

A primary function of the IADD is to develop specifications, standards and best practices which encourage quality and accuracy in all phases of the diecutting and diemaking process. On April 3, 2003, the IADD Board of Directors adopted the following Best Practices as a guide to be used throughout the industry.

Official IADD Best Practices Guide

The below Generally Accepted Best Practices form a basis whereby effective communications between a vendor and a customer can insure that all specifications, information and conditions for placing an order and the delivery of that order meet the expectations of both parties. These generally accepted Best Practices create a win-win situation whereby all elements of the order process are recognized and understood by both parties.

As a point of reference, these Best Practices reflect common business practices in our industry. They can be used for companies to draft their own contractual provisions, focusing on customer relationships and a competitive spirit where all participants are able to advance their position in the industry. It would be a good idea for you to research and discuss business practices with your customer / vendor and develop ongoing language that everyone understands. Use of these Best Practices is entirely voluntary. All terms are subject to individual negotiation. Always consult your own attorney on contractual language.

- 1. Quotations:** Quotations for orders will be prepared based upon information, specifications and conditions provided by the customer. It is incumbent upon the customer to provide the supplier with all necessary specifications, information and conditions required to prepare a quotation. Quotations or estimates, written or verbal shall be valid for a specific period of time as specified by the supplier company. Approval of a quotation by a customer to a vendor should be a valid purchase order or an acceptance in writing in the form of a letter, fax or email.
- 2. Order Requirements:** All verbal orders must be confirmed with written instructions or a purchase order either by regular or express mail, fax or email. Orders must contain all required specifications, tolerances, information and conditions for the job. In the case of a customer ordering cutting die tooling and associated products, the customer must inform the diemaker of the type of material to be diecut and the cutting press that the die cutting tooling is to be used on. In the case of the diecutting converter, the customer must provide the diecutting converter with the materials to be diecut or specify exactly the materials that are to be used in the die cutting job so that the diecutting converter can source the materials for the job.
- 3. Cancellations:** Whenever a purchaser determines that it is necessary to cancel an order, the purchaser must provide written notice to the vendor either by mail, fax or email. A written notice must immediately follow a verbal cancellation. The company canceling an order will be responsible for payment of all work in process, expenses and materials purchased for the job up to the point of cancellation.
- 4. Delayed completion of orders by a customer:** If work on an order is delayed during the normal production period of a job by changes in specifications or other factors created by the customer, the vendor shall not be liable for adhering to an original delivery date. The vendor company can, at its option; charge the buyer for time lost in rescheduling production assets required for retooling to complete the customer's order.
- 5. Experimental work:** Experimental work shall be defined as a vendor designing and creating tooling or associated products for a customer for newly developed products or processes to improve or modify a production process. It is customary for the buyer to agree to honor the proprietary rights of the developing company and not transfer proprietary information to a competing vendor company. All experimental work or provided samples will be charged for based on a written quotation or upon the cost of time and materials involved in the project as agreed upon by the buyer and the seller.
- 6. Contingencies:** All agreements are made and all orders accepted contingent upon unusual delays caused by strikes, riots, fire, accidents or conditions beyond the control of the vendor.
- 7. Change Orders/Alterations:** Whenever a customer informs a supplier of any change or alteration in the specifications of a job in production, the supplier will advise the customer in writing of any additional costs involved and changes in delivery time. The customer must approve any additional costs or delays in delivery before the job can continue.
- 8. Overtime:** All orders are accepted on the basis of performance during normal business hours. If the customer demands work to be accomplished outside of normal business hours, the vendor has the option to charge the customer premium overtime rates to accomplish the work. All overtime work must be pre-approved by the customer before the customer can be charged for the overtime work hours in the project.

9. Handling and Shipping Charges: All costs involved in wrapping, packaging, protection and crating of the product to insure safe delivery of the product from the seller to the buyer, including delivery charges such as postage, common carrier, or air freights, charges will be added to the invoice unless agreement in advance has been made for the seller to absorb part or all such costs as part of the job.

10. Inspecting tooling or products upon receipt of order: It is incumbent upon the company receiving tooling and/or associated products to inspect those products upon arrival and before the tooling is placed into production. If any discrepancies or errors are found in specifications or tolerances based on the original order or any pursuant change orders, the vendor is liable only to make corrections to the tooling or provide replacement tooling. The vendor (cutting die tooling provider) cannot be held responsible for materials diecut by the converter if the buyer has not inspected the tooling or associated products prior to being committed into a production situation.

11. Limitation of liability: In the case of the tooling provider, the provider warrants that the tooling and associated products provided to the customer meets or exceeds the specifications and tolerances as specified in the original order or any pursuant change/alternations orders. This includes adhering to the promised delivery dates unless both parties have mutually agreed upon new delivery dates. The tooling provider will not accept liability for any die cut parts or loss of machine time once the diecutting converter has placed the tooling into production. As previously stated, it is the responsibility of the purchaser to inspect the tooling for adherence to original specifications and tolerances before the tooling is committed to a production situation. In the case of a diecutting converter, all diecut parts will conform to customer's specifications as specified on the original order or any pursuant change/alteration orders. Where the diecutting converter sources the materials to be diecut for the job, the customer will pre-approve the materials being used in the diecutting job prior to the actual diecutting operations.

12. Choice of shipping method: The buyer shall specify the method of shipping for the order. For example: regular, priority or express mail, UPS, FedEx, overnight express shipments, freight, messenger service, or a specific common carrier. Responsibility ceases when the goods are signed for and conveyed to the carrier. In cases that the purchaser does not specify a specific means of delivery, the supplier will perform due diligence in selecting a form of delivery to insure that the order arrives to the customers location in a reasonable time period to meet the agreed delivery date on the order.

13. Errors or omissions: The seller will insure that all product specifications and design information of the order will be in accordance to the original order or any agreed upon change/modification orders. Upon receipt of the order by the buyer and after inspection of the product, if any errors or omissions are discovered, the seller will accept responsibility only to correct or replace the tooling or product. The seller cannot be held responsible for any tooling used in production or materials diecut in production that has not first been inspected by the buyer upon receipt of the order to insure that all specifications and tolerances are within the original specification.

14. Buyer's Property: All customer supplied materials in the form of drawings, artwork, film negatives, patterns, CAD files, samples, or any other customer property provided to the vendor to be used in the design and manufacture of the order will be returned to the customer upon completion of the order, if requested. All above materials supplied to the vendor will be identified with the customer's name and job or model numbers for easy identification. Otherwise, the materials will be maintained or disposed of by the seller at the seller's discretion. The seller will insure that all the customer's intellectual rights or designs of their property be protected in a confidential and secure area from competitors' eyes or knowledge. The CAD file belongs to the person or company that created it. If the person who created it chooses to sell or transfer the files, the third party should negotiate with the creating party for ownership. The seller may not transfer CAD files or material, which belongs to a customer to any third party without the written permission of the customer. The vendor accepts no responsibility for loss or damage of the customer's property due to uncontrollable events such as fire, power spikes or brownouts, earthquakes, rain or flood damage or other natural occurrences.

15. Seller's property: All property in the form of drawings, artwork, film negatives, patterns, CAD files, manufacturing files, samples created by the seller in the course of designing or producing the products for the buyer will remain the property of the seller. These properties can be used for the generation of future orders or replacement tooling or products for the buyer.

16. Conflict Resolution: When a conflict or dispute arises in regards to any part of the order process between a vendor and a supplier that cannot be resolved in normal negotiations between the parties, the parties should agree to seek counsel with a recognized arbitration organization such as the American Arbitration Association or other recognized arbitration organizations and agree to adhere to the decision for remedies of that organization.

This Best Practices Statement, developed by the International Association of Diecutting and Diemaking, is provided as a management tool for members of the diecutting converting industry. The IADD expressly disclaims any warranties or guarantees, express or implied, and shall not be liable for damages of any kind, in connection with the material, information, or procedures set forth in this Statement or for reliance on the contents of the Statement. In issuing this Statement, the IADD is not engaged in rendering legal, accounting, or other professional services. If such services are required, the services of a competent professional should be sought.