CMCO SUPPLIER REQUIREMENTS

Purchasing

1. **Re-Opening Provision:** CMCO reserves the right to re-open negotiation of this Agreement in the event of significant additional sourcing to SUPPLIER, SUPPLIER’S lack of price competitiveness, or SUPPLIER’S inability to meet required service levels.

2. **Business Fluctuations:** SUPPLIER acknowledges that, CMCO’s annual usages set forth in Schedule I are estimates and CMCO’s individual item volumes may increase or decrease as a result of economic and market conditions and other business factors, including, without limitation, product rationalization, and value engineering initiatives. These annual usages do not represent a commitment to purchase.

3. **Order Fulfillment:** If requested, CMCO will share forecasts (as available) with SUPPLIER in order to assist SUPPLIER in planning CMCO’s requirements. SUPPLIER will work from these forecasts to support CMCO’s production requirements. SUPPLIER lead times from receipt of CMCO Purchase Order will be as identified in Schedule I. SUPPLIER will utilize all resources necessary to fulfill purchase order schedules and will keep CMCO informed of any schedule changes or delays. SUPPLIER will address any special inventory requirements provided by each CMCO plant.

4. **Project Management** SUPPLIER will provide monthly project management status reports to CMCO until all items or part numbers in Schedule I have been implemented. SUPPLIER and CMCO will determine the specific content of this project management report, which will include the following milestone dates for each item or part number identified in Schedule I, as appropriate:

   a) CMCO submits request for sample parts and transfers tooling to SUPPLIER. CMCO will also submit one acceptable sample part to SUPPLIER for comparison purposes.

   b) SUPPLIER performs a tooling inspection and modification, as required.

   c) SUPPLIER submits sample parts and required documentation for CMCO testing and engineering approval process. Samples are to be identified and marked as initial samples to avoid integration with accepted production parts.

   d) CMCO performs testing and engineering approval process and notifies SUPPLIER of results.

   e) SUPPLIER performs corrective action on tooling and samples, as required.

   f) CMCO issues purchase order for approved item.

   g) SUPPLIER ships initial production order to CMCO.

   h) SUPPLIER identifies any outstanding issues inhibiting the implementation of the particular item.

   i) SUPPLIER identifies any outstanding issues inhibiting the implementation of the overall Agreement.

SUPPLIER will utilize all resources necessary to fulfill project schedule.

Engineering

1. **Tooling:** SUPPLIER shall use CMCO’s Tooling solely for CMCO. CMCO shall maintain the intellectual property rights to the design of the Tooling. Unless SUPPLIER receives prior written approval from CMCO, any usage, reproduction, lending or sale of the Tooling or Tooling design is prohibited and will be subject to legal action. Furthermore, SUPPLIER shall not move CMCO’s tooling to other locations or dispose of Tooling without prior written approval from CMCO. Tooling must be stored indoors in a location that ensures protection from damage and properly identified with tags that read “owned by and the property of CMCO” at SUPPLIER’s cost. All tooling transferred to SUPPLIER and new tooling developed by SUPPLIER for which CMCO is charged will remain the property of CMCO. Upon the request of CMCO, the Supplier shall promptly ship and return all CMCO Tooling to CMCO or its designee.

SUPPLIER will maintain a list of CMCO tools (dies, molds, fixtures, and gages) within its possession inclusive of asset number, tool description, associated tooling components (pins, etc.), and estimated remaining life of tool (e.g., number of injections, hits, etc.). The list will be provided to CMCO on an annual basis.
CMCO Supplier Requirements

a) Tooling Transfers - CMCO will be responsible for the shipment of its own Tooling to SUPPLIER and any cost involved with that shipment. SUPPLIER shall inspect all tooling upon arrival and SUPPLIER will issue a report stating any damaged or missing items. If samples produced by the Tooling delivered to SUPPLIER fail to conform to engineering drawings and specifications, it is the CMCO’s responsibility to authorize SUPPLIER to revise the tooling (at CMCO’s cost) and/or CMCO will correct the drawing. SUPPLIER will advise CMCO at that time of any cost for rebuild, repair, or replacement Tooling and will not proceed until written authorization is received from CMCO. SUPPLIER will be responsible for all costs associated with adapting CMCO’s existing tooling to SUPPLIER’s equipment. SUPPLIER will also be responsible for the cost of all fixtures needed to produce the parts to CMCO’s specifications. SUPPLIER will be responsible for the cost of tooling maintenance due to normal wear (e.g., ejector pins, core pins, flow tubes, gating, etc.).

b) New Tooling – For tools purchased from SUPPLIER, SUPPLIER is responsible for all tooling development and management to ensure the tools produce a high quality part and support a long tool life. CMCO standards and quoted directions apply. SUPPLIER to utilize best in class industry standards in the design and development. New tooling must be capable of producing at the rate specified on SUPPLIER’s quotation.

2. CMCO’s Testing and Engineering Approval Process: For all new items supplied to CMCO, SUPPLIER will submit drawings, specifications and a Certificate of Conformance (COC) for CMCO approval. The COC will state that SUPPLIER’s product is equivalent to CMCO’s specifications for dimensions, performance and durability. CMCO shall have no obligation to purchase from SUPPLIER any items included in Schedule I until such items have been approved by CMCO.

3. Product/Process Change Notification Management: All SUPPLIER proposed design changes and modifications whether permanent or temporary, and including proprietary designs, MUST be reviewed, approved, and authorized in writing by CMCO.

Legal

1. Country of Origin: SUPPLIER will provide country of origin documentation to CMCO for each item shown on Schedule I. Multiple items may be listed on the same document. This documentation may be in the form of a formal certificate or in a written statement and must be signed by the appropriate SUPPLIER manager. SUPPLIER will provide current documentation to CMCO in the event that SUPPLIER’s origin changes for any item shown on Schedule I. SUPPLIER shall mark all Products and/or packaging with their country of origin in accordance with U.S. Customs law 19 CFR 134.11. U. S. Customs law 19 CFR 134.11 requires that every article of foreign origin imported into the United States shall be marked with the country of origin (manufacture/growth) in a conspicuous place as legibly, indelibly, and permanently as the nature of the article (and/or container) will permit. The marking shall be in such a manner as to indicate to the ultimate purchaser the English name of the country of origin.

2. Confidentiality: SUPPLIER and CMCO agree that the provisions of this Agreement and the Schedules hereto are confidential and proprietary to the parties hereto and will be treated as such. Neither party will disclose to any third party, either verbally or in writing, the contents of this Agreement or any Schedules hereto. Further, the parties will make the terms of this Agreement and the Schedules hereto available to only those of their officers, directors, employees, agents or contractors who have a need to know in order to perform the obligations provided for herein.

3. Product Recalls: SUPPLIER will reimburse CMCO for all costs associated with a stop sale, product recall, or field corrective action deemed to be the responsibility of SUPPLIER. The costs may include but are not limited to reasonable cost associated with identification and notification of customers as well as the processing of a recall through CMCO’s sales channels and distribution systems including labor and materials for the repair and replacement of product, freight and handling charges, customer service, quality and other administrative costs to CMCO.
4. **Financial Disclosure:** CMCO strives to do business with partners in good financial condition and with the willingness to operate in a transparent manner. As such, SUPPLIER will provide audited financial statements (balance sheets and profit / loss statements) for the previous three years prior to the onset of this Agreement and each year thereafter within four weeks of audit completion.

5. **Supplier Ethics:** Supplier ethics is an important part of CMCO’s corporate values. Accordingly, CMCO expects that both CMCO and SUPPLIER will abide by the highest professional standards of supplier ethics. As an example of the standards endorsed and expected by CMCO, reference is made to the Institute for Supply Management’s “Principles and Standards of Ethical Supply Management Conduct”. Copies of this document may be obtained from CMCO.

6. **Business Practices and Warranties:** SUPPLIER warrants and represents that it will not knowingly fail to comply with or undertake any actions, which may in any way give rise to CMCO’s liability under United States, federal or state law, legislation or regulation of any kind. SUPPLIER agrees, represents and warrants on a continuing basis that Products or their components supplied to CMCO will not be manufactured with prison labor, child labor, or any other forced labor. SUPPLIER further represents that it is aware of the U.S. Foreign Corrupt Practices Act (“FCPA”), and that it will not perform any actions giving rise to liability to CMCO or itself under the FCPA or any law of SUPPLIER’s place of manufacture.

7. **Entire Agreement:** This Agreement and Schedules referred to herein constitute the entire Agreement between the parties and cancel and supersedes all prior written or oral agreements, representations and promises, if any. Any terms and conditions contained on either party's published terms and conditions which are inconsistent with or contrary hereto shall be of no force and effect.

8. **Modification:** The titles and captions used herein are for convenience only and shall not be used in the interpretation or construction of this Agreement. No waiver, modification or change of any of the provisions of this Agreement shall be effective or binding upon CMCO unless in writing and signed by a duly authorized officer of CMCO.

9. **Non-Assignment:** This Agreement shall be deemed to be personal to SUPPLIER, and SUPPLIER may not assign this Agreement without the prior written consent of CMCO.

**Legal (Cont’d)**

10. **Indemnification:** SUPPLIER agrees to indemnify, defend and hold harmless, CMCO and its officers, directors, shareholders, employees, agents and affiliates, subsidiaries, successors and assigns, from and against any and all damages, liabilities, costs and expenses, including reasonable legal fees and expenses, that it directly and reasonably incurs as a direct result of or arising out of or related to any third party claim arising out of the use or distribution of the products sold by SUPPLIER to CMCO.

11. **Binding Effect:** This Agreement shall be binding upon and insure to the benefit of the parties hereto and their respective successors and assigns.

12. **Governing Law:** This Agreement shall be governed by the laws of the State of New York, without reference to principles of conflicts of laws.

13. **Severability:** The provisions of this Agreement are severable and if any provision is deemed invalid under applicable law or regulation of any jurisdiction in which it is sought to be enforced, then such provision shall be deemed inapplicable and omitted for such jurisdiction and shall not invalidate the remaining provisions of this Agreement.

14. **Disputes:** Any dispute arising between the parties hereunder shall be subject to the exclusive jurisdiction of and shall be finally settled in an action commenced and maintained in any state or federal court located in Buffalo, New York, United States. The parties irrevocably consent and submit to the personal jurisdiction of said courts and agree not to challenge or assert any defense to such courts’ jurisdiction, including, without
CMCO SUPPLIER REQUIREMENTS

limitation, forum non conveniens. The non-prevailing party in any litigation hereunder shall be required to reimburse the prevailing party for all of its reasonable costs and expenses in such litigation, including, without limitation, attorneys’ fee and costs.

Marketing

1. **Private Labeling**: All Products manufactured and sold by SUPPLIER to CMCO hereunder shall be marked and labeled as CMCO may determine. SUPPLIER agrees that the use of CMCO’s trademarks, copyrights and product names shall be limited to Products manufactured by SUPPLIER and sold to CMCO. SUPPLIER agrees that it shall not register or use any such trademarks, copyrights or product names on any other products. CMCO shall at all times remain the sole owner of such marks and/or product names.

2. **Advertising Products**: CMCO reserves the right to approve any advertising by SUPPLIER in which the CMCO name or CMCO products are included. Any use of the CMCO name or CMCO products in SUPPLIER’s advertising requires the prior written consent of CMCO.

3. **Sales Restrictions**: SUPPLIER will not sell direct to CMCO distributors or customers any Products identified in Schedule I and any future Products added to this Agreement.
CMCO SUPPLIER REQUIREMENTS

Quality

1. Returned Goods Authorization: Upon request, SUPPLIER must provide to CMCO a Returned Goods Authorization for all defective or suspect material. SUPPLIER will assume all freight charges associated with the return and replacement of products.

2. Supplier Contact List: SUPPLIER will provide a contact list (by CMCO Division) of all SUPPLIER personnel assigned to the CMCO account and associated with the administration and service of this Agreement including senior management.

3. Samples: Samples for qualification and testing will be supplied by SUPPLIER at no cost to CMCO.

4. Supplier Performance Measurement System: CMCO maintains a Supplier Performance Measurement System to ensure strong performance from its suppliers in the areas of Delivery and Quality.

Delivery

Timely and reliable deliveries are crucial to meeting CMCO customer requirements. CMCO measures supplier On-Time Delivery (OTD) based on Receipt Date versus Original Promise Date as recorded in CMCO’s Management Information Systems (CMBIS or SAP). SUPPLIER’s delivery performance will be subject to the following expectations and penalties for not meeting these expectations:

<table>
<thead>
<tr>
<th>Quarterly Supplier Performance %</th>
<th>Rating</th>
<th>Penalty (Reduction in SUPPLIER Pricing)</th>
</tr>
</thead>
<tbody>
<tr>
<td>95-100</td>
<td>Green</td>
<td>None</td>
</tr>
<tr>
<td>90-95</td>
<td>Yellow</td>
<td>Debit of 1% on receipts during quarter</td>
</tr>
<tr>
<td>&lt;90</td>
<td>Red</td>
<td>Debit of 2% on receipts during quarter</td>
</tr>
</tbody>
</table>

At the end of each quarter, CMCO will provide SUPPLIER with an OTD assessment. Debits will take effect the 1st day of the month in the next quarter.

SUPPLIER may also be held responsible for other penalties and fees incurred by CMCO or its customers due to late deliveries or quality defects such as production line stoppage costs, expedited freight, re-packaging and /or product reconfiguration, and loss of CMCO or customer profits. If SUPPLIER delivery performance remains below 90%, CMCO may terminate this agreement immediately.

Quality

It is the objective of CMCO to provide high quality, reliable products to the marketplace that are free from defects in material and workmanship. Our supply base is critical to achieving this objective. CMCO expects this same level of quality and workmanship from SUPPLIER and CMCO will only accept products that are free from defects in material and workmanship.

5. Product Warranty: SUPPLIER warrants that the Products shipped to CMCO will meet CMCO’s defined specifications at the time of order and will be free from defects in material and workmanship for the life of the Products. If a Product shipped to CMCO is defective in material or workmanship, or does not conform to CMCO’s defined specifications, SUPPLIER will, at CMCO’s option replace the defective or non-conforming Product at no cost to CMCO or refund the purchase price to CMCO, provided the Product has not been improperly used or processed by CMCO. SUPPLIER will be responsible for any additional cost to CMCO due to defective Products such as machine set up time, machining costs and any down time, assembly time, inspection and sorting time, and field warranty costs. All warranty claims are to be settled expeditiously.

6. Preventive and Corrective Action Request (PCAR): CMCO will issue to SUPPLIER a PCAR to record and track solution of root causes of quality and delivery deficiencies. SUPPLIER is to provide timely response and corrective action steps, ensuring product containment at all locations until remedied and preventative measures enacted fully.

7. Manufacturing Location: All new manufacturing locations shall be qualified by an audit, materials/parts validated, and a PPAP submission will be required, to include a Tier 2 Supplier.
CMCO SUPPLIER REQUIREMENTS

Lean

1. **Lean:** CMCO utilizes the CMCO Lean Business System (CMCO LBS) which is based on the Toyota Production System to continuously improve our operations and performance. It is expected that SUPPLIER will support the CMCO LBS and our efforts to eliminate waste from and optimize the supply chain system. Areas of required support may include Pull / Kanban supply systems, specific container dimensions, weights, colors and materials, specific delivery frequency and dock delivery schedules, minimum stocking levels at SUPPLIER, returnable containers, specific container and product labeling, and point-of-use delivery. CMCO may assist supplier in joint lean Value Stream Mapping of SUPPLIER’s processes and / or the order to fulfillment process to identify areas of opportunity. SUPPLIER may be required to apply CMCO LBS tools, policies and procedures to their manufacturing and business systems including providing and maintaining accurate data for CMCO's Plan For Every Part (PFEP) system.

2. **Packaging Requirements:** SUPPLIER will package goods per CMCO requirements and costs will be included in pricing listed in Schedule I. SUPPLIER is responsible for ensuring packaging is sufficient to protect product during movement and storage.

Warehousing

1. **Shipment Terms:** INCOTERMS 2010 [insert appropriate term, such as, FOB (…named port of shipment), FCA (…named place) including responsibility for import and export licenses, visas, quotas, and fees, and risk of loss or damage.]

2. **Shipment Documentation:** SUPPLIER is responsible for shipment documentation. The proforma invoice will be forwarded prior to shipment, advising value of goods and pertinent shipping information relating to the shipment as follows:
   a) Ocean Bill of Lading
   b) Packing List
   c) Certificate of Origin (See paragraph 9)
   d) Commercial Invoice
   e) Test certificates, which certify 100% dynamic testing and 150% of capacity static testing, must accompany each shipment.
   f) A certificate of cargo insurance or copy of insurance policy. Minimum insurance shall cover the price of the goods plus 10 per cent and be provided in US dollars.
   g) Other requirements as defined by the law or regulation within the destination country
   h) Other requirements per customer request

3. **Freight Carriers:** SUPPLIER agrees to use freight carrier identified on CMCO’s Purchase Orders. Please note that the preferred carrier may be different depending on the location of the CMCO Operation. CMCO will not reimburse Supplier for freight charges if SUPPLIER does not obtain CMCO’s prior written consent to use a freight carrier other than the one identified on CMCO’s Purchase Orders. This will include freight expedite fees, if applied.