

# Specialty Hose Corporation

## Supplier Terms & Conditions Agreement

*General: As a supplier to Specialty Hose Corp., it is understood that when accepting our purchase orders, your organization agrees to meet the following stipulations / quality system requirements, including any intermediary facilities involved.*

*These requirements are, therefore, to be considered as terms and conditions to all purchases:*

1. Where required on the Specialty Hose Corp. purchase orders, its suppliers must use Specialty Hose Corp. customer designated or approved external suppliers including process sources (e.g., special processes).
2. Specialty Hose Corp. is to be contacted (by the supplier) in the event of nonconforming product/material. Arrangements for the approval of supplier nonconforming product/material must be as directed by a Specialty Hose Corp. Manager
3. Furthermore, the supplier is required to notify Specialty Hose Corp. of any changes to a product and/or process, including changes of their external suppliers or location of manufacture and to obtain approval from an authorized Specialty Hose Corp. Manager when applicable.
4. Specialty Hose Corp., their customers, and regulatory authorities retain the right of access to all supplier facilities involved in the order and to all applicable records.
5. The AS9100 standard requires that all applicable customer/regulatory/AS9100 requirements for the supplier to flow-down to sub-tier suppliers (includes requirements in the purchasing documents and key characteristics where required).
6. Provide test specimens for design approval, inspection/verification, investigation, or auditing.

7. Specialty Hose Corp. performs inspection activities to ensure that purchased product meets purchase requirements. They may include:
  7. a. Receiving inspections (of supplier products / services / documents) may be / are performed by a designated employee. Specialty Hose Corp. verifies the authenticity of the appropriate certificate of conformity, material certificates, etc. and other accompanying documentation by review and comparison (as is appropriate) to the drawing and/or industry specifications or by other means. When necessary, Specialty Hose Corp. may inspect or audit at the supplier's facility.
  7. b. Furthermore, products are inspected to ensure they meet requirements (dimensions, etc.) and the results are recorded (as appropriate). All special processes (anodizing, heat treat etc.) where the compliance cannot be verified by inspections will require a Certificate of Conformity.
8. When appropriate, Specialty Hose Corp. may delegate the inspection authority to one of its approved suppliers. Specialty Hose Corp. will communicate the inspection requirements (including approved monitoring and measurement equipment/methods). When inspection authority is delegated Specialty Hose Corp. shall require a Certificate of Conformance from the Supplier stating that the materials meet all specifications and purchase order requirements. This certificate shall be received by Specialty Hose Corp. before the Invoice is paid.
9. When Specialty Hose Corp. or its customer intends to perform verification at the supplier's premises; Specialty Hose Corp. will first state the intended verification arrangements and the method of product release. This information will be communicated on the Specialty Hose Corp. Purchase Order or via another acceptable purchasing arrangement.
10. Where specified in the contract, the Specialty Hose Corp., their customer, and regulatory authorities will be afforded the right to verify at any level of the supply chain premises that subcontracted product conforms to specified requirements. Verification by the customer is not used by Specialty Hose Corp. as evidence of effective control of quality by the supplier and shall not absolve Specialty Hose Corp. supplier of

the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the customer.

11. To prevent the purchase of counterfeit or suspect/unapproved products and to ensure product identification and traceability (and for other reasons), Specialty Hose Corp. will institute controls that include the requirement of Material Certificates, Certificates of Conformity, and/or other supporting documentation from its suppliers as is appropriate. These requirements may be specified on Specialty Hose Corp.'s Purchase Order or may otherwise be communicated to the supplier.
12. Records are available for review by Specialty Hose Corp.'s customers and regulatory authorities for a minimum of 7 years or in accordance with contract or regulatory requirements.
13. Specialty Hose Corp. expects 100% on time delivery. If the agreed upon delivery cannot be met, the appropriate Specialty Hose Corp. Manger must be notified in advance. If Specialty Hose Corp. annual supplier evaluation identifies a supplier with an on-time delivery rate of 90% or less a corrective action can be issued.
14. Specialty Hose Corp. requires that products provided by its approved suppliers be correct and free of defect per the supplied Purchase Order. If Specialty Hose Corp. annual supplier evaluation identifies a supplier with a scrap/rework rate that exceeds 10% of their Specialty Hose Corp. work orders; a corrective action can be issued.
15. Specialty Hose Corp. may also require specific actions where timely and effective corrective actions to a supplier issue(s) are not achieved. These actions may include but are not limited to any or all of the following: withholding payment until the issue is resolved, removal of the supplier from Specialty Hose Corp.
16. Specialty Hose's suppliers shall ensure that persons are aware of their contribution to product conformity, product safety, and the importance of ethical behavior.

#### Revision History

Rev. No.	<u>Date</u>	<u>CHANGE</u>	Approval

---	1/14/15	<b>Original Release</b>	MLH
A	1/14/15	Revised Section 7.	MLH
B	10/12/17	Updated to AS9100 D standards	MLH
C	6/2/22	Updated intro statement.	MLH