

TERMS OF PURCHASE OF GOODS AND SERVICES

THESE STANDARD TERMS AND CONDITIONS OF PURCHASE ARE PART OF EVERY PURCHASE ORDER FOR THE PURCHASE OF GOODS BETWEEN ATRON AND SUPPLIER AND IS MADE AND GIVEN ON THE EXPRESS UNDERSTANDING THAT THE FOLLOWING TERMS AND CONDITIONS APPLY TO THE PURCHASE OF SUPPLIER'S GOODS. ATRON'S REQUEST FOR PRICING, REQUEST FOR PROPOSAL, PURCHASE ORDER FOR ANY ORDER ARE EXPRESSLY MADE CONDITIONAL UPON SUPPLIER'S ACCEPTANCE OF ALL TERMS AND CONDITIONS CONTAINED HEREIN. ATRON OBJECTS TO ANY ADDITIONAL OR DIFFERENT TERMS AND CONDITIONS, WHETHER CONTAINED IN SUPPLIER'S FORMS OR OTHERWISE. ATRON WILL NOT BE DEEMED TO HAVE WAIVED THESE TERMS AND CONDITIONS OF PURCHASE IF IT FAILS TO OBJECT TO ANY PROVISION CONTAINED IN SUPPLIER'S FORMS OR OTHERWISE. SUPPLIER'S SILENCE OR ITS ACCEPTANCE OF ATRON'S ORDER FOR GOODS CONSTITUTES ITS ACCEPTANCE OF THESE TERMS AND CONDITIONS. NO CHANGE TO THE TERMS AND CONDITIONS SET FORTH BELOW SHALL BE EFFECTIVE UNLESS SET FORTH IN A SEPARATE WRITTEN AGREEMENT THAT IS SIGNED BY THE PRESIDENT OR CEO OF ATRON.

1. DEFINITIONS

1.1 For the purpose of any Order to which these terms and conditions ("Terms") apply, the following words and expressions shall mean:

"Acceptance Date"	the date by which the Deliverables are to be available to undergo Acceptance Testing either as specified on the front of the Order or if not specified within a reasonable period following the supply of Deliverables;
"Acceptance Testing"	the procedure (whether formal or informal) which the Purchaser in Purchaser's sole discretion, will use to satisfy itself by means of inspection, acceptance testing or otherwise that Deliverables have been supplied in compliance with the Order;
"Delivered" and/or "Delivery"	unless otherwise specified on the front of the Order, Goods shall be delivered free on board (F.O.B.) to the location specified on the front of the Order and unloaded by the Supplier or its agents and if Services the location at which they are to be performed or presented;
"Delivery Date"	the date or dates by which Deliverables shall be Delivered as specified on the front of the Order;
"Deliverables"	any Goods and/or Services to be supplied by the Supplier to the Purchaser as specified on the front of the Order;
"Goods"	any tangible product or other equipment, software or firmware;
"Installation Date"	the date (if applicable) by which Deliverables shall be installed or if the Deliverables are being commissioned the date by which they shall be commissioned and available for use by the Purchaser as specified on the front of the Order;
"Order"	this order for the supply of Deliverables, which expressly incorporates these terms and conditions;
"Price"	the total price payable by the Purchaser for the Deliverables as specified on the front of the Order with the net price for the Deliverables, charges for delivery, packaging, sales taxes and any other items separately itemized;
"Purchaser"	Purchaser llc or an affiliated company, as stated in the Order;
"Services"	any service whether or not ancillary to the supply of Goods (such as installation or training);

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“Specifications”	any specifications for the Deliverables which sets out their composition and/or functionality and/or standard of performance as referred to on the front of the Order (which may for the avoidance of doubt include any drawing or other written document prepared or approved by the Purchaser);
“Supplier”	the person or entity who accepts this Order; and
“Tools “	dies, cylinders, gauges, ties, films, slims, dandy rolls, moulds, drawings, origination materials and similar items, samples owned or supplied by the Purchaser to the Supplier or produced by the Supplier in order to produce the Deliverables (whether or not charged to the Purchaser).

2. ORDERING PROCEDURE

2.1 Each Order is subject to acceptance by the Supplier who will acknowledge all Orders within five (5) days of receipt. An Order is accepted by the Supplier when the Supplier accepts the Order in writing or delivers the Deliverables requested in the Order. Any printed or written terms and conditions on any form or letter of acceptance from the Supplier which conflict with these terms shall be void and without effect.

3. PRICE

3.1 Unless otherwise agreed the Price shall remain fixed for the duration of the Order. No variation in the Price nor extra charges shall be accepted by or binding upon the Purchaser. The Supplier warrants that the price charged for the Deliverables is the lowest price charged by the Supplier to date to other buyers purchasing similar quantities of the relevant Deliverables. Any lower prices offered to other buyers prior to or within one (1) year after fulfillment of the Order shall supersede and substitute the Price on a "most favored customer" basis. The Purchaser shall also get the benefit of any price reduction to Deliverables before they are invoiced. Supplier shall upon demand refund such amounts to Purchaser as are required for Supplier to comply with this Section 3.

4. INVOICING AND PAYMENT

4.1 Save where different payment terms are specified on the front of the Order, the Purchaser shall pay all invoices by the end of the second month following the month of invoice provided the Supplier has fully complied with its obligations under the Order. Each invoice shall clearly state the applicable Order number and shall be sent by the Supplier to the Purchaser at the address specified on the front of the Order referencing the applicable advice note number and date.

4.2 The Purchaser may offset against payment any sum that is or may become due to the Purchaser from the Supplier under the Order or otherwise.

5. DELIVERY

5.1 The Supplier shall deliver the Deliverables on the Delivery Date to the address specified on the front of the Order or if the Supplier is installing and/or commissioning the Deliverables the Supplier shall install and/or commission the Deliverables by or before the Installation Date. Each delivery of the Deliverables shall be accompanied by relevant supporting documentation such as user manuals and an advice note which identifies the items by part number (if any) and description and identifies the applicable Order number. The Purchaser may request the Supplier for any reason to postpone delivery of any Deliverables and the Supplier shall store and/or delay the delivery of such Deliverables at its risk and expense for up to a maximum period of two months from the Delivery Date.

5.2 Unless otherwise stated on the front of the Order, and provided the Purchaser has not stipulated that time of Delivery or the time of installation or commissioning (where applicable) shall be of the essence, the Purchaser reserves the right to claim liquidated damages if the Supplier does not deliver or install the Deliverables by the Delivery Date or the Installation Date as the case may be. Supplier acknowledges that Supplier's failure to deliver and install the Deliverables by the Delivery Date will result in interference with Purchaser's business and resulting damages to Purchaser, the amount of which may not be susceptible of precise calculation. At Purchaser's option, the Supplier shall pay to the Purchaser on demand a sum equal to 1% (one percent) of the Price of the relevant item delayed for each week or part thereof of delay up to a maximum of 10%

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(ten percent) of the Price. The Supplier shall notify the Purchaser immediately if it anticipates any delay in meeting the Delivery Date or Installation Date or Acceptance Date. The rights of the Purchaser under this Section 5.2 are in addition to, and not in lieu of, any other rights or remedies available to the Purchaser under these Terms or otherwise.

5.3 Where requested by the Supplier prior to its acceptance of the Order, the Purchaser will return packing materials and cases to the Supplier or its agent at the Supplier's expense and risk, failing which the Purchaser shall be free to dispose of packing materials and cases as it sees fit. Alternatively the Supplier shall, if requested by the Purchaser, remove packing materials and cases in which the Deliverables are Delivered. Shipments must be packaged as specified in the Specifications or, if not so specified, provide adequate protection for safe carriage.

6. INSPECTION AND ACCEPTANCE

6.1 Before delivering the Deliverables, the Supplier shall inspect and test them for compliance with the Order and the Specifications and shall provide the Purchaser with such of the Supplier's test sheets and test certificates as the Purchaser may require. The Purchaser or its authorized representative shall be entitled to inspect or test the Deliverables at any time. The Purchaser shall be entitled to reject any Deliverables which during Acceptance Testing do not conform to the terms of the Order (including, without limitation, the Specifications).

7. RISK AND TITLE

7.1 Risk of loss of the Goods shall pass to the Purchaser upon Delivery. Unless otherwise agreed title to the Goods (excluding any software) shall pass to the Purchaser upon receipt by the Supplier of the Price or any installment thereof from the Purchaser.

8. WARRANTIES

8.1 The Supplier warrants that:

- a. it is entitled to supply the Deliverables and to accept the Order;
- b. the Deliverables shall comply with the Specifications or if there are no specifications shall meet the Purchaser's specified and/or reasonable requirements;
- c. the Goods shall be free of defects in design, materials and workmanship and to the extent the Goods contain or comprise software or firmware shall contain no virus , trojan horses , cookies or bad code ;
- d. the Goods shall be new, merchantable, of quality satisfactory to Purchaser and fit for the Purchaser's purposes;
- e. the Deliverables shall be supplied in compliance with the latest applicable US or ISO standards and regulations and the Purchaser's quality assurance requirements; if the Supplier is accredited to an ISO 9000 or comparable standard by an authorized certification body, the Supplier shall comply with such quality system;
- f. it shall use reasonable skill, care and diligence in carrying out the Services;
- g. the Goods shall conform strictly to any description specified in the Order and with any sample provided by the Supplier;
- h. it shall at all times comply with all laws, regulations and other governmental requirements applicable to the Deliverables including, but not limited to, health and safety, the environment and consumer protection; and
- i. Supplier shall deliver title to all Deliverables to Purchaser free and clear of any lien, claim or right of any third party.

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- 8.2 If the Deliverables are not supplied or performed in accordance with, or the Supplier fails to comply with, any of the terms of the Order the Purchaser shall be entitled to avail itself of any one or more of the following remedies at its discretion, whether or not any part of the Deliverables have been accepted by the Purchaser:
- a. to rescind the Order;
 - b. to reject the Deliverables (in whole or in part) and/or revoke any prior acceptance of the Deliverables and return any or all of them to the Supplier at the risk and cost of the Supplier on the basis that a full refund for the Deliverables so returned shall be paid forthwith by the Supplier;
 - c. at the Purchaser's option, to give the Supplier the opportunity at the Supplier's expense either to remedy or re-do any defective Deliverables or to supply replacement Deliverables and carry out any other necessary work to ensure that the terms of the Order are fulfilled;
 - d. to refuse to accept any further deliveries of the Deliverables and to source alternatives without any liability to the Supplier;
 - e. to impose liquidated damages pursuant to Section 5.2 above;
 - f. to carry out at the Supplier's expense any work necessary to make the Deliverables comply with the Order;
 - g. to claim such damages as may have been sustained in consequence of the Supplier's breach of contract; and
 - h. exercise such other rights and remedies as may be available to the Purchaser under these Terms, at law, equity or otherwise.

9. TOOLS

9.1 All Tools are or will on creation become the Purchaser's property and the Purchaser shall retain and acquire, free of any lien claims or right of any third party, all intellectual property rights and title in the Tools which shall be held, serviced and maintained by the Supplier at the Supplier's risk and expense to be suitable for production at all times. The Supplier shall affix notices on the Tools identifying them as the Purchaser's property.

9.2 All Tools are to be adequately insured by the Supplier while on Supplier's premises or within Supplier's control in an amount equal to the replacement cost thereof with payments from insurers to be remitted to the Purchaser. All Tools must be Delivered to the Purchaser in good order and condition, reasonable wear and tear excepted, on request and unless otherwise advised by the Purchaser, on completion of the Order. No Tools shall be copied or used for any purpose other than for completion of the Order.

10. SPARE PARTS AND SUPPORT

10.1 Unless otherwise agreed in writing, the Supplier shall provide spare parts for the Goods at a reasonable price for a period of 7 years (or such other period as may be agreed) from the date of last delivery of such Goods under the Order. If requested by the Purchaser, the Supplier shall provide maintenance support for the Goods on terms and conditions to be agreed between the parties at the relevant time. If the Supplier intends to cease manufacturing the Goods the Supplier shall give the Purchaser at least 6 months' notice of such intention and the opportunity for a last-time buy.

11. ETHICAL BEHAVIOR

The Supplier acknowledges that Purchaser requires adherence to the highest standards of integrity in all business interactions. All business dealings should be transparently performed and accurately reflected in disclosed documented information. The Supplier must uphold standards of fair business, advertising, and competition. The Supplier must demonstrate responsible sourcing and must not incorporate materials, parts, or services that would violate any law or regulation because of the origin of the material, part, or service. The Supplier must reasonably assure that the tantalum, tin,

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tungsten and gold in the products manufacture do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country.

12. INTELLECTUAL PROPERTY RIGHTS INDEMNITY

12.1 The Supplier shall defend, indemnify and hold harmless the Purchaser against all Losses (as defined below) which the Purchaser or any of the Purchaser's employees, contractors or customers may incur or for which the Purchaser may be liable by reason of the use or sale by the Purchaser of the Deliverables supplied which infringes the rights (including, without limitation, the intellectual property rights) of any third party. "Losses" means any loss, claim, liability, damage (including without limitation, incidental, statutory and consequential damages), expense (including, without limitation, costs of investigation and defense and reasonable attorneys' fees) and all attorneys' fees and expenses incurred in enforcing this indemnity against the Supplier. This indemnity shall not apply if any infringement arises solely from the Supplier's use of Tools.

12.2 Without limiting the Supplier's obligations under clause 11.1 if a court judgment is entered that the Deliverables infringe the rights, including the intellectual property rights, of any third party or if any interim order is made which prevents the Purchaser from using the Deliverables or if in the Purchaser's reasonable opinion a claim of such infringement is likely to arise, the Supplier shall at its expense but at the Purchaser's option:

- a. obtain for the Purchaser and/or its customers the right to continue to use and sell the Deliverables; or
- b. replace or modify the Deliverables so that they become non-infringing; or
- c. accept the return of any Goods and rejection of any undelivered Deliverables and reimburse the Purchaser with the Price and any out-of-pocket expenses incurred by the Purchaser.

13. CONFIDENTIALITY & PUBLICITY

13.1 The parties recognize that they may each receive trade secrets and confidential or proprietary information of the other party. All such information which is either marked "confidential" or with words of similar effect or stated at the time of disclosure and subsequently confirmed in writing to be confidential together with Tools and documentation constitute "Confidential Information".

13.2 Each party agrees not to divulge Confidential Information received from the other to any of its employees or advisers who do not need to know it, and to prevent its disclosure to or access by any third party without the prior written consent of the other party. Each party agrees not to use Confidential Information except for the fulfillment of the Order. This obligation will survive the expiration or termination of the Order for a period of five (5) years or until such earlier time as the Confidential Information concerned reaches the public domain other than through the fault of receiving party.

13.3 The Supplier may not refer to the Order or the Purchaser or use the Purchaser's name, trademarks or trade names for advertisement, reference or publicity purposes without the Purchaser's prior written consent.

14. SUPPLIER'S OBLIGATIONS

14.1 The Supplier will carry public liability and product liability insurance for at least \$5 million and/or such other insurance coverage and limits as the Purchaser may from time to time require with insurers acceptable to the Purchaser for all liabilities that may arise out of the Supplier's performance or non performance of its obligations under the Order. The Supplier will upon request by the Purchaser, from time to time, produce a certificate from its insurance broker evidencing satisfactory policies of insurance including information on limits, anniversary dates, coverage extensions and exclusions. The Supplier, if the Purchaser so directs, will add the Purchaser as "Additional Insured" under the Supplier's insurance policies.

14.2 The Supplier undertakes not to reward in any way or offer to reward, whether directly or indirectly, any employee (or person connected with such employee) of the Purchaser for the Purchaser placing the Order with the Supplier or otherwise.

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14.3 The Supplier agrees at any time upon reasonable prior notice to allow the Purchaser or its representatives to have access to the Supplier's premises or records to recover the Supplier's property or enable the Purchaser to satisfy itself that the Supplier has complied/is complying with its obligations under this Agreement.

15. PRODUCT SAFETY

The Supplier is expected to develop, implement, and maintain effective policies and training programs to ensure their employees are aware of their relevant contribution to the quality, safety, and conformity of their products and/or services.

16. TERMINATION

16.1 The Purchaser reserves the right to terminate the whole or part of the Order at any time upon the Purchaser's written notification to the Supplier:

- a. for any reason at the Purchaser's convenience and in such case the extent of the Purchaser's liability shall be limited to:
 - (i) for custom Deliverables which are not re-saleable only, to pay the portion of the Price as the work completed bears to the rest of the work anticipated for the whole Order, or
 - (ii) for standard equipment to pay the cost of the existing finished goods inventory, but no more than required to fulfill the next delivery schedule within the thirty (30) days following the date of termination, plus the existing work-in-progress inventories required to fulfill an additional thirty (30) days of deliveries, except that there shall be no liability for inventories in either category which is a stock item or which is otherwise readily usable or re-saleable.
- b. if the Supplier
 - (i) is in material or continuing breach of any of its obligations under the Order and fails to remedy the breach for a period of thirty (30) days after written notice by the Purchaser requesting remedy or forthwith if the breach is not capable of remedy;
 - (ii) is involved in any legal proceedings concerning its solvency, or ceases trading, or commits an act of bankruptcy or is adjudicated bankrupt, or enters into liquidation whether compulsory or voluntary (other than for the purposes of an amalgamation or reconstruction) or makes an arrangement with its creditors or the Supplier is placed into administration or has an administrator, receiver or manager appointed over all or any part of its assets or generally becomes insolvent or unable to pay its debts; or
 - (iii) is acquired by or merged with any third party.

16.2 Termination will not affect any rights or liabilities of either party accrued as of the date of termination.

16.3 If the Purchaser terminates the Order pursuant to Clause 14.1(b), the Purchaser shall have no liability to the Supplier as a result of such termination. Upon termination of the Agreement for whatever reason, the Purchaser may notify the Supplier or its representatives of its wish to acquire all right, title and interest in any materials acquired by the Supplier for the performance of the Order, work-in-progress, and/or finished Deliverables. Such items shall pass immediately to the Purchaser upon making payment therefore.

17. RIGHTS IN DEVELOPMENT

17.1 This Section 17 shall apply if any part of the Deliverables are to be designed or developed by the Supplier at the Purchaser's request and expense whether separately itemized or included in the Price. The Supplier hereby assigns to the Purchaser all right and title to any and all new intellectual property rights arising from the development including inventions, trade secrets, results and data and in the case of bespoke software both the object and source code versions (and all supporting documentation) which it may make or assist in making in the course of such development. The Supplier shall

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do all acts and execute all documents necessary to legally vest in the Purchaser ownership in such intellectual property rights. The Supplier shall cause every appropriate person employed or engaged by it assign to the Purchaser all inventions and execute all papers and do all acts deemed necessary by the Purchaser, to give full effect to the Purchaser's rights contained in this Section 17.

18. ASSIGNMENT AND SUB-CONTRACTING

18.1 The Supplier shall not assign the Order (or any benefits or obligations herein) without the Purchaser's prior written consent. The Purchaser shall be entitled to assign any part of its benefits or obligations under the Order to any Purchaser group company without having to seek the Supplier's prior consent.

18.2 The Supplier shall not sub-contract any of its obligations under the Order without the Purchaser's prior written consent unless such sub-contracting is in accordance with normal trade practice and does not in any event exceed by value ten per cent (10%) of the Price. Supplier shall remain fully obligated notwithstanding any such subcontracting. The Supplier shall ensure that the provisions of the Order are as a minimum reflected in the Supplier's contractual arrangements with any sub-contractors.

19. FORCE MAJEURE

19.1 Neither party will be liable to the other party for any delay in or failure to perform its obligations as a result of natural disaster, act of god, act of terrorism or war ("Force Majeure") provided the affected party notifies the other party as soon as reasonably practicable and uses all reasonable efforts to fulfill its obligations under the Order. If any Force Majeure continues for at least fifteen (15) days and prevents performance, the party whose obligations have not been affected, will be entitled to terminate the Order by notice in writing to the other party.

20. NOTICES

20.1 Notices shall be delivered personally, or by prepaid first class mail, or by a nationally recognized courier service providing evidence of delivery, or transmitted by email or facsimile (and in the case of transmission by email or facsimile followed within three (3) days by a copy thereof being delivered by prepaid first class mail) to a party's last known business address or number. Notices shall be deemed to be given a) upon receipt in the case of personal delivery or delivery by courier, or b) three (3) business days after posting in the case of delivery by prepaid first class mail or c) at 10.00 am local time, country of receipt, on the next business day following confirmation on the sending party's machine that the transmission has been successfully received in the case of transmission by email or facsimile, whichever occurs first.

21. WAIVER

21.1 No forbearance or delay by either party in enforcing its rights will prejudice or restrict the rights of that party, and no waiver of any such rights or of any breach of any contractual terms will be deemed to be a waiver of any other right or of any later breach.

22. RIGHTS AND REMEDIES NOT EXCLUSIVE

22.1 The rights and remedies afforded Purchaser under these Terms and the Order are in addition to, and not in lieu of, the rights and remedies available to Purchaser under statutory and common law and at equity.

23. ENTIRE AGREEMENT AND MODIFICATION

23.1 These Terms together with all documents attached or referred to herein constitute the entire agreement between the parties relating to the purchase of the Deliverables. Any modification will not be valid unless it is confirmed in writing by authorized signatories of both parties.



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24. NO THIRD-PARTY BENEFICIARIES

24.1 These Terms are not intended to benefit any third party, and no third party shall have the right to enforce any provision of these Terms.

25. GOVERNING LAW

25.1 These Terms and the Order shall be governed by and interpreted under the laws of the State of Texas without regard to principles of conflict of laws. The United Nations Convention on Contracts for the International Sale of Goods shall not be applicable to these Terms.

26. JURISDICTION

26.1 Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, these terms or the Order, may be brought against any of the parties in the courts of the State of Texas, County of Dallas, or, if it has or can acquire jurisdiction, in the United States District Court for the Northern District of Dallas and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any party anywhere in the world.

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General Quality Provisions: Applicable to all Purchase Orders

- A. Provide only the exact item(s) specified in the Purchase Order (PO). All items are subject to receiving inspection and test; items not meeting all the requirements shall be rejected and reflected negatively in your quality performance rating. Use of superseded material, as defined by its controlling specification, is allowable provided the material can be traced to or from the original drawing requirements. Do not fabricate parts from substitute material without written authorization from the Purchaser. Previous acceptance by Purchaser of product, which was not to the requirements, does not relieve the Supplier from the responsibility of delivering subsequent shipments, which fully conform to requirements.
- B. When applicable, the Purchaser PO shall state the revision of the drawing or specification that applies to the order. If the revision is not stated, it is assumed that the current revision of the drawing or specification applies.
- C. Your quality control or inspection system and manufacturing process are subject to review, verification, and analysis by authorized Purchaser representatives, our customers, and regulatory authorities, when applicable. Customer inspection or release of product prior to shipment is not required unless you are otherwise notified. A copy of the PO must be furnished by you to Purchaser or the customer representative, upon request.
- D. Unless otherwise specified, there is no Material Review Board (MRB) authority granted to you or any of your suppliers or sub-tier suppliers providing materials, parts, or services as a result of this PO. The Supplier shall notify Purchaser of nonconforming material and obtain approval for product disposition. The Supplier shall notify Purchaser of changes to product, process, suppliers, and manufacturing facility locations and obtain approval from Purchaser.
- E. A packing slip is required with each delivery. The packing slip will include, as a minimum, Supplier Name & Address, Purchase Order Number, Item Name, Description or Part Number, Quantity, and Number of Packages.
- F. When previously rejected items are returned to Purchaser, reworked and/or replacement items shall be kept separate and clearly identified. On the packing slip, the quantity of each component shall be itemized and the Purchaser MRB Number shall be listed. All of the certification requirements originally identified on the PO are applicable to reworked and/or replacement parts.
- G. The Supplier shall maintain a quality system satisfactory to Purchaser for control of the items being procured and shall be subject to audit by Purchaser representatives. Suppliers must retain all quotations, quality/certification documents, contractual documents, and technical documents pertaining to a PO for a minimum period of 7 years, unless otherwise specified.
- H. FOR HAZARDOUS MATERIAL SHIPMENTS ONLY: Supplier shall provide a current Safety Data Sheet (SDS) at the time of first delivery and at the time of first delivery subsequent to a revision of the SDS, Fax (214-292-9845).

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- I. When any documentation required by the PO requires correction, either prior to or after submittal to Purchaser, the correction shall be made by drawing a single line through the incorrect information, and then entering the correct information above or below the line out. No whiteout can be used for corrections. The correction shall be initialed and dated by the person making the change.
- J. Each page of the Supplier's certification package must be traceable to the Purchaser PO. The Supplier shall maintain a method of commodity and item level traceability that ensures tracking of the supply chain back to the manufacturer of all material being delivered per this order. This traceability method shall clearly identify the name and location of all of the supply chain intermediaries from the manufacturer to the direct source of the material for the Supplier and shall include the manufacturer's commodity or item level identification for the item(s) such as date codes, lot codes, heat codes, serializations, unique item identifiers, or batch identifications.
- K. The requirements of this PO shall be passed down to your sub-tier suppliers. When there are conflicting requirements, they shall be resolved by following the requirements of the document with the highest precedence. The order of precedence, in descending order, is, (1) the Document Text of the PO, (2) Purchaser Special Quality Clauses listed on the PO, (3) the requirements on the Applicable Documents (Drawing) or listed Specification defining the item to be delivered.
- L. New equipment/gaging shall be provided with an appropriate certification from the manufacturer. Items delivered are subject to calibration by Purchaser upon receipt and shall be rejected if not in conformance.
- M. Each item that is shipped to Purchaser shall be a fair representation of the Purchaser's and Supplier's commitment to quality. If the PO, drawing, or specification does not define workmanship, then the following criteria applies: Each item shall be free of foreign material, such as grease, machining fluids, chips, or loose dirt. Surface treatments shall be consistent within each lot. For example, each lot shall not have extreme color variations or excessive buildup of residual coating material, unless these variations are allowed by the controlling specification. Dents, scratches, gouges, and other types of surface defects shall not exceed drawing requirements for dimensions, surface finish, and/or broken edges.
- N. There shall be no parts used that are known to be obsolete by the original manufacturer. Supplier shall notify Purchaser of any impending parts obsolescence for evaluation.
- O. The Supplier or the supplier's sub-tier suppliers shall respond to Purchaser requests for corrective action within the timeframe specified, and take timely and effective action to eliminate and prevent the root cause underlying deficiencies.
- P. Supplier shall not implement any changes in design, materials, processes, or controls without prior written approval from Purchaser prior to supplying services and/or material. Such changes or events may negate all previous Purchaser supplier qualifications, certifications, approval status, and may require re-qualification or re-submittal of a First Article. Supplier shall notify Purchaser of any proposed changes to the established baseline of materials, processes, sub-tier suppliers or inspection testing methods, techniques, ownership or facility changes. Purchaser approval is

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required prior to implementation of any proposed changes. The supplier is also responsible for compliance by sub-contractors.

- Q. All parts and materials intended for Purchaser shall be protected against the potential damage from shipping, ESD (Electrostatic Discharge), FOD (Foreign Object Damage), corrosion, moisture, contamination, deterioration or damage by processing, handling, storage at the Supplier, or in transit to Purchaser or from any sub-tier supplier.

R. **Counterfeit Material Avoidance**

The Supplier shall maintain a Counterfeit Item risk mitigation process internally and with its suppliers for all parts utilized for Purchaser. When suspect or confirmed counterfeit item(s) associated with this purchase order are discovered the Supplier shall notify Purchaser and shall ensure suspect counterfeit items are not delivered to Purchaser. The Supplier shall immediately notify Purchaser with the pertinent facts if Supplier becomes aware or suspects that items delivered in accordance with the Purchaser purchase order are or contain suspect or confirmed counterfeit items. When requested by Purchaser, Supplier shall provide documentation that authenticates traceability of the affected items to the applicable source. Supplier shall provide evidence of the Suppliers risk mitigation process to Purchaser upon request.

Product Impoundment and Financial Responsibility

If suspect/counterfeit item is furnished under this purchase order, such items shall be impounded. The Supplier shall promptly replace such items with items acceptable to Purchaser and the Supplier may be liable for all costs relating to impoundment, removal, and replacement. Purchaser may turn such items over to Authority Having Jurisdiction for investigation and reserves the right to withhold payment for the suspect items pending the results of the investigation. Any known instances of fraud or attempted fraud shall be documented in writing to Purchaser.

Definitions:

“**Counterfeit Item**” is defined to include, but not limited to, (i) an item that is an illegal or unauthorized copy or substitute of an Original Equipment Manufacturer (“OEM”) or Original Component Manufacturer (“OCM”) item; (ii) an item that does not contain the proper external or internal materials or components required by the OEM or OCM or that is not constructed in accordance with OEM or OCM design, but is represented as such; (iii) an item or component thereof that is used, refurbished or reclaimed but the Supplier represents as being a new item; (iv) an item that has not successfully passed all OEM or OCM required testing, verification, screening and quality control but that Supplier represents as having met or passed such requirements; or (v) an item with a label or other marking intended, or reasonably likely, to mislead a reasonable person into believing a non-OEM or OCM item is a genuine OEM or OCM item when it is not.

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Purchaser Special Quality Clauses

Clause No. Description

1. Source Inspection – Items on this PO are subject to Purchaser Source Inspection in your facility. Notify the Purchaser identified on the PO to schedule Source Inspection. Purchaser reserves the right to waive Source Inspection. The Purchaser shall provide written authorization to process a shipment without Source Inspection. A copy of the authorization must accompany the shipment. Waiver of Purchaser Source Inspection on a specific shipment does not relieve the Supplier from requesting Purchaser Source Inspection on other shipments to be made under the same PO and/or line item. The Supplier is responsible for providing adequate facilities to the Purchaser Source Inspector so that an accurate inspection of the parts can be accomplished.
2. Contract Manufacturer Inspection – Component parts will be drop-shipped to your facility by an Purchaser third party supplier. You shall perform, as a minimum, packing slip verification at your receiving inspection to ensure that the product received matches Purchaser parts list specified in the PO. You shall perform any additional inspections that are required by the PO and provide data sheets with your shipment. Notification of a nonconformance shall be communicated within one business day to Purchaser in the form of an email to the Purchaser.
3. Calibration – In accordance with ANSI/NCCL Z540.3 and ISO 10012 traceable to NIST. Provide certification and data showing before and after results of calibrations performed including any adjustments made. List Manufacturer's specification acceptance limits or Purchaser' acceptance limits, if provided. If an out-of-tolerance condition is found, notify Purchaser within 24 hours.
4. PO Certification – The Supplier shall approve, retain and provide copies of Certificate of Conformance. Provide a certification stating that the parts or material provided are in full compliance with the Purchaser PO. The minimum information required on this certification is: Manufacturer Name, Manufacturer Address, Purchaser PO No, Part No, Drawing and revision, Item level identification (i.e., date codes, lot codes, heat codes, serializations, unique item identifiers, or batch identifications), authorized signature with title(signature and drawing revision are not required for a distributor; an electronic authorized signature is acceptable), and date.
5. Raw Material Certification – Provide a certification of compliance for raw material as supplied by the mill/plant/sub-tier supplier. This certification shall be traceable to the Purchaser PO and shall state the proper specification or standard as it is called out on the drawing or specification.
6. Special Process Certification – Provide a certification that the special processes required to fulfill this order were performed in accordance with the requirements. Such processes may be welding, heat treating, magnetic particle inspection, radiography, anodizing, passivation, or others as specified in the PO. This certification shall be traceable to the Purchaser PO.

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7. Product Acceptance Inspection Data – Provide a product acceptance inspection data with each delivered lot. This may be in the form of a Certificate of Analysis, datasheet, test report or other document applicable to the product. It shall provide objective evidence of product conformance and shall include the following: Purchaser and supplier part number, lot number, characteristics inspected, tolerance, sample size, actual measured values and an authorized signature or stamp. (an electronic authorized signature is acceptable). Each page shall be traceable to the Purchaser PO.
8. First Article Inspection – A First Article Inspection Report in accordance with AS9102, latest revision is required.
9. Additional contract flow down requirements are attached.
10. Circuit Board Assembly – Soldering and solder inspection of circuit board assemblies must comply with the requirements of JSTD-001 Class 3. Solder must be leaded type to the requirements of J-STD-006. Deviations or variations to the requirements as outlined must be approved by Purchaser Quality.
11. ESD Sensitivity – Products are sensitive to Electrostatic Discharge and must be packaged and labeled to applicable industry standards.
12. Single Lot Requirement – All material and/or parts supplied under this Purchase Order shall be from one homogeneous and identical lot; that is, there shall be no change in the material constituents (i.e., Raw Material Heat Lot) manufacturing location, process, or design during manufacture of the lot by the supplier.
13. Single Manufacturing Lot Requirement – In addition to the requirements of Clause 29, the following shall apply: The parts shall be produced in a single lot, without change to process or location. Once set up is verified, tooling shall not be reset or altered until production of the lot is complete (Replacement of normal wear tooling, such as drill bits, is permitted). These same requirements also apply to Special Processes, whether they are performed in-house or by a sub-tier supplier.
14. Foreign Object Damage (FOD) Prevention – The Supplier shall establish and maintain an effective Foreign Object Damage (FOD) Prevention Program to reduce FOD using NAS412 as a guideline. The Supplier's program shall utilize effective FOD prevention practices. The program shall be proportional to the sensitivity of the design of the product(s) to FOD, as well as, to the FOD generating potential of the manufacturing methods. The written procedures or policies developed by the Supplier shall be subject to review and audit by the Purchaser and/or government representative, and disapproval when the Supplier's procedures or policies do not accomplish their objectives.
15. The supplier's quality system must meet AS9100 as a minimum
16. The supplier's quality system must meet ISO 9001 or equivalent as a minimum