



TERMS AND CONDITIONS APPLICABLE TO ALL PURCHASE ORDERS & CHANGES THERETO

1. **Contract** – Acceptance of this order must be made by Seller in writing within 10 days of the date hereof and must be limited to the terms and conditions contained herein. When accepted by Seller, this order shall constitute a binding contract between Buyer and Seller containing the terms and conditions set forth herein. If seller wishes to modify or supplement any of the terms and conditions hereof, he shall so advise Buyer in writing prior to accepting this order. However, unless amended in writing, signed by both Buyer and Seller, this order shall constitute the sole contract between the parties relating to the subject matter hereof.
2. **Warranties and Inspection** – Seller expressly warrants that all materials and articles furnished hereunder (hereinafter called “goods”) will conform to applicable specification, drawings and samples, that they will be free from defects in material and workmanship, however shall not be deemed to limit any warranties or representations of additional scope given to Buyer by Seller or any warranties implied by law. The period fixed by law or agreement during which Buyer may assert any claim pursuant to applicable warranties shall commence with the date on which the goods are delivered. Unless otherwise specified, acceptance of any items by Buyer shall not be deemed to alter the obligations of Seller to the rights of Buyer and its customer(s) under this clause or any other provision of this purchase order. Buyer may at his option hold rejected goods for seller’s instruction and at seller’s risk, or return them to Seller at Seller’s expense, and Seller shall promptly reimburse Buyer for any and all damages, sustained by Buyer as a result of Seller’s breach of warranty. No replacement of rejected goods may be made by Seller without written authorization from Buyer.
3. **Changes** – Buyer shall have the right at any time before completion of the order to make changes in quantities, in drawings and specification, in delivery schedules, and methods of shipment and packages. If such changes cause an increase or decrease in prices or in the time required for performance, Seller shall notify Buyer thereof within ten days from the date of notification of the change, and an equitable adjustment shall thereupon be negotiated. Changes shall not be binding upon Buyer unless evidenced by a purchase order change-notice issued and signed by the Buyer.
4. **Cancellation** – Buyer may cancel this order in whole or in part on account of defects in the goods furnished hereunder, or if the goods are not delivered within the time stated in this order, or in case Seller makes an assignment for the benefit of creditors, or a receiver is appointed for Seller, or if proceedings in bankruptcy or for corporate reorganization are filed by or against Seller or upon Seller’s failure to comply with any of the terms and conditions of this order.
5. **Confidential Information** – All disclosures, drawings, specification, patterns or technical information furnished to Seller by Buyer are the sole property of Buyer and are submitted in confidence upon the understanding and agreement by Seller that they shall not be disclosed or furnished to any third party, shall not be used by seller in whole or in part for any purpose not designated by Buyer, and shall be returned to Buyer immediately upon Buyer’s request. Furthermore, Seller shall make no announcement concerning the fact that Seller has contracted to supply any materials or services for Buyer without the prior written permission of Buyer.
6. **Buyer’s Property** – All tools, equipment or material furnished to Seller by Buyer shall be and remains the property of Buyer and, whenever practical, shall be plainly marked by Seller as the property of Buyer and shall be safely stored separately and apart from Seller’s property. Buyer’s property while in seller’s custody shall; be held at Seller’s risk, shall be insured by Seller at Seller’s expense in amounts equal to replacement costs with loss payable to Buyer and shall be subject to removal at Buyer’s request.

7. **Services on Buyer's Premises** – If Seller, its employees, agents or sub-contractors are to furnish any labor or services of any kind whatsoever on Buyer's premises in connection with this order:
 - a. Seller agrees to abide by Buyer's rules and regulations governing contractors and suppliers while working on or maintaining facilities on Buyer's premises, copies of which will be furnished on request; and
 - b. Seller shall, before starting work, furnish Buyer with certifications of insurance carriers of Seller and Seller's subcontractors (in any) that policies of insurance have been issued covering their legal liability under (i) applicable workmen's compensation and occupational disease laws; (ii) public liability insurance with limits of \$100,000/\$300,000 for bodily injury or death and \$100,000/\$300,000 for property damage, including loss of use thereof; (iii) contractual liability insurance covering the indemnification set forth in paragraph 7 hereof; and (iv) motor vehicle liability insurance with limits of \$100,000/\$300,000 for bodily injury of death and \$50,000 for property damage, including loss of use thereof.
8. **Time of Essence** – Time is of the essence of this contract. Failure to tender conforming goods within the shipment window of the specified date shall constitute as breach by Seller, and Seller shall have no right to make a later conforming tender except upon prior written authorization from the buyer. The shipment window is considered from specified date minus 5 business days. In the event of a delivery prior to the specified shipment window, Aero Pacific has the right to either return the parts pending the delivery window or to hold payment until the specified due delivery date plus the contracted terms.
9. **Subcontractors** – ALL SUBCONTRACTORS WHO CANNOT PROVIDE AN EMPLOYER IDENTIFICATION NUMBER WILL BE REQUIRED TO SUBMIT THEIR TAXPAYER IDENTIFICATION NUMBER AS REQUIRED BY THE INTERNAL REVENUE CODE.
10. **Inspection Reports** – Seller must furnish inspection report, certificate of conformance and as applicable material and processing certification for the part/services they submit.
11. **FAI** – Documented First Article Inspection Reports (FAIR) shall be submitted to Buyer Quality prior to the beginning of production. The FAIR must be based on AS9102, except the forms must be the actual forms shown on the spec. Equivalent forms are not acceptable. The FAI we perform is only a courtesy check and not to be considered a complete check. The FAI check does not relieve the seller of any responsibility to deliver conforming product. The FAI part will be returned to the supplier and, if the part was found to be acceptable, can ship it back with the next scheduled shipment of parts.
12. **Export Controls** – Seller agrees to comply with the U.S. Department of Commerce's Export Administration Regulations (EAR), the Department of State's International Traffic in Arms Regulations (ITAR), the Treasury Department's Foreign Assets Control Regulations (FACR) and Arms Export Control Act (AECA). The Seller shall have established and implemented the export controls required by the Department of State. It is the intent of the Seller to comply with both the letter and the spirit of the laws and regulations restricting the transfer, export, sale or disposal of commodities and technical data from the U.S. The various sections of the United States Code (U.S.C.) that constitute the AECA can be accessed via this web site:
<http://uscode.house.gov/search/criteria.shtml>.

WARNING: This document contains technical data whose export is restricted by the Arms Export Control Act (Title 22, U.S.C. Sec 2751, et seq.) or the Export Administration Regulations (EAR) (15 CFR chapter VII, subchapter C). Violators of these export laws are subject to severe criminal penalties.

This information in document form (or any other medium), including any attachments and exhibits hereto, may not be exported, released or disclosed to foreign persons whether here in the United States or abroad without first obtaining the proper export authority. Recipient shall include this notice with any reproduced portion of this document.

13. **DPAS** - Requirements for the supplier to comply with Executive Order E13224. Supplier shall not engage in any transaction of any type with persons or businesses or organizations who commit, threaten to commit or support terrorism. Supplier must comply with Defense Priorities and Allocation System (DPAS) when a priority rating is listed on the purchase order.
14. **Right of Entry** – In addition to the Buyer’s right of entry, the Seller agrees to the right of entry for the Buyer’s customers or regulatory agencies to all facilities and records relating to the performance of this contract.
15. **Quality System Compliance** –Seller must have a Quality system in compliance with AS9100, AS9110, AS9120, AS9003, ISO 9001, or NADCAP, in addition, seller shall ensure that employees are aware of their contribution to Product or Service Conformity, their contribution to Product Safety, and the importance of Ethical Behavior as applicable.
16. **Flow-down of Requirements** – Seller agrees to flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including quality system compliance, key characteristics and DPAS priorities. In addition, seller shall ensure that the sub-tier employees are aware of their contribution to Product or Service Conformity, their contribution to Product Safety, and the importance of Ethical Behavior as applicable. where required.
17. **Transfer of Work** – Seller is required to notify Buyer’s Quality prior to transferring any work to a new facility. Buyer shall determine prior to the transfer is sub-contractor may perform the transfer of work.
18. **Record Retention** – All records will be maintained for a minimum of 10 years after completion of the contract, unless otherwise noted on the front of the purchase order.
19. **Material Suppliers** – Material suppliers must furnish material certifications to the purchase order requirements, and shall not supply material for which they are not certificated or approved. All certification test reports must contain traceability codes that are marked on the material and identified on the test reports. This includes serial numbers, if applicable. All certifications must include a full chain of custody from the mill to the supplier. The deletions of names and address’ are prohibited. Unauthorized material substitutions are not permitted without Buyer’s approval in writing. This includes thickness, width, or length changes. Terms and definitions for metallic materials and processing herein are clarified in ARP1917. All material furnished, unless otherwise specified on the purchase order, must be DFARS 252.225-7014 (a) (2) compliant (as amended by the Berry Amendment). Shelf-Life controlled materials must have at least 70% of the shelf-life remaining at the time of shipment.

The Following clauses also apply: 1, 2, 3, 4, 5, 8, 10, 12, 13, 14, 15, 16, 17, 18, 23, 24, & 25

20. **Process Suppliers** – Processing suppliers must furnish processing certifications to the purchase order requirements, and shall not process any parts for which they are not certified or approved. All materials used in processing must be from approved sources as defined in the specification flow-down. NADCAP and/or specification owner approval is required.

The Following clauses apply: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, & 25

21. **Manufacturing Suppliers** – Manufacturing suppliers must furnish certifications to the purchase order requirements, and shall not substitute any furnished materials provided by the Seller without express written authorization from the Buyer.

The Following clauses apply: 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 23, 24, & 25

22. **Single Operation Suppliers** – Single Operation suppliers (Deburr, Hone, etc.) must furnish certifications to the purchase order requirements, and shall not substitute any furnished materials provided by the Seller without express written authorization from the Buyer.

The Following clauses apply: 1, 2, 3, 4, 5, 6, 8, 9, 12, 13, 14, 15, 16, 18, 23, 24 & 25

23. **Counterfeit Material/Parts** – The supplier shall have processes in place that complies with the requirements of the appropriate SAE Industrial Fraudulent/Counterfeit supply avoidance standard or equivalent. i.e. AS5553, AS6174, ASXXXX. Written procedures are recommended for full compliance to these requirements.
- A. Acceptance of financial responsibility - The seller may be liable for remedial costs should any counterfeit material be provided. Aero Pacific Corp is not under obligation to return suspect or confirmed counterfeit material and Aero Pacific Corp may elect to scrap any known counterfeit material. Aero Pacific Corp may request proof of financial responsibility, such as a product liability/completed operations insurance certificate of insurance (e.g., ACORD Certificate of Liability Insurance) issued from the seller's insurance agent or broker. Limits of at least \$1,000,000 per occurrence and \$1,000,000 annual aggregate are common. Aero Pacific Corp may also request similar evidence of professional liability and/or product recall insurance with similar limits from the seller if the cost is commercially feasible for the seller.
 - B. Length of Obligation – The seller retains responsibility on the material/parts equal to the warranty period or one year, whichever is longer, to allow for a sufficient period of time for the buyer to detect, quarantine, and confirm counterfeit or substandard product. This time allotment may be invoked by the ultimate customer. In the event fraud and falsification is suspected, the seller will be notified of potential legal penalties.
24. **Nonconformance** - If Seller fails to deliver or delivers defective or nonconforming Products, Buyer may:
- A. Accept all or part of the defective or non-conforming Products at an equitable price reduction; or
 - B. Reject all or any part of a delivery of defective or non-conforming Products, and demand delivery of conforming Products. All rejected Products shall be shipped to Seller at Seller's expense; or
 - C. Make, or have a third party make, all repairs, modifications, or replacements necessary to enable such Product to comply in all respects with Order requirements and charge the expense incurred to Seller; or
 - D. Terminate this Order for default in whole or in part.

When Aero Pacific Corp elects to perform inspection at a supplier's plant, such inspection should not be used by contractors as evidence of effective control of quality by such suppliers. It does not relieve the contractor of their responsibility for furnishing supplies that meet all specification requirements or for the performance of specified inspections and tests for such material.

Furthermore, acceptance of this purchase order obligates the seller to:

- 1. Establish and maintain documented procedure for the identification, documentation, evaluation, segregation and for notification to customer of a nonconforming product, and
 - 2. Evaluate each nonconformance for its potential to exist in previously produced Items and notify purchase order holder in writing, *within 24 hours* of potential or verified non-conformances on Items in transit or delivered. Notification shall include the concise description of discrepancy, parts and serial numbers affected, lot numbers, delivered quantities, and delivery dates, and
 - 3. Maintain records of all nonconforming material, assignable causes, corrective actions, and effectiveness of corrective actions for the contractual period specified, and
 - 4. Ensure disposition authority is limited to rework to engineering, or return to customer.
25. **Conflict Minerals Contract Provision** - All suppliers shall disclose any "conflict minerals" (as such term is defined below) used in the production of any product subject to this agreement, and, in the event such materials are used, shall submit, as applicable, either (i) its report filed with the Security and Exchange Commission under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection act, or (ii) contact 2nd Source Wire & Cable for a Conflict Materials Reporting Template (CMRT) to provide appropriate sourcing and chain of custody of such materials. As used above, the term "conflict minerals" shall have the meaning ascribed to it under Dodd-Frank and shall include, Gold, Tantalum, Tin & Tungsten or their derivatives, or any other mineral or its derivatives determined by the US Secretary of State to be financing conflict in the Democratic Republic of the Congo.