products/services deemed to be non-conforming GA'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
12. **Supplier Corrective Action Requests:** GA 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.
13. **Use of approved methods, processes and equipment:** The supplier shall use approved methods, processes and equipment to meet GA'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 GA which are the basis for GA's approval of the supplier's ability to deliver such product/service to GA during regular production runs.
14. **Supplier-GA interactions & approvals:** Supplier will notify GA 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

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

15. **Use of International Suppliers:** If the Seller elects to subcontract or purchase any manufacturing, special processes and/or raw materials from a non-USA Sub-Tier, this must be communicated to the Buyer before the activity takes place. Ref. DFAR 252.225-7008. Note: All material certifications must identify the country in which the material was melted.
16. **Control and monitoring of supplier performance:** GA performs continual monitoring of performance of critical suppliers considering factors including but not limited to:
  - a. Quality
  - b. On-time-delivery
  - c. Incidents of premium freight
  - d. Disruptions at GA's customer receiving plant caused by GA's supplier.

Annually, GA performs a supplier risk assessment considering the above factors. Suppliers presenting an acceptable risk to GA 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 GA'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 GA's core team.

17. **Specification Compliance:** Seller 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. Seller 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. Seller 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 the Buyer when requested.
18. **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. The following methods are the only approved and acceptable methods for applying signatures to certificates:
  - a. Actual signature rendered by ink;
  - b. Facsimiles of actual signature such as rubber stamps; or
  - c. Machine or computer graphics generated facsimile signature

When quality or inspection stamps are used in lieu of signatures, such stamps shall clearly identify the issuing organization and the authorized individual to whom the stamp is assigned. The issue, use and control of such stamps shall be governed by documented procedures in the Supplier's Quality Management System. Seller use of electronic signatures on documents certifies that the Seller adheres to the following requirements;

- a. Application of electronic signature is under the direct control of the person whose name appears on the document
- b. An electronic signature is only applied at the location or facility where the person is located and the individual must have direct access to the products or services, and supporting data to monitor the process, perform inspections and ensure that the products or services conform to all Contract requirements, and

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- c. The preparation of electronic documents and application of electronic signatures is governed by documented procedures in the Suppliers Quality Management System to ensure the validity and integrity of all electronic documents.

19. **Protection of materials in transit:** All articles delivered on this order shall be packed adequately to prevent damage in shipment or storage. Uses of newsprint and glassine bags are prohibited. All packages shall be properly identified.
20. **Records retention and documentation:** All records related to GA's contract will be retained by your organization for a minimum of 10 years, unless otherwise specified by GA explicitly in a specific purchase order. Records will be disposed after retention. 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.
21. **Right of access:** GA, GA'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.
22. **Supplier furnished material:** Seller who furnishes raw material shall provide samples of material as specified. This material sample(s) must be submitted to the Buyer's facility immediately upon Seller receipt of the purchased raw material. When submitting raw material sample(s), provide a copy of the material's mill certification referencing the part number(s) to be made, the heat code number and purchase order number that the product will be shipped against. Physical, mechanical and chemical properties of all raw materials incorporated into Seller's product shall be considered quality characteristics. The Seller's quality system shall provide assurance that these characteristics are verified and maintained throughout the entire manufacturing cycle. The Seller shall furnish physical, chemical and mechanical test reports as applicable per the specifications covering raw material on this order. The certifications shall be denoted with the statement "conforms to all drawing and/or specification requirements" and shall be signed by the Seller's cognizant quality person. Furnish physical and chemical test reports and material certifications as applicable in accordance with the specifications covering raw material on this order.
23. **Statutory and regulatory compliance:**
  1. Statutory and regulatory compliance - General: Where specified in GA's purchase order, supplier will ensure compliance with any specified statutory and regulatory requirements pertaining to the product/service.
  2. Statutory and regulatory compliance - Flow-down to sub-tier suppliers: Where applicable, Suppliers are required to flow down statutory and regulatory requirements specified by GA 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.
  3. 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

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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.

4. 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.
5. 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 GA Steam Forging Co. 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.
24. **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 GA's purchase order, the requirements on the face of the purchase order and/or in the attachments shall prevail.
25. **Document controlled location**: The copy of this Terms & Conditions on GatesAlbert.com is the relevant version. Any other version of this document is considered obsolete and must not be used.
26. **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 GA 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.
27. Supplier shall provide test specimens for any proposed design changes, inspection/verification, and investigation or auditing that affect form, fit, function, performance and safety of the product before manufacturing and delivery of these product changes.
28. **GA Authorized Contact**:  
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