

Elma Electronic Inc. Purchasing Terms and Conditions

- 1. DEFINITIONS:** The word “Buyer” whenever used herein shall mean Elma Electronic Inc. The party with which this order is placed is referred to herein as “Seller.” The products, machinery, equipment, supplies and/or labor or services covered by this Purchase Order are referred to herein as “Goods.” The terms “Purchase Order,” herein and “hereto” refer to and include the face of this document, these Standard Terms and Conditions and any other documents specifically made a part of this Purchase Order.
- 2. ACCEPTANCE:** Entire Agreement. Buyer shall not be bound by this Purchase Order until Seller executes and returns to Buyer acceptance of this order. No terms and conditions at variance with, or additional to, those contained herein shall be applicable hereto or to this Purchase Order unless specifically agreed to in writing by an authorized representative of Buyer. Any agreements, negotiations or understandings of the parties prior to the date of this Purchase Order, whether written or oral, are merged herein and superseded hereby. No modification of the provisions hereof shall result from Buyer’s acceptance of the Goods or receipt from Seller or an invoice or acceptance or other form containing terms and conditions in addition to, or inconsistent with, the provisions hereof.
- 3. CHANGES TO ORDER AND OVERAGE:** Buyer shall have the right to make changes in this Purchase order. Such changes shall include, but not be limited to, changes in any drawings and specifications upon which this Purchase Order is based. Should any change affect any prices (or delivery terms) contained in this Purchase Order, Seller shall, before proceeding, notify Buyer of any price changes (or changes in delivery terms) and receive Buyer’s written agreement thereto. No modification alteration amendment of this Purchase Order shall be effective unless in a written change order signed by Buyer and acknowledged by Seller. Any over-shipments shall be at Seller’s risk, and Buyer may delay payment therefor without loss of discount. All costs in returning over-shipped items, if so desired by the Buyer, will be at Seller’s expense.
- 4. NONCONFORMING GOODS:** All Goods furnished under this Purchase Order are subject to final inspection and approval at destination by Buyer. Any Goods not in compliance with any specifications or other requirements of this Purchase Order are subject to rejection by Buyer, and any or all of such Goods may be returned by Buyer at Seller’s expense. No goods returned as non-confirming shall be replaced unless authorized by Buyer. Any payments for Goods made prior to inspection shall not constitute an acceptance of said Goods or impair the remedies of Buyer hereunder and as provided by law.
- 5. CONFIGURATION CHANGES:** The Seller shall maintain configuration control of all parts, materials and processes such that, after the delivery of the initial lot, all subsequent lots shall be the same as the initial lot for all parts, materials and processes. There shall be no changes in product and/or process, changes of suppliers, changes of manufacturing, process, product, facility, certification status and location without prior notification in writing to Buyer, for approval. Seller shall not outsource any processes without written notification to Buyer, for approval.
- 6. DELIVERY:** Delivery of Goods shall be as stated in the Order unless otherwise expressly agreed upon and shall be made via the carrier and to the Buyer’s facility specified on the face of such Order, without charge for boxing, crating, carting or storage unless otherwise specified therein. Seller shall affect delivery by the most expeditious form of land transportation. If no method of shipment is

specified in the Order, Seller shall use the least expensive carrier. TIME IS OF THE ESSENCE WITH RESPECT TO DELIVERY. Seller will immediately notify Buyer if it suspects or becomes aware of an inability to timely deliver ordered Goods or Services. Upon such notice, Buyer may, at its option:

1. Decline to accept the Goods or Services and terminate the Order
2. Require delivery by the fastest method to meet the delivery dates

Buyer retains the right to reschedule deliveries according to its needs or in accordance with any other such reschedule agreement with Seller. Buyer may, at its election, by delivery to Seller of written notice of termination, cancel this Purchase Order or any part hereof (a) if Seller fails to deliver the Goods in accordance with any delivery or performance dates specified herein, of (b) if Seller fails to comply with any other provision of this Purchase Order and does not cure such failure within a period of ten (10) days or such longer period as Buyer may authorize in writing, or (c) upon the occurrence of any of the following: the voluntary or involuntary liquidation or dissolution of Seller, the sale or other disposition of all or substantially all of the assets of Seller, or the marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of Seller, or other similar proceeding affecting Seller or any of its assets, or any action taken by any trustee or receiver or by any court in any such proceeding, or the disaffirmance, rejection or postponement in any such proceeding of any of the Seller's obligations pursuant to this order. In the event of any cancellation for the reasons described in (a) or (b) or (c) above. Buyer may purchase similar Goods and Seller shall be liable to Buyer for all loss or damage suffered or incurred by Buyer arising or resulting from such cancellation including without limitation, any additional cost or expense incurred in purchasing the Goods elsewhere. However, Seller shall not be so liable for failure to deliver the Goods in accordance with delivery or performance dates when such failure is due to causes beyond the control and without the fault or negligence of Seller (Force Majeure), and Seller has notified Buyer within forty-eight (48) hours of the commencement of the occurrence that caused such failure. Time is of the essence of this Purchase Order.

7. **TITLE AND RISK OF LOSS:** All Goods shall be shipped F.O.B. Buyer's delivery address, (or such other destination as Buyer has expressly stated herein) unless specified to the contrary in the Purchase Order. Title and risk of loss shall remain with the Seller until the Goods are delivered to Buyer at Buyer's delivery address (or such other destination). Seller shall package all Goods in suitable containers to permit safe transportation and handling, insure against damage from weather or transportation and secure the lowest transportation costs. Such containers must be appropriately labeled, contain packing sheets listing each item and its associated Purchase Order line item number. No charge shall be made by Seller for packing, boxing, drayage or storage unless otherwise stated herein or agree in writing by Buyer. Seller must comply with Buyers packaging instructions where applicable.
8. **PAYMENT:** Unless otherwise expressly stated herein, invoices dated prior to delivery of Goods will not be accepted. Buyer may withhold any payment due hereunder to such extent as may be necessary to protect Buyer from loss because of a reasonable doubt (a) that the Goods will meet the requirements of this Purchase Order, of (b) that the Goods will be delivered on the date or dates specified in this Purchase Order. Upon the submission of proper invoices, Seller shall be paid the prices stipulated herein for Goods delivered and accepted, or services rendered and accepted, less deductions, if any. Unless otherwise specified, payments will be made on partial deliveries accepted by Buyer if Buyer, in its sole discretion, determines that the amount due is sufficient to warrant such partial payments, in connection with any discount offered. Payment time will be computed from date of delivery at

destination or from the date a correct invoice is received, if the latter date is later than the date of delivery.

9. WARRANTY: In addition to any other warranties, Seller warrants that the Goods shall be new unless otherwise specified, will conform to any specifications, drawings, samples or other descriptions furnished or specified by Buyer, will be merchantable and will be free from any defects in design, workmanship and materials for a period of two years from date of initial use. Any replacement or repair of materials or correction to workmanship shall be subject to section six (6) (Counterfeit Part Prevention) and additionally warranted for a period of one year from the date the defect is remedied. Any replacement parts or other materials provided pursuant to this warranty shall be shipped F.O.B.. Buyer's delivery address, (or other destination specified by Buyer). Seller acknowledges that, notwithstanding any drawings, specifications or other descriptions of the Goods set forth or referred to in this Purchase Order, Buyer is relying on Seller's skill and judgment to furnish suitable Goods for the purposes described herein, and Seller warrants that the Goods will be fit and suitable for such purposes. Seller also expressly warrants title to all of the Goods is free and clear of any and all encumbrances of whatsoever nature and kind. All warranties shall survive any inspection, delivery, acceptance or payment.

10. CORRECTIVE AND PREVENTIVE ACTIONS: When requested, the supplier will submit a corrective action plan that provides the details of how a nonconformity will be resolved. Buyer expects Seller to investigate the root cause(s) and respond to Buyer's Quality department with a corrective action plan within 10 business days or as specified by the Quality department. The details of the investigation, corrective action plan, verification of the effectiveness of the corrective action and preventive actions shall be documented.

11. COMPLIANCE WITH LAWS:

(A) By accepting this Purchase Order, Seller acknowledges and warrants that all Goods furnished hereunder shall comply with all laws and regulations applicable in the state to which delivery is made, and in the United States of America. Seller acknowledges and warrants that their company, subcontractors, representatives, designees, et al. are in compliance with all U.S. Department of Labor applicable laws and regulations.

(B) Seller acknowledges that all or some portion of the Goods may constitute "chemical substances" or "mixtures," "hazardous substances" and/or "hazardous wastes" under the U.S. Toxic Substances Control Act (TSCA), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Resource Conservation & Recovery Act ("RCRA"), the Hazardous Materials Transportation Act ("HMTA"), or other similar federal, state, or local laws and regulations. By accepting this order Seller agrees and warrants that all goods including services furnished hereunder do and will comply with all applicable laws and regulations including, without limitation, TSCA, CERCLA, RCRA, HMTA, and their implementing regulations. Seller also warrants that all Goods Supplied under this PO shall be compliant with the U.S. Restriction of the Use of certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) and the European Union regulation governing the manufacture and import of chemical substances, REACH.

(C) Seller shall indemnify buyer and hold buyer harmless from and against all fines, response and remedial costs, and other damages or injuries assessed against, or costs incurred by Buyer resulting from noncompliance by Seller with applicable laws and regulations.

12. CANCELLATION BY BUYER:

(A) Cancellation due to causes beyond Buyer's control: Buyer may cancel this order in whole or in part or defer acceptance of any Goods purchased hereunder in the event of a shutdown of its plant or a

substantial reduction in the operation of said plant due to strikes, floods, riots, accidents, acts or failures to act of any governmental entity or of Seller, major equipment breakdowns, or any other causes whatsoever, whether similar or dissimilar to those set forth above, provided that any such cause was beyond the reasonable control of Buyer. In the event of such a cancellation or deferral, Buyer shall pay to Seller, as Seller's sole and exclusive remedy, a reasonable cancellation or deferral charge, which charge shall in no event exceed the actual damages incurred by Seller as a direct result of the cancellation or deferral.

(B) Cancellation for convenience of Buyer: Buyer also reserves the right to cancel this order in whole or in part at any time, for its convenience, by written notice to Seller, immediately upon receipt of notice of such cancellation. Seller shall stop all performance hereunder except as otherwise directed by Buyer. If Seller is not in default of any of its obligations hereunder at the time of such termination, Buyer shall pay to Seller as its sole and exclusive remedy, an amount equal to those reasonable and documented costs incurred by Seller prior to termination. Provided, however, that the above amount plus any prior payments shall in no event exceed the purchase price of the Goods. All Goods completed or partially completed prior to termination shall become the property of Buyer, or at Buyer's option, the salvage value of the Goods may be deducted from the amount due Seller by reason of the termination

14. CONFIDENTIALITY:

No knowledge or information disclosed to Buyer by Seller which in any way relates to Goods or Services covered by any Order, will, unless otherwise specifically agreed in writing by Buyer, be deemed to be confidential or proprietary information of Seller, and Buyer will acquire all such knowledge and information free from any restrictions (other than a claim for patent infringement), as part of the consideration for the Order. All technical and other information obtained or learned by Seller as a result of any Order or its relationship with Seller, is and will remain the valuable, confidential and proprietary information of Buyer, including, but not limited to, drawings, data, specifications, components, concepts, designs, or tooling. To the extent the parties have entered into a nondisclosure agreement ("NDA") to protect such information, the provisions of such NDA shall control any conflicting or inconsistent terms herein. Seller agrees not to disclose to third parties or use for its own pecuniary benefit or advantage any of Buyer's confidential and proprietary information. Seller further agrees that any improvement, modification, refinement, or product developed by Seller or jointly by Seller and Buyer as a result of knowledge of Buyer's confidential and/or proprietary information shall be the property of Buyer, and shall be treated as Buyer's confidential and proprietary information. Seller will provide such assignments or other conveyances to the extent such assets require separate documentation from these Terms.. Upon cancellation or termination of any Order or the parties' working relationship, or otherwise upon request of Buyer, Seller shall turn over to Buyer any and all Buyer's confidential information, including all copies, excerpts or other reproductions thereof. The confidentiality provisions of this Paragraph will apply to and be binding upon Seller's officers, directors, employees, advisers, consultants and other representatives, and the protection of Buyers' confidential information and materials will expressly survive any expiration or termination of any relationships between the parties indefinitely, unless and only to the extent otherwise consented to in writing signed by Buyer.

- 15. PATENT INFRINGEMENT:** Seller hereby agrees to indemnify and hold harmless Buyer and its successors, assigns and customers and the users of its products against all costs whatsoever involved in any and all claims and suits for infringement or patent and patent rights arising from the purchase or use of the Goods. Buyer shall give Seller reasonable notice of any such claim or suit, and Seller agrees to undertake at its own expense the defense of any and all such claims or suits. In addition, upon notification by Buyer of an infringement claim, Seller shall do one of the following: (a) procure for

Buyer the right to continue using the Goods on a permanent basis, without cost to Buyer and without any restrictions on the right of Buyer to use the Goods for the purpose for which they are intended, or (b) replace the same with non-infringing Goods satisfactory to Buyer, or (c) modify the goods in a manner satisfactory to Buyer so that they become non-infringing.

- 16. NONWAIVER OF REMEDIES:** The remedies of Buyer provided for herein shall be cumulative and shall be in addition to any other or further remedies provided in law or equity. No delay in the exercise of, or failure to exercise any right, remedy or power of Buyer shall be construed to be a waiver thereof, and such right, remedy or power may be exercised from time to time as often as may be deemed expedient by Buyer.
- 17. INDEMNITY:** Seller shall indemnify and hold harmless Buyer and its agents, officers, directors, employees and assigns from and against any and all liabilities, claims, losses, damages, penalties, costs or expenses, (including, but not limited to court costs and reasonable attorneys' fees) for damage to property of Buyer or others of whatsoever kind or nature or injury to persons (including, without limitation, death) arising from the delivery, use or operation of the Goods and due to the negligent or willful and wanton acts or omissions of Seller, its agents, independent contractors, subcontractors, officers or employees and whether or not caused or contributed to, in whole or in part, by the negligent acts or omissions of Buyer or any of its agents, officers, directors, employees and assigns or any other person or entity.
- 18. INTELLECTUAL PROPERTY RIGHTS; WORK PRODUCT:** Seller agrees that where Seller undertakes activity of research, development and/or design using information provided by Buyer, Buyer shall exclusively own all rights, title and interest in any resulting work product including, without limitation, all know-how, trade secrets and intellectual property. Seller shall take all necessary steps to ensure that Buyer obtains full legal title in and to such rights. Seller will ensure that Seller's affiliates, employees, agents and subcontractors appropriately waive any and all claims to, and assign to Buyer, all rights or interests in, any work product created in connection with this Order. Seller grants the right to Buyer to produce copies, reproductions or derivative works of material provided under this agreement for purposes of this agreement. Seller will not reverse engineer, decompile, or disassemble any technology, software, materials, products or other items owned or provided by Buyer.
- 19. FORCE MAJEURE:** Neither Seller nor Buyer shall be liable for any delay or failure to perform any of its obligations under this Order if and to the extent such delay or failure is due to circumstances beyond the reasonable control of such party, including but not limited to, fires, floods, explosions, accidents, acts of God, declared and undeclared wars or riots, strikes, lockouts, acts of government or any provision or requirement of any law, regulation, order or rule, which the affected party could not reasonably expect.
- 20. LABOR DISPUTES:** Seller shall give Buyer prompt notice of every labor dispute or issue which may affect Seller's ability to deliver Goods or Services pursuant to the terms of this Order. Seller shall not have any obligation to reimburse Seller for losses or additional costs incurred by Seller as a result of labor disputes.
- 21. INSPECTION, ACCEPTANCE AND RECORDS:**
- A. **INSPECTION:** If this Purchase Order involves the manufacture of Goods, or modification or surface treatment of goods, Seller shall provide all shop inspection required and corresponding quality inspection reports to ensure compliance with this order, and Buyer shall have the right at all reasonable times to inspect and test all work in process. For each tested assembly, the Supplier must provide reports approving the testing data. The Acceptance Tests Report must be identified

by the serial no. of the assembly and must have been approved by the Manufacturer's Quality Assurance. Each assembly will be 100% tested in accordance with Buyer's testing instructions. In event that Buyer has no testing instructions for the assembly, the assembly will be tested according to the Manufacturer's instructions. The final Acceptance tests report findings must be attached to a supplied assembly. All Surface finishes such as Plating and Painting must be performed only by approved sub-contractors. (refer to Buyer's AVL for special processes). For Raw Materials, Special processes or Custom-Made items, a Certificate of Compliance ("COC"), must be provided with each Good supplied confirming that the product was manufactured according to the relevant standards, and complies with the drawing, industry standard and purchase order. The certificate must identify the shipment on a one-to-one basis and be signed by an authorized representative, including title, name, and date. COC's for raw materials must be accompanied by a Mill Certificate and a certificate from the Surface Treatment provider if the product contains finishing or thermal treatment, or any other relevant documentation pertaining to the product must be provided. Inspections may be conducted to verify adherence to Buyer's stipulated requirements and does not equate to Buyer's final approval of the products or services provided. Inspections may include the following:

- a. Manufacturing Process Inspection steps and results for Buyer's products
 - b. Records pertaining to Buyer's flow-downs to Seller's suppliers and sub-suppliers
 - c. Compliance with Certificate of Conformance (CoC) requirements.
 - i. Each shipment must be accompanied by a Certificate of Conformance. The certificate must affirm that all items, as well as the specifications on Buyer's drawings (when applicable), are met. For COTS items, a stamped C of C on the packing slip is acceptable.
 - ii. The Certificate of Conformance must include, at the very least, the following:
 - Buyer's Purchase Order Number
 - Buyer's Purchase Order Line Item Number
 - Buyer's Part Number
 - Quantity included in the shipment for each line item
 - Signature and printed name of the Quality Assurance (QA) representative
 - Date of certification
 - Lot or Batch Numbers
- B. **SOURCE INSPECTION:** Neither the presence nor the absence of an inspector or other personnel of Buyer in Seller's facility shall relieve Seller of any requirements of this Purchase Order. Seller may request from Buyer, at the Seller's discretion, to submit monthly (or more frequently if delivery requirements make it necessary) status reports and engineering production status reports if Buyer so specifies herein. Notwithstanding any prior inspection, the passage of title or any payments hereunder, all Goods furnished hereunder are subject to final inspection and acceptance by Buyer upon delivery.
- C. **RECORD KEEPING:** As a supplier, you are required to maintain comprehensive documentation that demonstrates your compliance with this purchase order. This documentation should encompass all relevant records, including purchasing, manufacturing, quality, and testing. Additionally, ensure that your Certificates of Conformance (CofC's) and traceability records extend back to your vendors, alongside manufacturing records.

22. CONTROLLING LAW AND SEVERABILITY. The terms and conditions of this Purchase Order shall be construed and interpreted under, and all respect rights and duties of the parties shall be governed by, the laws of the state of Delaware and United States of America Federal law to the extent the same may apply. If any provision or requirement of this Purchase Order is declared or found to be unenforceable, the balance of the provisions and requirements on Purchase Order shall be interpreted and enforced as if the unenforceable provision or requirement had never been a part hereof.

- 23. INDEPENDENT CONTRACTOR:** Seller is an independent contractor for all purposes, without express or implied authority to bind Buyer by contract or otherwise. Seller will secure, at Seller's sole cost, Workers' Compensation insurance, disability benefits insurance, and any other insurance required by law. Buyer will not provide, nor will it be responsible to pay for, employee benefits to Seller or employees of Seller. Seller will pay all required taxes, whether federal, state or local in nature, including, but not limited to, income taxes, FICA, payroll or self-employment taxes, unemployment compensation taxes, and any other fees, charges, licenses, or other payments required by law on any compensation paid by Buyer to Seller pursuant to this Purchase Order Agreement. Seller hereby waives any right to bring a claim or action against Buyer or any of its affiliates as to entitlement to any employee benefits with respect to periods of performance hereunder
- 24. EXPORT/IMPORT CONTROLS:** Seller will not use, export, re-export or otherwise release any technology or technical data provided to Seller by Buyer or any of Buyers' subsidiaries or affiliates under this Order, except in compliance with all applicable U.S. export laws and regulations. Seller agrees that unless otherwise expressly agreed upon, Buyer will not be a party to the foreign importation of the Goods, that the transaction(s) represented by this Order will be consummated subsequent to importation, and that Seller will neither cause nor permit Buyers' name to be shown as "importer of record" on any customs declaration, except as assigned under alternative INCO Terms listed in the Purchase Order, and that Seller will comply with all applicable laws, rules and regulations governing foreign purchases and importation
- 25. PRODUCT RECALLS:** If any goods sold to Buyer hereunder are determined by Seller, Buyer or any governmental agency or court to contain a defect or a quality or performance deficiency, or not be in compliance with any standard or requirement so as to make it advisable that such goods be reworked or recalled, Seller or Buyer will promptly communicate relevant facts to each other and will undertake corrective action, provided that Buyer will reasonably cooperate with and assist Seller in any necessary filings and corrective action, and provided that nothing contained in this Section will preclude Buyer from taking such action as may be required of it under any such law or regulation. Seller will pay all reasonable expenses associated with determining whether a recall or rework is necessary and will perform all necessary repairs or modifications at its sole expense, except to any extent Seller and Buyer agree to the performance of such repairs by Buyer upon other, mutually acceptable terms. The parties recognize that it is possible that other Seller-manufactured products might contain the same defect or noncompliance condition, as do the Goods. Buyer and Seller agree that any recall involving goods for Buyer will be treated separately and distinctly from similar recalls of other products of Seller; provided that such separate and distinct treatment is lawful and Seller will in no event fail to provide at least the same protection to Buyer on its Goods as Seller provides to its other customers in connection with such similar recalls. Each party will consult the other before making any statements to the public or a governmental agency relating to potential safety hazards for Goods purchased hereunder, except where such consultation would prevent timely notification required by law.
- 26. ASSIGNMENT; NO WAIVER:** Seller shall not assign its rights or delegate or subcontract its performance under this Purchase Order in whole or in part without the prior written consent of Buyer. Any attempted assignment, delegation or subletting without Buyer's prior written consent shall be void and shall constitute a material breach of this Purchase Order by Seller. Should Seller need to outsource specialized processes including but not limited to Plating, Welding, or Painting, Seller is required to engage only those suppliers who are accredited by NADCAP or have been pre-approved by Buyer or Buyer's end customer. To access the list of Buyer's approved vendors, please coordinate with the procurement department to acquire Buyer's Approved Vendor List (AVL).

27. INSURANCE: Seller shall provide and maintain for Services rendered throughout the term of this Agreement inclusive of any warranty obligations the following insurance (and regarding policies on a "claims made" basis, for an additional 24 months after):

- a. Blanket contract liability
- b. Workers Compensation: Statutory in accordance with the state in which the Services are being performed
- c. Employers Liability in the amount of \$ 1,000,000 each occurrence
- d. Commercial General Liability with limits of \$ 1,000,000 each occurrence, \$ 2,000,000 aggregate, for bodily injury and property damage combined. Policy will include the following coverage features
- e. Automobile Liability with limits of \$ 1,000,000 each occurrence for bodily injury and property damage combined if automobile usage is required to perform Services hereunder. Coverage will include "owned", "hired" and "non-owned" auto's.
- f. Umbrella or Excess Liability with limits of \$ 5,000,000 each occurrence and aggregate for bodily injury and property damage. Policy must be "follow form" to all primary policies listed above with the exception of Workers Compensation
- g. Professional Liability Insurance. To the extent that Seller is providing design services, Seller will obtain adequate levels of Professional Liability insurance to cover risk of loss reasonably related to the scope and extent of the Services provided. At minimum the coverage will be: \$1,000,000 combined single limit each accident. The Professional Liability policy will include a retroactive date to the date that Seller first rendered Services in connection with the Project and with a discovery period.
- h. All insurance required above will be written with insurers rated A or better by the latest "Bests" Guide;
- i. All policies with the exception of Workers' Compensation will include Buyer as an additional insured and include a waiver of subrogation towards Buyer.
- j. At the request of Buyer, the Seller shall provide a certificate of insurance conforming to the policies specified above

28. BUYER'S FLOWDOWN REQUIREMENTS.

SELLER SHALL FLOWDOWN BELOW REQUIREMENTS TO ALL SUB-TIER SUPPLIERS CONTRIBUTING TO SUPPLIERS' PRODUCTS SOLD TO BUYER

- A) Flow-Downs:** Seller has responsibility to ensure that all conditions and specifications detailed in the Purchase Order are communicated and imposed across the entire supply chain including Customer Flow-Downs and Quality Notes as may be listed on the face of this Purchase Order or referenced in the Purchase Order and listed separately and made available to Seller at the time of purchase. Buyer's flow-downs must be flowed-down to every sub-tier supplier or distributor involved in the manufacture or distribution of Buyer's Goods
- B) CHANGE NOTIFICATION:** Prior to implementing any changes that might alter the fit, form, or function of the product—including, but not limited to, modifications in design, manufacturing processes, testing procedures, materials used, special process requirements, lower-tier

subcontractors, or production facilities - Seller must promptly inform Buyer's procurement team in writing on the following:

- a. **APPROVAL REQUIREMENT:** Written consent from Buyer must be obtained before acceptance of order with any changes that have the potential to affect the product's fit, form, or function.
 - b. **FIRST ARTICLE INSPECTION (FAI):** Should any proposed change have an impact on the product's fit, form, or function, Buyer may require a First Article at no additional cost. This First Article is necessary to verify that the change has not adversely affected the product and that it remains within the specified requirements.
 - c. **BUYER'S RIGHTS:** In the event that changes are made, Buyer reserves the right to request and receive samples of the first articles resulting from such changes for the purpose of evaluation and approval.
 - d. **CONSEQUENCES OF NON-DISCLOSURE:** Failure to notify Buyer about any intended changes can lead to the outright rejection of the material provided under this Purchase Order and returned to Seller for full credit and full cost of business impact.
- C) Seller shall notify Buyer immediately for Buyer's approval for any changes to Seller's processes, products or services including change of address or location of manufacture
- D) **RECORD RETENTION:** Seller shall retain all documented information for a minimum of ten (10) years. This retention is crucial for verifying compliance and facilitating any necessary audits or reviews.
- E) **QUALITY SYSTEM:** Seller shall maintain a Quality Management System that adequately ensures all products and/or services will meet the specified requirements. Seller must notify Buyer of any changes to their Quality Management System and certifications.
- F) **TRAINING:** Seller 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.
- G) **RIGHT TO AUDIT:** The Supplier shall grant Buyer, its customers and regulatory authorities access to the facilities where production, maintenance or servicing activities are performed. This right of access is applicable to all sub-tier suppliers and should be flowed down to them formally and acknowledged. The Seller shall assist in the performance of any required surveillance, audits, assessments or investigations. Buyer will respect the confidentiality of proprietary information and comply with all safety rules during this surveillance.
- H) **CERTIFICATE OF COMPLIANCE:** Seller shall supply a Certificate of Conformance with each shipment to Buyer. For catalog / COTS items (available through distribution), a stamped C of C on the packing list is acceptable. All Product shall be free of FOD (Foreign Object and Debris) and inspected by Seller prior to shipment.
- I) **PACKAGING:** Seller shall handle and package Goods in a manner that ensures adequate protection against oxidation, deterioration, ESD and physical damage during shipment and storage. Bulk packaging may only be used if and when the component lead integrity is maintained, the material is protected against damage and the bundles are properly labeled with part number and quantity. ESG protective packaging shall be used for all electronic components. Moisture sensitive items must be vacuum sealed and an MSL label applied to each package with the MSL number and package date indicated.

- J) DFARS REQUIREMENTS:** 252.204-7020: If Seller is involved in supplying defense related information, Seller must meet the requirements of NIST SP 800-171 DOD Assessment Requirements according to DFARS 252.204-7020 and must conduct and report internal assessments.
- K) COUNTERFEIT PARTS PREVENTION:** Seller agrees and shall ensure that only new and non-counterfeit parts, materials and components are used in products to be delivered to Buyer. No other parts, materials or components shall be used unless approved in advance in writing by Buyer. Seller must present full, complete and compelling support to show parts, materials and components procured are legitimate and not counterfeit. To this end, Seller shall only purchase parts, materials and components directly from the Original Components or Equipment Manufacturers (OCM's / OEM's), or through the manufacturer's authorized distribution channel. Buyer may request at any time a certification of traceability from the Seller and/or Seller's sources. **Seller shall flow down these requirements and ensure compliance of lower tier suppliers providing items for delivery to Buyer.** Seller must notify Buyer in writing should they be made aware of any counterfeit alerts relating to their product supplied to Buyer or alerts relating to materials used in their product supplied to Buyer. Sellers of electronic boards or components must be compliant with Buyers counterfeit form (EF-406).
- L) COMPLIANCE WITH LAW / ETHICAL BEHAVIOR:** Seller shall, and will ensure any party on its behalf shall, comply with all applicable laws, regulations, rules or orders in connection with its performance hereunder. Seller acknowledges and agrees that Buyer requires that Seller maintain a high standard of ethical conduct in all its dealings. Buyer's policy prohibits all employees from accepting gratuities, gifts, entertainment, or other favors as well as from engaging in any activities which create the perception of a conflict of interest, from any current or prospective Seller. The Seller is encouraged to implement their own written code of conduct and to flow down their principles to the entities that furnish them with goods and services. Buyer expects Seller to maintain effective programs to encourage their employees to make ethical, value driven choices in their business dealings
- M) End-of Life Advance Notice:** To preserve Buyers' interest of suspected or known product obsolescence affecting the Goods hereunder, Seller must provide Buyer with a minimum notice period of 12 months before the obsolescence of any part supplied under this contract. Seller will use best efforts to:
- 1 allow Buyer a last-time-buy of sufficient quantities to satisfy Buyers' demands with scheduled deliveries as agreed between the parties at the time of purchase.
 - 2 track commercial availability of parts related to Goods.
 - 3 find suitable alternatives for the known or suspected parts for a period of five (5) years or for the length of the Order, whichever is longer.

Revision History Summary

Revision #	Description of Change	Date
New - A	Initial release revision A	04/07/2025