



# Thomas & Skinner, Inc.

Excellence In Magnetics

## Thomas & Skinner Inc. Standard Terms & Conditions

1. **Packaging:** No charge shall be made for cartons, wrapping, packing, boxing, crating, delivery, dunnage or other costs, unless authority for such charge is expressly incorporated in this order.
2. **Terms:** All accounts are PAID NET 30 following the date of invoice, except that invoices cannot be paid until shipment is received and cleared through Thomas & Skinner receiving records.
3. **Confidentiality:** The Seller shall not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that the seller has furnished or has contracted to furnish to Buyer, articles herein mentioned. The Seller shall not disclose any of the details connected with this order to any third party, except as herein specified. The Seller agrees to be responsible in matters within the control of the safeguarding of all Secret, Confidential or proprietary matters that may be disclosed of that may be developed in connection with the work under this order, and to require a similar agreement of all sub-contractors and agents of the Seller to whom any work or duty relating to this order may be allotted.
4. **Intellectual Property:** By accepting this order Seller agrees to indemnify and hold harmless and protect Buyer, its successors, assignees, customers, and the users of its products, from and against all loss, damages, liability, claims, demands, and suits at law or equity, for actual or alleged infringement of any United States patent, trademark or corresponding rights by the materials or articles called for by this Purchase Order.
5. **Engineering Information, Tools, Etc.:** All designs, tools, patterns and any other information or equipment supplied by the Buyer to the Seller relating to, or for use in, the manufacture of the articles or materials contracted for herein are to be considered as the sole property of the Buyer. By accepting this order, Seller expressly agrees that it will not use any of them in the production or manufacture of larger quantities than those specified herein, without first obtaining the express consent and license in writing of the Buyer. At the termination of this contract they shall be returned to Buyer, together with all spoiled and surplus material, unless Buyer shall otherwise direct.
6. **Taxes:** In the event the materials and/or supplies specified in this order are designated herein for use as materials in the manufacture or production of, or for use as a component part of an article to be manufactured or produced for the United States Government, said materials and or articles shall not be subject to any Federal, State, or local tax under which said supplies are exempt. Except as otherwise provided herein, the Seller agrees to pay any Federal, State or Local sales tax, use tax, or other similar excise tax which may be imposed upon the articles and supplies ordered hereunder, or by reason of their sale or delivery.
7. **Quality Assurance:** All articles or materials purchased herein will comply the Buyer's Quality Management Systems specifically as follows:
  - 7.1 All articles or materials will meet requirements for approval of product, procedures, processes and equipment as determined by the Buyer.
  - 7.2 All training or certification of employees will meet Buyer's requirements.
  - 7.3 All articles or materials manufactured for Buyer will meet Buyer's Quality Management System requirements.
  - 7.4 All identification and revision status of specifications, drawings, process requirements, inspection and verification instructions, and other relevant technical data will meet requirements as set forth herein.
  - 7.5 Buyer requires that all design, test, inspection, verification (including production process verification), use of statistical techniques for product acceptance, and related instructions for acceptance by the organization and as applicable critical items including key characteristics must be approved by Buyer prior to production.
  - 7.6 All test specimens for design approval, inspection, verification, investigation or auditing must be approved by Buyer prior to production.

7.7 Supplier must notify Buyer of nonconforming product and obtain Buyer's approval of nonconforming product, or approval for nonconforming product disposition. The Supplier must notify Buyer of any change in product and/or process, changes of suppliers, changes of manufacturing location and where required, obtain Buyer's approval. Supplier must flow down to the supply chain all of the applicable requirements including the Buyer's requirements.

7.8 All records pertaining to the production of any articles or materials must be retained and available for Buyer's inspection for a period of no less than 7 years from time of delivery.

7.9 Supplier will provide right of access by Buyer, their customer or regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records.

8. **Assignment:** This contract may not be assigned without the written consent of the Buyer.
9. **Right to Cancel:** Buyer reserves the right to cancel this order if material is not shipped within specified time, or if the quality of the articles is not as specified herein, but neither party shall be liable, and this order will not be canceled for delays in delivery or in the performance of this contract due to causes beyond his control and without his fault or negligence, including but not limited to acts of God or of the public enemy, acts of Government, fires, floods, sabotage, strikes, and labor disputes.
10. **Warranty of Materials:** The Seller by acceptance of this order and by furnishing goods hereunder warrants the articles herein specified to be free from defects in labor, materials or fabrication. This warranty shall run to the Buyer, its successor assigns, customers, and the user of its products. All warranties and representative herein shall be construed as conditions and shall not be deemed to be exclusive.
11. **Equal Opportunity:** The provisions set forth in Executive Order 11246, dated September 24 1965, are incorporated herein and are applicable in all cases except where specifically exempted by provisions therein.
12. **COD Shipments:** Any shipments sent on COD terms by the Seller without written consent of Buyer will not be accepted and will be at the Seller's risk.
13. **Price Increases:** In the event prices on this Purchase Contract are subjected to increase by the Seller, the Buyer retains the right to cancel the balance of the contract at no charge to the Buyer at the time Seller increases the prices.
14. **Conflict Minerals:** Seller 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, Seller commits to comply with Section 1502 of the Act and its implementing regulations; to the extent Seller is not a "Registrant" as defined in the Act, Seller shall comply with Section 1502 of the Act and its implementation regulations except for the filing requirements. In particular, Seller 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. Seller shall take all other measures as are necessary to comply with Section 1502 of the Act and its implementing regulations, including any amendments thereto.
15. **US Export Control Laws and Regulations:** The recipient of information and property under the Order acknowledges its obligations to control access to technical data and equipment under the US Export Laws and Regulations and agrees to adhere to such Laws and Regulations and any license(s) issued thereunder with regard to any technical data or equipment received under this order. Seller shall be responsible for obtaining required licenses or other approvals from the government of the country of origin. Should any government deny a license or approval necessary for the performance of this order or any Purchase Order for reasons beyond the control of the Seller, this Order or any Purchase Order may be cancelled in accordance with Article 10 herein. In the event any government agency levies any penalties, fines or charges against Buyer due to Seller's failure to provide any necessary item(s) information for import or export documentation, Seller shall reimburse Buyer for all such charges.
16. **ITAR:** In the event Seller is supplying an item(s) that is controlled under the International Traffic in Arms Regulations and classified on the United States Munitions List (USML), Seller shall provide confirmation in writing to Buyer that Seller is registered with the Directorate of Defense Trade Controls (ITAR 22CFR 122.1). Inability to provide the required information may be considered a failure to deliver in conformity with this Order and Buyer may, in its sole discretion and at Seller's expense, reject the item(s) at the point of receipt.
17. **Counterfeit items:** A "Counterfeit" item is an item, or any component thereof, produced, altered or otherwise misrepresented to resemble another item, or any part thereof, without authority or right to do so; including but not limited to, any item that is produced or altered to result in Buyer being misled, or defrauded through the presentation to

Buyer of such item as original, new, genuine or otherwise from a source other than the actual source of such item.

17.1 Seller shall develop and implement a plan to prevent the purchase of counterfeit material and meets the requirements of SAE AS6174 (current rev) or SAE AS5553 (current rev) as applicable. The seller shall implement the plan to maximize the availability of authentic material, procure material from reliable sources, assure authenticity and conformance of procured material, including methods such as certification, traceability, testing and inspection as appropriate to the commodity or item in question, control material identified as fraudulent or counterfeit, and report suspect or confirmed fraudulent/counterfeit material to other potential users.

17.2 Seller represents and warrants to Buyer that Seller has in place, and will maintain in place throughout the duration of this Contract, Agreement or Order, as applicable, written policies and procedures which will adequately preclude, or detect and remove, Counterfeit items and components from any shipment to Buyer. These policies shall include, without limitation, Seller's oversight and auditing of Seller's suppliers. Seller further represents and warrants that it will provide Buyer only with items and components that have been sourced from the Original Component Manufacturer (OCM) or the OCM's authorized distributor, unless Buyer has previously authorized a different source, in writing. Within (10) days after Seller's receipt of a request from the Buyer, Seller shall provide Buyer with written documentation setting forth such policies, procedures and authorizations. Additionally, within (5) days after Seller's receipt of a request from the Buyer, Seller shall provide accurate and complete records regarding the sources and history of production and distribution of all such items and components sold by Seller to Buyer.

17.3 If the Buyer, in its sole discretion, determines that any items or components received from the Seller, are or may be, Counterfeit ("Suspected Counterfeit Parts"), Buyer shall notify Seller in writing of such determination. Seller agrees that Buyer shall have no obligation to return, or pay for, such Suspected Counterfeit Parts. In addition, Seller also agrees that within (10) days after Seller's receipt of such notice, Seller shall remit to Buyer all payments previously made to Seller for such Suspected Counterfeit Parts. Seller further agrees that it shall indemnify, defend, and hold harmless Buyer from and against any claims, actions, proceedings, judgements, penalties, fines and/or other losses of any kind arising out of or in connection with any such Suspected Counterfeit Parts. Prior to Seller's acquisition of any items, or components thereof, that will be included in any transaction between Seller and Buyer, Seller shall flow down the requirements of this article to all entities from which it receives such items, or components thereof, and shall be fully liable to Buyer for all such entities' compliance with such requirements.

17.4 Seller shall warrant the items supplied are new unless specifically approved by Buyer in writing. Items shall not be surplus, reconditioned, recovered or remanufactured unless approved by Buyer in writing.

17.5 Seller shall reimburse Buyer for all consequential damages and expense associated with correcting the defect, failure, authenticity and conformance of the items(s) including field support, logistics, repair, refurbishment, exchange and any other consequential costs associate with correcting the defect, failure, authenticity and conformance at either Buyer's location or at Buyer's Customer's location.

17.6 Seller shall flow down this requirement to sub tier suppliers as appropriate.

18. **Parts/Material Obsolescence:** When a supplier has knowledge that any hardware item or material to be provided in the performance of this purchase order is obsolete, is marked for impending obsolescence, or has established an end of production date, the Supplier shall immediately give initial notice thereof, including all relevant information with respect thereto, to the Buyer. Such notice shall include, but not be limited to complete details of which part/material is affected, date of obsolescence, end of production date, reason for obsolescence, pricing and availability of last-time buy, and Supplier's recommendation for replacement part/material.