

Purchase Order Terms & Conditions

All orders accepted by Stuart Industries, Ltd (Buyer) are subject to the following express Terms and Conditions which shall be substituted for any other conditions which may appear on any order form or correspondence unless expressly agreed in writing by Buyer.

ACCEPTANCE: This Purchase Order (“order”) constitutes an offer by which is accepted by Seller solely in accordance with the terms set forth herein and on the face of the order upon the earlier Seller’s signing and returning the acknowledgement copy hereof or commencement of effort, or delivery in whole or in part of articles or the furnishing of services required herein.

ADDENDA: All supplemental or acknowledged sheets, schedule, exhibits, specifications, drawings, data or riders which may be annexed hereto or referenced herein are made part of this order. Seller acknowledges that it has available to it all specifications, drawings and data incorporated in this Purchase order and that they are adequate to enable Seller to perform the work called for herein in accordance with the delivery schedule.

APPLICABLE LAW AND DISPUTES: Any dispute arising under or related to this order shall be governed by the law of the state appearing in Buyers address on the face hereof. However, if this order is placed under a Government Prime Contract or Higher Tier Contract the Federal law of Government Contracts as enumerated and applied by the Federal Courts and the Agency Board of Contract Appeals shall apply pending the resolution of any disputes. Seller shall proceed as directed by Buyer.

ASSIGNMENT AND SUBCONTRACTING: This order or any interest hereunder shall not be assigned or transferred by Seller without the prior written consent of Buyer. All terms and conditions defined herein are required to be flowed down to all sub-tier suppliers/subcontractors that are associated with the products/services defined in each order. Payments of the Seller or any authorized assignee of any claim under this order shall be subject to reduction or set off for any present or future claim or claims which Buyer may have against Seller. Seller shall not subcontract the furnishing of any of the complete or substantially complete items required by this order without the written approval of Buyer.

CHANGES: Buyer may at any time by a written order make changes within the general scope of this order in any one or more of the following: (1.) drawings, designs, or specifications; (2.) method of shipping or packing; (3.) place or time of delivery; and (4.) quantity. Seller shall proceed immediately to perform the order as changed. If any such changes caused an increase or decrease in the cost of or the time required for the performance of the order, an equitable adjustment shall be made in the price or delivery schedule, or both and this order shall be modified in writing accordingly. Any claim for adjustment under this provision must be submitted in writing within (20) days from the date of change is ordered together with cost or pricing data sufficient to permit evaluation of such claim. Where the cost of property made obsolete or excess as a result of change is included in the contractor’s claim for adjustment (and supported by inventory schedules to be submitted within three (3) months from the date of change), the Buyer shall have the right to prescribe the manner of disposition of such property. Failure of the parties to agree upon any adjustment to be made under this clause shall not excuse Seller from proceeding with the order as change, or as directed by an authorized representative of Buyer’s purchasing department. The issuance of information, advise, approvals or instructions by Buyers technical personnel or other representatives shall not affect Buyer’s and Seller’s rights and obligations hereunder, unless the same is in writing signed by and authorized representative of the Buyer’s purchasing department.

COMPLIANCE WITH FEDERAL, STATE, & LOCAL LAWS: Seller has complied with and shall comply with all applicable Federal, State, and local laws and ordinances and all other, rules and regulations thereunder. Seller

shall save and hold Buyer harmless from and reimburse it for, any and all costs, damages and expenses (including attorney's fees suffered or occasioned to it through and failure of seller to comply with any laws, orders, rules, regulations or ordinances).

DELIVERY SCHEDULE: Seller agrees to deliver acceptable parts in strict conformance to the delivery schedule as it appears on the face of this Order, and agrees that the Buyer may return at Seller's expense and risk all material shipped otherwise. If Seller's deliveries fail to meet the schedules specified by Buyer with the result that Buyer is compelled to call upon Seller to ship by other than designated routing to expedite delivery. Seller shall assume the difference for the additional cost of transportation. Seller shall not manufacture or order materials in advance of Seller's required flow time or delivery any materials in advance of schedule set forth in the Order without Buyer's written permission. Seller agrees to notify Buyer in writing of any potential delay in schedule. Material delivered under this Order in excess of the amount ordered herein shall be returned to Seller or retained by Buyer at no cost to Buyer. Time is of the essence in performance of this Order by Seller.

PRODUCT QUALITY: We monitor performance in regards to Quality and Delivery of all vendors and take appropriate action when performance levels fall below desired levels. These actions can include re-evaluation, submission of a Supplier Corrective Action Request (SCAR), and potential removal from approval for use status. Timely delivery of products/services that meet requirements and prompt attention to any SCAR submitted is required and appreciated.

NO WAIVER CONDITIONS: Buyers failure to insist upon strict compliance shall not be deemed to be a waiver of any right, and waiver of right under this Order shall not constitute a waiver of any other right or waiver on any other default under this Order.

TERMINATION: Buyer may terminate the Order in whole or part for Seller's default without liability to Buyer; (1.) if deliveries are not made at the time or in the quantities specified; (2.) in the event of a breach of applicable specification requirements or any of the other terms or conditions hereof; (3.) in the event of the institution of any proceedings by or against Seller in bankruptcy or insolvency under provisions of the Bankruptcy Act or for the appointment of a receiver or trustee or any assignment for the benefit of creditor.

WARRANTIES: Seller warrants to Buyer and Customers that the goods shall; (1.) conform in all respects to all of the requirements of this order; (2.) to be free from all defects in materials and workmanship; (3.) to the extent not manufactured pursuant to detailed designs furnished by Buyer, be free from all defects on design and fit for the intended purpose.

INDUSTRIAL LAWS & BENEFITS: Seller's relationship to Buyer in the performance of the Order is that of an Independent Contractor. Neither the Seller nor any of the persons furnishing materials or performing work or services which are required by this Order are employees of Buyer within the meaning of or the application of any Federal or State Unemployment Insurance Law or other Social Security Law or any Workman's Compensation Industrial Accident Law or other Industrial Labor Law. The Seller shall, at its own expense comply with such laws and assume all liabilities or obligations imposed by any one or more of such laws and regulations thereunder with respect to this Order.

INSPECTION: All supplies shall be subject to inspection and test at all times and places including the period of manufacture, by Buyer and its Customer. If any inspection or test is made on Seller's premises, Seller, without additional charge shall; (1.) provide all reasonable facilities and assistance for the safety and convenience of Buyer and its Customer inspectors; (2.) make available to the inspectors copies of all drawings, specifications, and processes applicable to the articles orders; and (3.) promptly furnish Buyer with any and all resulting inspection certificates. All articles are subject to final inspections and acceptance at Buyers plant notwithstanding and payment or other prior inspections. Buyer may reject and hold at Seller's expense, subject to Seller's disposal, all supplies not conforming to applicable specifications, drawings, samples, or descriptions. Without limiting any

other rights or remedies it may have as provided herein or at law or equity. Buyer, at its option may, (1.) require Seller to repair or replace at Seller's expense any item of supplies ordered which fails to meet the requirements of this Order, (2.) require Seller to refund the price of any such items; (3.) elect to retain and repair any such items with an appropriate reduction from the price otherwise due Seller to offset Buyer's costs of effecting necessary correction; or (4.) recover by offset or otherwise any and all damages and expenses incurred by Buyer as a result of such rejection. Neither final inspection, payment, nor any limitations contained in the warranty clause shall relieve Seller from responsibility for the correction or replacement of defective articles arising due to fraud, gross mistakes amounting to fraud or for latent defects. Seller shall maintain an inspection system suitable to Buyer and, unless otherwise specified, meeting the requirements of MIL-I -45208A.

INVOICING & PAYMENT: A separate invoice shall be issued to Buyer for each shipment made by Seller. Unless otherwise specified in this Order, an invoice shall not be issued prior to shipment of items and payment will not be made prior to receipt of items and correct invoice. Credit and discount periods will be computed from the date of receipt of the correct invoice to the date Buyer's check is mailed.

LIMITATIONS OF LIABILITY: Notwithstanding any other provision of the Order, Buyer's maximum liability to Seller shall not exceed the purchase price of this Order. Seller shall not be entitled to any incidental, special or consequential damages if Buyer breaches or otherwise fails to perform any obligations under this Order.

TITLE & RISK OF LOSS: Title to and all risk of loss of or damage to supplies to be delivered hereunder shall remain to Seller until such supplies are delivered to Buyer at the destination specified on the face of this Order. Seller shall bear all risk of loss or damage to supplies rejected by Buyer, after notice of rejection until such supplies are redelivered to Buyer, except for loss, destruction or other damage to such rejected supplies resulting from the gross negligence of officers, agents or employees of Buyer acting within the scope of their employment. Passing of title upon delivery shall not constitute acceptance of the items by Buyer. All items to be delivered hereunder and all property to be returned to Buyer shall be free and clear of any and all liens and encumbrances whatsoever.

ENTIRE AGREEMENT: This order sets forth the entire agreement, and supersedes any and all other agreements, understandings and communication between Buyer and Seller and related to the subject matter of this Order. No amendment or modification of this Order shall be binding upon Buyer unless set forth in a written instrument signed by Buyer's Material Representative. The rights and remedies afforded to Buyer or Customer pursuant to any provision of this Order are in addition to any other rights and remedies afforded by any other provision of this Order, by law, or otherwise.

SELLER NOTIFICATION: The Seller shall notify Buyer of any changes to product, processes, and change of manufacturing facility. The Seller shall also flow down any changes to specifications, drawings, and process requirements. The Seller also has an obligation to notify Buyer of any nonconforming product (NCP) both during processing and after delivery of product. If a NCP does exist supplier must obtain approval for the disposition of NCP.

RIGHT OF ACCESS: Seller agrees to allow Buyer, our customers, and applicable agencies to visit facilities where processing and record maintenance activities are performed with prior notification and approval.

CONFORMANCE RECORDS: The Seller agrees to provide conformance records (C of C, Test Reports, Raw Material Certs, Process Certs, etc.) with each order and line item associated with the purchase order and maintain those records for a minimum of (10) years.

For services providing Calibration, all activities must be traceable to NIST and certificates provided indicate those standards. Certificates must also identify "received" and "as left" conditions in whatever terminology deemed appropriate. Notification must be made if items are determined damaged or unable to calibrate as soon as possible for potential impact review.

OUTSIDE PROCESSING: The Seller agrees to perform processes as stated and required by specifications or drawings noted on the PO and provide evidence of conformity to defined specifications. Seller assumes all liability of products while being processed and will be held financially responsible for any damage while performing stated processes.

FOREIGN OBJECT DAMAGE (FOD) PREVENTION: Seller agrees to ensure all products shipped are free from Foreign Objects and Debris that could affect conformity to requirements in its current state, and when assembled to higher level of assembly.

PREVENTION OF COUNTERFEIT PARTS: Seller shall take all precautions necessary to ensure that products and services provided are procured from reliable sources with complete traceability to eliminate the potential of counterfeit or inferior products from entering the supplier chain in accordance with Section 8.1.4 of the International Standard AS9100/AS9120.

PREVENTION OF SUSPECTED UNAPPROVED PARTS: Seller shall take all precautions necessary to ensure that products and services provided are procured from reliable sources with complete traceability to eliminate the potential of unapproved or suspected unapproved parts from entering the supplier chain in accordance with Section 8.1.5 of the International Standard AS9120.

PRODUCT AWARENESS: Seller agrees to ensure all employees and sub suppliers are aware of the importance of ethical behavior, their contribution to product or service conformity and their contribution to product safety.

IMPLEMENTATION OF A QUALITY MANAGEMENT SYSTEM: External Provider including their sub-tier providers must have implemented a quality management system. The QMS shall be made available to us upon request.