

FAXON ENGINEERING COMPANY  
PURCHASE ORDER TERMS AND CONDITIONS

- I. **GENERAL:** This Purchase order, including any documents incorporated herein by reference contains the entire agreement between the parties. The terms and conditions set forth on the PO as indicated by referencing the number of the T&C as listed on this form are the only terms and conditions applicable hereto. Any attempt by seller to supplement, modify, alter, revoke or amend these terms and conditions or any part of this PO shall not be effective unless specifically agreed to, by the Purchaser in writing.
- II. **CHANGE ORDER:** Buyer may, from time to time, initiate changes by issuing to Seller written notices (each, a "Change Order") that alter, add to, or deduct from the Goods or Services, but that are otherwise subject to the Terms of this Order. Seller will promptly comply with the terms of any Change Order.
- III. **DELIVERY:** Seller shall deliver the Goods and/or perform the Services at the delivery point (the "Deliver Location"), and on the date(s) specified in this Order (the "Delivery Date"). If no delivery date is specified, Seller shall deliver in full within a reasonable time of receipt of the Order. Timely delivery is of the essence. If Seller fails to deliver the Goods or Services in full, on the Delivery Date, Buyer may terminate the Order immediately and Seller shall indemnify Buyer against any losses, damages, and reasonable costs and expenses attributable to Seller's failure to deliver.
- IV. **SHIPPING TERMS:** Delivery shall be made in accordance with the Terms of this Order. The Order number must appear on all documents pertaining to the Order, invoices, packing lists, correspondence, and all shipping documents. Seller shall not substitute material or ship more than the quantity ordered.
- V. **PURCHASER FURNISHED MATERIALS AND INFORMATION:** All designs, tools, patterns, drawings or other information or materials supplied by the Purchaser to the seller for use in the manufacture of the articles contracted for herein shall remain the property of the purchaser and shall not be used in the production, manufacture or design of articles for any other purchaser, nor for the manufacture or production of larger quantities than those specified. Seller shall not disclose nor make available any such information or materials to another party except with the express consent in writing of the Purchaser. At the termination of this contract such information or materials shall be returned or disposed of as the Purchaser shall direct.
- VI. **WARRANTY OF MATERIAL:** Seller warrants to purchaser and its customers that the articles specified herein shall be free from defects in material and workmanship and shall conform to the requirements of this order. All materials shall be received subject to inspection and test. Rejected articles will be returned at sellers expense and adjustments made either by credit or replacements at purchaser's discretion. Seller warrants that all services performed hereunder shall be performed in a good and workmanlike manner by qualified, trained personnel, free from errors.
- VII. **WARRANTY OF INTELLECTUAL PROPERTY:** By acceptance and in consideration of this order , the Seller warrants that the sale or use of any or all articles or materials delivered hereunder will not infringe any intellectual property rights that the Seller will at his own expense defend any action, suit or claim in which such an infringement is alleged; and that seller will save Purchaser and/or its customers harmless from any loss, damage or liability of any nature arising from any claim of such infringement.
- VIII. **PRICE:** The price to be paid for the articles or materials covered by this order shall in no event exceed the applicable maximum price, if any established by Government regulation and any provisions or condition of the order which is in violation of any such regulation shall be of no effect.
- IX. **COMPLIANCE WITH LAWS:** In the performance of the work hereunder the seller shall Comply at all times with all applicable State, Federal, and Local laws, rules and regulations. In accepting this order Seller shall be deemed to represent that these goods will be or were purchased in compliance with all applicable requirements of section 6,7 and 12 of the Fair Labor Standards Act as amended and of regulations and orders of the United States Department of Labor issued under section 14 thereof.

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- X. **LABOR DISPUTES:** Whenever an actual or potential labor dispute is delaying or threatening to delay the performance of this order, Seller will immediately give notice thereof to the Purchaser. Such notice shall include all relevant information with respect to such dispute including what steps are being taken to assure timely performance of this Purchase Order.
- XI. **GOVERNMENT CONTRACTS:** If this purchase Order is a Government subcontract, any applicable provisions of Federal Statutes and regulations as are mandatory under Purchaser's contract shall be incorporated herein and become part of this PO.
- XII. **TERMINATION:** The Purchaser may terminate this order in whole or in part by notice in writing. Upon receipt of such notice or at the time specified therein, in any, the Seller shall incur no further costs of performance and shall terminate all orders and subcontracts given by Seller for performance. The Seller will then deliver, and the Purchaser accept and pay for the purchase order price all articles completed and ready for delivery in final form and according to specifications. As to uncompleted articles, if the articles are for use by purchaser in fulfilling a contract that is subject to termination, settlement shall be made on the basis of and by analogy to the procedure provided by purchaser's contract; otherwise settlement shall be made on the basis of and by analogy to Government termination procedures. If a dispute shall arise as to any sum claimed by the Seller it shall be determined from an audit of the Seller's books by a Certified Public Accountant chosen by the seller and acceptable by the Purchaser.
- XIII. **ASSIGNMENT:** This purchase order shall not be assigned by Seller without consent of the Purchaser.
- XIV. **INSPECTION:**  
(A). All material and workmanship shall be subject to inspection by Buyer before and after delivery, The Buyer may require the Seller to replace rejected material or Buyer may accept any materials that conform to Seller's warranties and upon discovery of materials not conforming may reject or keep and rework any such materials not so conforming. Cost of rework, inspection, transportation, repacking and or re-inspection by Buyer shall be at Sellers expense.  
(B). Materials to be used in the performance of Government contracts may be inspected and tested at all reasonable times and places either before, during or after manufacture by Seller or by the Government Agency concerned at Buyer's direction. If notified that Government Source Inspection is required prior to shipment from your plant to the Buyer, the following must be done: Upon receipt of this order promptly (no later than 48 hours) notify and furnish a copy of this PO to the Government Representative who normally services your plant so that appropriate planning can begin. If a Government Representative does not service your plant contact the Army, Air force, Navy or Defense Supply Agency inspection office. In the event one cannot be located notify us immediately  
(C). If inspection and test are made on the premises of Seller or Seller's subcontractor, Seller shall furnish at no additional charge all reasonable facilities and assistance for the safe and convenient inspection and tests required by the inspectors in the performance of their duties. The foregoing provisions of this Article are supplementary to and not in lieu of the provisions of (A) above.  
(D). Inspection or failure to inspect, by the Buyer does not relieve the Seller of liability to perform according to the terms of the Purchase Order.  
(E). First Article Inspections will be done in accordance with last revision of AS9100 requirements when requested.
- XV. **CERTIFICATE OF COMPLIANCE:** When required, the Seller shall furnish a "Certificate of Compliance" (otherwise known as Certificate of Conformance) with each shipment that assures full conformity with the QA requirements, applicable drawings and specifications and that test reports and inspection records are on file at the Seller's or Manufacturer's facility and are available to the Buyer and or Government for review. This Certificate shall be validated by an authorized representative of the Seller's Quality Department. An example of an acceptable "Certificate of Compliance" is as follows:

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XVI. "This is to Certify that all items noted above are in compliance with the contract, drawing, specifications and other applicable documentation and that all required certifications, inspection and test records are on file and available for review by the Buyer and or Government agencies."

a. BY \_\_\_\_\_  
1. Seller's Name \_\_\_\_\_ Authorized Signature \_\_\_\_\_

XVII. **PHYSICAL AND CHEMICAL ANALYSIS:** When required the items or service being shipped or performed against this order requires copies of actual chemical and physical test results showing actual readings taken and conformance to applicable specifications. These documents must be identifiable to the items they represent and shall be included with each shipment.

XVIII. **CONFLICT MINERALS:** Supplier recognizes, consistent with the public policy underlying enactment of the Conflict Minerals provision (Section 1502) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"), the significant legal and non-legal risks associated with sourcing tin, tantalum, tungsten and gold (the "Conflict Minerals") from the Democratic Republic of the Congo and adjoining countries ("DRC countries"). Accordingly, Supplier commits to comply with Section 1502 of the Act and its implementing regulations; to the extent Supplier is not a "Registrant" as defined in the Act, Supplier shall comply with Section 1502 of the Act and its implementation regulations except for the filing requirements. In particular, Supplier commits to have in place a supply chain policy and processes to undertake (i) a reasonable inquiry into the country of origin of Conflict Minerals incorporated into products it provides Buyer; (ii) due diligence of its supply chain, following a nationally or internationally recognized due diligence framework, as necessary, to determine if Conflict Minerals sourced from the DRC countries directly or indirectly support unlawful conflict there, and (iii) risk assessment and mitigation actions necessary to implement the country of origin inquiry and due diligence procedures. Supplier shall take all other measures as are necessary to comply with Section 1502 of the Act and its implementing regulations, including any amendments thereto.

XIX. **REACH:** Supplier represents and warrants that all the products, parts of products and/or materials supplied under this Agreement (the "Products") in the European Economic Area (EEA) (the EEA includes all countries in the European Union or "EU" as well as Norway, Iceland and Liechtenstein) will be supplied in full compliance with the provisions of the European Regulation (EC) n° 1907/2006 of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (the "REACH Regulation"). Terms used in this Section and not otherwise defined herein shall have the meanings ascribed to them in the REACH Regulation.

a. Supplier represents and warrants that all the substances in the Products supplied in the EEA, as well as substances manufactured in the EU that are present in the Products supplied anywhere, that require registration by Supplier or by Supplier's suppliers will be registered within the applicable REACH statutory deadlines and that such registration will cover all the uses identified in due time by Buyer to Supplier. Upon request, Supplier expressly undertakes to appoint (or obtain that the non-EU manufacturers/formulators appoint) an Only Representative to pre-register and register any substance present in the Products imported by Buyer or one of its affiliates or customers in the EEA.

b. Supplier shall investigate and communicate to Buyer if there are any substances present in the Products, or in any of the processes used to manufacture, assemble, use, maintain or repair the Products, that are listed: (i) in Annex XIV of REACH for Authorization, (ii) on the "Candidate List" (as published in accordance with Article 59.1 of the REACH Regulation), (iii) for which a REACH Annex XVII restriction exists or is proposed, (iv) in the "CoRAP" list for Substance Evaluation under REACH, or (v) the International Aerospace Environmental Group's ("IAEG") AD-DSL ("Aerospace and Defense Declarable Substance List"). Supplier shall provide Buyer for each such substance identified and communicated in (i) through (v) with (a) its chemical identity, (b) its weight/weight percent on a substance by substance basis in each Product type and in each component/part (hereinafter "part") thereof to the extent such parts are "articles" under REACH, and (c) safe use information. This ongoing obligation also applies to Products already supplied under this Agreement at the time the substances are identified as per (i) through (v) above.

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- XX. **AGE CONTROL, PERISHABLE ITEMS:** Articles delivered under this order shall contain (1) Date of Manufacture (2) expiration date (3) batch or lot number. The remaining shelf life shall not be less than 80% of the total shelf life at time of delivery. In addition materials purchased under this clause shall include a copy of the manufacturer's technical bulletin describing use and precautions applicable.
- XXI. **NONCONFORMANCES:** Supplier must notify the Buyer of non-conforming material/product. Supplier must make arrangements for the approval of non-conforming material.
- XXII. **CHANGES PRODUCT/PROCESS:** Supplier must notify Buyer of changes in product and/or process definition and where required get approval. When required Supplier will secure approval from customer for product, procedures, processes and equipment.
- XXIII. **RIGHT OF ACCESS:** Supplier must grant right of access by the Buyer, the customer, and Authorities to all facilities involved in the order and to all applicable records.
- XXIV. **QUALITY/DELIVERY:** Suppliers performance in regard to quality and delivery will be closely monitored by Purchaser, issues with performance could impact supplier rating level.
- XXV. **COUNTERFEIT PARTS:** Suppliers shall plan, implement and control processes, appropriate to the organization and the product, for the prevention of counter or suspect counterfeit parts use and their inclusion in product(s) delivered to the Purchaser.
- XXVI. **FLOWDOWN:** Supplier must flow down to sub-tier suppliers the applicable requirements in the purchasing documents including key characteristics, critical items, and special requirements, when required.
- XXVII. **AWARENESS:** Supplier shall ensure that persons are aware of their contribution to product and service conformity, product safety and the importance of ethical behavior.
- XXVIII. **CONFIDENTIALITY:** Supplier shall keep confidential all information designated as confidential by Buyer or reasonable known to be confidential, including, but not limited to, designs, processes, drawings, specifications, reports, data and other technical or proprietary information and the features of all parts, equipment, tools, gauges, patterns and other items furnished or disclosed to the Seller by Buyer in connection with this purchase order ("Buyer's Confidential Information"). Seller shall not disclosure such information to any third party without the written consent of Buyer and shall not use Buyer's Confidential Information except as contemplated in this purchase order. Upon completion or termination of this purchase order, Seller shall return all Buyer's Confidential Information to Buyer or make such other disposition thereof as may be directed and approved by Buyer and shall certify to such return or destruction.
- XXIX. **QUALIFICATIONS:** If required purchaser may require proof of qualifications of personnel.
- XXX. **QUALITY MANAGEMENT SYSTEM:** If required by flow down Supplier must have required QMS system in place
- XXXI. **RETAINED DOCUMENTATION:** Suppliers will maintain documentation for a minimum of 10 years, unless otherwise specified by FAXON Engineering.
- XXXII. **RELATIONSHIP OF THE PARTIES:** The Seller is an independent contractor of Buyer. Nothing contained herein shall be construed as creating any agency, partnership, employment or fiduciary relationship. Neither party shall have authority to bind the other party in any manner whatsoever.