

Supplier Manual

Version: 1.0

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Document number	GMG05-30255
Date	23-07-2024
Page	2 of 27
Proces owner	Procurement
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Table of contents

FOREWORD.....	4
1. Purpose	5
1.1 Vision.....	5
1.2 Scope	5
1.3 Proprietary Information	5
1.3.1 Non-Disclosure Agreements	6
1.3.2 Supplier Agreement	6
2. Supplier Responsibilities.....	6
3. Quality Management System Requirements.....	7
3.1 Quality Management System.....	7
3.1.1 GOUDSMIT Regulatory Compliance.....	7
3.1.2 Conflict Minerals and Supply Chain Transparency.....	8
3.1.3 RoHS 2 Directive2011/65/EU Compliance	8
3.2 Management Responsibility.....	8
3.3 Control of Documents	8
3.4 Control of Records.....	9
3.5 Purchase Orders.....	9
3.6 Placement of Orders.....	9
4. Supplier Qualification Process	10
4.1 Supplier Questionnaire	10
4.2 Supplier Self-Assessment.....	10
4.3 On-Site Assessment	10
4.4 Supplier Approval	10
4.5 Periodic Reevaluation	10
5. Product Qualification Process.....	10
5.1 Supplier Design Acceptance (SDA) Process	11
5.2 First Article Inspection (FAI) Process.....	13
5.3 Test and Measurement Equipment.....	18
5.4 GOUDSMIT-Owned Tooling & Fixtures.....	18
5.5 Preventive Maintenance	19
5.6 Process Monitoring & Control	19
5.7 Control of Nonconforming Material	20
5.8 Supplier Corrective Action Request (SCAR).....	20
5.9 Deviation Process.....	22
5.10 GOUDSMIT Initiated Process.....	23

Document number	GMG05-30255
Date	23-07-2024
Page	3 of 27
Proces owner	Procurement
Verified by	Procurement Manager

6.	Packaging Requirements Overview	23
6.1	Delivery Documentation.....	23
6.1.1	Packing List Detail Each	24
6.1.2	Packing List Line Item Detail	24
6.2	International Packaging and Labeling Requirements	24
6.2.1	Requirements Specific to Europe.....	25
6.3	Environmental and Disposal Attributes	25
7.	Chemicals & Hazardous Products/Materials.....	25
8.	Continuous Improvement.....	26
9.	Warranty	27

Document number	GMG05-30255
Date	23-07-2024
Page	4 of 27
Proces owner	Procurement
Verified by	Procurement Manager

FOREWORD

Welcome to GOUDSMIT. This Manual has been developed to provide our vision, mission and critical processes that will make it easier for us to do business together. Current and potential suppliers should read it carefully to fully understand the policies, objectives and values that drive our Organization. Suppliers who share our values, respect our policies, help us meet our objectives and can provide the greatest value have an opportunity for a mutually beneficial relationship and partnership.

The supplier Manual is managed as a living reference document by GOUDSMIT, summarizing at all times the newest process guidelines for the above mentioned topics.

The Manual contents will be updated regularly as required and available on our Supplier Website as well as by request.

I believe this manual will be helpful in establishing and maintain your relationship with GOUDSMIT Please distribute GOUDSMIT's Supplier Manual within your Organization as needed.

Yours sincerely,
Leo Potjes
Procurement Manager

Supplier Manual Acknowledgment Notes:

The review of this document means you, our Supplier, acknowledge our expectations have been reviewed with you or by necessary members of your organization. Our goal is to form a partnership and solid relationship with our Suppliers. We have an open-door policy and welcome all inquiries, concerns and solutions to all areas.

Document number	GMG05-30255
Date	23-07-2024
Page	5 of 27
Proces owner	Procurement
Verified by	Procurement Manager

1. Purpose

The purpose of this Supplier Manual is to define and communicate the minimum supplier requirements at GOUDSMIT. GOUDSMIT strives to ensure all members of the supply base meet and understand GOUDSMIT's basic supplier requirements to be used by all suppliers. Other obligations and responsibilities also apply per contract or other agreements and this document in no way supersedes those agreements, but seeks to help support or better define those requirements.

These regulations include additional terms and conditions of delivery which are applied by GOUDSMIT with respect to products supplied.

When products are manufactured, certain aspects of their quality are acquired without the requirements for this being explicitly indicated in product drawings or specifications. To clarify this point, these missing requirements are included and defined in these regulations as a standard quality. Suppliers and sub-contractors are expected to meet the minimum requirements of the "Standard Quality for Suppliers" in the manufacture of their products.

1.1 Vision

GOUDSMIT's vision is for its products to be recognized as superior in performance and value. GOUDSMIT relies on their supply base to provide defect-free material, parts, assemblies, outsourced processes, services and on time delivery.

GOUDSMIT's suppliers will conduct business with a high degree of integrity and in a socially and environmentally responsible manner in accordance with GOUDSMIT's Code of Conduct, located on the GOUDSMIT Supplier website www.goudsmitmagnets.com/suppliers

1.2 Scope

This manual sets forth guidelines and requirements applicable to all existing and potential suppliers of products, (raw)materials, assemblies, out sourced processes, and services for GOUDSMIT products. However, there may be cases where a supplier is required to provide materials or employ processes not specifically defined in this manual.

In this Supplier Manual, the terms "must" and "shall" mean the described action is mandatory. "Should" means that the described action is necessary and expected with some flexibility allowed in the method of compliance, and "may" means that the described action is permissible or discretionary.

1.3 Proprietary Information

All information, know how, formulae, processes, photographs, drawings, materials, goods and equipment provided to suppliers by GOUDSMIT, or arising from work or services done for GOUDSMIT shall be treated as confidential and proprietary. Suppliers shall adhere to all requirements of the GOUDSMIT NonDisclosure documents and Supplier Agreement and will not disclose or provide information to others without written approval from GOUDSMIT

Document number	GMG05-30255
Date	23-07-2024
Page	6 of 27
Proces owner	Procurement
Verified by	Procurement Manager

To secure the confidentially attached to the proprietary information, the supplier shall store the information/documents separate and shall not store the information, nor reproduce or transform, or store in an externally accessible computer or form of electronic information retrieval system, or transmit in any form or by means whatsoever outside of its usual place or business. Ideally GOUDSMIT will have confidentiality agreements in place with all suppliers. Typically these obligations are contained within one or both:

1.3.1 Non-Disclosure Agreements

GOUDSMIT values the relations with our suppliers and therefore we would like to protect it through the use of the formal agreement. The Category Manager related to a product group has the responsibility to ensure that the agreement is in place.

1.3.2 Supplier Agreement

A Supplier Agreement should contain: cost or price, services or products provided, what happens if something goes differently than planned, and information about delivery/payments terms, warranty, deliveries, risks & Ownership, claims and costs recurrence, force majeure, disputes and law, etc. The termination dates should be clear as well for all parties. All agreements should be in a written format to provide clarity for all parties, but also force to really think through details and put that in writing. The Global Supply person related to a product group has the responsibility to ensure that the agreement is in place. GOUDSMIT is looking for long term relations that give both companies the competitive advantages and collaboration to be successful in the cleaning market we are operating in. We strive for partnerships and long term collaboration.

2. Supplier Responsibilities

GOUDSMIT expects their suppliers to demonstrate their commitment to quality and environment. The goal is to work collaboratively with suppliers to encourage the following:

1. Suppliers are responsible for always using the latest version of documents published by GOUDSMIT on its Supplier website: www.goudsmitmagnets.com/suppliers
2. It is the responsibility of each supplier to ensure complete understanding of the content of this manual in its entirety and ensuring that all related departments or sub-suppliers are trained in regards to appropriate guidelines and requirements.
3. The supplier must have a business continuity plan which allows for the safeguarding, storage and recovery of engineering drawings, electronic media, and production tooling in the event of damage or loss. This plan must include contingency plans to satisfy GOUDSMIT delivery requirements without delay in the event of significant interruptions due to natural disasters, fire, utility interruptions, equipment failure, etc.
4. Social and Environmental responsibility: GOUDSMIT values safety and recognizes the safety and health of our employees and workers as well as that of our suppliers. We must all review and improve working conditions to ensure a safe and healthful workplace and must report unsafe working conditions anywhere in the world to our management.
5. Conflict Minerals (see supplier website).
6. Prohibited countries (frequent updates will be sent to organization).
7. Code of Conduct (see supplier website).

Document number	GMG05-30255
Date	23-07-2024
Page	7 of 27
Proces owner	Procurement
Verified by	Procurement Manager

3. Quality Management System Requirements

3.1 Quality Management System

Suppliers shall maintain a Quality Management System (QMS) suitable to the products and services provided to GOUDSMIT, which is certified by an accredited third-party certification body to the latest version of, as applicable:

- ISO 9001 – Quality management Systems
- ISO 14001 – Environmental Management System
- ISO 45001 – Health and Safety (H&S) Management System
- IATF 16949 – Automotive Industry Quality Management System

In the absence of third-party certification, depending on the product, its application, value and criticality, GOUDSMIT's Category Management Team may jointly authorize the acceptance of other evidence of compliance to GOUDSMIT's requirements.

The supplier shall establish, document, implement and maintain a quality management system and continually improve its effectiveness in accordance with the following requirements.

The Supplier shall:

1. Determine the processes needed for the quality management system and their application throughout the organization.
2. Determine the sequence and interaction of these processes.
3. Determine criteria and methods needed to ensure that both the operation and control of these processes are effective.
4. Ensure the availability of resources and information necessary to support the operation and monitoring of these processes.
5. Monitor, measure where applicable, and analyze these processes.
6. Implement actions necessary to achieve planned results and continual improvement of these processes.

When a supplier chooses to outsource any process that affects product conformity to requirements, the supplier shall ensure control over such processes. The type and extent of control to be applied to these processes shall be defined within the quality management system.

Note: Ensuring control over outsourced processes does not absolve the organization of the responsibility of conformity to all customers', statutory and regulatory requirements.

3.1.1 GOUDSMIT Regulatory Compliance

Some GOUDSMIT products are listed with third-party regulatory agencies such as UL (Underwriter's Laboratories), or other NRTLs (Nationally Recognized Test Labs). A subsequent requirement is that select supplied products are to have Certificates of Compliance/Certificates of Conformance, or Material Certification sent to GOUDSMIT with each shipment of affected part numbers. If a supplied part is applicable to this requirement, the GOUDSMIT purchase order will include the following annotation: Certificates of Compliance/Certificates of Conformance must be signed, titled and dated. Such certificates are to accompany the packing slip, on the product packaging, from the supplier.

Note: This requirement is in addition to the Certificate of Compliance/Certificate of Conformance or Material Certification requirements of the First Article Inspection (FAI) Process requirements found in section 5.2.

Document number	GMG05-30255
Date	23-07-2024
Page	8 of 27
Proces owner	Procurement
Verified by	Procurement Manager

3.1.2 Conflict Minerals and Supply Chain Transparency

GOUDSMIT is subject to reporting obligations in the US, EU, and even in specific states like California. One such disclosure is Section 1502 of the Dodd Frank Act, which requires that GOUDSMIT collect certain information from suppliers regarding its use and sourcing of tin, tantalum, tungsten, and gold. Each year these required disclosures increase globally. GOUDSMIT will advise suppliers regarding these information requirements and suppliers shall keep accurate and separate records and accounts, in accordance with good accounting practices, sufficient to enable GOUDSMIT to rely on such reports for purposes of complying with its reporting requirements.

3.1.3 RoHS 2 Directive 2011/65/EU Compliance

The supplier needs to provide a Declaration of conformity regarding RoHS 2/3 for the products that GOUDSMIT is asking. We only will ask these parts, for products which are in scope of the RoHS 2/3 Directive. Regulation: 2011/65/EU RoHS 2, 2015/863/EU RoHS 3 Restriction of the use of certain hazardous substances in electrical and electronic equipment, replacing Directive 2002/95/EC.

Substances & Threshold:

- Cadmium(Cd) and its compounds: 0.01%
- Mercury and its compounds: 0.1%
- Lead(Pb) and its compounds: 0.1%
- Hexavalent chromium (Cr6+) and its compounds: 0.1%
- Polybrominated biphenyls (PBB): 0.1%
- Polybrominated diphenyl ethers (PBDE): 0.1%

Included after July 22, 2019 per Directive (EU) 2015/863 (RoHS 3.0):

- Bis(2-Ethylhexyl) phthalate (DEHP): max 0.1%
- Benzyl butyl phthalate (BBP): max 0.1%
- Dibutyl phthalate (DBP): max 0.1%
- Diisobutyl phthalate (DIBP): max 0.1%

Proof of conformity has to be delivered via a Declaration of Conformance with the minimum following information:

1. On Company Letterhead Needs to indicate the declaration is an official company communication of the employee making the declaration.
2. Includes the proper RoHS Directive legislative reference.
3. Includes unique reference to parts or products being covered by the declaration.
4. Declares Compliance Status Compliant (does not contain substances above threshold)
5. Signed by appropriate individual (name, contact, title)
6. Dated

3.2 Management Responsibility

Supplier's management must notify GOUDSMIT immediately of any changes in ownership or significant changes in the supplier's business climate (such as acquisitions, divestures, litigation or any other activity that may change the financial viability of the supplier's organization). Supplier's management is to take an active role in quality management.

3.3 Control of Documents

GOUDSMIT uses drawings, procurement specifications including but not limited to Manufacturing Supply Agreements, Exhibits, Letter Agreements, etc., and other controlled documentation to

Document number	GMG05-30255
Date	23-07-2024
Page	9 of 27
Proces owner	Procurement
Verified by	Procurement Manager

communicate requirements to its suppliers. Suppliers are required to have a procedure for controlling these documents and to route GOUDSMIT drawings & specification changes to all necessary departments. Suppliers must use the latest revision for purchasing, supplying and inspecting based on the purchase order requirements. All superseded documents must be discarded or marked **OBSOLETE**.

3.4 Control of Records

Records established to provide evidence of conformity to requirements and of the effective operation of the quality management system shall be controlled.

The supplier shall establish a documented procedure to define the controls needed for the identification, storage, protection, retrieval, retention and disposition of records.

Records shall remain legible, readily identifiable and retrievable.

These records must be stored in an environment that protects documents from deterioration and are readily accessible upon request by GOUDSMIT. It is also expected that sub-suppliers' records, pertaining to GOUDSMIT products, are retained in the same manner.

3.5 Purchase Orders

GOUDSMIT Purchase Order (PO) documents are issued to suppliers and will contain:

GOUDSMIT product number, description, revision level, quantity, delivery date(s), price, delivery condition, First Article Inspection (FAI), regulatory approvals, and other information unique to the purchased product.

The supplier must review and approve Purchase Orders prior to release for production. Incomplete or conflicting requirements are to be resolved in consultation with GOUDSMIT, prior to release. When requested, the supplier must confirm acceptance of the order to the issuer. GOUDSMIT Purchase Order Terms and Conditions can be found at www.goudsmitmagnets.com/suppliers

3.6 Placement of Orders

GOUDSMIT may transmit orders electronically to suppliers and such orders shall be governed by the terms of this manual.

The supplier has three business days following receipt to provide GOUDSMIT with written objection to an order, after which the order shall be deemed accepted without exception. The supplier agrees to maintain industry standards of confidentiality, security, care and diligence regarding the transmission and storage of electronic documents and data. Any electronic document properly transmitted shall be considered a "writing," and any document issued or signed by a party's authorized representative shall constitute an "original" when printed from electronic records maintained in the normal course of business.

Document number	GMG05-30255
Date	23-07-2024
Page	10 of 27
Proces owner	Procurement
Verified by	Procurement Manager

4. Supplier Qualification Process

All suppliers of production materials sent to GOUDSMIT must be qualified suppliers. The extent of the qualification process is dependent upon the criticality of product purchased and other factors determined by GOUDSMIT. The qualification process in its most complete form consists of three parts:

- A questionnaire completed by the supplier.
- A quality management system self-assessment completed by the supplier, using the GOUDSMIT supplier assessment survey form.
- An on-site assessment by GOUDSMIT QC department.

GOUDSMIT periodically reevaluates suppliers through the use of quality performance data and/or on-site assessments.

4.1 Supplier Questionnaire

In the early stages of the supplier selection process, potential suppliers are sent a questionnaire. This questionnaire solicits general information about the company such as location(s), size, capabilities, and financial stability as well as detailed questions regarding the Company's quality management system and quality history.

4.2 Supplier Self-Assessment

When a new supplier is being considered, they are sent a quality management system self-assessment survey form. The supplier completes the self-assessment and returns it along with a copy of their supporting documents. GOUDSMIT will review to determine if the documented quality system meets GOUDSMIT's requirements.

4.3 On-Site Assessment

For suppliers of critical components, an on-site assessment of the supplier's facility may be performed. The on-site assessment includes a quality assessment to determine whether the supplier's quality management system is in place and functioning effectively. If the assessment team determines that the supplier meets GOUDSMIT's requirements, GOUDSMIT qualifies the supplier to bid on new business and supply production materials.

4.4 Supplier Approval

If the assessment team determines that the supplier meets GOUDSMIT's qualification requirements, GOUDSMIT will add the supplier to the GOUDSMIT Approved Supplier List (ASL). Suppliers on the GOUDSMIT ASL will be able to receive purchase orders and supply production materials.

4.5 Periodic Reevaluation

GOUDSMIT periodically re-evaluates current production suppliers through the use of quality performance data and/or on-site assessments. If requested, the supplier shall make their facility available for on-site process verification by GOUDSMIT QC, with reasonable notice.

5. Product Qualification Process

This section defines the generic requirements for production part qualification and approval. The purpose is to determine if all GOUDSMIT design and specification requirements are properly

Document number	GMG05-30255
Date	23-07-2024
Page	11 of 27
Proces owner	Procurement
Verified by	Procurement Manager

understood by the Supplier and that the manufacturing processes have the capability to consistently meet these requirements.

In all instances where a product is manufactured to a new design, for a new system, or for a new application, it is important that Supplier and GOUDSMIT allocate responsibility for assuring that all performance, endurance, maintenance, safety and warning requirements are met.

The supplier should be able to present objective evidence of their manufacturing capability on similar processes or products, to demonstrate technical competency, when a (new) process is being used in the production of product for GOUDSMIT. Objective evidence can include capability data, FPY, and quality issues with other customers.

5.1 Supplier Design Acceptance (SDA) Process

Definitions:

Characteristic:

A dimensional, visual, functional, mechanical, or material feature or property, which describes and constitutes the design of an article and can be measured, inspected, tested or verified to determine conformance to design requirements. This includes drawing requirements (including requirements in the drawing title block) and/or specification requirements determined from drawing notes.

Supplier Design Acceptance (SDA):

A Supplier Design Acceptance is a complete, independent, and documented physical and functional inspection process to verify that all characteristics as specified on the GOUDSMIT Engineering drawing and specifications are complete, understood and obtainable with supplier's long-term process capability before the change or start of production begins.

A Supplier Design Acceptance shall be performed:

- The 1st time the part is requested to a (new) supplier

SDA Process Flow:

Phase 1: *GOUDSMIT*

- GOUDSMIT must notify the supplier of the SDA requirement.
- If a supplier is asked to participate, a GOUDSMIT representative will send the supplier the latest drawing, including all subassembly drawings when applicable.

Document number	GMG05-30255
Date	23-07-2024
Page	12 of 27
Proces owner	Procurement
Verified by	Procurement Manager

Phase 2: *Supplier*

- GOUDSMIT has a template available, on the supplier website for the Supplier Design Acceptance (SDA) form (TC-202-12-001). Supplier is responsible for always using the latest version.
- The supplier's responsibility is to complete the Supplier Design Acceptance form by responding objectively to the question: "Can you (supplier) produce this part in conformance to all characteristics on the engineering drawing?"
 - If yes, check the "Yes" box.
 - If "Yes, with the following exceptions or concerns", check the box and provide any exceptions or concerns.
 - If "No", the supplier must explain which characteristics are not obtainable and any remedy recommendations.
- Obtain a hard copy of GOUDSMIT Engineering Drawing and manually highlight each characteristic on the GOUDSMIT drawing, related to the selected checkbox from the SDA form.
 - If "Yes", highlight the effected characteristics "Green".
 - If "Yes, with the following exceptions or concerns", highlight effected characteristics "Orange".
 - If "No", highlight the effected characteristics "Red".
- The supplier must verify and highlight the results for:
 - 100% of all characteristics on the engineering drawing
 - 100% of all notes on the engineering drawing
 - Material- and treatment specifications on the engineering drawing
- When the GOUDSMIT part contains other GOUDSMIT part numbers (for example sub-assemblies, welded parts or cast parts), these parts shall be treated as a separate part and needs their own highlighted GOUDSMIT drawing, a separate SDA form is not necessary in this case.
- The supplier should sign and return the completed Supplier Design Acceptance (SDA) form and highlighted drawing to the GOUDSMIT issuer.
- Other feedback such as ideas to make the part more cost-effective or improve part manufacturability is also invited and will be logged. Concerns with meeting drawing requirements are considered first priority for resolution.

Phase 3: *GOUDSMIT*

- The GOUDSMIT issuer has responsibility to coordinate (between GOUDSMIT Engineering and the supplier) resolution to any concerns.
- If the SDA is approved, the form shall be signed and returned to the supplier.
- If the SDA is approved, file the SDA (with the highlighted Engineering Drawing) in the respective part data folder

Document number	GMG05-30255
Date	23-07-2024
Page	13 of 27
Proces owner	Procurement
Verified by	Procurement Manager

5.2 First Article Inspection (FAI) Process

Definitions:

Characteristic:

A dimensional, visual, functional, mechanical, or material feature or property, which describes and constitutes the design of an article and can be measured, inspected, tested or verified to determine conformance to design requirements. This includes drawing requirements (including requirements in the drawing title block) and/or specification requirements determined from drawing notes.

- Dimensions/features identified as “Reference” (i.e. noted as “REF” or are in parenthesis on the drawing) must be included on the FAI report and noted as “REF” in the “Tolerance” column.

First Article Inspection (FAI):

A First Article Inspection is a complete, independent, and documented physical and functional inspection process to verify that prescribed production methods have produced an acceptable part as specified only by GOUDSMIT Engineering Drawings and specifications.

A First Article Inspection shall be performed:

- The 1st time the part is provided at production-level (rev. 00);
- A change of manufacturing source, process, inspection method, location of manufacture, tooling or materials, that can affect fit, form or function.
- A natural or human occurrence that has a detrimental effect on the manufacture process.
- A lapse in production for a period of 2 years or as specified by GOUDSMIT.

Delta First Article Inspection (> rev. 00):

A verification that the article being inspected complies with the changes made to the GOUDSMIT Engineering drawing. The Delta FAI records only those characteristics affected by the revision change, provided an approved FAI is on file for the previous revision.

Pre-production/Prototype parts (drawings with Alphabetic-revisions):

Only Key Characteristic data is required for Pre-production/Prototype parts.

Key Characteristics may be identified by unique symbols (such as: ♦) on GOUDSMIT drawings. Key Characteristics are not intended to relieve the supplier from the responsibility of ensuring that the other characteristics conform to GOUDSMIT specifications, but rather to highlight where additional submission elements, process controls and on-going evidence of conformance are needed.

FAI Process Flow:

Phase 1: GOUDSMIT

GOUDSMIT must notify the supplier of the FAI requirement. It is advisable to place a separate line item on the PO indicating the FAI as a deliverable. Yet that does not exclude the supplier their responsibility for performing a FAI report when applicable.

Document number	GMG05-30255
Date	23-07-2024
Page	14 of 27
Proces owner	Procurement
Verified by	Procurement Manager

Phase 2: Supplier

- The supplier shall ensure all verifications conform to all specified documents and specifications.
- When the GOUDSMIT part contains other GOUDSMIT part numbers (for example sub-assemblies, welded parts or cast parts), these parts shall be treated as a separate part and needs their own FAI documents. The main FAI document will refer to these GOUDSMIT parts.
- Any results outside of the specification limits (engineering drawing, related specifications, etc.) should be properly documented with corrections and are cause for the supplier not to submit the FAI. The supplier must make every effort to correct the process so the product conforms to all of the specifications.
 - If the supplier is not successful in producing a product that conforms to all of the specifications, the supplier may submit a Supplier Deviation Request form (TC-202- 11-001) for review by GOUDSMIT engineering.
- The supplier must verify and record the results for:
 - 100% of all characteristics on the engineering drawing.
 - 100% of all notes on the engineering drawing.
 - Material specifications on the engineering drawing.
- The supplier shall perform tests for all parts and product materials when chemical, physical, or metallurgical requirements are specified by the engineering drawing. Suppliers that make the material used in the final product will need to validate the chemical, physical, or metallurgical results. The use of sub-tier supplier results for material and physical properties is acceptable.
- To properly communicate the FAI information, the supplier shall do the following actions:
 - Place a numbered bullet to each characteristic on the GOUDSMIT engineering drawing.
 - Transfer the bullet number and the characteristic to the First Article Inspection Report form (TC-203-01-005).
 - Characteristics that are indicated to occur several times should be documented on the First Article Inspection Report form for all occurrences.
 - Upon completion of the inspection activity for each item listed on the First Article Inspection Report form, ensure all results are included.
 - Do not forget to identify if the item meets requirements (In spec. Yes/No).
- For the first production shipment: The FAI form, annotated (ballooned) drawing, and applicable material/process certifications are to be included with the FAI samples. Suppliers are also required to e-mail the FAI form in the original format, a copy of the ballooned drawing, and all material/process certifications to the following e-mail address: qualitycontrol@goudsmit.eu. The e-mail message "subject" must contain the GOUDSMIT part number (incl. revision), supplier name and GOUDSMIT location (shipping address) to permit sorting at GOUDSMIT
- If possible (and preferred by GOUDSMIT), the complete FAI paperwork package may be sent to GOUDSMIT for review prior to the first shipment of parts. GOUDSMIT will review the preliminary FAI paperwork and provide any comments or required corrections to the supplier. The final FAI paperwork package shall be submitted as indicated above.

Document number	GMG05-30255
Date	23-07-2024
Page	15 of 27
Proces owner	Procurement
Verified by	Procurement Manager

Phase 3: GOUDSMIT

- Quality Control reviews the FAI documents and provides approval status and returns to the Supplier.
 - **First Article Approved:** The FAI is signed and returned to the supplier.
 - **Inspection Approved for alpha rev.:** The FAI is signed and returned to the supplier.
 - **Approved with Deviation:** The FAI is signed with the Deviation Number noted and before, review ed by the appropriate engineering department for review and approval. The FAI is returned to the supplier.
 - **Rejected:** The FAI is signed with the Quality Notification Number noted and returned to the supplier.
- If the FAI is rejected, the supplier must re-submit the FAI with any non-conforming conditions corrected. GOUDSMIT must communicate all rejection information to the supplier and indicate a new FAI is required.
- If the FAI is approved, file the FAI (with all applicable certifications) in the respective part data folder.

FAI Requirements:

- FAI Samples
 - The inspected parts are from a random sample of 5 parts from the first production lot provided to GOUDSMIT.
 - Except when a purchase order indicates less than 5 parts, in that case all parts shall be used as samples.
 - When the manufacturing method uses multiple sources of production, including cavities, spindles, dies, tools, process lines, machines, etc., a sample must be selected from each source.
 - All FAI analysis and submissions must be constructed or assembled using production-intent equipment, tooling, processing, methods and other conditions.
 - Except in the case of pre-production parts.
 - The inspected parts should be uniquely identified to correspond to the actual measurements recorded on the FAI report.
 - All characteristics must be compliant with the GOUDSMIT Engineering Drawing unless a Deviation has been authorized by GOUDSMIT.
 - Attach an identifying tag to the FAI sample(s) using string (do not use tape or wire).
- First Article Inspection Report
 - GOUDSMIT has a template available on their supplier website for the First Article Inspection Report (FAI-2024-01-001).
 - Suppliers have the opportunity to use their own First Article Inspection Report, as long as all features of GOUDSMIT's First Article Inspection report are listed on the suppliers report.
 - Self-made gauges/calipers are not allow ed to use during the FAI process, GOUDSMIT only accepts valued measurements.
 - All FAI documentation must be submitted in English

Document number	GMG05-30255
Date	23-07-2024
Page	16 of 27
Proces owner	Procurement
Verified by	Procurement Manager

GOUDSMIT MAGNETICS		First Article Inspection Report (Form # FAI-2024-01-001)					PO #: 4					
Part Number: 1		Part Description: 2			Revision: 3		Quantity:					
Supplier: 5		Supplier code#:			Agency approved file # (URL etc, if applicable):		Weight of 1 pc:					
Page:		Select One: <input type="checkbox"/> Prototype Parts (Alpha Rev.) 6 [FAI for Key Characteristics only] <input type="checkbox"/> New Part (Numeric Rev.) [Rev00 - Full FAI / all dimensions] <input type="checkbox"/> Rev. Change (Numeric Rev.) [Delta FAI / affected dimensions] <input type="checkbox"/> Other: Process, Tooling, Material, etc. [Full FAI / all dimensions]										
Documents Required along with FAI Samples:		2. Raw Material Certificate (For Full FAI only)		4. Certificate of Conformity (For Full FAI only)		6. Special Process Cert. (if applicable)						
1. FAI Form 740-02-15		3. Engineering Drawing (Ballooned)		5. Performance/Func. test results (if applicable)		7. AAR Report (if applicable)						
Item #	Dimension 7	Tolerance 8	Inspection Instrument Used 9	Supplier Inspection Results 10					In Spec. 11		Goudsmit	
				Part 1	Part 2	Part 3	Part 4	Part 5	Yes	No	Accept	Reject
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
Note1												
Note2												
Note3												
Note4												
Shipping Instruction: FAI Box should be taped with "FAI Enclosed" Tag on all four sides and on the top of the box. For Tag - please see NEXT TAB												
Comments:												
Inspected By: 12			Signature: 13			Email: 14			Date: 15			
GOUDSMIT MAGENETICS Use Only												
<input type="checkbox"/> First Article Approved			<input type="checkbox"/> Approved with Deviation			<input type="checkbox"/> Rejected						
<input type="checkbox"/> Inspection Approved for alpha rev.			Deviation Number: _____			QN # (if rejected): _____						
Comments:												
Goudsmit QC:			Signature:			Email:			Date:			

- All numbered fields are mandatory, other fields are optional (required when available).
 - Part number (1): Enter the complete Tennant part number for the part
 - Part description (2): Enter the name of the part
 - Revision (3): Enter the part revision level of the FAI part
 - PO # (4): The Tennant purchase order number
 - Supplier (5): The name of the Supplier preparing the FAI report
 - Select one (6): Check the type of FAI
 - Dimension: (7): Characteristic designator (dim. / notes, etc.) / metric
 - Tolerance (8): Mentioned tolerance, otherwise general tolerance / metric
 - Inspect. Instr. Used (9) Measuring equipment used (caliper, CMM, fixture, etc.)
 - Supp. Inspect. Results (10) Results of the characteristic
 - In spec. (11) Is the result meeting the requirement?
 - Inspected By (12) Name of person who prepared the report
 - Signature (13) Signature of person who prepared the report, an electronicor typed signature is acceptable
 - Email (14) Email, where we can send a signed copy
 - Date (15) Date when the report was completed

Document number	GMG05-30255
Date	23-07-2024
Page	17 of 27
Proces owner	Procurement
Verified by	Procurement Manager

- For characteristics that are recorded on material and/or test report certifications, type “Conforms” in the “Supplier Inspection Results” block and reference the certification number in the “Inspection Instrument Used” block.
 - For characteristics that require visual inspection, type “Conforms” in the “Supplier Inspection Results” block and state “Visual” in the “Inspection Instrument Used” block.
 - For characteristics that are inspected using a functional or go/no-go gage, type “Conforms” in the “Supplier Inspection Results” block and state the gage type or gage number in the “Inspection Instrument Used” block
 - **Balloon (bubble) drawing**
 - Obtain a hard copy of Tennant Engineering Drawing and manually place consecutively numbered circles (balloons) adjacent to each characteristic (dimensions, notes, material, treatment, etc.) on the GOUDSMIT drawing
 - Material and Special Process Certifications
 - Material Certificate of analysis
 - Raw material certificates needed if parts are fabricated.
 - Performance Test Data (as required by drawing or PO)
 - Some products may require testing and analysis beyond dimensional properties. Examples include: chemical analysis, mechanical testing, x-ray testing, etc. The supplier may use outside accredited lab/test facilities to perform required tests.
- If applicable:
- Certificates of Compliance / Certificates of Conformance (3rd –party agency approvals such as UL and CE)

FAI Material Identification Requirements:

- “FAI Enclosed” tag must be affixed on four sides, and the top, of the box/container containing the five samples and documents.
- Required documents must be placed inside the containers in an envelope clearly marked, “FAI Documents”



Document number	GMG05-30255
Date	23-07-2024
Page	18 of 27
Proces owner	Procurement
Verified by	Procurement Manager

5.3 Test and Measurement Equipment

Suppliers are responsible for meeting all product specifications and requirements. The supplier shall determine the monitoring and measurement to be undertaken and the monitoring and measuring devices needed to provide evidence of conformity of product to determined requirements. As a minimum, where necessary to ensure valid results, measuring equipment shall:

- Be calibrated or verified at specified intervals, or prior to use, against measurement standards traceable to international or national measurement standards; where no such standards exist, the basis used for calibration or verification shall be recorded;
- Be identified to enable the calibration status to be determined.

In some cases, GOUDSMIT may provide test and/or measurement equipment to suppliers. The supplier is responsible at all times for the care, maintenance, safekeeping and proper use of GOUDSMIT-owned items.

For maintenance and calibration on GOUDSMIT owned equipment is the responsibility of the supplier.

Suppliers must promptly report any loss or damage of GOUDSMIT gages and test equipment. This does not include normal wear. GOUDSMIT and the supplier will determine who has responsibility for calibration of GOUDSMIT-owned equipment. If GOUDSMIT assumes responsibility for calibration, the supplier shall make the test and measurement equipment accessible to GOUDSMIT and return it within the timeframe requested.

5.4 GOUDSMIT-Owned Tooling & Fixtures

GOUDSMIT often pays for tooling that is uniquely-required for the production of GOUDSMIT products (does not include perishable tooling). Examples of unique tooling include molding tools and machining fixtures. Such tooling is the property of GOUDSMIT and must be permanently identified as a GOUDSMIT asset. Suppliers shall maintain quality records for all GOUDSMIT owned tooling and fixtures and make records available to GOUDSMIT upon request. Such tooling will not be scrapped, altered or relocated without prior written approval from GOUDSMIT. GOUDSMIT reserves the right to take possession of the tooling at any time. Original tool designs are considered property of GOUDSMIT and the supplier shall provide copies of the CAD designs between the time the engineering drawings have been created and before production.

Tooling Approval

GOUDSMIT generally evaluates First Article samples, but it is the supplier's responsibility to ensure the tool design and tools will ultimately produce consistently acceptable parts or assemblies. A dimensional check of the tool will not be performed by GOUDSMIT. Parts produced by the tooling must successfully pass GOUDSMIT's Part Approval Process before the tooling and fixtures can be used for Production orders.

Document number	GMG05-30255
Date	23-07-2024
Page	19 of 27
Proces owner	Procurement
Verified by	Procurement Manager

Tooling Identification

The permanent identification of the tooling and fixtures will include contain the following information: the phrase “Property of GOUDSMIT” and GOUDSMIT’s asset number (GOUDSMIT will provide ID number). This can be done with an ID plate, or by machining directly onto larger tooling. The plate needs to be ‘fixed to the tool’ which cannot be taken away without any use of tooling.

After the GOUDSMIT asset identification information has been affixed to the asset, two photographs will need to be taken and sent to a GOUDSMIT representative.

1. Must include the whole tool with the attached asset tag visible. If the tool contains multiple cavities it must be open showing all parts in the picture.
2. A close-up of the asset tag affixed to the tool.

Exclusivity

No supplier shall use GOUDSMIT owned tooling to make parts for a different customer. The sole exception to this is if GOUDSMIT provides written instructions to sell parts to a different GOUDSMIT supplier. This could be for a sub-assembly process, line sequencing, or similar reason.

Storage and Maintenance

The supplier is responsible for the care, maintenance, safekeeping and proper use of GOUDSMIT-owned tooling and fixtures in its possession. This includes the prompt reporting of any damage to tooling. Subject to the terms of the purchasing documents, the supplier may be liable when tooling deficiencies are identified. Specifically, this shall include:

- Review of tooling mating surfaces for wear, sharpening, parting line mismatch, flash, etc. ➤
- Corrosion prevention
- Keeping date code wheels up to date
 - Replacing broken die springs
 - Cleaning part residue, mold release, or any other accumulation.

Suppliers shall maintain tool and maintenance logs and provide to GOUDSMIT upon request.

5.5 Preventive Maintenance

The supplier shall identify key process equipment and provide resources for machine/equipment maintenance activities and develop an effective planned total preventive maintenance system.

The Supplier Preventive Maintenance program will be documented and PM logs maintained.

These logs shall be available for review by GOUDSMIT upon request.

5.6 Process Monitoring & Control

Suppliers are responsible for ensuring all parts meet GOUDSMIT’s drawing requirements (this includes processes, characteristics or components that are controlled by sub-suppliers). To prevent defective product from being delivered to GOUDSMIT, the supplier shall establish and document process standards and control for all aspects of its manufacturing operations. GOUDSMIT may request documents related to correct and consistent processes and inspection.

When changes or improvements to process monitoring and/or quality controls are made, Work Instructions, Control Plan, Process Flow & PFMEA, etc. must be updated.

Document number	GMG05-30255
Date	23-07-2024
Page	20 of 27
Proces owner	Procurement
Verified by	Procurement Manager

5.7 Control of Nonconforming Material

Suppliers must begin to resolve issues associated with discrepant parts immediately upon internal discovery or notification from GOUDSMIT.

A supplier must immediately notify GOUDSMIT Supplier Quality Engineering and/or GOUDSMIT Procurement upon realization that nonconforming material may have been shipped to a GOUDSMIT facility. Immediate notification should be made by telephone followed by written documentation of the problem, lot size, shipment dates, lot identification, etc.

GOUDSMIT will notify suppliers of nonconforming material and request a Return Material Authorization (RMA). Suppliers are expected to grant this request. If after 10 calendar days there is no response to the RMA request, GOUDSMIT may scrap the parts at the supplier's expense. Parts returned on an RMA will be returned to the supplier at the supplier's expense. The supplier is expected to provide return shipping info along with the RMA.

It is expected that the supplier will put reworked or conforming parts into their inventory and may be added to future purchase orders issued by GOUDSMIT. GOUDSMIT will not accept any parts shipped without a valid purchase order.

If any portion of product from a supplier's delivery is rejected, GOUDSMIT may choose to reject the entire lot. The supplier is responsible for sorting, inspection and other issue-related costs incurred by GOUDSMIT due to the nonconformance. If supplier is unable to sort, re-inspect, or provide service to obtain parts, GOUDSMIT may provide such service and bill back to supplier for time to perform such activity. In certain circumstances GOUDSMIT & the supplier will contract with a 3rd party to perform the work required and billing will take place between 3rd party and supplier.

In all cases, the supplier shall inspect 100% of the suspect material until corrective action(s) have been completely implemented. Containers shall be clearly marked, "100% inspected".

5.8 Supplier Corrective Action Request (SCAR)

Suppliers may be asked to utilize, document and submit the Supplier Corrective Action Request (SCAR). The SCAR (TC-203-03-001) follows the Eight Disciplines (8D) corrective action methodology and is intended to be both a problem-solving tool and communication tool. Suppliers may use their company's problem-solving and communication document with approval from the GOUDSMIT requestor.

Document number	GMG05-30255
Date	23-07-2024
Page	21 of 27
Proces owner	Procurement
Verified by	Procurement Manager

SCAR Guidelines

D1 – Cross Cross-Functional Team: Identification of team-members that can successfully resolve the problem. GOUDSMIT also expects the supplier to identify a “champion” for the SCAR process. The champion is responsible for following-up on activities, ensuring time commitments are met, and updating the GOUDSMIT requestor with updated documents.

D2 – Problem Description: Identification of all facts, data and information that describe and quantify the problem in detail.

D3 – Short-Term Action: Immediate actions to prevent further escape. The supplier is expected to take all actions necessary to quarantine/return/replace/certify suspect material at all locations through-out the supply chain.

The supplier must describe and document how and when the clean-point will be identified.

The supplier shall inspect 100% of all suspect material until corrective action(s) have been implemented. Containers shall be clearly marked “100% inspected”.

D4 – Root Cause: In-depth analysis of the problem to determine the true underlying cause(s) and/or reason for the non-conformance. Generally there are failures in regards to both the occurrence and the detection that must be identified for correction. If a cause is unknown the supplier is to identify the specific steps that will determine root-cause(s) along with the person responsible and due dates.

Occurrence Cause: Answers the question: “Why did the problem occur?”

Detection Cause: Answers the question: “Why did the problem escape detection?”

There may be multiple answers to either, or both, types of causes.

NOTE: An example of a poor root cause is, "Statements from the supplier indicating that the root cause is 'operator error' and the corrective action is to remind or retrain an operator, and/or increase inspection, alone, are NOT acceptable corrective actions. These examples of proposed actions would be considered insufficient and not address the true underlying root cause(s) of why the supplier's policy, instructions, process, procedure, and/or system allowed the problem to develop and occur and not be detected by quality controls

D5 – Corrective Action Plan: Actions eliminating the problem and the possibility of reoccurrence. Each identified cause, for both occurrence and escape from detection, requires corrective actions. Methods may include: mistake-proofing systems, training, process changes, tool changes, etc. The supplier shall include, for each action, a primary owner and the target/completion date.

D6 – Corrective Action Verification: Quantitative results confirming that the corrective actions will resolve the issue.

D7 – Preventative System Improvements: Corrective action(s) throughout the quality system where applicable, as well as for like-products or like-processes.

D8 – Approval Sign-Off: The issue is not considered closed until both the supplier and the GOUDSMIT issuer are satisfied with identified and implemented actions.

Document number	GMG05-30255
Date	23-07-2024
Page	22 of 27
Proces owner	Procurement
Verified by	Procurement Manager

SCAR Response and Update Timing Expectations:

The supplier is required to document, track and update SCAR statuses, to the GOUDSMIT issuer, continuously until closure of the issue.

Timeline Expectations: While GOUDSMIT recognizes different levels of complexity to the 8D process, GOUDSMIT expects SCAR's to be treated with urgency. The following timeline guidelines should be adhered to:

- 24 Hours: Response with actions completed through D3 – Short-Term Action.
- 3 days: Response with actions completed (or plan identified) through D5 – Corrective Action Plan.
- 60 days: Response with all actions completed (or plan identified), and continuously until implementation of all action

5.9 Deviation Process

GOUDSMIT controls the parts provided by our global supply chain based on approved/validated parts and processes. A deviation is initiated to request a temporary change to a GOUDSMIT print, engineering specification, or quality standard. GOUDSMIT requires notification and reserves the right to refuse proposed deviations to the GOUDSMIT Engineering Drawing. GOUDSMIT approval is required before a supplier ships deviated parts.

GOUDSMIT accepts two types of deviations:

- Supplier initiated deviations
- GOUDSMIT initiated deviations

Supplier Initiated Process:

- Supplier shall notify GOUDSMIT and request approval for the deviation using the Supplier Deviation Request Form (TC-202-11-001).
- Supplier completes the form and sends to the GOUDSMIT representative. Supplier Deviation Request Form found at www.goudsmitmagnetics.com/suppliers.
- GOUDSMIT representative uses the Supplier Deviation Request Form to generate the deviation.
- GOUDSMIT representative circulates for approval from key GOUDSMIT stake holders.
- GOUDSMIT representative sends a deviation authorization to the supplier. Note: If requested change is permanent, an Engineering Change Request (ECR) shall be submitted.
- A copy of the deviation authorization shall be printed and fixed on the outside of the packaging until the deviation has expired or is no longer needed (i.e., new drawing release).

Red-line drawings, e-mails, verbal instructions, etc. are not acceptable forms of authorization.

Requests for deviation will be considered only for unusual circumstances and will not be accepted on a routine basis.

The supplier is to maintain a record of the expiration date and/or quantity authorized. The supplier must also ensure compliance with the original or superseding specifications and requirements when the authorization expires.

Document number	GMG05-30255
Date	23-07-2024
Page	23 of 27
Proces owner	Procurement
Verified by	Procurement Manager

5.10 GOUDSMIT Initiated Process

Same process as Supplier Initiated, except GOUDSMIT personnel (typically engineering) will submit & circulated the deviation for approval. Note: GOUDSMIT initiated changes are commonly used to pull changes forward to accelerate the implementation date. If the proposed change is long term/permanent, a Process/Product Change Notification (GMG09-30248/TC-203- 01-010) is required to be submitted to GOUDSMIT for approval before the change is implemented. The PCN Form is located at www.goudsmitmagnetics.com/suppliers

6. Packaging Requirements Overview

Suppliers are expected to provide packaging that will protect product throughout the complete distribution chain, from the supplier to GOUDSMIT and from GOUDSMIT to the end user. Primary shipping cartons from suppliers must be able to withstand all small parcel shipping environments.

Larger, bulkier items from suppliers must be shipped in a manner to withstand all rigors of overseas containers, truckload, less-than-truckload (LTL) shipping, cross docking, air freight, and all types of multiple handling.

All products/shipments must be in new, clean, intact and in saleable condition when delivered to GOUDSMIT. Shipments will be free of dirt, dents, scratches, scuffs, oil, burn marks, punctures or other deformation or physical blemishes.

Shipments that contain more than one part number (per container or carton) must have each part number segregated by part number within the main shipping carton.

Shipments that will travel internationally must be packaged to withstand the hazards of inland and ocean transportation, below deck stowage and multiple stages of handling. Special consideration shall be given to the packaging to ensure that breakage, damage and theft are prevented; rust and corrosion are inhibited and water intrusion is prevented.

NOTE: In a situation where product is received and does not conform to GOUDSMIT's packaging and labeling specifications, the product will be returned to the Supplier - at the Supplier's expense - using the GOUDSMIT 'return to supplier' procedure.

6.1 Delivery Documentation

All deliveries must be marked and accompanied by documentation as follows:

- First copy of packing list must be placed in a pouch outside the carton, box, bag, crate, etc. and marked, "Packing List Enclosed."
- The second copy of the packing list must be placed in an envelope inside the carton, box, bag, crate, etc. of each (separate) shipment.
- The packing list shall be folded such that no description of the product is visible from the outside.

Document number	GMG05-30255
Date	23-07-2024
Page	24 of 27
Proces owner	Procurement
Verified by	Procurement Manager

6.1.1 Packing List Detail Each

packing list must include:

- Seller's, i.e., exporter complete company name and address, including contact name, telephone and email address,
- Buyer's, i.e., importer complete company name and address,
- Consignee, i.e. ship-to-party complete company name and address, including contact name and telephone number,
- Shipper's, i.e. ship from complete company name and address, if different from Seller,
- GOUDSMIT purchase order number(s) or (applicable reference number, e.g. return authorization number), and
- Package/carton and piece/pallet quantities.

6.1.2 Packing List Line Item Detail

Each line item on the packing list must include:

- Case number,
- Detailed description of products, including name by which each item is known, Model number(s), Material and GOUDSMIT Part Number(s),
- Item quantities and unit of measure for each product,
- Total number of boxes in shipment, and
- Item gross and net weights.

Suppliers must provide packaging that will protect product throughout the complete distribution chain. All products/shipments must be packed, clean, undamaged, delivered to GOUDSMIT in a manner the package(s) can then be shipped direct to a customer.

6.2 International Packaging and Labeling Requirements

A package that must be shipped, stored or stacked in a certain position must display appropriate arrows and instructions. Hand-drawn arrows or instructions are not acceptable. Products containing hazardous substances must display the necessary hazardous signage indicating the nature of the hazardous product, such as the product UN ID Code and relevant Class ID Labels on the package.

Styrofoam filler, commonly referred to as 'peanuts' or 'popcorn', is unacceptable.

All wooden packaging materials must be ISPM15 compliant. Failure to comply with this requirement will result in the return of the goods back to its origin along with potential fines and penalties.

The Supplier's foreign shipper must provide products in packaging suitable for export to the designated carrier/freight forwarder.

The Supplier or his agent is required to properly block and brace all shipments to secure the load from moving within the container for the entire shipment, door to door, per International Maritime Standards. This is especially important for less than a container load (LCL or LTL) quantities shipping as a full container load (FCL or FTL). Failure to do so could result in carrier non-acceptance, or if additional safety preparation is required to move the cargo, costs will be passed back to the supplier or his agent.

Air freight shipments packaged in cartons large enough to contain a person must be secured with metal banding on all four sides.

Document number	GMG05-30255
Date	23-07-2024
Page	25 of 27
Proces owner	Procurement
Verified by	Procurement Manager

6.2.1 Requirements Specific to Europe

For deliveries made in Europe, Suppliers are required to use standard quality "Euro pallets" (80 cm x 120 cm) which can be exchanged at the point of delivery. Where necessary, GOUDSMIT located in Waalre, Netherlands is prepared to operate a pallet pool exchange service. Deliveries made to GOUDSMIT Waalre using "Euro" pallet format are not accepted with an overhang. GOUDSMIT will make arrangements with suppliers delivering product on pallets to have set quantities per part per pallet. (This is a reflection of the purchase order quantity.) This determines the height of the pallet.

In the case where smaller quantities of product do not maximize the pallet volume potential, multiple products may be loaded. In these cases the pallet must be marked "Mixed Product." For "Mixed Product" pallets, the maximum height is 1.50 cm. Product delivered to GOUDSMIT Waalre, Netherlands in boxes (on or off pallets) must not exceed 25 kg. All wooden packaging materials must be ISPM15 compliant. Failure to comply with this requirement will result in the return of the goods back to its origin along with potential fines and penalties.

6.3 Environmental and Disposal Attributes

All packages containing environmental claims or recycle symbols will comply with applicable government regulations as designed through the FTC and EPA. Suppliers delivering to GOUDSMIT Waalre are subject to "European packaging regulations" complying with country specific environmental policies. All solid wood packaging materials (including pallets) will have the appropriate pallet markings to indicate completion of a treatment method to prevent infestation in accordance with 7 CFR 319.40 as published by the US Department of Agriculture.

7. Chemicals & Hazardous Products/Materials

Suppliers/ Sellers are responsible for the identification of hazardous materials and compliance with all applicable hazardous material transportation regulations, i.e., Code of Federal Regulations, ICAO, ADR, etc.. Suppliers/ Sellers are also required to supply Material Safety Data Sheets (MSDS) for all applicable hazardous and non-hazardous materials.

- Hazardous Material Transportation
 - The supplier/ seller is responsible for the preparation of hazardous product documents in accordance with all applicable regulations.
 - The supplier/ seller shall supply all regulated hazardous materials to GOUDSMIT Company in appropriate packaging required by applicable shipping regulations.
 - For a hazardous material that is regulated for transportation, the supplier/ seller shall provide the following information on an MSDS or Dangerous Good Declaration:
 - United Nations Identification Number
 - Proper Shipping Name
 - Packing Group
 - Hazardous Class Number
 - Hazardous Class Description
 - Spill Response/ Emergency Contact Information
 - Label(s) required
 - Sub-Chapter reference for exempted items
 - Special Handling and Storage requirements such as temperature, isolation, etc.

Document number	GMG05-30255
Date	23-07-2024
Page	26 of 27
Proces owner	Procurement
Verified by	Procurement Manager

- **Material Safety Data Sheets (MSDS)**
 - For a material that is either hazardous or non-hazardous, the supplier/ seller shall provide the minimum proper information about the product on a Material Safety Data Sheet (MSDS) as stated below:
 - Chemical Name
 - Product Description (examples: part, vendor part number, GOUDSMIT part number)
 - Chemical Abstract Service (CAS) registration number
 - Product manufacturer's name and address
 - Spill response information
 - First aid information for proper treatment of injuries resulting from contact with substance
 - MSDS's must be supplied to GOUDSMIT before the first purchase of the product.
- Suppliers/ Sellers are required to inform GOUDSMIT Company if their product contains any of the following materials before first shipment of material to a GOUDSMIT facility:
 - Ingredient or chemical not registered under the U.S. Toxic Substance Control Act (TSCA)
 - o Ozone Depleting Chemicals
 - Asbestos o Lead Paint
 - Mercury
 - Other chemicals as specified
- Product that off-gases or gives off offensive odors while in storage must be pre-approved before shipment.

8. Continuous Improvement

GOUDSMIT strives for quality, reliability and on time delivery of our products. GOUDSMIT recognizes this requires partnership with a strong supply chain. A continuous improvement philosophy should encompass the supplier's processes, systems and products. To be effective, an effective improvement strategy must have tactical and strategic elements.

Tactical

- Specific and measurable to include performance requirements, goals & results
- Identify where and when it will be used

Strategic

- Company objectives & supporting long range plans
- Sustained effort focused on value add processes
- Customer satisfaction

Document number	GMG05-30255
Date	23-07-2024
Page	27 of 27
Proces owner	Procurement
Verified by	Procurement Manager

Supplier Development

GOUDSMIT's Supplier Development program uses dedicated resources focused on driving continuous improvement in the performance of our supply chain. GOUDSMIT Supply Chain personnel are here to partner with suppliers & drive improvements throughout the value stream. GOUDSMIT and our suppliers can benefit from Supplier Development. Here are some key outcomes:

- Improved quality
- Improved customer responsiveness (on-time delivery, lead time reduction)
- Cost reductions (Inventory, overtime, labor and burden)
- Growth without capital expenditure

9. Warranty

The supplier shall comply with GOUDSMIT's General Purchase Order Terms and Conditions for Warranty located at www.goudsmitmagnetics.com/suppliers.