



- 1 **Agreement/Acceptance/Modifications:** An order is Buyers offer to Seller, and Acceptance is strictly limited to the terms of the Order, without addition, deletion, modification or substitution. Seller's commencement of performance, delivery of any article(s), or acknowledgement shall conclusively evidence acceptance.
- 2 **Prices and Taxes:** The price for the Goods shall be as set forth in the applicable purchase order, except that if no price for the Goods is stated therein the price shall be the lower of (a) the last price paid by Buyer to Seller for Goods of the same quality and quantity or (b) the prevailing market price. Seller shall give Buyer written notice of any increase in price at least ninety (90) days before the effective date of the increase. Buyer may elect to terminate the purchase order as of the effective date of a price increase by providing written notice to Seller prior to such effective date. The price applicable to any purchase hereunder shall be the sales price in effect as of the date Seller receives Buyer's purchase order for the Goods. Seller warrants the pricing for any Goods shall not exceed the pricing for the same or comparable goods or services offered by Seller to third parties. Seller shall promptly inform Buyer of any lower pricing levels for same or comparable goods or services and the parties shall promptly make the appropriate price adjustment. Seller's price includes all sovereign, state and local sales, use, excise, value added, privilege, payroll, occupational and any other taxes, fees, or duties applicable to the Goods. Seller shall ensure that if any value-added or similar tax is applicable, that it is invoiced in accordance with the applicable rules so as to allow Buyer to reclaim that value-added or similar tax from the appropriate government authority. Neither party is responsible for taxes on the other party's income. If Buyer is required by government regulation to withhold taxes for which Seller is responsible, Buyer will deduct such withholding tax from payment to Seller and provide to Seller a valid tax receipt in Seller's name. If Seller is exempt from such withholding taxes as a result of a tax treaty or other regime, Seller shall provide to Buyer a valid tax treaty residency certificate or other tax exemption certificate at a minimum of sixty (90) days prior to payment being due.
- 3 **Orders and Change Orders:** These Terms & Conditions shall be part of each order Buyer may issue to Seller. Each order shall contain a description of the article being purchased and identifies by part number, specifications, drawing, price, quantity and/or delivery schedule and place of delivery. Each such order or Change Order must be Signed (or authenticated) if it is an electronic order by Buyers Authorized Procurement representative.
- 4 **Stop Work/Termination for Convenience:** Notwithstanding any other provision of this order, Buyer may by written notice Terminate or Stop Work on an order or change order. Upon receipt of notice Seller shall immediately cease all work on the order, and protect buyer.
- 5 **SUSPECT/COUNTERFEIT PARTS:**
Seller represents and warrants that it has policies and procedures in place to ensure that none of the supplies or materials furnished under this Purchase Order are "suspect/counterfeit parts" and certifies, to the best of its knowledge and belief that no such parts have been or are being furnished to Buyer by Seller. "Suspect/counterfeit parts" are parts that may be of new manufacture, but are misleadingly labeled to provide the impression they are of a different class or quality or from a different source than is actually the case. They also include refurbished parts, complete with false labeling, that are represented as new parts or any parts that are designated as suspect by the U.S. Government, such as parts listed in alerts published by the Defense Contract Management Agency under the Government-Industry Data Exchange Program (GIDEP). If Buyer reasonably determines that Seller has supplied suspect/counterfeit parts to Buyer, Buyer shall promptly notify Seller and Seller shall immediately replace the suspect/counterfeit parts with parts acceptable to Buyer. Notwithstanding any other provision contained herein, Seller shall be liable for all costs incurred by Buyer to remove and replace the suspect/counterfeit parts, including without limitation Buyer's external and internal costs of removing such a counterfeit part, of reinserting replacement parts and of any testing necessitated by the reinstallation of Seller's goods after counterfeit parts have been exchanged. In addition, Buyer may unilaterally terminate this order for Convenience depending on the impact of the delivery of Suspect/Counterfeit parts on the Seller's overall performance on this order. Seller's warranty



against suspect/counterfeit parts shall survive any termination or expiration of this Purchase Order.

Buyer reserves the right to seize and quarantine any / all suspected counterfeit products it receives from seller on this Purchase Order. Suspected counterfeit products may be forwarded to the Original Component Manufacturer and / or the appropriate Federal or State authorities for final analysis, possible confiscation and / or destruction. If products furnished by the Seller are determined to in fact be counterfeit, Seller agrees to reimburse Buyer on the full purchase price paid as well as any associated costs including legal, shipping, 3rd party testing, or other charges incurred by Buyer.

Suppliers (and supplier employees) are required to prevent the use of counterfeit parts by the following when applicable: Ensuring that persons are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.

6 ETHICAL STANDARDS OF CONDUCT:

Seller shall neither receive nor give any gifts or gratuities in connection with this Contract. Seller's employees are required to conduct company business with integrity and maintain a high standard of conduct in all business-related activities. Seller shall not participate in any unethical conduct during performance of this Contract. Seller shall not engage in any personal, business, or investment activity that may be defined as a conflict of interest, whether real or perceived.

Seller agrees to comply with the "Standards of Business Conduct" as shown at URL: <http://www.amgindy.com>.

The Seller does not directly or indirectly restrict the Buyer from selling any item made or furnished under this contract to the US Government.

7 Warranty: Seller warrants that all articles delivered under this order 1) will be free from defects in design, material and workmanship 2) will conform to the applicable descriptions, specifications, part numbers, drawings and revisions noted in the order and 3) are suitable for the purpose intended. In the event nonconforming product exists, the Seller shall notify Buyer in writing and obtain written concessions/disposition from Buyer prior to delivery. When suspect/nonconforming product escapes from the Seller to Buyer, the Seller shall immediately (not more than 72 hours) notify the Buyer in writing and follow-up with a documented corrective action.

8 Inspection/Observation: The Seller hereby grants to the Buyer, Buyer's Customer/ Customer's Representative or the pertinent Government/Regulatory Agency, such as the Federal Aviation Administration, the right to make an inspection and observe the performance as it applied to the article being ordered. Inspection or observation shall not exclude any warranties with respect to articles furnished under this order. These inspections and observations shall not be used by the Seller as evidence of product quality, nor shall they preclude subsequent rejection.

9 Termination for Default: If the Seller is in default in carrying out any of its obligations under the terms of this order the Buyer shall prior to termination of the whole or part of this order give the Seller notice of such default. Seller shall have 10 calendar days to cure such default or to satisfy the buyer.

10 State of Law: The State of Indiana shall be the governing state for all law regarding the performance of this order and any matters pertaining to this order.

11 Regulatory/Statutory Compliance: The Seller in performing this order is responsible for compliance with all applicable State & Federal, Provincial and Local laws & regulations as may apply to the articles furnished under this order. (E.g. DPAS ratings per 15CFR700 when stated on PO.)

12 Bankruptcy/Insolvency: In the event of any proceedings in bankruptcy or Insolvency against the Seller, or in the event of appointment (with or without the Seller's consent) of an assignee for the behalf of Creditors or of a Receiver the Buyer may cancel this order for default.



- 13 **Assignment/Outsourcing:** Neither the order nor any interest therein or any claim hereunder may be assigned or outsourced by the Seller without the written consent of the Buyer. An assignment or outsource without the Buyers consent is ineffective and void. No such written consent shall relive the Seller of its obligations to comply fully with the terms of the order. If written consent is given by the Buyer for assignment/outsourcing, the Seller must flow-down the applicable requirements in their purchase documents to sub-tier suppliers. Note, only special process sub-tier suppliers approved by the Buyer, Buyer's Customer and/or the pertinent Government/Regulatory Agency shall be used unless otherwise specified.
- 14 **Indemnification:** The Seller shall hold harmless and unconditionally indemnify the Buyer to the full extent of any liability, cost, claims, damage or expense, including but not limited to reasonable attorney's fees by any alleged or actual property damage or personal injury arising out of, as a result, or in connection with the articles delivered or work performed in this order due to any act or omission of Seller, its employees, agents or subcontractors.
- 15 **Partial Invalidity /Waiver:** If any provision of this order (including these Terms & Condition) becomes void or unenforceable, the other provisions shall remain valid and enforceable. Waiver of one or more provisions of these Terms & Conditions shall in no way act as a waiver of any other provision herein.
- 16 **EDI:** If any part of this order is affected using Electronic Data interchange [EDI] the Buyer and seller agree that these Terms & Conditions will continue to apply to the articles delivered using EDI.
- 17 **Entire Agreement:** This order, including amendments and attachments, constitutes the entire agreement and understanding between the Seller and Buyer with respect to the articles /services ordered.
- 18 **Access Rights:** Acceptance of Buyer's purchase order for aircraft product/processes signifies agreement for access rights to Seller's or any supply chain facility by Buyer, Buyer's Customer and/or the pertinent Government/Regulatory Agency - such as the FAA - when requested - to review quality records and facility areas related to the provided product/service.
- 19 **Product/Process Changes:** Seller shall not make changes to product/process definition, parameters, specifications, facility location and/or supply chain without written notification to the Buyer and written authorization, PPAP or First Article Approval by Buyer's Quality or Engineering Department.
- 20 **Product/Process Certifications & Reports:** When certifications or inspection reports for the product or process supplied by Seller are required via Buyer purchase order, the information within the certifications or inspection reports shall include positive identification/traceability (e.g. part description, quantity and lot/batch/serial number) of the product, plus the applicable drawing revision, process description, specifications and test/inspection results. Note if the Seller is a distributor, then the Seller shall provide the manufacturer's test certifications when certifications are required.
- 21 **Supplier Requirements:** Supplier quality systems (i.e. ISO, AS, IATF, NAPCAP etc.) shall be documented, maintained and in force at all times. Quality acceptance shall not fall below 98% and on time delivery shall not fall below 95%.
- 22 **Record Retention:** Seller must create and maintain records per ISO9001 requirements and retain those related to aerospace product/processes for ten (10) years, non-aerospace product/processes for two (2) years, and the quality system for two (2) years minimum. In addition, if the Seller operates to other standards (such as AS9100, NADCAP, TS16949, etc.), the Seller shall also maintain records in accordance with those requirements.
- 23 **Product Segregation:** When product is identified by different part numbers, revisions and/or job/lot numbers to maintain traceability integrity, the Seller shall keep the product segregated as identified.
- 24 **Flow-down Requirements:** The Seller shall flow down the applicable requirements for the product/service, processes and quality system to the supply chain, including Buyer's, the



- 25 Buyer's customer or regulatory requirements. (E.g., DPAS ratings per 15CFR700 when stated on PO.)
- 26 **Personnel Competence:** Records must be made available for review that supports the competence of personnel.
- 27 **Calibration:** Equipment/gages used to measure, monitor or test product, processes or equipment/gages for acceptance to requirements must be calibrated/verified and traceable to national standards that are recognized (e.g. NIST) by the Buyer, Buyer's Customer and/or the pertinent Government/Regulatory Agency - such as the FAA. When Seller provides calibration services to Buyer, calibration certifications shall be provided per ISO17025 and/or the applicable standard.
- 28 **Automotive Supply-Chain:** Sellers of automotive products, materials and processes must be registered to the current version of ISO9001 or TS16949 by an accredited third-party registrar unless otherwise approved by the Buyer's customer. In addition, if seller is not TS16949 registered, they must implement and maintain a continual improvement plan based on TS16949 conformity applicable to any delivery or quality issues related to product, materials or processes supplied to Buyer. Plus pertinent Control Plans and FMEA's must be initiated or revised to address the delivery or quality issues.