

PURCHASE ORDER TERMS AND CONDITIONS

1. **Acceptance of Terms and Conditions.** Acknowledgment of any order, shipment of any goods, or rendering of any services pursuant to a purchase order shall be deemed an acceptance of these terms and conditions. If Seller accepts an order in any other manner, any additional or differing terms stated in Seller's acceptance shall be of no effect.
2. **Modification.** No modification of this Contract, including any addition, deletion, or other modification proposed in Seller's acceptance shall be binding on Buyer unless agreed to by Buyer's authorized Purchasing Representative in writing.
3. **Complete Agreement.** All the terms and conditions in this document (CSCD 408) and any additional terms, conditions, and specifications on the purchase order constitute the complete Contract agreement.
4. **Governing Law.** The purchase order and this Contract shall be governed and construed under the laws of the state of Michigan without regard to its conflicts of laws and provisions. THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS (CISG) SHALL NOT APPLY TO TRANSACTIONS OR AGREEMENTS BETWEEN BUYER AND SELLER.
5. **NON-DISCLOSURE AGREEMENT:**
 - a. As a condition of doing business with C&S Machine Products, seller agree not to disclose or cause disclosure of any of the proprietary information provided by C&S. Seller acknowledges that they may receive various materials developed by, or at the expense of C&S and/or its customers, which may relate to our business with C&S Machine.
 - b. Seller acknowledges and agrees that such material is the exclusive property of C&S Machine and its customer(s), and is intended to remain confidential to C&S Machine alone. Seller further acknowledges that such material may constitute a proprietary or trade secret protected under applicable state and federal law.
 - c. As a condition of receiving orders from C&S Machine, seller agrees that they will utilize such confidential material only when it's provided by, and in the course dealings with C&S Machine. Seller further agrees that they will not directly nor indirectly misuse or misappropriate such material, nor will seller disclose it to an unauthorized third party or competitors of C&S Machine.
 - d. Seller acknowledges that the provisions for nondisclosure of such confidential material as set forth above, shall apply both during the execution of the order and thereafter, and shall further apply regardless of whether such confidential material constitutes a trade secret under applicable State or Federal Law.
 - e. Seller agrees that they will return to C&S Machine all such materials upon completion of the order.
 - f. Seller understands that this is a continuing agreement and that seller shall be bound by the terms herein, commencing from the date that the order is accepted.
 - g. C&S machine reserves the right to require a signed "Reciprocal Nondisclosure Agreement" based upon the nature of the parts and the scope of work being completed, or as required by our customer. C&S will notify seller and initiate completion of the document prior to authorizing commencement of work.
6. **Compliance with Law.**
 - a. Seller shall comply with all applicable provisions of Federal, state, and local laws; ordinances and all lawful orders; FAA, DOT and other transportation regulations and Hazard Communication Standards promulgated pursuant to the Occupational Health and Safety Act.
 - b. Seller shall control the dissemination of, and access to, technical data, information and other items received under this Contract in accordance with U.S. export control laws and regulations.
 - c. Such laws are incorporated by reference as if set forth at length herein. It is Seller's responsibility to identify, locate, review, understand and ensure compliance with the latest revision of any law.
 - d. Seller submission of a proposal and/or acceptance of the purchase order is considered Seller's certification of compliance with law.
 - e. C&S is obligated to take affirmative action in our employment and are required to inform those with whom it conducts business that they too may have such obligations. By operation of Law, as well as by this terms and conditions the Equal Employment Opportunity Clause required under Executive Order 11246. (41 CFR 60-1.4) the affirmative action commitment for protected veterans set forth in [41 CFR 60-300.44(f)(1)(ii)]the affirmative action requirements for individuals with disabilities set forth in Section 503 of the Rehabilitation Act of 1973 [41 CFR 60-741.44(F)(1)(ii)] and the related regulations of Secretary of Labor (41 CFR Chapter 60) are incorporated in our contractual relationships. This does not necessarily mean that your business has any or all affirmative action obligations referenced here. This provides that if the laws jurisdictional requirements are met, you will abide by any and all of your affirmative action

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responsibilities.

f.

7. **Government Contracts.** For contracts placed in support of, and charged to, a U.S. Government Contract:
 - a. C & S Machine Products Supplements 1, 2 and 3 (CSCDs 422, 423 and 424) list clauses set forth in the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS)
 - b. Such clauses are incorporated by reference as if set forth at length herein. It is Seller's responsibility to locate, review, understand and ensure compliance with the latest revision of any clause.
 - c. In all clauses listed, the terms "Government", "Contracting Officer" and "Contractor" shall be revised to suitably identify the contracting parties herein and affect the proper intent of the provision except where further clarified or modified in C & S Machine Products Supplements 1, 2 and 3. "Subcontractor", however, shall mean "Seller's Subcontractor" in the purchase order.
 - d. Seller submission of a proposal and/or acceptance of the purchase order is considered Seller certification of compliance with this term.
 - e. Seller agrees to flow-down, as required, FAR and DFAR clauses to its lower-tier suppliers. Seller further agrees that all notifications and other communications required by these clauses shall be made through the Buyer's Purchasing Representative, unless the Purchase Order specifically provides otherwise.
8. **Contract Changes.** By written order at any time, Buyer may make changes within the general scope of this Contract. However, Buyer reserves the right to obtain a quote for the cost and/or delivery impact of the change prior to making the change. If such changes cause a need for price modification or will adversely impact delivery, equitable adjustments shall be negotiated and the Contract shall be modified in writing accordingly. Seller shall proceed to perform the Contract as changed. Any claim by Seller for adjustment under this clause must be asserted within 20 days from the date of receipt by the Seller of the notification of change or within such further period as Buyer may allow. Where the cost of property made obsolete or excess as the result of a change is included in Seller's claim for adjustment, Buyer shall have the right to prescribe the manner of disposition of such property. Nothing in this clause shall excuse Seller from proceeding with the Contract as changed.
9. **Termination for Default and Force Majeure.**
 - a. Buyer may, subject to the provisions of subparagraph (c) below, by written notice of default to Seller, terminate the whole or any part of this Contract in any one of the following circumstances: (i) if Seller fails to make delivery of the goods or to perform this Contract within the time specified herein or any extension thereof; or (ii) if Seller fails to perform any of the other provisions of this Contract, or so fails to make progress as to endanger performance of this Contract in accordance with its terms, and does not cure such failure within a period of ten (10) days (or longer period as Buyer may authorize in writing) after receipt of notice from Buyer specifying such failure.
 - b. In the event Buyer terminates this Contract in whole or in part as provided in subparagraph (a) above, Buyer may procure, upon such terms and in such manner as Buyer may deem appropriate, supplies or services similar to those so terminated, and Seller shall be liable to Buyer for any excess costs for the same, including without limitation all costs and expenses of the type specified in the "Supplier's Warranties" paragraph of this Contract; provided, that Seller shall continue the performance of this Contract to the extent not terminated hereunder.
 - c. Except with respect to defaults of subcontractors, Buyer shall not be liable for any excess costs if the failure to perform this Contract arises out of causes beyond the control and without the fault or negligence of Seller. Such causes may include, but are not limited to, acts of God, or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, flood, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather, but in every case the failure to perform must be beyond the control and without the fault or negligence of Seller. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both Seller and the subcontractor, and without the fault or negligence of either of them, Seller shall not be liable for any excess costs for failure to perform, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Seller to meet the required delivery schedule. The term(s) "subcontractor(s)" shall mean subcontractor(s) at any tier.
 - d. If this Contract is terminated as provided in subparagraph (a) above, Buyer, in addition to any other rights provided in this Contract, may require Seller to transfer title and deliver to Buyer, in the manner and to the extent directed by Buyer, (i) any completed goods, and (ii) such partially completed goods and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and Contract rights (hereinafter called "manufacturing materials") as Seller has specifically produced or specifically acquired for the performance of such part of this Contract as has been terminated; and Seller shall, upon direction of Buyer, protect and preserve property in the possession of Seller in which Buyer has an interest. Payment for completed goods delivered to and accepted by Buyer shall be at the Contract price. Payment for manufacturing materials delivered to and accepted by Buyer and for the protection

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and preservation of property shall be in an amount agreed upon by Buyer and Seller. Buyer may withhold from amounts otherwise due Seller for such completed supplies or manufacturing materials such sum as Buyer determines to be necessary to protect Buyer against loss because of outstanding liens or claims of former lien holders or for damages otherwise caused by Seller's failure to perform its obligations under this Contract.

- e. The rights and remedies of Buyer provided in this paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

- 10. Termination for Convenience.** In addition to any other rights, Buyer further reserves the right to terminate Seller's performance under this purchase order in whole or in part at any time without cause by giving written notice of termination, whereupon Seller will cease performance on the date and to the extent specified in the notice and will take such actions as are reasonably necessary to protect property in Seller's possession in which Buyer has an interest until disposition instructions from Buyer have been received. Seller will promptly advise Buyer of any items acquired in anticipation of completion of its performance and the most favorable disposition that Seller can make thereof. Seller will comply with Buyer's instructions regarding the disposition of such items. Seller will submit all claims resulting from such termination within sixty (60) days of its receipt of such notice. Buyer shall have the right to inspect Seller's records, facilities, work and materials relating to its performance or anticipated performance of the purchase order for the purpose of establishing the value of Seller's claims upon reasonable advance notice. Buyer will pay Seller, without duplication, the purchase order price for finished work accepted by Buyer and the cost to Seller of work in progress and raw materials allocable to the terminated work based on Buyer's audit of Seller's records, using generally accepted accounting principles; however, the amount due Seller shall be reduced by the following:
- a. The market value or cost (whichever is higher) of any items used or disposed of by Seller without Buyer's consent;
 - b. The agreed value of any items used or disposed of by Seller with the Buyer's consent; and
 - c. The cost of any defective or destroyed materials.

Buyer will make no payments for finished work, raw material or other items fabricated or procured by Seller in excess of the lesser of (i) that ordered; (ii) that for which Buyer has issued shipment releases as of the date of the notice of termination released; or (iii) fifteen day's supply. Notwithstanding the foregoing, payments under this section shall not exceed the price for the entire performance specified in this purchase order less payments that would otherwise be made to complete performance hereunder. Payment under this section of this Contract will constitute Buyer's sole and exclusive liability in the event Buyer elects to terminate this purchase order without cause by notice. This section shall not apply to cancellation by Buyer hereunder.

- 11. Cancellation.** Buyer may cancel this purchase order and Seller's performance hereunder immediately without incurring liability to Seller (A) immediately upon (i) Seller's insolvency; (ii) filing of a voluntary petition in bankruptcy by Seller; (iii) filing of an involuntary petition in bankruptcy against Seller; (iv) appointment of a receiver or trustee for Seller; (v) execution or assignment for the benefit of creditors by Seller; or (vi) any comparable event, and (B) upon thirty days written notice to Seller in the event of Seller's breach of contract or failure to perform.
- 12. Insurance.** Seller represents that it has and will maintain the following types and amounts of insurance coverage and agrees to furnish certificates of insurance showing that Seller has insurance coverage in the following minimum amounts:
- a. Workers Compensation - Statutory limits for the state(s) in which the work will be performed
 - b. General/Products Liability - \$1,000,000 per occurrence/\$2,000,000 in the aggregate
 - c. Automobile Public Liability - \$1,000,000 (per any one accident)

These certificates of insurance shall set forth the amount of coverage, the number of the policy and the date of expiration. Upon Buyer's request, Seller shall name Buyer or the Buyer Entities as an additional insured on its policies. If Seller is a self-insurer for workers compensation purposes, Seller shall provide Buyer with a copy of the self-insured certificate issued by the state(s) where work will be performed. If this purchase order includes a sale of goods manufactured in whole or in part to Seller's designs or specifications, Seller agrees to provide Buyer, upon request, with a current certificate of product liability insurance and a supplier's endorsement naming Buyer as an additional insured on Seller's policy.

- 13. Patent Indemnity.** Seller shall defend Buyer, Buyer's Customers and the users of Buyer's goods against all claims and proceedings alleging infringement of any United States or foreign patent for goods delivered under this Contract, and Seller shall hold them harmless from any resulting liabilities and losses including attorney fees, provided Seller is reasonably notified of such claims and proceedings. Seller's obligation shall not apply to goods manufactured pursuant to detailed designs developed and furnished by Buyer nor to any infringement arising from the use or sale of goods in combination with goods not delivered by Seller if such infringement would not have occurred from the use or sale of such goods solely for the purpose for which they were designed or sold to Buyer.
- 14. Assignments.** No assignment of any rights, including rights to monies due to become due hereunder, or delegation of any duties under this Contract shall be binding upon Buyer until written consent thereto has been obtained.

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- 15. Subcontracting.** No product, processing or service to be delivered under this Contract shall be procured by Seller from a third party without Buyer's prior written consent. Should the Seller be permitted to subcontract, the Seller must use Buyer's Engineering approved subcontractors.
- 16. Responsibility for Property.** Unless there is legal transfer of title or other legally binding agreement to the contrary, Seller shall be financially responsible for loss or damage to any materials, parts, tooling, or any other real property provided to Seller by Buyer for use in executing this Contract. Upon completion of this Contract Seller agrees to return Buyer's property, except material consumed in production of parts for Buyer's Contract, in like condition as received, less reasonable wear and tear.
- 17. Quality Management System.** Suppliers shall maintain a Quality Management System (QMS) suitable to the products and services provided to C & S Machine Products, that is certified by an accredited third-party certification body to the latest version of one or more of the following, as applicable:
- ISO 9001** – Quality Management System Requirements¹
 - AS/EN/JISQ9100** – Quality Management System Requirements (Aerospace)²
 - ISO/TS 16949** – Quality System Requirements (Automotive, Truck & Heavy Equipment)³
 - ISO 31485** – Quality Management System Requirements (Medical)¹

In the absence of third-party certification, depending on the product, its application, value, and criticality, the C & S Machine Products Buyer and Quality representative may authorize the acceptance of other evidence of compliance. This may include second-party (C & S Machine Products) audit or first-party (self) assessment to the applicable criteria above, or to a set of alternative basic quality requirements (such as those described in 'C & S Machine Products Supplier Quality Assessment' checklist).

C & S Machine Products Suppliers shall comply with the following requirements:

- **Distributors/Stockists** – shall establish and maintain a QMS that is in compliance with AS9120/EN9120, AS/EN/JISQ9100 or ISO 9001-2000.
- **Calibration Suppliers** – shall establish and maintain a measurement management system that is in compliance with either:
 - **ANSI/NCSL Z540.1** – Calibration Laboratories and Measuring & Test Equipment Requirements, or
 - **ISO 10012** – Requirements for Measurement Processes and Measuring Equipment
- **All calibration certifications** must show “as found and as left” readings. All certifications must state a pass or fail to the specification. Certification shall show date of calibration and shall *not* give a due date unless stated on purchase order.
- **The results of a calibration or measurement** shall be traceable through a controlled, unbroken chain of competent calibrations to and through the national institute of standards and technology to the SI units of measurement. NIST traceability must be identified on the certification.
- **Special Process Suppliers** – shall establish and maintain a QMS that is in compliance with AS/EN/JISQ9100, AS9003 or PRI/Nadcap AC7004.
- **Software Suppliers (Deliverable Software Only)** – shall establish and maintain a QMS that is in compliance with RTCA/DO-178, AS9006 and the Software Engineering Institute (SEI) Capability Maturity Model (CMM) guidelines of Level 3, prior to C & S Machine Product approval.
- **Commercial-Off-The-Shelf Suppliers (COTS)** – Suppliers that provide commercial products shall establish a QMS in compliance with ISO 9001-2000, or equivalent.
- **All Other Suppliers** – shall establish and maintain QMS that is in compliance with AS/EN/JISQ9100, and a measurement management system which meets the requirements of either ANSI/NCSL Z540.1 or ISO 10012.
- **All Other Suppliers** – shall establish and maintain QMS that is in compliance with AS/EN/JISQ9100, and a measurement management system which meets the requirements of either ANSI/NCSL Z540.1 or ISO 10012.
- **Suppliers registered in accordance with AS9104** shall be listed in the SAE OASIS database.
- **Supplier's employees performing work on C&S parts** must be trained/qualified/certified as dictated by industry standards and/or specification requirements.

See the following sources for a listing of accredited certification bodies:

¹ The U.S. accreditation body for management systems can be found at ANSI-ASQ National Accreditation Board, <http://www.anab.org>. For a list of Accreditation Boards from other countries, refer to the International Accreditation Forum at <http://www.iaf.nu>.

² For AS9100, see SAE OASIS database at <http://www.sae.org/iagg/>

³ For ISO/TS 16949, see International Automotive Oversight Bureau at <http://www.iaob.org>

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- **Suppliers' employees performing inspection must have an eye exam at intervals of a one-time-only color vision test and an annual near vision test. Vision tests shall be performed by medically qualified personnel. Records of these examinations shall be retained at supplier facility. Proof of compliance shall be made available upon request.**
- 18. Seller Performance.** Since the impact upon quality varies from product to product, the requirements will also vary from seller to seller. However, the following requirements apply to all Sellers:
- a. **Delivery Performance:** Buyer expects 100% on-time delivery, and Seller will be rated by this standard.
 - b. **Quality Performance:** Buyer expects 100% quality. Seller's manufactured parts will be checked by inspection. Paperwork is also checked for completeness, including all required certifications.
 - c. **Responsiveness:** Seller will be judged by how quickly and effectively Seller responds to requests and quality problems, including Requests for Quotations and special requests such as short lead-time orders or other issues, and to nonconformance reports and requests for corrective action.
 - d. **Technology:** Buyer expects Seller to pursue current technology in terms of both equipment and manufacturing practices, to pursue and deploy lean manufacturing best practices, and to use the principles of six sigma in their operations.
- 19. Special Processes.** A special process is defined as the application of chemical, metallurgical, nondestructive or any other manufacturing, joining, or inspection process that is controlled by Government, Military, Industry, or any other specification. When Seller supplies product to Buyer upon which special processes have been performed by Seller or any subcontractor, processes must be performed and certified in strict accordance with clauses 14 and 31 of this document, and with requirements stated in the body of Buyer's purchase order. C&S has customers that require NADCAP certification for specific processes. C&S to verify your status prior to issuing a purchase order. Supplier is responsible for notifying C&S if NADCAP credentials change and/or modified.
- 20. First Piece.** When Seller manufactures parts for Buyer under this Contract, a first piece must be submitted for Buyer approval prior to commencement of the production run of product.
- 21. First Delivery.** When Seller manufactures parts for Buyer under this Contract, the first delivery of each part number must include FAIR (first article inspection report) traceable to an individually identified part in that lot. Subsequent lots of the same part number must be certified to meet all Contract requirements.
- 22. Part Revision.** If the revision level of any part is changed during the life of this Contract, or there is any change in the process or equipment used to produce any part, a new first article traceable to an individual part shall be performed on any features affected by the revision of the product, or by the process or equipment change.
- 23. Product or Process Changes.** When Seller manufactures parts or provides special processing for Buyer under this Contract, Seller shall notify Buyer of any significant changes in product, processes, suppliers and facilities that may affect the quality of the product or process purchased in the Contract.
- 24. In-process Inspection.** Unless otherwise specified in writing by Buyer, when Seller manufactures parts for Buyer under this Contract, seller shall perform in-process inspection of the parts, and supply the inspection data to Buyer. When inspection sampling is used as a means of product acceptance, the plan shall be statistically valid and appropriate for use. The plan shall preclude acceptance of lots whose samples have known nonconformities. Depending on Buyer's requirements, Buyer may provide the forms for documenting this inspection.
- 25. Product Acceptance/Rejection.** All purchased products and services will be subject to Buyer's final inspection and approval within a reasonable time after delivery, irrespective of payment date. Verification by Buyer shall not absolve the Seller of the responsibility to provide conforming product, nor shall it preclude subsequent rejection by Buyer. Buyer may reject goods not in accordance with the instructions, specifications, drawings, data or Seller's warranty (expressed or implied). Buyer may return rejected goods to Seller at Seller's expense and Buyer shall have no further obligation for such goods. Payment for any article shall not be deemed acceptance and in no event shall Buyer incur liability for payment for rejected goods. Seller shall assume responsibility for and will pay any and all loss, cost, damage, or expense, including attorney fees, and cost of replacement incurred by Buyer attributed to Buyer's rejection of goods due to nonconformance to specifications or untimely late delivery. Buyer shall submit payment for goods only after goods are deemed to meet all purchase order and drawing requirements. If goods are found to be nonconforming for any reason after payment has been made, Buyer shall debit Seller's account on the next C & S Machine Products payment cycle. If Seller's account payable amount is less than the debit memo then Seller shall reimburse Buyer in full with a check for the debit amount.
- 26. Nonconforming Product.** Under no circumstance shall Seller knowingly ship any nonconforming product to Buyer without express written permission from Buyer allowing the shipment. After delivery has started, if the Seller detects nonconforming product, the Seller shall notify Buyer within 24 hours or the next business day. Notification shall include a clear description of the nonconformity, part numbers, quantities, and delivery dates of all possibly affected product. Disposition instructions to the supplier of non-conforming product must be in writing from C&S in the form of an amended

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PO. Unless otherwise required by the contract, the seller shall maintain all records that provide objective evidence of compliance to the contract requirements for a minimum of fifteen (15) years after the last delivery of products and/or services on the contract. The supplier's calibration system is subject to audit, verification and approval and/or disapproval.

- 27. Shipment, Title and Delivery.** Seller shall deliver in accordance with the delivery date(s) specified in this purchase order or, if a delivery date or dates are not specified, then only as authorized in shipment releases issued by Buyer to Seller. Shipment shall be via UPS Collect unless specifically directed otherwise, or unless Seller is delinquent, in which case Seller shall cover freight costs. Failure to adhere to Buyer's routing instructions will affect supplier performance ratings and may result in charges for additional costs to the Buyer. Title and risk of loss will pass upon receipt of products by the Buyer. If it appears Seller will not meet schedule, Seller shall promptly notify Buyer in writing and, if requested by Buyer, ship via air or expedited routing to avoid or minimize delay to the maximum extent possible, the added cost borne by the Seller. This is in addition to Buyer's other remedies. The dates specified on the purchase order are stock dates, not ship dates. Deliveries will not be accepted more than five (5) business days before the date specified. Any shipment arriving after 4:00pm Eastern Time on the due day shall be considered late. Only shipments arriving inside of this window will be counted as On Time deliveries unless otherwise approved in writing by Buyer prior to shipment.
- 28. Invoice and Payment.** A separate invoice shall be issued for each shipment. Unless otherwise allowed in this Contract, no invoice shall be issued prior to shipment of goods and no payment shall be made prior to receipt of goods and correct invoice. Credit, discount and payment periods will be computed from the date of receipt of the correct invoice.
- 29. Packing and Shipping.** Seller shall prepare all goods for shipment, and package to prevent damage or deterioration, and comply with carrier tariffs, including export shipping, requirements. No additional charges will be allowed for containers, crating, boxing, bundling, dunnage, drayage, storage or transportation thereof, unless stated in this purchase order. Container and purchase order numbers shall be indicated on bill of lading. One copy of packing sheet, showing purchase order and item number, shall be attached to No. 1 container of each shipment.
- **Parts to be packaged to prevent damage or oxidation. It is preferred that parts are returned to C&S in same packaging as they were delivered.**
 - **Part to part contact prohibited**
 - **Parts are not to be wrapped in newspaper**
 - **Please return containers if applicable.**
 - **All/any parts being shipped via truck lines must be shipped by the truck line specified above and billed as 'class 50'. Bill of lading and all associated documentation must show 'class 50' contact C&S for further instructions as necessary.**
- 30. Hazardous Material.** When applicable, Seller shall include a current MSDS with shipment.
- 31. Certificate of Conformance.** With each shipment, Seller must provide a Certificate of Conformance (C of C) bearing the printed name, title and signature of the person authorizing release of the shipment. The C of C must state that goods, processing and/or services provided to Buyer meet all purchase order and specification requirements, and include Buyer's purchase order number, and line number if applicable, the part number, the engineering change revision level of all applicable drawings and specifications, the part serial numbers (if applicable), and the quantity represented by the C of C.
- 32. Raw Material Certification and Control.**
- a. With each shipment of Raw Material, Seller must provide the actual Mill Certification. This Certification must include the Country of Origin, Melt, and/or Manufacture, the material specification from Buyer's purchase order including the applicable revision level, and the actual test data required by the specification. The Certification must also bear the printed name, title and signature of the person authorizing release of the shipment, unless a C of C is provided including that information. The Certification must be attached to the shipping documents, or incorporate sufficient information to match it with the pertinent purchase order and specific shipment.
 - b. Under this Contract all material in each shipment must come from one raw material heat lot, unless otherwise allowed in writing by Buyer. Whenever so allowed, different heat lots of raw material, parts, or castings and forgings made from different heat lots of material must be kept separate and clearly identified throughout Seller's operations, and must be segregated and clearly identified within packaging and documents shipped to Buyer.
- 33. Record Availability and Retention.** When the records demonstrating product conformity and traceability required for this Contract are retained by Seller who certifies their product, Seller shall make these records available to Buyer within 48 hours of receiving a written request from Buyer. Seller shall maintain these records in a way that minimizes deterioration or damage, and ensure that they are legible, retrievable, and identifiable to shipments made to Buyer, and to pertinent suppliers, products, and/or processes. Radiographic records on film may be recycled or otherwise destroyed by the best available method after a period of 10 years. Unless otherwise specified in the purchase order, records in any other media shall be retained for 15 years after the last delivery on this Contract. After the retention period or in the event that Seller ceases to do business before the end of the period, Seller shall notify Buyer in writing prior to destroying or moving records to a different facility, and allow C & S Machine Products the opportunity to gain possession of the records. Medical device

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records must be maintained for lifetime of product.

- 34. Right of Access.** Buyer or a representative of Buyer shall be afforded the right to verify at the source that purchased products or services conform to the specified requirements. When Seller manufactures parts for Buyer under this Contract, parts shall be available for inspection and test by Buyer at all times and places, when practicable, during manufacture. Any audit, inspection, or test made on the premises of the Seller or its supplier shall be without additional charge. The Seller shall provide all reasonable facilities and assistance for the safety and convenience of the auditor/inspectors in the performance of their duties. The Seller shall allow right of access to any place necessary to determine and verify the quality of contracted work and materials, and to all applicable records involved in this Contract. All audits, inspections, and tests on the premises of the Seller or its supplier shall be performed in such a manner as not to unduly delay work. Buyer's Customer(s) and applicable regulatory agencies shall also be afforded this right of entry. Proprietary processes may be exempt from this clause if negotiated in advance with Buyer.

Seller's Warranties

- 1. Duration.** Seller warrants that after the acceptance of the end product or parts thereof by Buyer, and if applicable the Buyer's Customer, all product furnished under this Contract will be free from defects in material and workmanship that will cause the items to fail to conform to all requirements of the contract.
 - Parts that are identified by wires or tags must remain identified throughout your subcontracting process. Do not remove wires without permission from C&S Machine Products, Inc.
 - Do not sandblast parts unless specified within the body of this PO. If parts are not to Rockwell or case depth after first heat treatment process, C&S must give written authorization to run the parts again.
 - All parts must be free of rust, nicks, dings, scratches, etc. No rework without permission of C&S is to be completed. Nonconforming parts must be submitted to C&S for approval prior to shipping back.
 - The seller shall maintain a FOD (Foreign Objects & Debris) prevention program. Sellers FOD prevention program shall include the review of design and manufacturing processes to identify and eliminate foreign object entrapment in areas and paths through which foreign objects can migrate. Seller shall ensure work is accomplished in a manner preventing foreign objects or material in deliverable items. Seller shall maintain work areas and positive control of tools, parts, and materials in a manner sufficient to preclude the risk of FOD incidents. Seller shall document and investigate each FOD incident and ensure elimination of the root cause of each such incident.
- 2. Remedies:**
 - a. **Rights to Corrective or Replacement Action.** When required by Buyer, in the event of a breach of Seller's warranty in paragraph A above, Seller shall, at no increase in the Contract price, either:
 - i. correct to meet Contract requirements or replace, at Seller's election, nonconforming delivered product at the location of Buyer's choice, or
 - ii. furnish to Buyer all components and instructions as may be required to successfully accomplish the correction, and credit Buyer for Buyer's costs incurred in accomplishing the correction. Buyer shall provide Seller an accurate accounting of such costs incurred.Data and reports applicable to any correction required under this clause, including revision and updating of all affected records called for under this Contract, shall be included in this corrective or replacement action.
 - b. **Rights to Equitable Adjustment.** If Buyer does not require correction or replacement of nonconforming product, Buyer shall be entitled to an equitable reduction in the price of the contract.
- 3. Notification.** Seller shall be notified in writing of any breach of warranty in paragraph B above within thirty (30) days after discovery of the defect by Buyer. Within ten (10) days thereafter, Seller shall submit to Buyer a written recommendation of the corrective action required to remedy the breach. After the notice of breach, but no later than thirty (30) days after receipt of Seller's recommendation for corrective action, Buyer may in writing direct correction or replacement as set forth in paragraph B above, and Seller shall, notwithstanding any disagreement regarding the existence of a breach of warranty, comply with such direction. In the event it is later determined that Seller did not breach the warranty in paragraph A above, the Contract price will be equitably adjusted.
- 4. Corrected or Replaced Product.** Any product or parts corrected or furnished in replacement pursuant to this clause shall also be subject to all the provisions of this clause to the same extent as product initially delivered.
- 5. Implied Warranties of Merchantability and "Fitness for a Particular Purpose".** These warranties are not excluded from any obligation contained in this Contract. The rights and remedies of the Buyer provided in this clause are in addition to and do not limit any rights afforded to the Buyer by any other clause of this Contract.

COUNTERFEIT PRODUCTS PROGRAM:

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1. Counterfeit products are parts or services that have been misrepresented to the OEM (C&S Machine) as having been produced or processed under an approved system or other acceptable method. Counterfeit products include, but are not limited to:
 - i. Parts or processes that are an illegal or unauthorized copy or substitute of an OEM part/process.
 - ii. Part that does not contain the proper internal or external materials/components or are not manufactured in accordance with the OEM design.
 - iii. Parts that are used, refurbished, or reclaimed, that Seller represents as being new.
 - iv. Parts or processes that have not successfully passed all OEM required, verification, screening, and quality control but that Seller represents as having met those requirements.
 - v. Parts or process that are labeled/certed intentionally to mislead a reasonable person into believing a non-OEM part or process is good when it is not.
2. Seller warrants and certifies that parts or processes delivered pursuant to this contract, unless otherwise specifically stated on the face of the Order, shall:
 - i. Be new
 - ii. Be and only contain materials obtained from the OEM
 - iii. Not be or contain any counterfeit parts or run to an unapproved process
 - iv. Contain only authentic, unaltered OEM labels and other markings.
3. Seller shall maintain a method of item traceability that ensures traceability. This traceability method shall clearly identify the name and location of facility providing parts or processes, suppliers lot identification, dates of service, serializations (if applicable) or other batch identifications. When requested by Buyer, Seller shall provide documentation that authenticates traceability of the affected items.
4. Seller shall immediately notify Buyer in writing of the pertinent facts if Seller knows or has reason to believe that Counterfeit products have been delivered under the applicable Order.
5. In the event parts or services delivered under this contract constitute Counterfeit products, Seller shall at its expense promptly replace parts or services that conform to the requirements of this contract. Seller shall be liable for all costs relating to the removal or replacement of Counterfeit products, including Buyer's customer's costs of removing such parts or parts affected by suspect process, and reinserting with conforming product, and any testing necessitated by the reinstallation.
6. Buyer reserves the right to turn over suspected Counterfeit products to U.S. Governmental authorities for investigation and reserves the right to withhold payment for the suspect items pending the results of the investigation.
7. In the event Buyer suspects that Seller may have provided Counterfeit parts or processes under any Order, Buyer shall immediately notify Seller in writing, and provide sufficient detail to enable Seller to promptly initiate its own internal investigation. Seller will cooperate fully with any investigation of Counterfeit parts or processes conducted by Buyer, and shall promptly provide all documentation and other information reasonably requested by Buyer.

PROHIBITED PRACTICES:

The following acts and practices are prohibited, unless approved by C&S Machine in writing. Any violation by the Supplier may result in disqualification of the Supplier for future business with C&S Machine.

- a) **Unauthorized Facility Changes** - During performance on the Contract, the Supplier shall give C&S written notice before relocating any production, inspection or processing facilities, transferring work between different facilities, or making any other changes which may affect product quality, reliability or integrity of the product. Such changes are subject to approval/disapproval by C&S. A change in ownership or a change in the individual designated as the management

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representative with respect to the Suppliers Quality / inspection System shall be construed as a facility change and requires the Supplier notification

- b) **Unauthorized Product Repairs & Salvage** - The Supplier may not perform any repairs such as welding, brazing, soldering, plugging, peening, bushing, or, use of paints, adhesives or plating, or use any standard or other repair practice or method, on products damaged or found to be discrepant during fabrication or processing, or, on defects in castings or forgings, unless such repairs are specifically permitted by the applicable drawing or specification, or are specifically authorized by C&S Machine in writing for each occurrence. Unless specifically authorized by C&S Machine, this prohibition also applies to reworking products by removing plating (stripping) and re-plating. In those cases, where C&S Machine authorized product repair, salvage or stripping has been accomplished, the Supplier shall include on the packing list / shipper or on a separate attached document a list of the products that have been subjected to such C&S Machine approved repair, salvage or stripping, and the method used.
- c) **Unauthorized Product Changes or Substitutions** - The Supplier may not make any changes or substitutions to any products or services required by the Contract, drawing, specification, standard, or other applicable document without prior written authorization by C&S Machine. Authorization may be contingent on C&S Machine conducting an on-site review of the proposed product or service changes at the Supplier's facilities, or the facilities of the Supplier's sub-tier sources.
- d) **Use of Non-Conventional Manufacturing Methods** - Unless required by the drawing, specification, or Contract, the Supplier may not use Electrical Discharge Machining (EDM), Electro Chemical Machining (ECM), laser, or abrasive water jet cutting or drilling, flame spray coatings, or any other non-conventional manufacturing method or process on products scheduled for delivery to C&S Machine without prior written authorization by C&S Machine.
- e) **Altering Data on Documents** - The use of any method that causes the original data on documents to be obliterated and unreadable (Le. the use of correction fluids, correction tape, write-over, or other methods) to correct, modify or otherwise alter the data and/or entries on any certifications, test reports or other documents required by the Contract, is strictly prohibited. Corrections may be made providing it is clearly obvious that a correction was made and it is signed (initialed) or stamped by an authorized individual. Upon receipt at C&S Machine, products or services represented by documents that show evidence that they have been corrected or altered in an unauthorized manner are subject to return to the Supplier at Supplier's expense.

Failure to meet any/all of the above documented terms, unless otherwise specified in the body of the PO, may be cause for rejection of parts and disqualification of vendor. C&S reserves the right to remove vendor from C&S approved vendor list.