



# Supplier Terms and Conditions

CAR Engineering & Manufacturing, Inc.  
51 Victor Heights Parkway, Victor, NY 14564  
**Phone:** 585-924-6400 | **Website:** [www.car-eng.com](http://www.car-eng.com)

As a condition for continuing to be an approved supplier to CAR, CAR requires your organization's compliance a condition for being initially selected as a supplier to CAR Engineering & Manufacturing, Inc. (CAR) and as to the following:

- 1.) **Supplier Quality Management System Development:** Unless otherwise approved by CAR, 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. CAR is committed to supporting your achieving this goal and has developed a roadmap to help our suppliers achieve this goal.
- 2.) **Product document version management:** All CAR purchase orders will be accompanied by, where applicable, product drawings, work instructions and other process documents (ex. Control plans, 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.
- 3.) **Special characteristics control:** When required, CAR 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 CAR and CAR'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 CAR, you will use the same symbol that CAR 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 Ppk of 1.33 for all KPCs for new product launches
- 4.) **Special processes:** A special process is a process whose output cannot be verified until the product is in application. Consequently, one way to confirm compliance of a product processed/manufactured in a special process is to rely on process validations. IATF 16949 automotive quality management system requirements requires that all special processes utilized in the processing/manufacturing of an automotive component be compliant with respective CQI Standards published by Automotive Industry Action Group (AIAG). At this time, CAR utilizes heat treatment and plating special processes. Special process suppliers to CAR 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
- 5.) **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 met.
- 6.) **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 CAR's requirements prior to being shipped to CAR.



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- 7.) **Supplier verification of product/service prior to final release:** The supplier will ensure that all products/services realized for CAR be subject to a final verification by the supplier at the supplier's premises to ensure compliance to CAR's requirements. Evidence of this verification must be maintained as a quality record by the supplier with traceability to the person authorizing such release.
- 8.) **Nonconforming product detected at supplier's premises:** When non-conforming product is manufactured, your organization will notify CAR 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. CAR will advise your organization of the disposition of the nonconforming product. Nonconforming product can be disposed of as any of the following:
- Accept as-is for intended or alternate application with deviations approved by CAR
  - Rework, re-inspect
  - Scrap
- 9.) **Non-conforming product detected at CAR's premises:** Upon receipt of products/services from the supplier at CAR's premises, CAR will subject the product/service to an incoming verification to ensure that the purchased product/service meets CAR's purchase requirements. CAR reserves the right to subject products/services deemed to be non-conforming CAR's purchase requirements to any of the following dispositions:
- Accept as-is
  - Require rework and reinspection by supplier
  - Reject as scrap
- 10.) **Supplier Corrective Action Requests:** CAR 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.
- 11.) **Use of approved methods, processed and equipment:** The supplier shall use approved methods, processes and equipment to meet CAR'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 CAR which are the basis for CAR's approval of the supplier's ability to deliver such product/service to CAR during regular production runs.
- 12.) **Supplier-CAR interactions & approvals:** Supplier will notify CAR prior to executing any of the following changes to your product and/or process:
- Changes in originally approved methods, processes and equipment
  - changes in suppliers
  - changes in manufacturing location and layout
- While notifying CAR of all changes is a requirement, not all changes will require approval from CAR to implement the change. However, based on the potential severity of the proposed change on the end product, Supplier may require an approval from CAR prior to executing the proposed change.
- 13.) **Certificated of Compliance (C of C) are required with each shipment. Certificate of Analysis is required when specifically required in the Purchase Order:** Certifications must include name, signature, and title of QC



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Manager or other authorized personnel. The recording of false, fictitious or fraudulent entries on documents may be punished as a felony under Federal Statute.

- 14.) **Records retention:** All records related to CAR's contract will be retained by your organization for a minimum of 20 years, unless otherwise specified by CAR explicitly in a specific purchase order. Records shall be made available to the purchaser within 48 hours (business days only included) of request.
- 15.) **Right of access:** CAR, CAR'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.

### 16.) Statutory and regulatory compliance:

- 16.1. **Statutory and regulatory compliance - General:** Where specified in CAR's purchase order, supplier will ensure compliance with any specified statutory and regulatory requirements pertaining to the product/service.
- 16.2. **Statutory and regulatory compliance – Flow-down to sub-tier suppliers:** Where applicable, Suppliers are required to flow down statutory and regulatory requirements specified by CAR 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.
- 16.3. **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 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;
- 16.4. **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;
- 16.5. **Statutory and regulatory compliance - Anti-Discrimination Laws:** Seller 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 CAR 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 Seller, 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.
- 17.) **Conflict between Purchase Order and Supplier Terms & Conditions:** To the extent there is a conflict between requirements contained in this document and requirements set forth on the face of or in the attachments on CAR's purchase order, the requirements on the face of the purchase order and/or in the attachments shall prevail.



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18.) **Document controlled location:** The copy of this Terms & Conditions on <http://www.car-eng.com/> is the relevant version. Any other version of this document is considered obsolete and must not be used.

19.) **CAR Authorized Contact:**

*Yvette Rogers Pagano  
Chief Operations Officer  
CAR Engineering & Manufacturing, Inc.  
51 Victor Heights Parkway  
Victor, NY 14564  
Phone: 585-924-6400 Ext. 125 | Email: [ypagano@car-eng.com](mailto:ypagano@car-eng.com)*

20.) **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 CAR to the supplier's suppliers and require their compliance to such requirements. Further, supplier's are required to develop, implement and maintain systems to ensure that their suppliers are compliant with these requirements, where applicable.

## Revision record

Revision #	Revision date	Author	Reviewed/ approved	Reason for revision
1	12/28/2017	Sri Vilayanoor	Yvette Pagano	New document
b	12/28/17	Y Pagano	Y Pagano	Added document control