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1.0 INTRODUCTION

Grote Industries LLC is dedicated to serving the transportation industry into our second century by providing excellence in safety systems and related products. Exceeding customer expectations is the priority of every employee at Grote. Our continued growth and security will result from the success generated by our people working together to develop, innovate, manufacture, and market quality products. This objective will be achieved by initiating a comprehensive supply management strategy consisting of the following goals:

- Long term business relationships with a reduced supplier base
- Linkage with key suppliers during the New Product Introduction phase
- Reduction of lead times
- Just in time delivery
- Zero defect receipts
- Supplier productivity improvement

Attaining this level of quality requires teamwork between Grote 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 our customers.

We intend with these requirements to clarify the basic elements that are essential for an effective supplier relationship. Each supplier must establish and maintain a quality system to assure that all materials, equipment and services supplied to Grote will meet all specifications, federal safety regulations and industry standards.

Grote's expectations of suppliers are based on the following criteria:

- Suppliers must assume full responsibility for the quality of their products and services.
- Defect identification and prevention through the development of an effective quality system must be instituted. This system shall be based on sound quality planning and proven process capabilities that include the implementation of statistical process control techniques.
- The supplier is responsible for conforming to Grote's specified requirements as detailed on Grote's prints and specifications. Verification by the purchaser shall neither absolve the supplier from the responsibility to provide acceptable product nor preclude subsequent rejection.
- Assurance of end-use product quality must be maintained through careful consideration of material handling techniques, as well as packaging and shipping devices. This assurance includes the understanding of transportation requirements and routing instructions to insure proper consignment and carrier use.
- The requirements set forward in this manual, as well as the applicable Grote drawings requirements, and specifications must be conveyed to, and adhered to by sub-suppliers.


Competitive pressures require suppliers to improve product quality and manufacturing productivity on a continual basis by reducing variability within the given specifications, while meeting federal safety regulations and industry standards.

2.0 GROTE SUPPLIER EVALUATION

Grote evaluates all active suppliers monthly, using the Supplier Performance Report (SPR). Grote's intent is to ensure that all our suppliers meet or exceed the quality and supply requirements of Grote and our customers.

2.1 SUPPLIER PERFORMANCE RATING CALCULATION

The Supplier Performance Rating is a tool used to monitor each supplier's performance in meeting and reacting to Grote's expectations and demands. This report provides a statistical representation of each supplier's performance.

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2.1.1 PRODUCT ACCEPTANCE CALCULATION

The PPM (parts per million) score is calculated using the number of rejected units in that month divided by the number of parts received in that month, multiplied by one million. Any shipping discrepancies that have been charged to the supplier during that month, will be an additional “infraction” and will be added to the number of rejected units. Details of both the discrepancy and the DMN (defective material notice) are provided in the detail of the Supplier Performance Report. The PPM is displayed on the supplier’s Score Card. The number of points awarded for that PPM can be found by using the table also provided in the score card based on 25%.

PPM's	Scale
0	25
1-10	24
11-50	23
51-100	21
101-250	19
251-500	15
501-1000	12
1001-2000	10
2001-3000	8
3001-4000	5
4001-5000	3
5001+	0

2.1.2 DELIVERY PERFORMANCE CALCULATION

Delivery Performance calculates the timeliness of shipments to Grote. The guidelines dictate that shipments should be no more than 4 days early and zero days late. Delivery Performance is calculated by dividing the total number of lots less those lots received 4 days early or 0 days late by the total number of shipments. The number is then weighted by 15% to determine score.

2.1.3 CUSTOMER DISRUPTIONS:


Defined when a Grote customer is in an out of stock position resulting from a Grote supplier past due/late delivery or quality issue deemed supplier responsibility. The number is weighted by 35% to determine the supplier’s score according to the scale.

Disruptions	Scale
0	35
1	20
2 +	0

2.1.4 EXPEDITED FREIGHT:

Defined as when expedited and or air freight is required to meet delivery commitment to a Grote customer. The supplier is charged per occurrence when Grote’s supplier is late on delivery commitment and Grote pays for expedited freight to meet Grote production plans to meet Grote customer delivery dates. The number is weighted by 25% to determine the score according to the scale.

Expedited Freight occurrence	Points
0	25
1	10
2+	0

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2.2 REPORTING

Grote Supply Management will provide suppliers with the results of the Supplier Performance Report once a month. Cumulative ratings will also be displayed. One time per year, Grote may evaluate the most critical members of the supply chain with a comprehensive report that goes beyond the on-time delivery and quality metrics in the monthly SPR. This evaluation will include factors such as engineering support, ease of doing business, and cost reduction efforts.

2.2.1 SUPPLIERS TERMED "HIGH IMPACT"


Suppliers who fall into the "Unacceptable" category on the Supplier Performance Report for three consecutive months or four red months in a rolling twelve month period, or that cause a "Stop shipment" condition to our customers' will be termed "High Impact" and, at a minimum, will be asked to submit corrective action in an 8D, 5 Why, or A3 problem solving format. Suppliers will be notified of this status via a formal communication. In addition, the following may be required:

- Review of documentation such as any or all the following:
 - Quality Manual
 - Internal audits
 - Customer audits
 - Corrective Actions
 - Operating procedures, etc.
- Grote may request the supplier to visit Grote to answer questions pertaining to the poor performance.
- Production sites may be requested to provide access for Grote purchasing, or quality personnel, while an audit is conducted.
- Product supplied by supplier termed "High Impact" may be subject to additional receiving inspection.

Although all suppliers are expected to work with Grote problem solving/problem investigation teams, there will be a heightened focus on these activities for suppliers in this category. In depth reporting, communication, and problem-solving efforts will be expected for this group. Suppliers in this category may be subject to desourcing.

3.0 INTRODUCTION TO THE SUPPLIER QUALITY SYSTEM

Grote Industries, LLC is a Tier 1 supplier to the automotive and truck industry and is following the IATF16949* standard. The Grote Industries, LLC approach to all systems is based on our customers' requirements. ISO 9001* is the minimum requirement for Grote supplier quality systems. Unless specifically excluded by Grote Industries' Purchasing Personnel, using the Supplier Base Exclusion Criteria, all suppliers are expected to be registered to, or demonstrably working toward ISO 9001. If a supplier's product is only utilized in aftermarket products, certification to ISO9001 and the ability to meet Grote specific requirements is adequate. For suppliers that provide products or services that are ultimately delivered to Grote's OEM customer base there are additional requirements. Suppliers serving the Grote OEM supply chain are expected to have ISO9001 and be working toward an ultimate goal of IATF16949 certification. As an intermediate step, the IATF document "Minimum Automotive Quality System Requirements for Sub-Tier Suppliers" (MAQMSR) outlines sections of IATF16949 that must be met by quality systems that will serve Grote's OE customer base. Calibration Supplier's (Sub-Tiers) must be certified to ISO/IEC 17025. Suppliers are required to meet the customer-specified requirements of Grote Industries' customers, as appropriate, and be able to provide Grote with test results of documentation of compliance. Grote Industries-specific requirements shall be applied in addition to the customer-specific requirements.

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3.1 GROTE SPECIFIC REQUIREMENTS

3.1.1 CONTROL PLANS

Control Plans summarize the method for controlling the process and product for a component or material to insure compliance with Grote specifications. Control Plans may be requested for any product and service commodity, including bulk packed materials. (Refer to the A.I.A.G. Advanced Product Quality Planning Guide and Control Plan and Production Part Approval Process manuals.)

Grote customers may use unique symbols to identify important characteristics, such as those that affect customer safety, compliance with regulations, fit, function, or appearance. These characteristics are variously termed, "Critical," "Key," "Safety," "Significant," or "Grote." Part characteristics that shall be included in a Control Plan are as follows:

- Critical Characteristics (CC), i.e. legal requirements;
- Significant Characteristics (SC) as determined by Grote and our customers;
- Grote Control Characteristics (GCC) as specified on Grote Print and or Customer Prints (Grote Engineering Team). SPC data required at PPAP and as requested.

*In this manual when the term IATF16949 or ISO 9001 is used the intention is always the latest revision of the applicable standard.

3.1.2 TOOLING AND EQUIPMENT MAINTENANCE

All tooling and equipment used in the manufacture of Grote products must be maintained by the supplier in a condition that will assure that quality parts will be produced and reasonable tooling life maintained. Any supplier using Grote/Customer-owned tooling may be required to assure statistical capability of that tooling prior to acceptance for Grote production. Any Grote/Customer-owned tooling not found to be statistically capable shall be identified as such in writing to Grote Purchasing.

All tooling owned by Grote/Customer must be permanently identified as the property of Grote with the proper tool number.

Tooling and check fixtures shall be updated to the latest blueprint levels released by Grote Purchasing Department. This must be documented and traceable.

Obsolete tooling/fixtures cannot be scrapped without written authorization from Grote Purchasing Department.

The supplier must have a maintenance program for production equipment and tooling. Preventative maintenance shall be planned, performed, and documented in accordance with formal guidelines. Traceable control records must be maintained. If a tool is significantly damaged or "crashed", even though the supplier undertakes repairs, Grote purchasing must be notified immediately.

3.2 OUTGOING PRODUCT CONTROL AND CERTIFICATION


3.2.1 RAW MATERIALS

Material certification must be available upon request for each lot supplied. In some cases, Grote may request material certifications to be sent with each shipment. Specific requirements for necessary test data shall be included on referenced standards, or engineering specifications. Materials must remain consistent with initial PPAP. Any deviation, even temporary changes or modifications must be communicated to Grote Purchasing prior to the production with the new material.

3.2.2 PURCHASED COMPONENTS

Grote has established that we will utilize the A.I.A.G Production Part Approval Process as the foundation for our initial sample approval procedure, and it is our intention that all purchased components and final assemblies shall be warranted product. Warranted product is material that has been approved for production per the requirements of section 5.0 of this document. That includes submission by the supplier of a Part Submission Warrant and its subsequent approval by Grote Supplier Development Engineer.

It must be the goal of every supplier to deliver only warranted product to Grote Industries, LLC. All warranted product goes from dock to stock bypassing Receiving Inspection after the PPAP approval.

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This process is controlled by Grote's JDE E1 Manufacturing Information System. All other warranted product with acceptable product conformance history, can only bypass Receiving Inspection as approved by Purchasing and Supplier Development Engineer. Grote reserves the right to verify product on the supplier's premises. Any rejected material shall be handled through Grote's purchasing department.

3.2.3 CERTIFIED STOCK

Certified Stock is material that has been 100% sorted or otherwise qualified after a supplier has been notified of a rejection. Certified Stock shall be clearly identified. Normally warranted product that has been rejected by Grote Industries, LLC and then submitted as Certified Stock may NOT be warranted until full approval of the supplier's corrective action has been granted.

3.3 REQUEST FOR PRODUCT DEVIATION

Products that do not conform to Grote specifications may not be shipped without a written Product Deviation Notice. If the supplier is unable to manufacture production components and materials to Grote specifications, a request for deviation can be made by contacting Grote Purchasing prior to production submission. The Grote Product Deviation Notice shall be initiated by Grote Purchasing and a deviation number issued by Grote Purchasing Team.

The supplier is responsible for putting the assigned Product Deviation Notice number on each container to notify Grote Receiving and Production of the deviation. The Product Deviation Notice approval number is assigned for the quantity, purchase order, and/or time specified by the deviation. Once the deviation has expired, all future shipments found to be non-conforming to specification will be rejected.

3.4 EXTERNALLY PROVIDED SERVICES (CALIBRATION) ISO/IEC 17025:

Calibration laboratories must be ISO/IEC 17025 certified.

The Calibration Laboratory shall ensure that amendments to Technical Records can be tracked on previous versions or to original observations. All files shall be retained, including the date of alteration, an indication of the altered aspects and person responsible.

The Technical Records for each Calibration Laboratory activity must include:

- Results.
- Report.
- Measurement Uncertainty (ISO/IEC 17025 and PI03 A2AL).
- Factors affecting the results.
- Date and person responsible for the activity.
- Original observations.
- Data and calculations at time they are made.

These Technical Records must accompany the product be calibrated when sent back to Grote Industries.

4.0 NON-CONFORMANCE TO SPECIFICATION


4.1 SUPPLIER CORRECTIVE ACTION

It is the responsibility of the supplier to provide Grote Industries with products that conform to the current revision of all applicable drawings and specifications. The supplier is expected to have in place the necessary systems and procedures to insure the manufacture and shipment of conforming products.

If non-conforming products are detected at Grote Industries, it is the supplier's responsibility to isolate Grote Industries, LLC from the effects of this problem. This includes, but is not limited to, disruption of production schedule, quality effects, and additional costs incurred as a direct result of the nonconformance.

Key requirements of suppliers include:

- The supplier may, upon notification at rejection at Grote Industries, LLC be asked to provide "Certified Stock" to Grote by the time agreed upon by Grote Supply Management and the supplier to meet Grote production needs.

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- If the nonconforming material is needed to meet Grote Industries' delivery schedules before "Certified Stock" is available, Grote may elect to deviate, sort, rework or otherwise disposition the material. Whenever possible, the supplier will be notified in advance if this is necessary. Cost associated with the rejection will be the responsibility of the supplier. These costs may include, but are not limited to, material shipping, scrap, handling, direct or indirect labor, and contracted services.
 - As the result of a rejection that is deemed by the Grote Buyer to be the fault of the supplier, the supplier may be charged handling fees in addition to the costs incurred by Grote to use or return the non-conforming material.
 - The supplier will work with Grote purchasing to make disposition of rejected material held at Grote Industries. Samples will be made available. If the supplier has not responded within two weeks, Grote Industries, LLC may return the material freight collect and issue a debit to cover costs incurred as a result of the rejection.
 - The supplier must conduct a root cause investigation and report the corrective actions via a formal document (8D, 5 Why, or A3). The initial containment should be within one working day. An interim corrective action (if required) should be in place within 3 working days. A final corrective action should be identified within 15 days and implemented within 30.
- Timing should start on receiving at least one example of the defect at Grote.
In the event of an issue that results in a stop ship or a quality issue that results in field action, Grote will conduct a systematic review with supplier to assure implementation of corrective actions across appropriate supplier facilities.

5.0 THE NPI PROCESS and PPAP


The New Product Introduction process (NPI) is the product development and startup process. Grote is following IATF16949 as the driving standard for this process. As part of the NPI process suppliers may be expected to conduct or participate in APQP, MSA, FMEA, or SPC as needed to fulfill the intent of IATF16949 and demonstrate readiness for production. During the NPI process Grote Industries, Inc. will communicate to the supplier all the requirements for the product including customer specific requirements. These customer specific requirements may go beyond product design to areas such as inspection, testing, shipping and labeling standards. The supplier must understand and meet these requirements. If the supplier feels the requirements are not fully and clearly communicated, they must address this issue to the appropriate NPI team members or to Grote purchasing. The purpose of Production Part Approval Process is to determine if all engineering design records and specification requirements are properly understood, and insure the process has the potential to produce product meeting these requirements during an actual production run.

5.1 APPLICATION

The Production Part Approval Process (PPAP) is used for all production commodities. The supplier shall fully comply with all requirements set forth in the AIAG Production Part Approval Process (PPAP) Manual unless otherwise directed by purchasing.

5.2 GROTE INDUSTRIES, LLC SPECIFIC PPAP INSTRUCTIONS

- Submission level is to Level 3 unless other instructions are communicated by purchasing.
- Preliminary Process Performance must be based upon 30 pieces per cavity or station.
- All submissions with material certification or other lab tests must include lab scope for internal lab or evidence of accreditation if external lab is used for testing.
- Measurement system variation must be within 10% of part tolerance. Levels from 10-30% must have approval from Grote Engineering and/or Grote Supplier Development Engineer. Gage R&R studies should have been performed within the last 24 months. Characteristics labeled GCC or otherwise indicated to be critical on the drawing will require appropriate capability studies.
- Each submission to Grote must be packaged separately and identified as PPAP samples.
- Suppliers must receive PPAP approval prior to production shipments unless specifically authorized by Grote Purchasing.

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- It is the responsibility of the supplier to provide documentation of compliance to any specification referenced on the Grote print. When third party laboratories are used, they should be A2LA certified.
- In cases where lithium or alkaline batteries, lubricants, magnets, adhesives or solvents are going to be supplied to be shipped as individual items in a finished goods container, special transportation regulations may be involved. During the NPI phase, Grote personnel will need technical data from suppliers on any product that might be packaged and shipped in this fashion.

6.0 PACKAGING AND IDENTIFICATION REQUIREMENTS

6.1 SHIPMENTS

All material must conform to the following specifications unless specifically agreed upon in writing by Grote Purchasing.

6.2 GROTE INBOUND ROUTING GUIDE


Please use the following guidelines when routing product to Grote:

- Routings must be shown on all Purchase Orders where applicable.
- All domestic freight charges must be handled through Freedom Logistics on a **freight collect** basis:
 1. "Billing for freight collect shipments
 - a. The "Bill To" section on your Bill of Lading must read as follows:
 Grote Industries, Inc.
 C/O Freedom Logistics
 360 W. Butterfield Road
 Suite 400
 Elmhurst, IL 60126
 2. Routing
 - a. To route the Grote Industries freight, please visit the following web address: http://starrate.tranzact.com/StarRate/LoginForm.aspx?login=srvendor_grt
 - b. Using the website, enter origin zip/state and destination zip/state and the weight of the shipment. The site will then generate the carrier that should be utilized for the shipment.
 - Prepaid, third party billings involving freight charges, must be mailed direct to Grote Industries, Attn: Traffic Department." Prepay and Add are discouraged. UPS Collect Billing is required for all UPS Shipments. For details contact the Grote Traffic Department.
 - Expedited shipments should be handled through Grote Buyer/Traffic.
 - Shipments made on pallets, platforms, skids, or racks must indicate on the Bill of Lading the gross weight, tare weight, and net weight.

6.3 SHIPPING AND PACKAGING SPECIFICATIONS

6.3.1 TRUCK SHIPMENTS - LTL

- I Marking:
 - A. Consignee address to be placed on two sides of all containers. On full unitized loads, (shrink/stretch wrapped or banded skids), a prominent address label may be placed on adjacent sides of load in lieu of individual carton addressing.
 - B. All cartons to be identified on two adjacent sides with stencil lettering or labels not less than 3"X2" and characters 1/2" to 3/4" in height.

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C. Barcoded labels should be applied to all product using the AIAG standard format in 3 of 9 languages.

II Packing List:

A. Packing list to accompany each shipment showing:

1. Grote Purchase Order Number
2. Grote Part Number
3. Number of cartons per part number
4. Number of pieces per container and total quantity

B. Packing list to be securely fastened to outside of last unit load placed on vehicle. Packing list may be placed inside container as long as "Packing List Enclosed" is clearly marked on load.

C. Attach packing list securely.

D. If necessary, packing list can be attached to carrier freight bill or bill of lading.

III Pallets and Skids:

A. All truck shipments must be palletized.

B. 40" x 48" skids are required for parts that are purchased packed for resale. All component parts should be on **42"x42"** pallets unless otherwise authorized.

C. Maximum height of full unit loads (including pallet) not to exceed 52." Total weight of load not to exceed 3000 lbs.

D. All pallets to have 4-way entry, and constructed with three (3) bottom runners.

E. Full unit loads to be stretch/shrink wrapped or banded. Box overhang on pallet is not allowed unless approved by Grote Packaging Engineering.

F. Shipments consisting of more than one-part number must be palletized by like part numbers. Only one mixed load per shipment per sku; must be clearly labeled as such.

IV Cartons / Containers:

A. All parts/ material to be packaged in consistent number of units per container across ALL shipments. **Dimensions of cartons must remain the same.** Changes must be authorized in advance by Grote Purchasing using Grote's Item Data Sheet, available from Purchasing Buyer.

B. Only one partial container per part number per shipment is allowed; must be clearly labeled.

C. Manually handled containers not to exceed 40 lbs. maximum weight.

D. When palletized, all cartons/containers to be stacked with labels and packing list facing outside.

V Bill of Lading:

A. Must reference all purchase order numbers and show the number of cartons and the number of pallets being tendered.

B. Bill of Lading only to be marked "Collect" or "Prepaid" or "Third Party Billing" following the instructions in 6.2, INBOUND ROUTING GUIDE.

6.3.2 UPS SHIPMENTS


I Marking

Consignment address to be placed on top of all containers.

II Multiple Cartons

Cartons to be securely banded or stretch wrapped. Total weight not to exceed 150 lbs. Cartons whose weights that exceed 70 lbs. banded together should be shipped individually.

6.3.3 OVERSEAS SHIPMENTS

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All overseas shipments shall be made with the following freight terms:

FOB Origin Port- For Ocean Freight Collect

FCA Origin Airport- For Air Freight Collect

Please contact either Grote Buyer or Traffic for specific carrier/broker instructions.

Please also review the information that is available at:

<https://www.grote.com/suppliermanual/>

6.3.4 DROP SHIPMENTS

Any cases where Grote requests a supplier to drop ship will be unique. The supplier will receive specific instructions from Grote Purchasing on how to label and ship the parts.

6.4 SUPPLIER DISCREPANCY PROCEDURE

The Supplier Discrepancy procedure serves to notify Grote Purchasing and Accounting, as well as suppliers, of shipments that do not meet Grote Packaging Specifications. When a problem arises with a shipment to Grote, a Supplier Discrepancy Report is mailed to the supplier, and the number of discrepancy reports received by a supplier is calculated in the Supplier Performance Rating.

6.5 SAFETY DATA SHEET

A Safety Data Sheet (SDS) is required for all items defined by the Code of Federal Regulations 29 CFR 1910.1200 "Hazard Communications Standard." A current SDS must be on file at Grote prior to releasing the affected items from the receiving area.

No product requiring an SDS (including trial and test products) shall be ordered or received at Grote Industries until a properly-executed SDS has been received and approved. This statement is necessary to fulfill Grote's obligation with OSHA's Hazard Communication Standard 2012. This policy is in response to our factory goals to prevent accidents and injuries related to production and test products.

A properly-executed SDS must contain all information specifically required by 29CFR1910.1200 1983, Updated 2012. In a few cases where the product contains proprietary material meeting the definition of a "trade secret," as defined by 29 CFR 1910.1200 Appendix D, an appropriate confidentiality agreement may be acceptable. Failure of a supplier to cooperate with the legally required elements of this policy shall be considered sufficient grounds for discontinuing purchases from that supplier. All Grote Industries, LLC employees are expected to help enforce this policy.

6.6 IMDS

Grote Industries, LLC may require suppliers to furnish IMDS information which contains a listing of ALL chemical components, whether considered hazardous or not, identified by the following:


- True chemical name (generic names or trade names are NOT sufficient)
- Chemical Abstract Service (CAS) number where one exists
- Percentages of the chemical component by weight of the total product. (Ranges may not be so broad as to disguise the true composition of the product. This additional reporting step is necessary because knowledge in the field of toxicology is expanding rapidly and some chemicals not recognized as toxic may be recognized as such in the future.)
- Indication whether the product contains any ozone-depleting chemicals (Found in 40 CFR 82)

6.7 ITEM DATA SHEET

Upon submission of PPAP, supplier may be asked to complete an Item Data Sheet, which shall be returned to Grote Inventory Control. This information relates to part dimensions and pack quantities.

6.8 CONFLICT MINERALS REPORTING

When requested, suppliers of Grote Industries, LLC will be required to disclose "Conflict minerals", their origins and known smelters to Grote Industries, LLC in compliance with the Dodd-Frank Act.

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These disclosures should be submitted using the latest CMRT template form or submitted to Grote's designated third party.

7.0 FINANCIAL SECTION / NAFTA

7.1 PAYMENT OF INVOICES

Grote will pay all invoices promptly when complete information is provided. The information required on invoices includes the following:

- Supplier name
- Grote purchase order number
- Unique packing list number
- Grote part number and engineering revision level
- Quantity
- Unit price with price extension
- Negotiated terms
- Invoice number
- F.O.B.
- Invoice date
- Date shipped
- Part description
- Sales tax, if applicable

Any questions concerning accounts payable should be directed to the Grote Accounting Department.

Suppliers sending invoices via EDI should refer to Grote's EDI specification.

7.2 REQUESTS FOR PRICE ADJUSTMENTS BY SUPPLIERS

All requests for price adjustment must be submitted in writing to Grote purchasing. Suppliers requesting adjustments **MUST** submit documentation, i.e. invoices, paid bills, and any other documentation pertinent to the justification of their request.

Suppliers are encouraged to illustrate measures they have already taken in their processing and/or production methods which have either resulted in cost reductions to Grote or allowed the supplier to offset price increases to Grote.

7.3 INSURANCE AND LIABILITY

All suppliers that supply Grote with finished products must furnish Grote with a Certificate of Insurance including Limited Form Vendor Coverage with the following information added:

- Grote Industries, LLC named as an additional insured (Broad Form Vendor's Coverage);
- 30 Day notice of cancellation;
- General Liability Limits of Liability;
- Blanket Contractual Liability;
- Re-issuance upon expiration of coverage.


Annual proof of insurance documentation should be mailed or emailed to Grote Supplier Development or the appropriate buyer.

7.4 CERTIFICATES OF ORIGIN AND CONTENT REPORTING

Grote Industries, LLC exports products to various countries around the world. In order to meet reporting requirements for customs regulations, Certificates of Origin must be maintained by Grote and must be provided by suppliers upon request. Suppliers will be asked on an annual basis for tariff codes and country of origin for each active part number supplied to Grote. In the event that a country of origin changes before the end of the issued blanket, it is the responsibility of the supplier to notify Grote.

7.4.1 NAFTA OVERVIEW

Under NAFTA, goods exported between Canada, the United States, and Mexico, either directly or indirectly, must conform to specific Rules of Origin to maintain or be eligible for preferential

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duty treatment. This is very important because Grote operates facilities which incorporate suppliers' goods in Canada, the United States, and Mexico.
The exporter of record, (i.e. the shipper) is responsible to certify that their goods conform to the NAFTA Rules of Origin.

7.4.2 INSTRUCTIONS

The most significant change resulting from NAFTA is a requirement to certify product as "originating" at the part number level. In order to aid our suppliers in supplying information, Grote will provide to our suppliers a blank NAFTA Country of Origin Certificate. This form must be completed with the information shown below and returned to Grote by date specified by Grote Purchasing.

- List of Grote part numbers and supplier cross reference numbers if applicable
- Description of Parts
- Previous year country of origin (COO) and tariff code

International suppliers must submit a Mfg. Affidavit with Grote part number, description of part, tariff code and COO.

8.0 SUPPLIER DEVELOPMENT

Grote performs supplier quality system development with the minimum goal of supplier compliance to ISO 9001. The long-term goal of supplier development is to encourage the growth of long-term partners able to supply Grote Industries and its customers with consistent, high quality, high value products. Suppliers who are targeted for development are selected in accordance with the parameters set forth by the Grote Purchasing Department.

8.1 SUPPLIER SELECTION

The Supplier Development Engineer may base his or her decision to select a supplier for ISO 9001 compliance verification on the following criteria:

- Inclusion in "High Impact Supplier" category derived from Supplier Performance Report
- Current quality certification status
- Commodity importance
- Annual dollars spent with the supplier
- Percentage of parts purchased for OE application
- Percentage of parts purchased and sold to Grote customers who require sub-suppliers to have registered quality certifications.
- Lack of effective root cause investigations and countermeasures for known problems.

8.2 SUPPLIER DEVELOPMENT METHOD


1. Supplier quality certification status, quality, and delivery performance will be monitored and evaluated. Negative trends or "High Impact" status will be communicated to the supplier.
2. If deemed necessary by the information gathered above or by specific customer requirements, a second party audit will be conducted per the customer's specific requirements and timelines.
3. Where appropriate, the Supplier Development Engineer will work with specific suppliers on issues problematic for Grote or on reversing negative SPR trends. A key focus for these activities would be practical problem solving and process control methodologies.

9.0 NEW SUPPLIER EVALUATION

All new suppliers of direct production material must be approved by the Grote Purchasing Department. Potential suppliers need to direct all contact to the Purchasing Department. At the discretion of the individual buyer, potential suppliers may be allowed preliminary meetings with other Grote personnel, however, all preliminary contact must be channeled through Purchasing.

9.1 REFERENCE MATERIALS

Grote purchasing may ask the potential supplier to provide the following information:

	Code of document: 51-OM-406-001	Description of Document: Grote Industries Supplier Requirements Manual	
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- Supplier credit references
- Supplier quality system certification
- Supplier customer references
- Supplier shipping performance
- Supplier's internal audits, customer audits, operating procedures

9.2 DECISION FACTORS

The decision as to a whether a supplier will provide Grote with direct production material will be the sole decision of purchasing. Their decision may be based on some or all the following criteria:

- Evaluation of supplier's financial standing via D&B and credit references
- Evaluation of supplier's quality based on their quality system certification. A supplier must hold at least ISO 9001 quality certification.
- Evaluation of supplier operations and systems based on an in person visit by Grote purchasing/supplier development personnel
- Evaluation of supplier's quality based on customer references, customer audits, internal audits, and operating procedures
- Evaluation of supplier's delivery performance based on customer references and supplier's shipping performance
- Evaluation of supplier's ability to process and ship orders to meet Grote's delivery schedules (i.e. lead time, minimum order quantities)
- Evaluation of supplier's ability to meet Grote's packaging requirements
- Evaluation of the supplier's technical support in the following areas:
 - Design Engineering
 - Manufacturing Engineering
 - Prototype support
 - System tracking to meet all key dates
 - Cost improvement goals & objectives
 - Bar code capabilities
 - E.D.I. capabilities
 - Retail packaging capability
- Evaluation of supplier's capacity situation
- Evaluation of payment and shipping terms
- Evaluation of Return Authorization Policy
- Evaluation of any other relevant risk factors.

10.0 SUPPLY MANAGEMENT


10.1 TERMS AND CONDITIONS

Terms and conditions are found on the back of the Grote Purchase Order. They are standard and apply to all purchase orders unless specifically stated otherwise in a Grote contract or other written form. It is the responsibility of the supplier to adhere to these terms and conditions regardless of whether or not they are sent with each purchase order transmission.

10.2 MATERIAL RELEASES AND DELIVERY SCHEDULES

The goal of Grote Industries, LLC is 100% on time delivery to our customers while reducing inventory by optimizing the total logistic package, including manufacturing lead times. As we continue to work toward a Just-In-Time delivery, schedules become paramount in the execution of the production schedule. Grote will issue purchase orders, blanket orders or bin to bin blanket orders and will provide planning requirement information for the latter two. The purchase order will contain Grote part number, revision level, quantity ordered, price, and delivery date to Grote.

In the event that a supplier cannot ship on time, can make only a partial shipment, or has a legitimate reason to ship ahead, it is incumbent upon the supplier to contact the responsible Grote Buyer one week before the appointed shipment delivery dates. Shipment dates that are missed and require expedited transportation are the responsibility of the supplier, and all associated excess transportation costs become the responsibility of the supplier.

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10.3 ANNUAL INVENTORY OF GROTE-OWNED MATERIAL

Grote will request that suppliers holding Grote-owned material take an annual inventory at the end of each year. Suppliers will be contacted with specific cut-off dates for material deliveries and plant shutdowns. The inventory may be subject to an audit at the discretion of Grote.

10.4 PROPRIETARY INFORMATION

All specifications, documents, and prototype articles delivered by Grote to a supplier are property of Grote Industries, LLC. They are delivered solely for the purpose of supplier's performance of Grote requirements and on the express condition that neither they nor the information contained therein, specifications shall be disclosed to others nor used for any purpose other than in connection with this order without the express written consent of Grote Industries. Such specifications, documents, and articles are to be returned to Grote Industries, LLC promptly upon written request. Such requests may be made any time during or after completion of supplier's performance. No news releases, advertisements, public announcements, denial or confirmation of same, of any kind regarding any part of the subject of this contract shall be made without prior written approval from Grote Industries, LLC. The obligations under this clause will survive the cancellation, termination or completion of any order or request for quotation from Grote Industries, LLC. Suppliers may be requested to complete a nondisclosure agreement (NDA) form provided by Grote Industries, LLC.

10.5 PATENT PROTECTION


The supplier, at its own expense, will defend any suit which may be brought against Grote Industries to the extent that it is based on a claim that the item(s) furnished hereunder infringes a United States patent, and in any such suit which is attributable to such claim. This is upon the condition that Grote Industries shall give the supplier prompt written notice of such claim and full right and opportunity to conduct the defense thereof, together with full information and all reasonable cooperation, and upon further condition that the claim infringement does not result from the combination of the items furnished hereunder with other items, apparatus, or devices not furnished hereunder. No cost or expense shall be incurred for the account of the supplier with written consent from Grote Industries, LLC. If, in the supplier's opinion, the items furnished hereunder are likely to or do become the subject of a claim of infringement of a United States patent, then without diminishing the supplier's obligation to satisfy the final work, the bidder may at its own expense (1) obtain the right for Grote Industries to continue to use such item, (2) substitute for the allegedly infringing item other equally suitable items satisfactory to Grote Industries. The foregoing states the entire liability of the supplier with respect to infringement of patents by the items furnished to Grote Industries or any party thereof.

10.6 GROTE PROPERTY

Unless otherwise specified in separate written agreement between Grote and our suppliers, all tools, tooling, equipment, dies, jigs, specifications, and other material (except suppliers hereunder) of every description furnished to seller or specified or paid by Grote shall be inspected by supplier (whether manufactured by the supplier or by others) for condition, compliance with specifications, descriptions and count, shall remain the sole property of Grote Industries and/or our customers, shall be plainly marked and/or otherwise clearly identified by the supplier as "Property of Grote Industries." Tool numbers will be issued by Grote: it is the responsibility of the supplier to adequately mark the tool with Grote's number. Digital pictures will be provided to Grote Industries by the supplier upon request.

10.7 WARRANTY

Grote Industries expects timely support in the analyzing and developing countermeasures for warranty or field failure issues. Suppliers of parts that are purchased for resale by Grote Industries assume no less than the same warranty that Grote provides to each of its customers. Grote will contact each supplier as necessary, and return warranty parts, when feasible, for credit. Suppliers who are exceptions to this policy are those who have their own, signed

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agreement with Grote specifically addressing their warranty program. Such agreements are kept on file in Grote Industries' purchasing department.

11.0 ETHICS & GRATUITIES

We, at Grote Industries, LLC, strive to maintain the highest ethical standards with customers, employees, suppliers, government, and everyone else with whom we come in contact. As members of the Institute for Supply Management, we subscribe to and support the following code of ethics:

1. *Impropriety.* Prevent the intent and appearance of unethical or compromising conduct in relationships, actions and communications.
 2. *Conflict of Interest.* Ensure that any personal, business and other activities do not conflict with the lawful interests of your employer.
 3. *Issues of Influence.* Avoid behaviors or actions that may negatively influence, or appear to influence, supply management decisions.
 4. *Responsibilities to Your Employer.* Uphold fiduciary and other responsibilities using reasonable care and granted authority to deliver value to your employer.
 5. *Supplier and Customer Relationships.* Promote positive supplier and customer relationships.
 6. *Sustainability and Social Responsibility.* Champion social responsibility and sustainability practices in supply management.
 7. *Confidential and Proprietary Information.* Protect confidential and proprietary information.
 8. *Reciprocity.* Avoid improper reciprocal agreements.
 9. *Applicable Laws, Regulations and Trade Agreements.* Know and obey the letter and spirit of laws, regulations and trade agreements applicable to supply management. Also see the Resources section.
 10. *Professional Competence.* Develop skills, expand knowledge and conduct business that demonstrates competence and promotes the supply management profession.
- Grote Industries, LLC prohibits suppliers to offer, promise or give anything of value or benefit to a Grote employee with the intent to influence that employee's acts, opinion, judgment, or exercise of discretion with respect to that employee's duties. Evidence of violation of this statement will disqualify a supplier from any current or future relationship with Grote Industries, LLC.

12.0 GROTE INDUSTRIES' ENVIRONMENTAL PROGRAM

12.1 GROTE'S ENVIRONMENTAL POLICY


Grote Industries, LLC, a manufacturer and distributor of safety systems for the world's automotive and truck manufacturers and users, along with its suppliers and contractors, is committed to environmental stewardship. We assume responsibility for all activities, products and services at Grote Industries and strive to reduce potential impacts on the environment by setting objectives and targets. We use this process to show that we are committed to:

- Compliance with all applicable legal and all other subscribed requirements which relate to our environmental aspects.
- Prevention of pollution
- Continual improvement in the effectiveness of our environmental performance
- Communicating our environmental policy to all persons working for or on behalf of the organization and making it available to the public.

12.2 Conflict Minerals

Grote Industries LLC is deeply concerned with and dedicated to being a responsible corporate citizen. We are particularly concerned that the "Conflict Minerals" (tin, tantalum, tungsten, and gold) produced in and around the Democratic Republic of the Congo (DRC) may be funding armed groups engaged in serious human rights violations and environmental destruction.

It is our position that Grote Industries will take any reasonable action to ensure our supply chain does not utilize minerals extracted from this region of conflict. To meet our goal, we will work with our suppliers to document the sources of any of these minerals that are utilized in our products. We will openly share this information and documentation with our customers.

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Through this concerted action, we will ensure to our end users that the products they purchase are being produced in an ethical and responsible manner.

12.3 PROCEDURES FOR ON SITE SUPPLIERS


- A. PURPOSE:
 - This procedure defines the process for controlling the environmental aspects of on-site suppliers/ contractors and their sub-contractors at the Grote Industries, LLC plant.
- B. APPLICATION:
 - All areas and departments authorizing suppliers / contractors to work on site. Personnel performing emergency services, clerical, accounting or other administrative services are excluded from the following requirements. In the event of an emergency, contractors / suppliers who have not been given Form 51-VF-EF-010 will be accompanied by a Grote employee.
- C. MATERIALS NEEDED:
 - Supplier / Contractor Method Statement Form 51-VF- EF-007.
 - Supplier / Contractor Safety Rules and Emergency Procedures Form 51-VF-EF-010.
 - Environmental Management System (EMS) Manual section 8.2.
- D. DEFINITIONS:
 - a. Method Statement: a written statement prepared by a supplier /contractor which outlines the work to be undertaken and the method (s) for minimizing and managing environmental impacts. The method statement includes an assessment of the environmental issues associated with specified work activities and measures necessary to minimize environmental impacts.
 - b. Supplier / Contractor: One that contracts or is party to a contract such as one that contracts to perform work or provide supplies on-site on a large scale or erects buildings.
- E. PROCEDURE:
 - a. The need for contractor services is identified and a Supplier / Contractor Method Statement (Form 51-VF-EF-007) and Supplier / Contractor Safety Rules and Emergency Procedures (form 51-VF-EF-010) are sent to the supplier / contractor by the initiating party.
 - b. The completed Supplier / Contractor Method Statement form (s) 51-VF-EF-007 will be submitted to the initiating party. The Environmental Health Safety (EHS) department will evaluate method statements to identify potential environmental issues and concerns.
 - c. The Supplier / Contractor Method Statement (form 51-VF-EF-007) must be on file in the EHS department office prior to the start of work.
 - d. While on site, suppliers / contractors shall conform to the Grote Industries, LLC Environmental Management System (EMS) and to all applicable legal and other requirements. This may be confirmed by the initiating party and / or a designee if applicable.
 - e. Suppliers / contractors shall maintain records as specified by EHS department and by contract requirements.
 - f. Suppliers / contractors shall ensure their on-site staff and all sub-contractors are aware of EMS requirements via the Supplier / Contractor Method Statement.
 - g. Suppliers / contractors who work on-site on a continuous basis will be required to complete a Supplier / Contractor Method Statement once a year in January or prior to the first time during the year that they enter the plant.

13.0 GROTE STANDARD TERMS AND CONDITIONS


This order by Grote Industries, LLC is subject to the following terms and conditions. Grote Industries, LLC is hereinafter referred to as "Buyer," the company from which goods and/or services are ordered is hereinafter referred to as "Vendor," and the goods or services listed on this order are hereinafter referred to as the "goods."

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1.	<p>These terms and conditions are the complete and exclusive statement of the terms and condition of any purchase of good from Vendor to Buyer. Upon Vendor's acceptance of the order by Vendor's acknowledge hereof, the commencement by Vendor of any work of the performance of any service required under the order, including, but not limited to, the shipment of any conforming or conforming goods, whichever occurs first, Vendor shall be deemed to have agreed to all the terms and conditions contained herein. BUYER SPECIFICALLY OBJECTS TO THE INCLUSION OF, AND BUYER REJECTS ANY DIFFERENT OR ADDITIONAL TERMS OR CONDITIONS PROPOSED BY THE VENDOR IN ACKNOWLEDGING OR ACCEPTING THIS ORDER. SUCH PROPOSALS BY VENDOR MATERIALLY ALTER THIS ORDER BUT SHALL NOT OPERATE AS A REJECTION OF THIS ORDER UNLESS SUCH VARIANCES ARE IN THE DESCRIPTION, QUANTITY, PRICE OR DELIVERY SCHEDULE OF THE GOODS AND THIS ORDER SHALL DE BEEMED ACCEPTED BY VENDOR WITHOUT SUCH DIFFERENT OR ADDITIONAL TERMS. THE TERMS HEREIN SHALL CONSTITUTE THE COMPLETE AND EXCLUSIVE STATEMENT OF THE TERMS AND CONDITIONS OF THE CONTRACT BETWEEN BUYER AND VENDOR WHICH MAY HEREAFTER BE MODIFIED ONLY BY WRITTEN INSTRUMENT EXECUTED BY THE AUTHORIZED REPRESENTATIVE OF BOTH PARTIES.</p>
2.	<p>PRICES: Price is firm. Cash discount periods shall be calculated from the later of the date of receipt of Vendor's correct invoice or the date of receipt of goods by Buyer. Buyer shall receive the benefit of any general reduction in Vendor's prices prior to delivery and in no event shall Buyer be charged a price higher that that charged to Vendor's other customers for goods of like grade and quality and in substantially the same quantities. No increase in the purchase price, whether for extra work or otherwise, shall be effective unless authorized in writing signed by Buyer. Buyer shall pay sales or use tax, if any is due, in the State of Indiana. Vendor agrees to pay and bear any other federal, state, local or foreign taxes or other governmental charges upon the production, transportation or sale of the goods supplied hereunder.</p>
3.	<p>DELIVERY: Time is of the essence and Vendor is notified that failure to perform in a timely manner will result in substantial damage to Buyer. Unless otherwise specified by this order, all goods purchased hereunder, must be tendered in a single delivery and not in lots from time to time. If delivery is not made as specified in this order, in addition to its other rights and remedies, Buyer may terminate the contract as to all or any portion of the goods ordered, purchase substitute goods elsewhere and charge Vendor with any loss incurred. Vendor further agrees to indemnify Buyer for any loss, damage or penalty resulting from Vendor's failure to make delivery as specified, including any incidental and consequential damages. If Vendor fails to meet Buyer's time schedule, Vendor, upon Buyer's request, will make express shipments at Vendor's expense.</p>
4.	<p>SHIPMENT: Unless specified on the face of this order or otherwise authorized in writing by Buyer, all shipments are F.O.B. Buyer's plant and shall be made at Vendor's own expense and risk. Vendor will not reserve a security interest in any goods shipped. Vendor will follow Buyer's instructions as to mode and routing of shipments. In addition to Buyer's other rights and remedies, Buyer may reject goods shipped contrary to instruction or not in recognized standard containers. Unless otherwise shown on the front side of this order, no charge will be allowed for packing, boxing, freight, express or cartage.</p>
5.	<p>INSPECTION/TESTING/REJECTION: Payment for the goods delivered hereunder shall not constitute acceptance thereof. Buyer shall have the rights to inspect such goods and to reject any all goods which are in Buyer's judgment defective. Goods so rejected and goods supplied in excess of quantities called for herein may be returned to Vendor at it expense and, in addition to Buyer's other rights, Buyer may charge Vendor all expenses of unpacking, examining, repackaging and reshipping such goods. In addition, at Buyer's option, Vendor will promptly correct or replace the rejected goods at Vendor's expense, including transportation costs, but no goods returned as defective will be replaced without Buyer's written authorization. In the event Buyer receives goods whose defects or nonconformity is not apparent on examination, Buyer reserves the right to require replacement as well as payment of damages. Acceptance of any goods under this order shall not bind Buyer to accept future goods nor deprive Buyer of the right to return goods already accepted.</p>
6.	<p>RISK OF LOSS: The risk of loss of the goods will not pass to Buyer until delivery of the goods at Buyer's plant and acceptance of the goods by Buyer.</p>
7.	<p>WARRANTY: Vendor expressly warrants that the goods covered by this order are fit for the purpose for which such goods are normally used, are merchantable, are free of defects, whether patent or latent in material and workmanship, and are in full conformity with the specifications, drawings or samples, if any included in this order. Vendor warrants that it has good title to the goods supplied, that the goods are free and clear from liens and encumbrances, that that goods will conform to any statements made in the containers, labels or advertisements for such goods and that the goods will be adequately contained, packaged, marked and labeled. If Vendor knows or has reason to know the particular purpose for which Buyer intends to use the goods, Vendor warrants that such goods will be fit for such particular purpose. Vendor agrees that these warranties shall survive Buyer's acceptance of the goods. Acceptance of this order shall constitute an agreement upon Vendor's part to indemnify and hold Buyer harmless from all liability, loss, damage and expenses, including incidental and consequential damages and reasonable counsel fees, incurred or sustained by Buyer by reason of the failure of the goods to conform to such warranties. Vendor, if requested to do so, shall promptly repair or replace at destination and at its sole expense, any goods, materials and work furnished hereunder which do not comply with the warranties. THE WARRANTIES AND REMEDIES CONTAINED IN THIS PARAGRAPH ARE IN ADDITION TO THE WARRANTIES AND REMEDIES PROVIDED BY LAW INCLUDING, WITHOUT LIMITATION, THE UNIFORM COMMERCIAL CODE. Buyer's inspection and/or acceptance of and/or payment for goods shall not constitute a waiver by it of any warranties. Buyer's approval of any sample or acceptance of any goods shall not relieve Vendor from responsibility to deliver goods and to perform services conforming to Buyer's specification, drawings, and Description.</p>
8.	<p>COMPLIANCE WITH LAWS: Vendor warrants and represents that the goods covered by this order have been or will be manufactured, fabricated, distributed, shipped, packaged, delivered and/or performed in accordance with the</p>

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	<p>requirements of the Fair Labor Standards Act, the Occupational Safety and Health Act of 1970, and all other applicable federal, state and municipal laws, rules and regulations, including, but not limited to, those in force at the point of manufacture and the point of destination of the goods. Vendor shall comply with all federal, state and local Right-to-Know laws then applicable. Vendor further warrants that each and every chemical substance constituting or contained in the goods sold or otherwise transferred to Buyer under this order is in compliance with all applicable federal, state and local environmental laws and that the goods are properly labeled to identify all such chemical substances.</p>
9.	<p>HOLD HARMLESS: Vendor agrees to indemnify and hold buyer harmless, assume legal liability for and, at Vendor's option defend Buyer, its agents, employees, officers and directors from a claim or action by any third person arising out of or alleged to arise out of the delivery of the goods or the performance of services purchased with this order, or from the use of the goods by Buyer or third person. Any costs, settlement, judgment or other expense that Buyer, its agents, employees, officers or directors may pay, or become obligated to pay in connection with any such claim or action will be reimbursed by Vendor. This indemnification shall be in addition to the warranty obligations of Vendor. If Vendor's work under the contract involves operation by its employees on the premise of Buyer or on of Buyer's customers, Vendor will indemnify Buyer from all loss or damage arising out of such work, and will maintain adequate public liability, property damage and employee liability and compensation insurance, and furnish evidence of such insurance at Buyer's request.</p> <p>Vendor further agrees to defend at its own expense, all suits and claims against Buyer or its customer for any alleged violation of infringement of any patent, trademark, copyright or any other proprietary or intellectual property right in any way accruing from the purchase and/or use or resale of the goods covered by this order. Buyer may, at its option and at Vendor's expense, be represented by and actively participate through its own counsel in any such suit or proceeding. Vendor agrees to indemnify and hold Buyer and its customers harmless from loss, damage, or expense of any kind whatsoever including costs and attorney's fee arising from such alleged violation or infringement.</p>
10.	<p>CHANGES: Buyer shall have the right at any time to make changes to drawings, designs, specifications, materials, packaging, time and place of delivery and method of transportation. If any such changes cause an increase or decrease in the cost or the time required for performance hereunder, an equitable adjustment shall be made, and this agreement shall be modified in writing accordingly. Vendor agrees to accept any changes made according to this paragraph.</p>
11.	<p>FORCE MAJEURE: Any cause beyond the control of the Buyer, including but not limited to sabotage, fire, floods, strike, riot, labor disputes, insurrection, war, act of government authority, priorities granted at the request of or the benefit, directly, or indirectly of any government or agency thereof, act of God, breakdown of machinery or equipment, or inability to obtain material, labor, equipment or transportation which results in Buyer's failure to perform in accordance with the terms hereof shall not give rise to any liability on the part of Buyer for damages on account of such delay or nonperformance. Vendor shall hold the goods subject to this order at the direction of Buyer and shall deliver them when the cause of the delay has been removed.</p>
12.	<p>VENDOR NOTICE OF DELAYED OR IMPAIRED PERFORMANCE: Whenever an actual or potential event such as labor dispute, act of God, change in Vendor's business, material shortage, or any other event will or threatens to delay or impair Vendor's performance under this order, Vendor will immediately give written notice thereof to Buyer including all relevant information with respect thereto. The giving of such notice will not relieve Vendor of any of its obligation under this order.</p>
13.	<p>LIMITATION OF VENDOR'S REMEDIES: Vendor will not be entitled to recover any incidental or consequential damages upon any breach by Buyer under or related to this order.</p>
14.	<p>CONFIDENTIALITY: All specifications, documents, and prototype articles delivered by Buyer to Vendor are the property of Buyer. They are delivered solely for the purpose of Vendor's performance of this order and on the express condition that neither they nor the information contained therein shall be disclosed to others nor used for any purpose other than in connection with this order without the prior express written consent of Buyer. Such specifications, documents and articles are to be returned to be returned to Buyer promptly upon its written request. Such request may be made at any time during or after completion of Vendor's performance. No news releases, advertisement, public announcement, denial or confirmation of same, of any kind regarding any part of the subject of this contract shall be made without the prior written approval of Buyer. The obligations under this clause will survive the cancellation, termination or completion of this order.</p>
15.	<p>15 TERMINATION: Buyer reserves the right to terminate this order or any part hereof for its sole convenience. In the event of such termination, Vendor shall immediately stop all work hereunder, and shall immediately cause any of its suppliers of subcontractors to cease such work.</p> <p>Vendor shall be paid a reasonable termination charge consisting of a percentage of the order price reflecting the percentage of the work performed prior to the notice of termination, plus actual direct costs resulting from termination. Vendor shall not be paid for any work done after receipt of the notice of termination nor for any cost incurred by Vendor's suppliers or subcontractors which Vendor could reasonably have avoided.</p> <p>Buyer may also terminate this order, or any part thereof, for cause in the event of any default by Vendor or if Vendor fails to comply with any of the terms and conditions of this order. Late deliveries, deliveries of goods which are defective, or which do not conform to this order, and failure to provide Buyer, upon request, of reasonable assurances of future performance shall be caused allowing Buyer to terminate this order for cause. In the event of termination for cause, Buyer shall not be liable to Vendor for any amount and the Vendor shall be liable to Buyer for any and all damages sustained by reason of the default which gave rise to the termination.</p>
16.	<p>WAIVER: No waiver, discharge or renunciation of any claim or right of Buyer arising out of breach of these terms and conditions by Vendor will be effective unless in writing signed by Buyer and supported by consideration. Any waiver by Buyer of any breach by Vendor will be a waiver of the breach only and not of any other prior or subsequent breach.</p>
17.	<p>ASSIGNMENT: No right or interest in this order shall be assigned, nor any obligations delegated, by Vendor without Buyer's prior written consent</p>

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18.	SETOFF: Payment for the goods will be subject to setoff or recoupment for any present or future claims which Buyer or any of its affiliated companies may have against Vendor.
19.	SEVERABILITY: In the event that any words, phrase, clause, sentence, or other provision hereof shall violate any applicable statute, ordinance, or rule of law in any jurisdiction in which it is used, such provision shall be ineffective to the extent is such violation with invalidating any other provision hereof.
20.	APPLICABLE LAW: This contract and the obligations arising hereunder shall be governed by and construed according to the laws of the State of Indiana.
21.	All shipments must be guaranteed to meet all Canada customs requirements.
22.	CALIBRATION (ISO/IEC 17025): Meet Section 3.4 of Grote Industries Supplier Requirements Manual. Technical Reports must contain all information with specific emphasis on MEASUREMENT UNCERTAINTY.

13.1 Equal Opportunity in Subcontracts

Contractor and subcontractor shall abide by the requirements of 41 C.F.R. § 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans. This contractor and subcontractor shall abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.