



**GT Development Corporation**

# SUPPLIER QUALITY MANUAL



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## Message to Suppliers

GT Development Corporation (GTD) is dedicated to serving the commercial vehicle market by providing excellence in quality of design and assembly of specialized custom products. Quality materials, exacting standards, excellent workmanship, and a commitment to continuous improvement are elements that differentiate GT Development from its competitors. Our continued growth and security will result from the success generated by our people working together to develop, innovate, manufacture, and market quality products in an environmentally responsible manner. This objective will be achieved by initiating a comprehensive supply chain management strategy consisting of the following goals:

- Long term business relationships with our suppliers
- Linkage with key suppliers during the New Product Introduction phases
- Reduction of lead times
- 100% on-time delivery of product
- Zero defect receipts
- Supplier productivity improvement
- Environmental responsibility

Attaining this level of quality requires teamwork between GT Development and our suppliers. This goal can only be accomplished through open communication. The premise of this manual is to communicate to our suppliers the requirements of GT Development and our customers.

### GT Development Quality Policy

#### ***“The Right Product, On Time, at The Right Price”***

**The Right Product:** Our product strategy is to create value for our customers through development of innovative, better solutions faster. This includes the rapid and effective manufacturing of our products to meet or exceed our customers’ quality requirements.

**On-Time:** On-time delivery is essential to our customers so our objective is zero late deliveries. Excessive short-term cost shall not influence on-time product deliveries.

**The Right Price:** Our products shall be priced in a manner consistent with customer value. Our Quality Policy extends to our suppliers. We are committed to build and maintain a profitable partnership with our suppliers that results in the timely and cost effective launch of products and materials that meet defined performance standards, plant assembly needs, government and regulatory requirements, and overall customer satisfaction.

### GT Development Environmental Policy

#### ***“Environmental Responsibility through Innovative Products, Processes and People”***

**Environmental Responsibility:** GT Development conducts its business activities in an environmentally responsible manner. We continually review our systems for potential improvements with the aim of reducing the environmental impacts associated with our operations and products. As a minimum standard, we ensure compliance with all applicable legislation. Similarly, suppliers to GT Development are expected to conduct their activities in an environmentally responsible manner.



## 1.0 Purpose and Function of this Manual

### 1.1 Vision

It is GT Development’s goal to develop a working relationship with our suppliers that mirrors the vision and guiding principles on which GTD’s business philosophy is founded. The cornerstone to this relationship is the alignment of our individual expectation in a manner that ensures that our suppliers understand that they are our partners and an extension of our company. To be successful, we must share our commitment to total quality that exceeds our customer's expectations.

### 1.2 Purpose

The purpose of this Supplier Quality Manual is to specify GT Development’s quality management system requirements and to outline the minimum acceptance conditions for the areas addressed within the manual. This manual is to be considered the minimum basic requirements for doing business with GT Development Corporation. Any additional requirements will be communicated on a case-by-case basis and/or will be addressed in other business related documents. See Section 2.2 Document Hierarchy.

### 1.3 Scope

This manual applies to suppliers of product that will be incorporated into finished saleable product. This manual also applies to the suppliers of support services directly related to the design, development and manufacturing of these products (i.e. testing and calibration service providers).

## 2.0 Foundation of Core Requirements

### 2.1 General

- 2.1.1 This manual may be updated. For latest revision and revision verification refer to the Supplier Quality Manual at [www.gtdev.com](http://www.gtdev.com). All prior documented agreements remain valid until the newest revision of this manual is reviewed and acceptance of said manual is established.
- 2.1.2 This manual was developed using the fundamental guidelines established in the Automotive Industry Action Group (AIAG) manuals and the International Organization for Standardization (ISO) Standards (QS-9000, ISO 9001/2000 and ISO/TS 16949). It is strongly encouraged that suppliers procure copies of the AIAG Manuals listed in section 12, to aid in understanding the processes associated with GT Development Corp. requirements.

### 2.2 Document Hierarchy

- 2.2.1 This manual defines the minimum requirements in conjunction with purchase orders, drawings and specifications. In the event of conflicting interpretations, the following order of precedence applies:
  1. Purchase Order
  2. GT Specification or Drawing
  3. Reference Documents/Signed Agreements/Data Sheets
  4. This Manual

Note: No verbal or unsigned agreements supersede the requirements documented in this manual.

### 2.3 Quality System/Certification Requirements

Supplier Type	Minimum Requirement	Development Goal
Manufacturer/Component	ISO 9001:2000 Registered	ISO/TS 16949:2002 Compliant
Distributor	ISO 9001:2000 Compliant	ISO 9001:2000 Registered
Calibration/Test	ISO/IEC 17025 -1999 Compliant	ISO/IEC 17025 -1999 Accredited



- 2.3.1 It is GTD's expectation that our suppliers will strive to be compliant with the Development Goal as outlined in the above matrix.
  - 2.3.1.1 Suppliers currently not compliant are to submit development plans for achieving a quality system certification appropriate for their supplier type.
  - 2.3.1.2 Suppliers providing manufactured components must show proof of certification to ISO 9001:2000 (at minimum) by an accredited third party registrar.
  - 2.3.1.3 Distributors shall either show proof of certification or proof of compliance to ISO 9001:2000. To show compliance, the supplier must complete a GT Supplier Pre-Survey Evaluation Form, and provide their quality manual for review, if requested. An on-site assessment audit may be required.
    - 2.3.1.3.1 Suppliers with ISO 9001:1994/QS-9000:1998 certification will be considered compliant to ISO 9001:2000 until either the expiration of their current certification or the 12/14/06 date that the standard become obsolete
- 2.3.2 New suppliers not certified to ISO 9001:2000, but showing compliance, will need to obtain a waiver from GT for the ISO 9001:2000 minimum requirement, prior to being awarded business.
- 2.3.3 Waivers to the Quality System Requirement can be granted under special situations.
  - 2.3.3.1 Request for the permanent waiver, for the life of a specific program, must be provided to GT Development, in the form of a Supplier Deviation Request (SDR) or be GTD customer directed.

## **2.4 Change in Supplier Quality System Certification Status**

- 2.4.1 In the event the supplier's Quality System certification status changes, the supplier shall notify GT Development within ten business days.
  - 2.4.1.1 A change consists of any action by either the supplier or the supplier's registrar that limits or alters the condition or duration of the supplier's certification. This includes conditions such as renewal, upgrade, suspension, probation, expiration and termination.
- 2.4.2 In such cases where the lapse in certification causes the supplier to fail to meet the minimum requirements as stated in section 2.3 Quality System/Certification Requirements, the supplier must provide documentation as to why the certification status changed, and make themselves available for an audit by GT representatives to verify compliance to the minimum requirements.

## **2.5 Documentation Language Requirements**

- 2.5.1 In order to maintain documentation that is readily transferable and understood by GT Development, all documentation relating to quality and business activities shall be provided to GT in English. This requirement can be waived by the GT representative requesting the documentation.

## **2.6 Conditions of Purchase**

- 2.6.1 Acceptance of the purchasing documentation constitutes acceptance of ALL REQUIREMENTS detailed within the purchasing documents. Suppliers shall meet all Conditions of Purchase including the Terms and Conditions detailed in section 16.
  - 2.6.1.1 If the supplier is unable to meet these conditions, the GT Materials Contact for that purchase document must be notified in writing, prior to acceptance of the order. The Conditions of Purchase will apply to each purchase order released by GT.
  - 2.6.1.2 Failure to comply with the purchase requirements can result in the rejection of the received material, and the subsequent activities according to Section 5.0 Handling of Nonconforming Material.



## 2.7 Packaging and Shipment

- 2.7.1 The supplier is responsible for assuring all goods are properly packaged to prevent damage or deterioration. The supplier is to ship the material via the routing instructions listed on the purchase order, unless otherwise requested by GTD purchasing representative.

## 2.8 Record Retention Requirements

- 2.8.1 GTD requires 5 year minimum retention and 7 years if Government regulations are involved. Quality records shall be maintained in a manner so they remain legible and retrievable upon request
- 2.8.2 GTD promotes that supplier's monitor the performance of their manufacturing processes. At minimum, records shall be kept for defective components and assembly processes to highlight problem areas and trends.

## 2.9 Intellectual Property

- 2.9.1 Unless otherwise stated in writing, all drawings, specifications and design data presented to the Supplier shall be considered as Confidential and handled in accordance with section 16 of the Terms and Conditions contained in this Manual.

## 3.0 Supplier Manufacturing Changes

### 3.1 General Requirements

- 3.1.1 No change that significantly affects; the process flow, design condition, or Form, Fit, and/or Function shall be made without GT Development **written approval** prior to implementation of the change.
- 3.1.2 Changes that require GTD notification and approval include, but are not limited to the change types listed below. General guidelines are listed in the AIAG PPAP Manual Section 3 "Customer Notification and Submission Requirements".
1. Design changes
  2. Process changes that impact the documented Process Flow or Control Plan
  3. Reduction or change of product testing, as documented in the Control Plan (Additional supplier self imposed testing is exempt)
  4. Production line machine changes to non-approved equipment
  5. Manufacturing location changes or tooling transfers
  6. Production from new, replacement, or modified tools or tools inactive greater than 1 year
  7. Constituent material changes\*
- \*(unless already approved for production for that component)
- 3.1.3 If the supplier is uncertain about the potential impact of a change the default condition would be contact a GT representative.
- 3.1.4 The supplier shall be liable for costs associated with unapproved changes and shipments.

## 4.0 Corrective Action Requirements

### 4.1 Corrective Action Request

- 4.1.1 Formal requests for corrective action will be made using GTD's Corrective Action Request form. These may include issues related to product quality and/or delivery performance.
- 4.1.2 The supplier must notify GT if the photographic and/or written description of problem is not sufficient for their corrective action activities and request clarification or additional information within 24 hours of receipt of the initial notification.
- 4.1.3 Details of initial containment action (Initial Response) must be provided to GT within two working days, unless otherwise noted on the Corrective Action Request form.
- 4.1.4 The corrective action responses must be submitted to the GTD requester within the timeframe indicated on the Corrective Action Request form. The initial response due and corrective action due dates define these time frames. These responses should be submitted using the GT provided Corrective Action Request form. Other format may be accepted on a case by case basis.



## 4.2 Corrective Action Response Approval/Rejection

- 4.2.1 Supplier Corrective Action Response will be reviewed for effectiveness.
  - 4.2.1.1 Notification of approval from GT shall be provided upon satisfactory completion of the corrective action.
  - 4.2.1.2 Notification of rejection from GT shall be provided if the response is not satisfactory and the Corrective Action Request will be re-issued.
  - 4.2.1.3 The Corrective Action Request will remain open until verification of effectiveness is approved or rejected. Rejection of verification will initiate a re-issue of the Corrective Action Request.

## 5.0 Handling of Non-Conforming Material

### 5.1 General Requirements

- 5.1.1 Suppliers will be notified of all occurrences of rejected material suspected/determined to be their liability, typically via a GTD Nonconformance Report (NCR). Suppliers are expected to promptly investigate and correct the conditions noted in the NCR regardless of the final disposition assigned.
- 5.1.2 The supplier shall provide a means; for the handling of rejected material when it is determined and agreed to by the supplier, that the issue is the responsibility of the supplier.
  - 5.1.2.1 The GTD purchasing rep. will work with the supplier to determine the appropriate actions.
  - 5.1.2.2 These negotiations may include, but are not limited to any of the following actions:
    - Provide priority material to replace the non-conforming material
    - Authorize return of the suspect material to the supplier for sorting/rework
    - Providing resources to sort/rework the suspect material
    - Providing payment for GT to sort/rework the suspect material
    - Scrap of the non-conforming material at the GT facility, at supplier cost
- 5.1.3 Return Authorization must be provided within 48 hours of receiving GT's return authorization request on material determined to be the responsibility of the supplier. If Return Authorization is not received within 48 hours, GT will return the nonconforming material and bill the supplier for all shipping costs.
- 5.1.4 Additionally the supplier will be subject to negotiations regarding any costs incurred by GT resulting from the non-conforming material.

## 6.0 Notification of possible supplied nonconforming material

### 6.1 General Requirements

- 6.1.1 In the event the supplier discovers or suspects the shipment of non-conforming material, the supplier shall notify GT Development of the potential of receiving suspect material. The notification must include a detailed description of the suspect/non-conforming condition as well as information concerning the number of suspect parts, date codes, lot numbers and any unique identifiers that identify the suspect units.

## 7.0 Certificate Requirements

### 7.1 General Requirements

- 7.1.1 When a Material Certification or Certificate of Compliance (C of C) is specified either in the purchase order or in the applicable specifications/drawings, the supplier shall provide a valid certificate with each shipment certifying that the material meets all contract requirements.
- 7.1.2 Acceptance of material based on a supplier certificate, does not exclude GT from subsequent rejection due to any nonconforming attribute or characteristic.
- 7.1.3 Results of tests must be actual data that represents the lot of material shipped.
- 7.1.4 Failure to supply the certificate when required is potential grounds for rejection of the shipment.



## 7.2 Certificate of Material/Compliance

7.2.1 To be considered valid, a Material or Certificate of Compliance shall include as a minimum:

- Lot Number and/or Date Code
- Date of shipment
- GT PO number
- Quantity shipped
- GT part number specified
- Statement certifying compliance to contract requirements
- Supplier's authorized signature, certifying compliance to requirements
- Indication of material compliance (Material Certification Only)

## 7.3 Restriction of Hazardous Substances (RoHS)/ End of Life Vehicle (ELV) Declaration

7.3.1 When requested by a GT representative, a declaration letter must be submitted specifying that the part(s) submitted to GT are, and will remain compliant, with the EU Directive 2002/95/EC (RoHS) and/or EU Directive 2000/53/EC (ELV). Compliance Declaration Letter form is available on the GTD website at [www.gtdev.com](http://www.gtdev.com).

7.3.2 It is the supplier's responsibility to perform documented due diligence establishing that the materials incorporated into the product(s) have been confirmed as RoHS / ELV compliant upon receipt of the materials at its facility and subsequent processing.

## 8.0 Management of GT Owned and GT Customer Owned Tooling

### 8.1 General Requirements

8.1.1 Tooling items, both GT owned and GT's customer tooling under the supervision of GT, will be permanently identified for ownership visibility.

8.1.2 The GT Materials Manager shall distribute the tool identification number to the supplier.

8.1.3 The supplier is responsible and liable for the tooling item immediately upon receipt. This includes cleanliness, preventive maintenance, storage and handling of the tool.

8.1.4 Suppliers are expected to proactively monitor the condition of tools during processing to assure they are capable of producing parts to specification as well as performing routine maintenance (i.e. cleaning, oiling). If a condition is noted that will require tool modification/rework, notify the GT Buyer for direction.

### 8.2 Tracking of Tools at the Supplier's Site

8.2.1 The supplier shall maintain the following information on GT / GT customer owned tools:

- Tool or tool identification number
- Description of the tool
- Owner of the tool
- List of GT customer owned tools
- List of GT owned tools
- Location of the tool

### 8.3 Changes to GT Development Tooling

8.3.1 The GT Buyer shall be immediately notified of any change to the functionality of the tool or any issue that might affect quality or delivery of product produced.

8.3.2 Modifications of tools and change of tool location shall require notification and approval by GTD as noted above.

8.3.3 The supplier shall obtain written approval prior to scrapping any GT or GT customer owned tool.



## 9.0 Supplier Performance Rating

### 9.1 Supplier Performance

- 9.1.1 Supplier's performance shall be rated on their performance in the categories of conformance to quality requirements and delivery against schedule.
- 9.1.2 Supplier Performance Report letters shall be sent out to suppliers on a periodic basis.
- 9.1.3 Suppliers shall adhere to GT Developments policy of 100% on-time delivery performance for all supplied products.
- 9.1.4 Suppliers who receive an unacceptable performance rating may be required to submit a corrective action response as directed by GTD representative.

## 10.0 Supplier Audit and Source Inspection

### 10.1 Supplier Audit(s)

- 10.1.1 A Quality System Assessment and process audit may be conducted by GT representatives, at the supplier's manufacturing location, prior to the issuance of a purchase order. The purpose of the audit is to verify that the supplier has the manufacturing and supporting processes appropriate to produce a component that can meet both the quality and delivery requirements.
  - 10.1.1.1 Additional audits such as process, product audits may be conducted by GTD representatives and/or GTD's customer representatives at the supplier's manufacturing location with sufficient notice.
- 10.1.2 Corrective Action Requests may be generated as a result of any audit activity. Corrective action shall be processed according to Section 4.0 of this document.

### 10.2 Source Inspection

- 10.2.1 GTD reserves the right to verify at the Supplier's premises that the product conforms to all specified requirements. GTD also reserves the right to allow its customers' representatives to verify at the Supplier's premises that the product conforms to all specified requirements.

## 11.0 Packaging, Labeling & Handling

### 11.1 General Requirements

- 11.1.1 In-process and finished product shall be appropriately packaged to protect it from damage.
  - 11.1.1.1 All supplier provided packaging shall meet applicable shipping laws, codes and regulations, and must be qualified to International Safe Transit Association (ISTA) test standards as appropriate.
- 11.1.2 The use of returnable containers will be reviewed on a case by case basis.
- 11.1.3 When returnable packaging is to be utilized, the supplier is to ensure that it is clean and free from dirt, debris, foreign materials and damage, prior to utilization. Returnable packaging that is not clean and free from dirt, debris, foreign materials or damaged, may be grounds for rejection of the material lot.
- 11.1.4 Each box/container in the shipment shall be marked with the following information as noted below:
  - GT part number
  - Manufacturer Date Code/Lot Code
  - Engineering change/revision level (preferred)
  - Quantity
  - Number of boxes (in shipment) (preferred)
  - Material shelf life expiration date (If applicable)



11.1.5 Packing slips shall be attached to the carton exterior in shipping envelopes and must be marked with the following information as noted below:

- GT P.O. number
- GT part number
- Manufacturer part number (optional)
- Manufacturer Name
- Manufacture Date Code/Lot Code
- Engineering change/revision level (preferred)
- Quantity
- Number of boxes/ (in the shipment) (preferred)
- Material shelf life expiration date (If applicable) (preferred)

## 11.2 Special Labeling of Shipments

- 11.2.1 The initial shipment of product shipped under an approved PPAP, or Deviation must be labeled as such.
- 11.2.2 Product shipped after sorting or rework by the supplier shall be labeled as such. The label shall state sorting or rework preformed, date preformed, and reference to the GTD NCR number (when applicable).

## 11.3 Electro Static Discharge (ESD) Requirements

- 11.3.1 ESD packaging and labeling shall be used for all static sensitive products per industrial standards (reference ESD Association S20.20 or IEC 61340-5-1).
- 11.3.2 Suppliers of static sensitive components shall incorporate suitable measures, including protected areas, handling, and packaging requirements, to ensure that components are not damaged due to ESD events prior to arrival at a GTD facility.

## 12.0 Sample Inspection Report (SIR)

**12.1 When requested, the supplier is to provide GT Development with a Sample Inspection Report following the guidelines below. Requirements beyond those noted here will be communicated to the supplier by the GTD Purchasing Agent on a case by case basis.**

- 12.1.1 For new tooling or first time submissions of a component, the supplier is required to perform and supply GT Development with a 100% Dimensional Sample Inspection Report per the GT supplied drawing (including drawing notes) and a material analysis report for all material noted on the GT provided drawing. A material Certificate of Conformance may be substituted for material analysis only upon approval by GT Development prior to the acceptance of the Purchase Order.
- 12.1.2 For changes to an existing tool, process changes, or revision change, the supplier at a minimum is required to supply GT Development with a Dimensional Sample Inspection Report for all features that have changed and those dimensions that may be affected by the change.
- 12.1.3 The provided Dimensional Sample Inspection Report must contain the following information:
- a) For multiple cavity tools or dies, 100% dimensional inspection is required on all cavities and samples for each cavity must be separated and identified.
  - b) Using the supplied GT Development drawing, number the items to be inspected and included drawing notes.
  - c) The report must include the specified tolerances, supplier inspection results, and measuring equipment used for each dimension.
  - d) Dimensions found to be out of tolerance per the GT drawing must be clearly noted on the Inspection Report.
- 12.1.4 A minimum of 3 part samples (3 samples per cavity for multiple cavity tools or dies) must be provided with the Inspection Report. Parts must be uniquely identified and segregated. Cavity specific samples must be segregated and marked accordingly.
- 12.1.5 The completed Dimensional Sample Inspection Report, sample parts and GTD Part Submission Warrant must be submitted to GT Development and accepted prior to the shipment of product. Product may be shipped prior to this only with a deviation approved in writing by GT Development. GTD Part Submission Warrant is located on the GT website at [www.gtdev.com](http://www.gtdev.com).



## 13.0 Production Part Approval Process (PPAP)

### 13.1 General Requirements

- 13.1.1 When notified by GTD that a PPAP is required, the supplier shall conduct activities and submit required documents to GTD in accordance with the Automotive Industry Action Group (AIAG) Production Part Approval Process (PPAP) Manual 4th Edition.
- 13.1.2 GTD requires a Level 3 submission for initial submittals, unless otherwise specified.
- 13.1.3 PPAP submittals are based on the manuals published by the AIAG. It is recommended that the supplier use the AIAG formats for their PPAP documents.
  - 13.1.3.1 The list below identifies the manuals published by AIAG that the supplier should consult in the formatting of any PPAP submittal made to GT Development.
    - AIAG / Production Part Approval Process (PPAP) manual
    - AIAG / Advanced Product and Quality Planning and Control Plan (APQP) manual
    - AIAG / Potential Failure Mode and Effects Analysis (FMEA) manual
    - AIAG / Statistical Process Control (SPC) manual
    - AIAG / Measurement System Analysis (MSA) manual
  - 13.1.3.2 GTD Part Submission Warrant is located on the GT website at [www.gtdev.com](http://www.gtdev.com)
- 13.1.4 Parts from each unique production process, duplicate assembly line and/or work cell, each position of a multiple cavity die, mold, tool or pattern, shall be measured/analyzed and results provided with the submission. All documents shall clearly identify the part number and revision level. If the submittal represents specific cavities or tooling, the documentation shall reflect the cavity or tooling numbers used.
- 13.1.5 The supplier shall maintain all applicable PPAP elements/records for each part, or family of parts, irregardless of the part submission level, and they shall be readily available, when requested.
- 13.1.6 When a PPAP is required, the supplier shall not ship production intent material prior to PPAP approval, without written GTD authorization.
- 13.1.7 Suppliers shall maintain a PPAP Approved Status throughout the program life.

### 13.2 Requirements for PPAP Approval

- 13.2.1 Any result(s) or finding(s) outside the specification limits is potential cause for rejection. If the supplier is unable to meet any of these requirements, they must contact the GTD Buyer, in writing, to determine the appropriate action(s) to be taken prior to submission.
- 13.2.2 Inspection and testing shall be performed by a qualified laboratory.
  - 13.4.3.1 If a commercial/independent test lab is utilized it must be an accredited facility.
  - 13.4.3.2 A copy of the laboratory's certification must be included in the submission.
  - 13.4.3.3 Blanket statements of conformance are unacceptable as test results.

### 13.3 Rejected PPAP Submittals

- 13.3.1 The supplier will be notified by a GTD representative of all discrepancies or deficiencies noted within the PPAP documentation.



## 14.0 Capacity Verification

### 14.1 General Requirements

14.1.1 GTD may request/require capacity studies be performed at any time during the program for many possible reasons, not limited to the following:

- Capacity verification for new or current programs (required for custom parts)
- Capacity verification related to potential program increase and delivery concerns
- Evaluation of new equipment
- Verification following equipment moves or manufacture line rearrangements

14.1.2 When requested, the supplier shall perform a capacity study following the guidelines below:

- Study performed during a significant production run at the actual manufacturing site
- Study conducted using the tooling, gauging, process, materials, and operators that will be utilized during normal production.
- Study using production run quantities as directed by GTD (at a minimum will consist of one hour and/or 300 consecutive parts)
- GT must be notified prior to the initiation of the run and may require a separate review, if a possible production configuration, excluding human resources, can not be exercised during the run.

14.1.3 The supplier is expected to address any limiting factors, or processing constraints, identified during the review and to take appropriate corrective actions to address productivity and efficiency.

### 14.2 Capacity Summary

14.2.1 If the Standard Annual Capacity for any of the process steps is less than the program's targeted Capacity Planning Verification, a corrective action plan showing actions to be taken to address the issue must be provided with the Capacity Verification documentation.

## 15.0 Supplier Deviation Request (SDR)

### 15.1 General

15.1.1 Suppliers may request concessions for nonconforming material identified at their facility by completing and submitting a Supplier Deviation Request form to the GTD Buyer.

15.1.1.1 When unsure if an issue requires a SDR, the supplier should contact the appropriate GT Buyer.

15.1.2 The GT Supplier Deviation Request (SDR) is available at [www.gtdev.com](http://www.gtdev.com).

15.1.3 Approval of the SDR will come in the form of the signed and dated SDR document being returned to the supplier, with the approval status clearly identified.

15.1.4 No material subject to an SDR can be shipped to GT until the SDR has been formally approved. The supplier may be subject to corrective action measures and handling fees associated with the unauthorized shipment of nonconforming material.

15.1.5 All shipments of material shipped under a SDR shall be marked with the SDR number on the label or attached in such a way that it is clearly visible and must consist of 100% affected material. A note shall be added to the packing slip stating the SDR number.

## 16.0 Material Age

### 16.1 General Requirements

16.1.1 It is GTD's expectation that all material be compliant with the purchase order, drawing, revision levels, and have a manufacturing date code as recent as First In-First Out (FIFO) or corrective actions measures will allow. GTD Internal Specification IS00001 lists GTD approved equivalent material.

### 16.2 Date Sensitive Material

16.2.1 Date Sensitive must have at least 25% of its shelf life remaining for acceptance (unless otherwise specified).



## 17.0 Safety Characteristics

### 17.1 General

**17.1.1 Safety Characteristic [SC]:** A product characteristic where non-compliance with the requirement for the characteristic in question is liable to lead to a quick impairment of its function without any previous warning, resulting in injury to the vehicle operator or those in the vicinity.

17.1.2 For components having a [SC] denoted, the supplier is to assure that the associated process has a capability of CPK of  $>1.67$  with ongoing SPC or 100% detection must be in place.

17.1.3 The supplier is to assure the following for [SC] items:

The work station is clearly identified as Safety Critical

Processing equipment must be identified as being safety related in the Maintenance System

Operators must be competent and aware of the importance of the operation being performed

Any nonconformance(s) related to a [SC] must be segregated as a Safety reject and reviewed for corrective action

## 18.0 Terms and Conditions

**18.1 Unless otherwise specified in Purchase Order, Agreement, or Contract, the Terms and Conditions associated with GTD Purchase Orders is as follows:**

### TERMS AND CONDITIONS

**1. Complete Agreement Modification:** Acceptance of this purchase order is expressly limited to the Terms and Conditions stated herein. If the purchase order is construed as an acceptance of Seller's offer, this acceptance is expressly conditioned on Seller's assent to any additional or different terms (from Seller's offer) contained on the front or reverse side of this form. This purchase order, together with (a) any supply agreement to which this purchase order is attached, (b) any exhibits or supplements attached hereto, (c) any additional warranties given by Seller, (d) any documents referenced in these Terms and Conditions, and (e) any written instructions issued by Buyer pursuant to the terms of this purchase order, all of which are incorporated herein by reference, shall contain the complete and final agreement between Buyer and Seller. No agreement or any other understanding in any way purporting to modify the Terms and Conditions hereof shall be binding upon Buyer unless agreed to in writing and signed by Buyer's authorized representative.

**2. Prices and Payment Terms:** Unless Buyer consents in writing, this order may not be filled as a price higher than that set out on the front or reverse side of this form, or in the absence of a stated price, at a higher price than that previously quoted to or charged to Buyer. No additional amounts shall be chargeable to Buyer because of taxes or excises, presently or hereafter levied on seller. Delay in receiving invoices, or errors or omissions on invoices, will be considered just cause for withholding payment and will not affect any of Buyer's cash discount privileges. Any reduction in Seller's costs resulting from refunds, rebates, reductions or drawbacks of freight rates, customs duties (including antidumping and countervailing duties), import taxes, excise taxes and/or sales taxes from those in force on the date hereof is to be paid to Buyer by Seller in reduction of the price of the goods ordered herein. Seller certifies that the prices herein are not higher than prices being charged to other organizations purchasing identical goods or services in quantities at this particular time and do not discriminate against Buyer. Seller further represents that the prices and terms of purchase, and any allowances available shall be in full compliance with the Robinson Patman Act.



**3. Packing, Marking and Shipping:** (a) All goods shall be properly packaged to prevent damage or deterioration and to obtain the lowest transportation rates. Buyer will pay no charge for packing, shipping, drayage or storage or for preparation, crating, dunnage or other materials unless separately stated on this order. (b) Each packing slip, bill of lading, invoice, container, tag and correspondence shall bear the applicable purchase order number (or the release order number applicable to each shipment if this is a blanket purchase order) and the location of the plant to which supplies are to be shipped. (c) A waterproof master packing slip shall accompany each shipment and shall be included in one of the packages marked "Packing Slip Inside". (d) Seller will ensure that all items are permanently and legibly identified. Identification requirements may include the following, as specified by this order or Buyers documents: part number and revision level, manufacturer's identification, lot or date code, serial number, and quantity. The following exceptions apply.

- 1) Items too small to be individually marked to be packaged in suitable containers identified with the requirements stated above.
- 2) Raw material is identified as required above and meets recognized industry standard color code requirements.
- 3) Material that the Seller receives from Buyer is identified upon return with Buyer's information supplied on this order.

(e) All goods shall be properly identified as to country of origin and all documentation in connection with the goods shall comply with all applicable governmental regulations. The cost of all such documentation and compliance with governmental regulation shall be included in and not additional to the price determined by Section 2, and shall include but not be limited to (i) all costs incurred in bringing the goods or the documentation into compliance with governmental regulations, (ii) all freight costs for additional materials to cover production or customer requirements, (iii) any fines, penalties or forfeitures levied by any government or governmental agency and (iv) any legal expenses and fees as they are incurred.

**4. Delivery Time of Essence/Improper Delivery:** Buyer's schedules are based upon Seller's agreement that goods and services identified by this order will be delivered to Buyer or performed by the dates specified herein. Time is therefore of the essence, and if goods are not delivered or services performed within the time specified, Buyer may reject such goods or services. If for any reason Seller fails to make delivery of goods or services specified in this purchase order within the time specified herein, Buyer may, at its option and its sole discretion, approve a revised delivery schedule, request shipment via air or expedited routing (at Seller's expense), or terminate this order without any liability. Seller shall not be liable for delays or defaults in delivering or furnishing products or serviced hereunder which delays or defaults are due to causes beyond its control and without its fault or negligence. The remedies provided in this paragraph shall be cumulative and in addition to any other or further remedies Buyer may have.

**5. Shipping Release:** The Seller shall not fabricate any of the goods covered by this order, procure any materials required in their fabrication, or ship any of such goods to Buyer, unless specific delivery dates or an authorization for raw material acquisition and stocking periods is provided in this order (or in a master purchase order that is referenced on this order), or in written instructions subsequently furnished to Seller by Buyer. Buyer shall have no responsibility for goods for which delivery dates or such written instructions have not been provided. Shipments in excess of those authorized may be returned to Seller and Seller shall pay Buyer for all expenses incurred in connection with the return of such shipments.

**6. Inspection:** Notwithstanding prior payment, all goods are subject to inspection, testing, and approval by Buyer within a reasonable time after they arrive at destination and prior to Buyer's acceptance. Buyer shall notify Seller if any goods are rejected for any reason. At Buyer's election, rejected goods may be held for Seller's account or returned to Seller at Seller's risk and expense. Buyer may charge to Seller all expense of inspecting, unpacking, examining, repacking, storing, and reshipping of any rejected goods. No replacement or correction of nonconforming goods shall be made by Seller without written authorization from Buyer. Unless Buyer otherwise agrees in writing, all goods and services shall be delivered in strict compliance with this order. Seller expressly warrants that all goods and services will conform fully with this purchase order and all related engineering drawings, specifications, and procurement documents. Buyer is not required to accept any substitute performance not to engage in efforts to effect a cure of nonconforming goods or services.

**7. Seller's Inspection System:** Seller must maintain an inspection system that ensures Buyer that all items furnished have been inspected or tested (prior to shipment) for conformity to the Buyer's supplied drawing, specification, and procurement documents and this purchase order. Seller must ensure sub-tier suppliers also conform to this requirement.

**8. Distributor Quality System:** The distributor shall maintain an inspection system that ensures that material supplied to GT Development Corp. conforms to the requirements of the purchase order. Unless otherwise specified, the distributor is responsible for material acceptability and performance.



**9. Report of Discrepancy:** Each departure from engineering drawings, specifications, or procurement requirement must be submitted to Buyer's Purchasing Department for deviation consideration. Disposition must be approved by Buyer prior to shipment, unless otherwise directed by Buyer's Purchasing Department in writing. One reproducible copy of the approved supplied discrepancy request must accompany each affected shipment. No waiver or modification of Buyer's standards, specifications, or requirements, nor any acceptance of nonconforming goods or services shall constitute a course of dealing or a waiver of Buyer's rights to subsequent deliveries of goods and services fully complying with this purchase order.

**10. Resubmission of Rejected Material:** All items rejected by Buyer and subsequently resubmitted by Seller must bear adequate indication of such resubmission on those items or on the shipping document. Reference shall be made on the Buyer's rejection document and evidence given that the causes for rejection have been corrected.

**11. Changes:** Buyer's authorized representative, at any time by change order or release authorization to the extent of items not received, may make changes in drawings and specifications, the methods of packing and shipping, and the time and place of delivery of goods or services furnished under this order or any release of authorization issues thereto. Seller shall notify Buyer within ten (10) days after receipt of the order or release authorization if the change will affect time of performance, or the amount to be paid by Buyer hereunder, and an adjustment shall be negotiated and agreed upon in a written amendment to this purchase order. Seller must obtain Buyer's approval through Buyer's Purchasing Department, in writing, prior to implementing any change in design, material, or process that may effect function, interchangeability, reliability, or aesthetics.

**12. Warranty:** In addition to any warranties expressed or implied in law, Seller warrants that the products and services covered by this order will conform to specification, drawings, samples or other descriptions furnished or specified by Buyer and will be satisfactory and sufficient to the purpose intended, merchantable, of good material and workmanship, and free from defects. Seller agrees that this warranty extends to future performance of the goods and shall not be deemed waived either by reason of Buyer's acceptance of said products or services or by payment. In the event Seller Breaches any such warranty, Seller shall, at Buyer's sole option and in addition to all other remedies of Buyer, either credit Buyer for any defects or nonconformity or, at Seller's expense replace, repair or correct any good or article affected by such breach. If the products ordered hereunder are described by identification numbers, Buyer's numbers shall control in determining whether the products conform to Buyer's specifications.

**13. Patents:** Seller guarantees and represents that the products ordered herein and their sale or use, alone or in combination, according to Seller's specifications or recommendation, if any, will not infringe or contribute to any infringement of any U.S. or foreign patents, trademarks, or copyrights, and Seller agrees to defend, indemnify and hold harmless Buyer, its successors, assigns, affiliates, corporations, and employees, agents or representatives, and their customers and users of their products, against and from all suits and from all damages, liabilities, claims and demands of any nature or kind arising out of or resulting from such alleged infringements. Seller shall, at Buyer's sole option, defend or assist in the defense, at Seller's expense, of any such suit.

**14. Termination at Option of Buyer:** Buyer, at its option, may terminate this purchase order, blanket purchase order or any release issued under a blanket purchase order in whole or in part by written notice to Seller. Upon termination, (a) as to goods and services completed prior to receipt of notice, Buyer shall pay Seller the purchase order price per unit completed, and (b) as to work in progress prior to receipt of notice, Buyer shall pay Seller only the pro rata portion of the purchase price per unit corresponding to the percentage of work completed on finished goods and services. All completed and uncompleted goods not yet shipped at the time notice of termination is received shall be held by Seller for the benefit of Buyer until receipt of shipping instructions from buyer. Payments made under this paragraph shall not exceed the purchase order price of the quantities specified in the Buyer's purchase order or release. Notwithstanding the foregoing, Buyer's responsibility for tooling, equipment, plant refurbishing, additional rework or repair expenses incurred by Seller will be limited to the amounts specifically authorized in writing by Buyer. Buyer may audit Seller's records before or subsequent to payment to verify amounts requested in Seller's termination claim.

**15. Termination for Default of Seller:** If Seller (a) refuses or fails to make deliveries of the supplies as specified in this order or in any shipping release issued to Seller, or (b) fails to perform any other provisions of this order and does not cure such failure within a period of ten (10) days after receipt of notice from Buyer specifying such failure, Buyer may, at its option, terminate in whole or in part this order or the contract formed thereby.



**16. Proprietary Rights:** Unless Buyer otherwise agrees in writing, all drawings, designs, prototypes, specifications, tools, equipment, or materials of every description furnished to Seller by Buyer or specifically paid for by Buyer and all tooling, patterns, and molds manufactured from Buyer's specifications and specifically paid for by Buyer shall be and remain the personal property of Buyer. Such property shall be held at Seller's risk and insured at Seller's expense in an amount equal to its replacement cost with loss payable to Buyer. It shall be safely stored, maintained, and wherever possible, clearly marked "Property of GT Development" by Seller. Buyer and Buyer's customers shall have the right to enter upon Seller's premise to inspect such property and any related records. Upon Buyer's written request, Seller shall prepare the property for shipment and redeliver it to Buyer in the same condition in which it was received, reasonable wear and tear excepted, or at Buyer's option, Seller shall assemble the property for pickup by Buyer or destroy or have destroyed any such property designated by Buyer and certify to Buyer that such property has been destroyed.

The right to use any of Buyer's drawings, designs, specifications, prototypes, trademarks, patents, tools, molds or equipment, technology, know-how, trade secrets, and any other proprietary information be disclosed or provided to Seller by Buyer is limited to Seller's use for producing articles for sale exclusively to Buyer and its divisions, subsidiaries and affiliated companies. Except as otherwise authorized in writing by Buyer, Seller will use any such information or property solely in connection with Seller's performance of this order, or any subsequent release issued pursuant to this order. The transfer of any of Buyer's information or property to Seller shall not be construed as granting a license or any right of ownership in any such information or property.

Seller agrees to keep any information identified as confidential or proprietary by Buyer, whether in tangible or verbal form, in strict confidence and not to disclose any such information to any third parties or any of Seller's employees, shareholders, officers or directors, except those having a legitimate need to know in connection with Seller's performance of this order. Seller agrees to take all reasonable steps to limit access to such confidential or proprietary information to only such persons with legitimate need to know and to further ensure that any subcontractors, suppliers, agents, or other third parties provided access to such confidential and proprietary information do likewise. If any goods specified in this order are peculiar to Buyer's design, or will bear or be incorporated in products that will bear Buyer's Trademark or other identifying marks, those goods shall not bear any trademark or other designation of seller, its subcontractor or supplies.

**17. Seller's Insolvency:** If Seller shall become insolvent, make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against it for any relief under bankruptcy or insolvency laws, or if a receiver of Seller's property or assets shall be appointed, Buyer may by delivery or written notice of termination to Seller, terminate this order in its entirety without liability and this order shall be of no further force or effect.

**18. Indemnification:** Seller will defend, indemnify and save harmless Buyer, its directors, officers, employees, agents and representatives from and against any and all demands of every nature and kind arising out of injury to or death of or damage to property of any person whenever such injury, death and/or property damage is in any way caused by or is alleged to be caused by any act or omission on the part of Seller, its agents, employees or subcontractors, except to the extent that any loss or damage is due solely and directly to the negligence of Buyer. This indemnification includes but is no way limited to the use of materials or products furnished by Seller in the materials or products of Buyer or others and any defect in materials products and services in either manufacture or design.

**19. Compliance with Laws and Regulations:** Seller agrees that in the performance of this order, it will comply with the requirements of all applicable federal, state and local statutes, regulations and orders and will defend, indemnify, and save Buyer harmless from any claim, loss or damage arising from Seller's violation or alleged violation of the same. Buyer serves from time to time as a contractor for the United States Government. The Seller agrees that, if applicable to this purchase order, Seller will comply with the requirements of U. S. Executive Order 11246 and other applicable equal employment opportunity laws. Contract clauses required by the U S. Government in such circumstances are incorporated herein by reference. Seller shall promptly notify Buyer of any applicable export or import requirements or restrictions of any government or governmental entity with respect to the articles, materials or work covered by this order.

**20. Ingredients Disclosure and Special Warnings and Instructions:** Seller shall promptly furnish to Buyer in such form and detail as Buyer may direct: (a) a list of all ingredients in the goods purchased hereunder; (b) the amount of one or more ingredients; and (c) information concerning any changes in or additions to such ingredients. Prior to and with the shipment of the goods purchased hereunder, Seller agrees to furnish to Buyer sufficient warning and notice in writing (including appropriate labels on goods, containers and packing) of any hazardous material that is an ingredient or a part of any of the goods, together with such special handling instructions as may be necessary to advise carriers, Buyer and their respective employees of how to exercise that measure of care and precaution which will best prevent bodily injury or property damage in the handling, transportation, processing, use, or disposal of the goods, containers and packing shipped to Buyer.

**21. Certificate of Canadian Value Added:** Upon request, Seller shall promptly furnish a "Certificate of Canadian Value Added" or furnish certification or North American content in accordance with U. S. or Canadian Government regulations pertaining thereto. Seller agrees to indemnify Buyer and/or its customers against all loss resulting directly or indirectly from Sellers' delay in completing and returning such certificates to Buyer and from incorrect information therein furnished by Seller.



**22. Canadian Goods and Services Tax:** Seller shall if it has not already done so, furnish Buyer with its Canadian Goods and Services Tax registration number and Seller warrants that any Goods and Services Tax Registration number so furnished is the registration number assigned to it by the Government of Canada.

**23. RoHS and ELV:** Seller agrees to notify Buyer, BEFORE manufacture and delivery of goods, of the presence of hazardous substances [Lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls, and polychlorinated diphenyl ethers] in goods or processes used to manufacture goods. If the presence on hazardous substances exceeds those allowable under the Restriction on the Use of Certain Hazardous Substances [RoHS Directive 2002/95/EC] directive and the End of Life Vehicle directive [ELV Directive 2000/53/EC] by the European Union, then the Buyer has the right to require the Seller to substitute materials in such a way as to comply with the EU RoHS or ELV directive. Although the Seller may not perceive that the European Union directives apply to their goods, the Buyer may incorporate Seller's goods in such a way that the directive applies.

**24. Miscellaneous:**

\*Any assignment of this order or any interest therein without the prior written approval of Buyer shall be void.

\*No waiver of any provision of this purchase order shall constitute a waiver of any other provision, or a waiver of any subsequent default by Seller.

\*Usage of trade shall not be applicable to this order unless consistent with the terms set forth herein.

\*If any provision or portion thereof of this order or the contract formed thereby shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and this order or any contract formed thereby shall be construed as if such invalid or unenforceable provision had not been contained herein.

\*This order and the contract formed thereby shall be governed by and construed and enforced in accordance with the laws of the State of Washington.

\*In addition to any right of setoff provided by law, all amounts due Seller shall be considered net of indebtedness of Seller to Buyer and its subsidiaries and affiliated companies, and Buyer may deduct any amounts due or about to become due or to become due from Buyer.

\*Seller hereby waives and relinquishes all liens and claims statutory or otherwise, which seller now has or may hereafter have as a result of labor done and materials furnished by Seller in performance of this order.

\*SELLER'S USE OF GT DEVELOPMENT'S TRADEMARKS IS LIMITED TO PRODUCING GOODS SOLELY IN CONNECTION WITH THE PERFORMANCE OF THIS ORDER. SELLER IS NOT AUTHORIZED TO USE SUCH TRADEMARKS FOR ANY OTHER PURPOSE, SPECIFICALLY INCLUDING, THOUGH NOT LIMITED TO ANY OF SELLERS ADVERTISING.