

# Supplier Terms & Conditions

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

- 1.) **Supplier Quality Management System Development:** Unless otherwise approved by RUS, Supplier shall develop and maintain a quality management system that is, at the least, third-party certified to ISO 9001:2015 RUS 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 RUS 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, RUS 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 RUS and RUS'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 RUS, you will use the same symbol that RUS 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.) **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.
- 5.) **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 RUS's requirements prior to being shipped to RUS.
- 6.) **Supplier verification of product/service prior to final release:** The supplier will ensure that all products/services realized for RUS be subject to a final verification by the supplier at the supplier's premises to ensure compliance to RUS's requirements. Evidence of this verification must be maintained as a quality record by the supplier with traceability to the person authorizing such release.
- 7.) **Nonconforming product detected at supplier's premises:** When non-conforming product is manufactured, your organization will notify RUS 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 of as scrap shall be suitably identified and controlled so as to make it unusable. RUS 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 RUS
  - b. Rework, re-inspect
  - c. Scrap

- 8.) **Non-conforming product detected at RUS's premises:** Upon receipt of products/services from the supplier at RUS's premises, RUS will subject the product/service to an incoming verification to ensure that the purchased product/service meets RUS's purchase requirements. RUS reserves the right to subject products/services deemed to be non-conforming RUS's purchase requirements to any of the following dispositions:
- Accept as-is
  - Require rework and re-inspection by supplier
  - Reject as scrap
- 9.) **Supplier Corrective Action Requests:** RUS reserves the right to issue a Supplier Corrective Action Request to the supplier for the purpose of addressing any non-conforming situation caused by the Supplier. The completed Corrective Action must be addressed and returned to RUS by the supplier in the prescribed format within the prescribed duration.
- 10.) **Use of approved methods, processes and equipment:** The supplier shall use approved methods, processes and equipment to meet RUS'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 RUS which are the basis for RUS's approval of the supplier's ability to deliver such product/service to RUS during regular production runs.
- 11.) **Supplier-RUS interactions & approvals:** Supplier will notify RUS 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 RUS of all changes is a requirement, not all changes will require approval from RUS to implement the change. However, based on the potential severity of the proposed change on the end product, the Supplier may require an approval from RUS prior to executing the proposed change by submitting a production trial run for verification of changes. RUS will validate the impact of any changes on the manufacturing process.

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

Unless specified by RUS Industries, the calibration certificate/test report provided will be an ISO/IEC 17025:2017 accredited certificate i.e. the certificate of calibration or test report shall include the mark of a national accreditation body.

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

15.) **Statutory and regulatory compliance:**

- 15.1. **Statutory and regulatory compliance - General:** Where specified in RUS's purchase order, supplier will ensure compliance with any specified statutory and regulatory requirements pertaining to the product/service.
- 15.2. **Statutory and regulatory compliance – Flow-down to sub-tier suppliers:** Where applicable, Suppliers are required to flow down statutory and regulatory requirements specified by RUS 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.
- 15.3. **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;
- 15.4. **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;
- 15.5. **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 RUS Industries Inc. 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.

16.) **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 RUS's purchase order, the requirements on the face of the purchase order and/or in the attachments shall prevail.

17.) **Document controlled location:** The copy of this Terms & Conditions on [www.rusindustries.com](http://www.rusindustries.com) is the relevant version. Any other version of this document is considered obsolete and must not be used.

18.) **RUS Authorized Contact:**

Name Greg Robinson

Address 3255 Lockport Road; Niagara Falls, NY 14305

Phone 716-284-7828

Email [gregrobinson@rusindustries.com](mailto:gregrobinson@rusindustries.com)

19.) **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 RUS 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.

20.) **Control and Monitoring of Supplier performance:** RUS performs continual monitoring of performance of critical suppliers considering factors including but not limited to: (a) quality, (b) on-time-delivery. Annually, RUS performs a supplier risk assessment considering the above factors. Suppliers presenting an acceptable risk to RUS 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 RUS'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 RUS's top management.