



Gasket Manufacturing Company

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A Woman Owned Enterprise

QUALITY SYSTEM CERTIFIED ISO 9001:2008 and AS 9100C:2009

PURCHASE ORDER TERMS AND CONDITIONS

Revised October 1, 2018

1. **Quality Assurance** – Supplier shall maintain a quality system compliant with AS9100, ISO 9001, ISO/IEC 17025, ISO 10012-1, NADCAP, D1-9000 or approved alternate traceable to a known national or international standard. Prompt written notification is required of all significant changes to the supplier quality system, including change in certification status, senior company management or ownership, and comprehensive changes to the quality manual. Failure to achieve a quality system as specified may result in revocation of quality approval status.
2. **Flow-Down Requirements** – Supplier is responsible for providing all flow-down requirements, documents and information to all applicable sub-tier suppliers to ensure conformity of manufacturing, inspection, testing and documentation requirements supporting the manufacturing process.
3. **Compliance with Laws** – The articles, materials or services covered by this order are to be furnished subject to and in accordance with all applicable laws and regulations of the United States Government, which laws and regulations are made a part hereof. Seller, in performing services and supplying materials or articles under this order, agrees to be bound by and to comply with all law provisions and regulations to which Buyer may be subject, in the same manner and extent as Buyer under its contracts or sub-contracts which relate to the articles, materials or services covered hereby. Seller shall indemnify and hold Buyer harmless from and against any and all claims, liabilities and expenses resulting from Seller's failure to comply with any applicable laws or regulations
4. **Acceptance** – A confirmation of sale from Seller shall be regarded as acceptance of these conditions, irrespective of any condition that might be laid down by the Seller in conflict with these conditions, even when reference made to the Seller's condition of sale in the confirmation of sale or acknowledgement of this order, or in any of the documents relating to the buyer's order, unless said conditions are expressly accepted in writing by the buyer.
5. **Specifications** – All articles ordered to Government or Buyer's specifications must comply with such specifications current as of the date of this order, unless otherwise specified by the Buyer. The Seller shall not incorporate any changes in design, material or processes without written approval by Buyer. Buyer's approval in no way relieves the Seller from responsibility for meeting all requirements of the drawing and specifications governing this purchase order. Seller is responsible for communicating all applicable requirements of these purchasing documents to any sub-tier suppliers.
6. **Shipments** – Buyer's production time is of the essence, the schedules are based upon the agreement that materials will be delivered to Buyer by the date specified on the face of the purchase order. If deliveries are not made at the time agreed upon, Buyer reserves the right to cancel or to purchase elsewhere, and hold Seller accountable for the additional costs thereof. Goods are to be prepared for shipment with due care but no charges shall be allowed for cartage, packing or other handling unless agreed upon in writing.
7. **Payment** – Invoices shall be mailed to the Buyer's accounting department when items are shipped. The time for payment shall commence with date of actual receipt if items are in complete accordance with the requirements of the order. Any adjustments in Seller's invoices due to shortage, late delivery, rejection or other failures to comply with the requirements of the order may be made by Buyer before payment.
8. **Inspection and rejection** – Final inspection and approval shall be made at the Buyer's premises unless otherwise agreed in writing. If it is Buyer's judgment that the order does not conform with the requirements, Buyer shall have the right to reject the order and, in addition to its other rights and remedies, Buyer shall, without limitation, all of the following rights: (1) to return the order to the Seller for reimbursement, credit, replacement or corrections as Buyer may direct; (2) to correct, rework, and/or replace with the additional cost to be charged to and paid by the Seller; and (3) to hold the order at Seller's risk and expense for disposal or correction according to the Seller's instructions. Any goods rejected by the Buyer that are returned to the Seller shall be at Seller's risk and expense, with cost of packaging, handling, inspection, transportation, and the like included thereto, to be charged and paid by the Seller.
9. **Quantities** – Shipments must equal exact amount ordered unless otherwise agreed in writing by Buyer.
10. **Prices** – Seller warrants that each price for articles sold to Buyer is no less favorable than that extended during the term of this order to any other customer for the same or like articles in equal or lesser quantities on similar terms, conditions and deliveries.

11. **Taxes** – Federal State or local taxes of any nature, which are billed to Buyer, shall be stated separately in Seller’s invoices. Any and all tax exemption certificates will be accepted by Seller.
12. **Certificate of Conformance** – When specified on the face of the purchase order a signed and dated statement must accompany each shipment stating that material furnished against the purchase order meets all purchase order, drawing and specification requirements and that other verifiable objective evidence of quality, such as test reports, data sheets, and inspection records are on file and available for review by the Buyer or their customers.
13. **Termination/Cancellation** – Buyer has the right to terminate or cancel this order and contract, in whole or in part, at any time upon written notice to Seller. Unless such termination or cancellation is due to the default or failure of the Seller to comply with requirements, Buyer shall pay Seller on a pro-rata basis for work completed as of the date of termination /cancellation and upon such payment all material, work-in-process, finished goods, drawings, information, tooling and other things for which Buyer has paid, shall at Buyer’s option become the property of the Buyer and released by Seller.
14. **Notifications** – Seller agrees to immediately notify Buyer in writing of any actual or possible non-conformances or problems with materials or services furnished by it. Seller also agree to give Buyer reasonable advance notice of potential material shortages, labor disputes, insolvency, or other matters that might delay or interfere with its performance. Seller also agrees to obtain organization approval for nonconforming product disposition and notify the organization of changes in product and/or process, changes of suppliers, changes of mfg. facility location and, as required, obtain approval.
15. **Access** – Buyer reserves the right, for itself, its customers and regulatory authorities, to access the applicable areas of Seller’s facilities and to documented information, at any level of the supply chain. Seller shall furnish reasonable assistance for the safe and convenient performance of Buyer’s and its customer’s duties.
16. **Awareness** – Buyer reserves the right to require and request evidence from all External Providers ensuring that their personnel are aware of their contribution to product or service conformity; their contribution to product safety; and the importance of ethical behavior.
17. **Changes** – Buyer reserves the right at any time prior to the complete delivery of the goods or services to make changes therein and changes in packaging, time, place, schedule of delivery, method of transportation, and Seller agrees to accept such changes. If any such changes cause an increase or decrease of cost or the time required for performance, and an itemized claim for adjustment is made within thirty (30) days of the notice of the change, and equitable adjustment will be made and this agreement modified in writing in accordance with the adjustment.
18. **Proprietary Rights** – Seller agrees not to publicize the fact that Buyer has contracted with Seller and not to disclose any details or proprietary information about the order without Buyer’s written permission. [Unless otherwise known to the public, all information disclosed by Buyer to Seller is confidential and proprietary and Seller agrees that it shall not be disclosed or used except for the express purpose of performing this agreement. All things (drawings, documents, etc.) containing such information are the property of Buyer and are to be delivered upon demand, Seller agrees that no information disclosed by it to Buyer shall be confidential unless due notice thereof is given in advance and accepted by Buyer in writing.
19. **Independent Contractor** – Seller is and shall remain an independent contractor. Seller warrants that all work and services relating to this purchase order will be done in a safe, proper, and workmanlike manner and in compliance with all applicable codes, regulations, laws, standards and specifications. Seller is responsible for insuring all requirements for tests, examination, inspection and processes are performed by personnel qualified in accordance with current standards and regulations.
20. **Foreign Object Damage (FOD) Prevention Program** – Supplier shall establish, implement, document and maintain a process to mitigate FOD risk in compliance with AS9146. Compliance certifications are not required, however the supplier is subject to audit at any time to show compliance.
21. **Record Retention** - Minimum 8 years or per purchase order requirements.
22. **Counterfeit Parts/Material Prevention** - Vendor shall adopt and implement procedures to detect and avoid counterfeit parts/materials in accordance with AS5553 and AS6174. Where applicable, certifications of authenticity of supplied materials tracing back to the original manufacturer are required with each shipment. Vendor shall indemnify Gasket Manufacturing Co. and their upstream customers from any damages resulting from the later discovery of counterfeit, or suspect counterfeit, products supplied.
23. **Export Control Notice** - Purchase Orders, which includes any attachments and exhibits, may contain information subject to International Traffic in Arms Regulation (ITAR) or export Administration Regulation (EAR) of 1979, which may not be exported, released, or disclosed to foreign nationals, inside or outside of the United States, without first obtaining an export license. Violators of ITAR or EAR may be subject to a penalty of ten (10) years imprisonment and a fine of \$1,000,000 under Title 22, United States Code (U.S.C.), Section 2778. Control of Export and Imports, and Title 50 U.S.C., Appendix 2410, Violations.
24. **Government Orders** - Vendors are required to follow all provisions of the Defense Priorities and Allocations System Regulation (15CFR 700) when orders are rated Certified for National Defense use, as noted on our purchase order.
25. **Environmental Related Substances** - All suppliers shall maintain a system such that controls and/or restricts and/or eliminates the use of hazardous substances from materials/parts and processes to meet regulatory and industrial / Business Unit compliance requirements.