

STANDARD TERMS AND CONDITIONS

DEFINITIONS

- "Contract" shall mean any contract resulting from this order
- "Order" shall mean this purchase order
- "Buyer" shall mean 1156406 Ontario Inc, DBA - Universal Precision Technology and Universal Tool & Die
- "Seller" shall mean the person or organization of whom the order is placed
- "Goods" and / or "Products" shall mean the supplies to be delivered under the contract and shall be deemed to include any service(s)

ACCEPTANCE

The purchase order constitutes buyer's offer to seller and is a binding contract on the terms and conditions set forth herein when it is accepted by seller either by the acknowledgement or the commencement of performance hereunder. No condition stated by the seller in accepting or acknowledging this order shall be binding upon buyer if in conflict with, inconsistent with or in addition to the terms and conditions contained herein unless accepted by buyers written approval.

REVISIONS

No revision of this order or any of the terms and conditions hereof shall be valid unless in writing and signed by an authorized representative of buyer's purchasing department.

DELIVERY

Delivery shall be strictly in accordance with the delivery schedule set out in this order. If this order is late and the delay affects the buyers' customer contract to deliver on time, the seller will incur any flow down charges issued from the buyers' customer due to this lateness. Notwithstanding this provision, the seller shall not be liable for delays or defaults due to causes beyond its control and without fault or negligence. Provided however, that if the seller has reason to believe that deliveries will not be made as required, written notice is given immediately and prior to the delivery date to the buyer setting forth the cause of any expected delays with a revised delivery date. The seller shall deliver such goods on the revised date(s) so notified and shall not make any claim for adjustment in price or otherwise in respect of any such postponement unless otherwise agreed in writing by the buyer. If the seller delivers quantities in excess of the quantity due, the buyer shall have the right to accept or reject the excess quantity. On-time delivery and quality will be monitored by the buyer.

TERMINATION

Failure to comply with the specification, terms and conditions of this order or to deliver material in accordance with seller's promise shall be grounds for cancellation without penalty to the buyer.

PRODUCTS AND SERVICES, ACCEPTANCE AND REJECTION

All articles will be subject to final inspection and acceptance by buyer within a reasonable time after receipt and inspected prior to payment. Buyer may reject any article which contains defective material, workmanship, does not conform to specifications, samples or warranties. Any article so rejected may be returned to seller at seller's risk and expense and at full invoice price plus applicable transportation charges. No defective article or material shall be replaced unless requested by buyer. The state in which the product is received must be able to perform to its designed or intended purpose without causing unacceptable risk of harm to persons or damage to property.

GENERAL REQUIREMENTS

The seller shall implement and maintain a Quality Management System as applicable (e.g. AS9100, ISO9001, NADCAP, etc.). In the case of trades, personnel shall have a valid certification pertaining to their skill set. Copies of certifications are required for our records.

- The product(s) supplied shall be new and conform to the latest issue of the applicable drawing, specification and / or part number that is in effect on the date of contract unless specified otherwise by buyer. Substitution of items / part numbers ordered is prohibited unless buyer provides written approval, including an amended purchase order for the goods to be supplied
- Any markings required by ITAR including exceptions, exemptions, destination control statements and license numbers
- All key characteristics outlined in this standard terms and conditions shall be flowed down to sub-tier suppliers
- Seller is to provide buyer with notification of non-conforming products
- Seller must provide written notification to buyer for approval to changes in product and / or process definition

CERTIFICATE OF CONFORMANCE (CofC)

A CERTIFICATE OF CONFORMANCE IS REQUIRED WITH ALL SHIPMENTS AND MUST CONTAIN THE FOLLOWING INFORMATION:

- Identified as a Certificate of Conformance / Compliance (CofC statement can be on the packing slip & must be identified accordingly)
- Certificate number or unique identification number (If the CofC is separate from the packing slip, the packing slip number, must be indicated on CofC)
- Issue date of CofC
- Seller's name & address
- Buyers name, address and purchase order number
- Item / part number, including revision level (if applicable)
- Quantity of item(s) / part(s) sent.
- Description of item(s) / part(s).
- Fully traceable to the heat number (e.g. raw material), lot number and / or job number
- Comments / remarks – Special notes or specification information (e.g. deviations, shelf-life, additional process information, etc.)
- Statement of Conformity – statement confirming compliance to purchase order requirements
- Name, signature, job title and date signed of individual authorized to release product or service (alternatively, a specific signatory code or stamp is acceptable provided it is unique, unambiguous and traceable to the individual)
- **NOTE:** When C of C is electronically generated the following or similar statement shall be included. "Document electronically generated & validated"

NEW MATERIALS, PACKAGING, SHIPPING, MARKINGS

All goods to be delivered hereunder shall consist of new material. Seller shall prepare and package the goods to prevent damage or deterioration and shall use the best commercial practice for packing and packaging of items to be delivered under this contract, unless otherwise specified in the contract. The following packaging and labeling requirements shall include:

- Purchase order number must appear on all shipping documentation relating to this order, such as the commercial invoice, packing slip or other required documentation accompanying the shipment
- Packages containing goods having limited shelf-life are to be marked with the production lot number and expiry date. Shelf-life items must have a minimum of 2/3 shelf-life remaining upon receipt
- Safety Data Sheet (SDS) must be supplied with all hazardous materials
- Mishap investigation clause: All subcontractors shall cooperate and assist in aviation specific mishap investigations. Seller grants the buyer or his authorized representative the right to examine books, records, documents and other supporting data, which will assist in an investigation. This right may be exercised at any time subsequent to an incident
- Test specimens: Shall meet the specifications provided by buyer, sample parts are to be returned upon completion of testing / inspection or as requested

FIRST ARTICLE INSPECTION (FAI)

In compliance with AS9102, buyer may request an FAI, for first-time or repeat deliveries. Buyer requires all first-time deliveries of custom manufactured parts to include a full FAI report be filled out by the manufacturer, unless deemed not applicable by buyer. The sample, on which the FAI was performed shall be clearly marked on the sample and the FAI report. Where the drawing has been updated and there is a change in the fit, form, function or sellers' process of the part a FAI must be submitted for the change / update only. The FAI shall confirm that all processes, materials and dimensions are met. In the case of raw material or process (e.g. paint, chromate, etc.), proof of traceability shall be made available either through MTR's (material test report) and / or other certificates / reports. Drawing notes should be referenced and their acceptance confirmed. Any discrepancies detected by the manufacturer during the FAI shall be reported to buyer and a deviation should be sought in advance of any parts being shipped. Under no circumstances shall a nonconforming part be sent to buyer without their approval. Failure to comply with the above requirements will result in buyer rejecting the product.

RECORD RETENTION

In addition to contractual requirements the seller shall retain verifiable objective evidence of inspection and tests performed. Quality records shall be made available for evaluation for a contractually agreed upon period. Unless otherwise specified, this period shall be a minimum eleven (11) years. These documents can be requested at any time by buyer.

NOTIFICATION OF NON-CONFORMING PRODUCT AND PROCESS CHANGE

The seller is to notify the buyer of changes in product and / or process including changes to their external providers or location of manufacture, definition and obtain buyers' approval.

RIGHT OF ACCESS BY UNIVERSAL PRECISION TECHNOLOGY, THEIR CUSTOMER AND REGULATORY AUTHORITIES

In accordance with contractual agreements, right of access by buyer, their customer, and regulatory authorities shall be afforded to all facilities involved in the order and to all applicable records.

KEY CHARACTERISTICS

Where identified within the specification, drawing and / or purchase order the seller shall flow down to sub tier suppliers the applicable requirements in the purchasing documents, including key characteristics where required.

FOREIGN OBJECT DEBRIS (FOD)

Foreign Object Damage can occur when FOD enters a manufacturing area. The potential of introducing foreign objects into the product during fabrication and shipping is very high. In manufacturing, FOD control practices are enforced for quality and safety control purposes. All product supplied must be FOD free.

COUNTERFEIT WORK / PARTS

An unauthorized copy, imitation, substitute, or modified part, which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer. The following stated requirements are applicable to all work consisting of parts delivered to the lowest level of identifiable items:

- Seller shall ensure counterfeit work / parts are not delivered
- Seller shall notify buyer immediately upon detection of counterfeit work / parts
- Seller is responsible in rectifying any counterfeit work / parts delivered under purchase order at their expense and ensure replacement work conforms to the requirements
- These requirements are in addition to any quality provisions, specifications, statement of work or other provision included in the contract addressing authenticity of work / parts
- Vendors and sub-tier vendors who buy and sell parts shall implement a Counterfeit Parts Control Program, plan or process that mitigates risk, for control and disposition of suspect and / or counterfeit parts

CONFLICT MINERALS

The U.S. Securities and Exchange Commission provided final rules regarding conflict minerals reporting for gold, tin, tantalum and tungsten used in products and manufacturing. Seller must now disclose if they use these materials and what effort have been undertaken to ensure those metals do not contribute to armed conflict in the Democratic Republic of Congo (DRC) and surrounding areas.

DFARS

When the materials or products furnished are for use in connection with a U.S. Government Department of Defense prime contract or subcontract, in addition to the General Purchase Order Terms and Conditions and the Supplement 1 FAR provisions, the following provisions shall apply. The effective version of each Department of Defense FAR Supplement (hereinafter "DFARS") provision shall be the same version as that which appears in Buyer's prime contract or higher tier subcontract under which this Purchase Order is a subcontract. In the event of a conflict between these DFARS provisions, or the Supplement 1 FAR provisions, and the General Purchase Order Terms and Conditions, the DFARS provisions shall control. **All product must be DFARS compliant unless otherwise stated.**

STANDARDS OF BUSINESS ETHICS AND CONDUCT

Buyer / seller will conduct its business fairly, impartially and in an ethical and proper manner. Seller shall not engage in any personal, business or investment activity that may be defined as a conflict of interest, whether real or perceived. If buyer / seller has cause to believe that buyer / seller or any employee or agent of buyer / seller has behaved improperly or unethically under this subcontract, buyer / seller is encouraged to exert reasonable effort to report such behavior when warranted.

QUALITY POLICY

Top management of Universal Precision Technology is committed to our actions and efforts to achieve and maintain customer satisfaction with products that meet or exceed their requirements through the continuous improvement of our processes. Our dedication is to deliver defect-free product on time, every time. Our success is dependent upon the teamwork of our employees. We are dedicated to providing an environment that encourages training and mentoring so each employee can reach his or her full potential. Our code of ethics ensures that cooperation, trust and mutual respect is the basis for all dealings with our associates, customers, suppliers and society at large. This quality policy is communicated to our employees verbally and in the form of postings in our facility; and to suppliers through our website and terms and conditions.