

Title:	Purchase Order Terms and Conditions
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Owner:	J. Vriesman

**GENERAL**

1. **The Contract:** Documents which form the agreement between buyer and seller are:
  1. Purchase Order which these Terms and Conditions apply;
  2. supplements to Purchase Order issued by Buyer;
  3. specifications; and
  4. all other referenced attachments or documents.
  
2. **Acceptance:** Seller has read and understands Contract documents and agrees that Seller's written acceptance, payment acceptance, or onset of work or services constitute Seller's Contract acceptance.
  
3. **Changes:** Buyer reserves the right at any time, via written direction to Seller, to:
  1. make changes in requirements, designs, drawings, requirements and/or specifications of goods,
  2. in quantities, shipment/packing methods, or
  3. change scope of work covered by this Contract, including inspection, quality or test control. Upon Buyer's direction, Seller agrees to punctually make said changes.
  
4. **Warranty:** Unless otherwise stated, Seller warrants that goods, delivered to Buyer are:
  1. new (not previously used or reconditioned);
  2. free from defects in both materials and workmanship;
  3. free from defects in design and specifications;
  4. conforming to all Contract requirements; and
  5. authentic, containing no counterfeit components or counterfeit work, purchased directly from Original Component Manufacturer/Original Equipment Manufacturer (OCM/OEM) or through the OCM/OEMs authorized distribution network.

Seller additionally warrants all work shall be performed by qualified personnel with a degree of judgement and skill and performed in a competent and workmanlike manner.

In addition to warranties set forth above, Buyer shall benefit of all warranties extended to Seller by third party, to the extent they exceed Seller's warranties in duration or scope. The above warranties, third party warranties, and Seller's service warranties, if any, shall survive and extend to Buyer, its successors and customers. The warranties shall continue for a period of fifteen (15) months after conforming good delivery to Buyer.

If suspect counterfeit parts are supplied under this Contract, Seller will promptly replace suspected counterfeit parts with acceptable parts meeting Contract requirements. All related costs for removal and replacement of counterfeit parts shall be fully liable by Seller, including material handling and all other costs.

5. **Stop Work Order:** At any time, by written notice, Buyer may require Seller to stop all or any part of work under this Contract for a period of ninety (90) days after notice is provided to Seller (SWO). Upon receipt of SWO, Seller shall promptly comply with its terms and take all reasonable steps to minimize incurrence of

allocable costs to work covered by the SWO during the work stoppage period. Unless the SWO expires or is extended for a period of time by the Buyer, Buyer shall cancel the SWO, within ninety (90) days, or terminate work covered by SWO as detailed in "Termination for Cause" or "Termination for Convenience", whichever is deemed appropriate by Buyer. Seller shall resume work upon SWO expiration or cancellation and an equitable adjustment may be made in delivery schedule, in price, or both, if Seller submits a written claim for adjustment, within twenty (20) days after SWO expiration or cancelled date.

- 6. Termination for Cause:** Buyer may immediately terminate all or any part of this Contract by written notice to Seller, without liability to Seller, in any of the following or other comparable events:
1. Seller fails to deliver Goods within specified time by Contract or written extension,
  2. Seller fails to perform any other provision of the Contract or fails to make progress, as to endanger Contract performance, and, in either of these two circumstances, does not restore such failure within ten (10) days after receipt of Buyer notice specifying failure, or
  3. Seller declares bankruptcy, suspends business operation, or initiates reorganization and/or other arrangement for its creditors benefit. Seller shall continue all not terminated work.

If the Buyer terminates part or all of this Contract in accordance with above, Buyer may:

4. acquire, under terms and conditions and in a manner, Buyer deems appropriate, similar Goods to those terminated and Seller is liable to Buyer for any excess costs for such Goods, and
5. require Seller to transfer title and deliver Buyer, in a manner and extent direct by Buyer,
  - 6.5.1. any Goods which are completed, and/or
  - 6.5.2. partially completed Goods and materials, tools, fixtures, dies, jigs, drawings, plans, information and Contract rights as Seller has specifically produced or acquired for performance of such part of this Contract, which has been terminated.

Subject to terms of this Contract,

6. payment for completed Goods delivered and accepted by Buyer in accordance with this Contract will be at Contract price, and
7. payment for manufacturing materials delivered to and accepted by Buyer in accordance with this Contract will be in an agreed upon amount by the Buyer and Seller. Seller shall submit in writing a termination claim to Buyer, including supporting information as required by Buyer, within sixty (60) days after termination effective date. Buyer may withhold from amounts due to Seller for such completed Goods or manufacturing materials a sum Buyer deems necessary to protect Buyer or its customer(s) against loss, including outstanding liens, former lien holder claims, or damages caused by Seller's failure to perform obligations under Contract. In no event will Buyer be obligated to pay Seller any amount in excess of Contract price.

The rights and remedies of Buyer provided in this article are cumulative and in addition to any other remedies or rights provided by this Contract or by law.

- 7. Termination for Convenience:** Buyer may immediately terminate all or any part of this Contract, at any time or for any reason, by written notice to Seller. Upon termination, Seller shall immediately cease all terminated work and cause Seller's subcontractor(s) to also cease work. Seller shall continue all work not terminated.

Subject to terms of this Contract, Buyer may pay Seller an amount to cover actual, substantiated and allowable costs of Seller, plus reasonable profit, for work performed in accordance with Contract up to termination effective date.

Under no circumstances shall:

1. Seller be paid for any amount for anticipatory profits,
2. Seller be paid any amount for incurred costs due to Seller's failure to mitigate damages or terminate work as ordered on termination effective date, and
3. total amount paid under provisions of this article exceed price set forth in Contract for terminated work.

Seller shall submit, in writing, a termination claim to Buyer, including supporting and supplemental information as Buyer shall request, within sixty (60) days after termination effective date. Buyer has the right to audit and examine books, facilities, work, material, records, inventories and other related items to termination claim.

- 8. Rights and Use of Proprietary Information:** All technical, proprietary and/or trade secret information, which is marked "Proprietary", "Confidential" and all items containing, conveying or embodying such information, directly or indirectly obtained, from Buyer in connection with this Contract shall remain property of Buyer and protected by Seller from unauthorized use and disclosure.

Seller shall use proprietary information only in performance of and for the sole purpose of this Contract.

Upon completion, termination, or cancellation of this Contract, or Buyer's request at any time, Seller will return to Buyer all proprietary information and all materials derived therefrom, unless directed by Buyer in writing. Buyer shall have a right to audit Seller's compliance with this article.

Seller may only disclose proprietary information of Buyer to Seller's subcontractor(s) if required for Contract performance, on condition that each subcontractor agrees in writing to obligation as restrictive as those imposed upon Seller under this article. Seller shall be liable to Buyer for breaches of said obligations by Seller's subcontractor(s).

- 9. Indemnification:** Seller agrees to indemnify and hold Buyer, its parent, affiliates, directors, officers, employees and agents harmless from and against all liability, actions, causes of action, suits, claims, liens, judgments, awards, damages, demands and expenses of any kind and nature (including attorney and other professional fees) for:
1. property damage, and
  2. personal injury (including death) of Buyer's or Seller's employees, or any other person, whether property damage or personal injury arises from or is related to Seller or Seller subcontractor(s)
    - 9.2.1. breach of obligations or responsibilities arising from this Contract, or
    - 9.2.2. failure to comply with all applicable laws and regulations in performance of this Contract.

In no event shall Seller's indemnification obligations be limited to insurance available to, or provided by Seller or Seller's subcontractor(s).

This articles provisions will survive completion, termination, or cancellation of this Contract.

- 10. Buyer's Property:** All Buyer furnished supplies, materials, tools, jigs, gauges, dies, molds, fixtures, equipment and other items, either directly or indirectly, to Seller to perform this Contract, or for which the Seller was reimbursed by Buyer, will be and remain property of Buyer and will be held by Seller on a bailment basis. Seller shall bear risk of loss of and damage to Buyer's property. Seller shall indemnify and save Buyer harmless from all liens and claims upon Buyer's property arising from any cause.

Buyer's property shall:

1. be properly and safely stored and maintained in good condition, reasonable wear and tear expected, at all times, at Seller's expense;
2. not be used by Seller for any purpose other than the performance of this Contract;
3. be deemed personal property and shall not be attached or affixed to real property;
4. be recorded by Seller and marked conspicuously by Seller as property of Buyer;
5. not be commingled with Seller property or that of any person; and
6. not be moved from Seller's premises without written approval of Buyer.

Buyer, Buyer's customer and/or a regulatory authority has the right to enter Seller's premises at reasonable times to inspect Buyer's property and subsequent Seller's records. Upon Buyer request, Buyer's property shall be immediately released to Buyer or delivered to Buyer by Seller.

- 11. Compliance with Laws and Regulations:** Seller will comply with the Fair Labor Standards Act of June 30, 1938 (29 USC 201-209), as amended. Seller warrants that in performance of this Contract, Seller will comply with applicable statutes, rules, regulations and orders of the United States, and any state or political subdivision, and agrees to indemnify Buyer against loss, cost damage, or liability by reason of Seller's violation of this Contract.
- 12. Assignment and Subcontracting:** Seller shall not, unless Buyer provides written consent;
  1. assign or transfer any of its rights or interest in this Contract, nor
  2. subcontract any of its duties or obligations under this Contract. This will not limit Seller's ability to purchase standard commercial supplies or raw materials.
- 13. Disputes:** Pending resolution of any dispute, Seller will proceed diligently with performance of work, including goods delivery in accordance with Buyer's direction. Upon resolution of the dispute, this order shall be equitably adjusted, if necessary, to reflect such resolution.
- 14. Ethical Behavior/Gratuities:** Seller commits to upholding its social responsibility in all business dealings. In all its business activities and decisions, Seller shall respect the laws and any other applicable provisions in force. Seller assures not to practice or tolerate any form of corruption, extortion or embezzlement. Unethical behavior may not be used to unlawfully influence others in business dealings by exchanging gifts or offering or granting other benefits either at home or abroad. The same applies to the unlawful acceptance of benefits. Seller warrants that neither Seller, nor any of its directors, officers, employees, agents or representatives have offered or given, nor will Seller's employees offer or give, kickbacks or gratuities to any officer, director, employee, agent or representative of Buyer for the purpose of securing or amending this Contract or securing favorable treatment under this Contract. Seller shall also fulfill with following commitments: - To honor human rights, in particular, those internationally accepted and the United Nations Declaration on Human Rights.- To assure that those companies to whom it makes dealings, subcontracts or buys supplies do not infringe human rights.- To reject the forced labor or executed under coercion, also child labor in manufacturing chain and in distribution or in any other area related to the scope of the Works to be executed under these Conditions.
- 15. Notices:** All notices required or permitted to be given under this Contract shall be deemed given if delivered in writing personally or sent by certified or registered mail addressed to Seller or Buyer, depending on case, at the addresses identified on the face of this order. The effective time of notice shall be at the time of mailing.

**16. Work on Buyer's/Buyer's Customer(s) Premises:** In the event Seller or Seller's subcontractor(s) must enter Buyer's and/or Buyer's customer(s) premises for whatever reason in connection with this Contract, Seller and/or Seller's subcontractor(s) shall observe and comply with all rules, policies, and procedures established by Buyer and/or Buyer's customer(s), including security and safety.

**17. Counterfeit Mitigation Risk:** Seller warrants that only new and authentic materials are used in products required for delivery to Buyer and the work delivered contains no counterfeit parts. No material, part, or component other than new and authentic parts are to be used unless approved in writing by Buyer. As further mitigation efforts to prevent inadvertent use of counterfeit parts, seller shall only purchase authentic parts/components directly from Original Equipment Manufacturers (OEM), Original Component Manufacturers (OCM), or through OEM/OCM authorized dealers. Seller warrants to Buyer that all parts/components delivered under this Contract are traceable back to the OEM/OCM. Seller must maintain and make available, at Buyer's request, OEM/OCM documentation which authenticates part/component traceability to applicable OEM/OCM. Purchase of parts/components from non-franchised sources is prohibited.

If Seller supplies electronic parts(s) and/or component(s), which as applicable include software, a counterfeit detection process which complies with SAE standard AS5553, *Counterfeit Electronic Parts, Avoidance, Detection, Mitigation, and Disposition*, must be maintained.

If it is determined counterfeit parts or suspect counterfeit parts are delivered to Buyer by Seller, suspect counterfeit parts will not be returned. Buyer reserves the right to quarantine all suspect counterfeit parts it receives and notify the Government Industry Data Exchange Program (GIDEP) and other relevant government agencies. Seller will reimburse Buyer the full cost of suspect counterfeit parts, including, but not limited to, identification and testing costs, and corrective action required to remove and replace suspect counterfeit parts.

Seller shall flow requirements of this section to its subcontractors and subcontractors at any tier for the performance of this Contract.

**18. Payment:** Seller shall be paid upon submission of prepared invoices in accordance with Buyer's invoicing instructions for materials and supplies delivered to and accepted by Buyer. Adjustments in Seller's invoice due to shortages, rejection, or other failure to comply with order provisions, or under other order or contract between Buyer and Seller, may be made by Buyer before payment. Discount periods will commence the later of scheduled delivery, actual delivery, or receipt of invoice. Charges will not be honored unless specified on the face of the order. Special tooling or special test equipment payment assumes parts made from this tooling will be dimensionally and functionality acceptable, and Buyer reserves right to withhold payment until samples from ST/STE are fully approved.

**19. Supplier Quality System Standards:** Seller agrees to participate, as applicable, in Buyer's supplier quality and development program and comply with all quality requirements specified by Buyer, including those applicable to Seller as identified in ISO 9001 or AS9100 quality system requirements. Additionally, Buyer shall have right to enter Seller's premises at reasonable times to inspect the facility, goods, and any Buyer property covered under this Contract.

Seller agrees to provide and maintain a quality system, which satisfies requirements specified in this order and is implemented with written procedures. Seller's quality system and manufacturing processes are subject to review, verification and analysis by Buyer to determine acceptability. All work and materials covered under this order are subject to inspection and test by Buyer at all times and places, when applicable, during manufacture.

Buyer has the right to reject any work or materials found to be defective or not in accordance with drawings and specifications, and have the right to require its replacement or correction.

Seller agrees to participate and meet full requirements of First Article Inspection process as identified by Buyer and agrees to present this information, at the requested level, to Buyer when requested. Seller agrees to participate in, when applicable, advanced product quality planning (APQP), supplier performance evaluations, and supplier development programs, as identified by Buyer.

- 20. Conflict Minerals:** Seller shall ensure products under this Contract comply with Section 1502 of the American Dodd-Frank Wall Street Reform and Consumer Protection Act, and the significant legal and non-legal risks associated with sourcing tin, tantalum, tungsten and gold from the Democratic Republic of the Congo and adjoining countries.

The Seller shall have in place supply chain policies and procedures to undertake:

1. reasonable inquiry into the country of origin of conflict minerals, if applicable, incorporated into products provided to Buyer;
2. supply chain due diligence, as required, to determine if conflict minerals sourced from the DRC countries directly or indirectly support unlawful conflict there;
3. risk assessment and mitigation necessary to implement country of origin inquiry and due diligence procedures; and
4. disclosure of information to Buyer on all purchase orders for products containing "conflict minerals" for products with current calendar year delivery dates.

- 21. Certificate of Conformance:** The seller shall provide a Certificate of Conformance (C of C) with each shipment and it shall accompany the packing list. Distributors must also show original manufacturer's name. Copies of the original manufacturer's certification shall be furnished upon request. When special processes are required (heat treat, welding, etc.), the certification must reflect the applicable specification. Chemical and or mechanical properties when shipping raw materials such as ferrous and non-ferrous metals, aluminum castings, rubber and adhesives are required (1) The certification must reflect chemical analysis and/or results of the testing for mechanical properties or (2) The information must be on a separate report accompanying the certification.

The C of C shall have the following minimum content:

- 1) Date
- 2) Purchase order number
- 3) Supplier's name
- 4) Part number including revision level
- 5) Quantity
- 6) Lot, batch, serial number(s) or other identification as applicable
- 7) Certifying statement that the materials and processes used to produce the part meets the drawing specifications

- 22. Preservation:** All material intended for Buyer shall be protected against the usual hazards of electrostatic discharge (ESD), corrosion, contamination, deterioration, or other spoilage at the Seller's facility and in transit.

- 23. Foreign Object Debris/Damage:** The supplier shall develop and maintain a Foreign Object Debris/Damage (FOD) Prevention Program (ref. NAS-412, AS9146, or equivalent) to prevent introduction of foreign objects into items delivered under this purchase order.

- 24. Obsolescence:** The supplier shall notify Buyer when any products being delivered are nearing the end of their life cycle or have been identified to have obsolescence/end of life issues.
- 25. Source Inspection:** When identified by the buyer, material shall be subject to inspection at the supplier's location prior to shipment. Seller shall provide inspection representative with access to all applicable drawings, specifications and facilities required to inspect the product.
- 26. Defense Priorities and Allocations System (DPAS):** When an order or item is identified with a DPAS priority rating, seller shall follow all requirements of the Defense Priorities and Allocation System (DPAS) Regulation, 15 CFR Part 700.

**27. FAR Clauses**

**28. DFARS Clauses**

**QUALITY PROVISIONS**

1. **Quality Clauses:** The following general Quality Clauses apply to all contracts awarded by GEN3 Defense & Aerospace and GEN3 Interconnect. Any additional required Quality Clauses will be included within the purchase order contract. Refer to GEN3 Quality Clause document no. F-850-015 for the description of each Quality Clause.
  - 1.1 First Article Inspection (FAI): (ref. Quality Clause Q1)
  - 1.2 Configuration Management: (ref. Quality Clause Q6)
  - 1.3 Material Certification: (ref. Quality Clause Q7)
  - 1.4 Drawing and Change Control: (ref. Quality Clause Q12)
  - 1.5 Product Identification and Traceability: (ref. Quality Clause Q13)
  - 1.6 Processing: (ref. Quality Clause Q14)
  - 1.7 Tool, Gage, Measuring Equipment and Calibration: (ref. Quality Clause Q17)
  - 1.8 Characteristics Not Verifiable Upon Receipt: (ref. Quality Clause Q18)
  - 1.9 Final Acceptance: (ref. Quality Clause Q19)
  - 1.10 English Language Requirement: (ref. Quality Clause Q20)
  - 1.11 Seller Outsourcing Approval: (ref. Quality Clause Q21)
  - 1.12 Evidence of Effective Control: (ref. Quality Clause Q22)
  - 1.13 Quality and Delivery Rating: (ref. Quality Clause Q23)
  - 1.14 Nonconforming Product and Corrective Action: (ref. Quality Clause Q24)

**SHIPPING PROVISIONS**

1. **General Packaging and Marking Requirements:** Seller agrees to:
  - 1.1. properly pack, mark, label and ship products in accordance with Buyer requirements and involved carriers;
  - 1.2. route shipments in accordance with Buyer's instructions;
  - 1.3. make no charge for handling, packaging, storage or transportation of product;
  - 1.4. provide with each shipment, packing lists with purchase order number and date of shipment;
  - 1.5. forward original bill of lading or other shipping receipt for each shipment in accordance with Buyer's instructions.

2. **Delivery:** Time is crucial and all deliveries must be made both in quantities and at specified times in Buyer's delivery schedule. When delivery schedules are not provided, Seller shall deliver product in quantities and at times as Buyer directs in shipping releases.
3. **Over Shipment:** Product shall not be supplied in excess of quantities and shipping tolerances. Seller shall be liable for handling charges and costs related to return shipping for all excess quantities, and unless Seller agrees to pay for such costs, over shipped material will be retained, at no cost, by Buyer.
4. **Expedited Shipments:** If Seller fails to meet Buyer's delivery requirements and Buyer requires expeditious transportation method for product than originally specified by Buyer, Seller shall, ship product as expeditiously as possible at Seller's sole expense.
5. **Shipping Requirements:** Seller agrees to
  - 5.1. deliver product to Buyer at Seller's dock with obligations outlined in FCA-Seller's dock,
  - 5.2. pack, mark and ship per Buyer's packing standards and carrier requirements to ensure lowest transportation cost and safe transport of product.

All shipping units (cartons, crates, skids, etc.) must be labeled, marked, or tagged individually, clearly detailing:

- 5.3. suppliers name,
- 5.4. final delivery address,
- 5.5. GEN3 Defense & Aerospace contract number, if applicable,
- 5.6. purchase order number, including line and release number, if applicable,
- 5.7. part number, revision and description,
- 5.8. quantity shipped per part,
- 5.9. shipping unit number,
- 5.10. package weight (pounds or kilograms), and
- 5.11. appropriate dangerous product label, if applicable

Two (2) copies of packing lists must be provided with each shipment, included inside one of the shipping units, and this unit must detail "Packing List Enclosed". All packing slips must include the following:

- 5.12. supplier name,
- 5.13. GEN3 Defense & Aerospace contract number, if applicable,
- 5.14. purchase order number, including line release number, if applicable,
- 5.15. part number, revision and description,
- 5.16. quantity shipper per part,
- 5.17. bill of lading reference,
- 5.18. total number of pieces shipped, and
- 5.19. total weight shipped

Supplier shall:

- 5.20. comply with all applicable laws, rules, regulations, orders and ordinances of all applicable local, state, and federal government authorities governing transportation of dangerous goods and hazardous material and
- 5.21. procure all applicable registrations, licenses/permits or other authorizations, and pay all associated fees and other charges.

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