

PURCHASING TERMS AND CONDITIONS



1. **ACCEPTANCE.** This Order is Buyer's offer to Seller. Seller's acceptance is expressly limited to the terms of the Order and unless agreed in writing, Buyer hereby objects to any additional or different terms in Seller's acceptance. In lieu of Seller's written acknowledgement beginning performance will act as Seller's acceptance of this Order as written unless otherwise agreed upon in a writing signed by Buyer's Purchasing Representative.
2. **MODIFICATION.** No modification of the Order shall be binding unless agreed to in a writing signed by Buyer's Purchasing Representative.
3. **PRICE WARRANTY.** Seller warrants that the price of the ordered items does not exceed the price charged by Seller to any other customer purchasing the same items in like or smaller quantities under similar terms and conditions.
4. **PRICE AND DELIVERY.** Seller shall furnish the items and services called for by this Order in accordance with the price(s) and delivery date or schedule stated herein. If price(s) and /or delivery date(s) or schedule are not stated herein, Seller shall offer its lowest price(s), showing any applicable taxes separately and /or best delivery date or schedule, which shall be subject to approval and written acceptance by Buyer.
5. **INVOICE AND PAYMENT.** A separate invoice related to this Order shall be issued for each shipment. No payment will be made prior to receipt of products and correct invoice, and Buyer reserves the right to delay payment until the products have been accepted. Payment due dates, including discount periods, will be computed from date of receipt of products and correct invoice (whichever is later). Unless freight and other charges are itemized any discount taken will be taken on the full amount of invoice. Buyer has the right without loss of discount privileges, to pay invoices covering products shipped in advance of the schedule on the normal maturity after the date specified for delivery. Any payment shall not constitute acceptance of the products.
6. **TAXES.** Unless otherwise provided in this contract. Seller represents that the prices stated shall include all applicable federal, state, and local taxes which cannot be excluded by action of the Seller or operation of law. Seller represents that the prices stated exclude all such taxes which can be excluded by action of Seller or by action of law. Any tax not so excluded shall be entered on invoices as a separate line item.
7. **PACKING AND SHIPPING.** Unless otherwise provided herein, no charge shall be made by Seller for containers, crating, boxing, bundling, dunnage, drayage, storage or other packing requirements. All items shall be packed, packaged, marked and otherwise prepared for shipment in accordance with sound commercial practices to meet requirements for obtaining lowest transportation rates, or as otherwise specified herein. Machined hardware items shall be packed or packaged and delivered in a manner which prevents scratches, mars, dents, etc. Seller shall mark containers or packages with necessary lifting, loading, shipping information, and RMC's Order number(s). An itemized packing sheet must accompany each shipment. Damage to any items resulting from improper packaging will be charged to Seller. If Seller's deliveries fail to meet schedule, Seller at its expense will use that expedited method of shipment requested and specified by RMC until all deficiencies are corrected and deliveries are on schedule.
8. **ORDER OF PRECEDENCE.** In the event of any conflict among the provisions of this order, the following order of precedence shall apply in interpreting this Order. (i) The text of the Purchase Order. (ii) Any Special or Supplemental Terms and Conditions incorporated by reference in the Purchase Order. (iii) These General Purchase Order Provisions. (iv) Other Contract Document.
9. **CHANGES.** Unless otherwise agreed, Buyer may at any time, by a written change Order, suspend performance in whole or in part, make changes in drawings, designs, specifications, method of shipment or packing, or time or

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place of delivery, require additional work, or direct the omission of work. If any such change causes 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 contract price, or delivery date, or both, and this Order shall be modified in writing accordingly. Seller agrees to provide at Buyer's request, detailed technical and cost information adequate for Buyer to determine the reasonableness of any cost adjustments. Any claim for adjustment under this paragraph shall conclusively be deemed waived unless asserted in writing within thirty (30) days from the date of receipt by the Seller of the change Order. Where the cost of property made obsolete or excess as a 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. Any change Order issued hereunder will not be binding on Buyer unless issued by an authorized purchasing agent of Buyer. Nothing in this paragraph shall excuse Seller from proceeding with the Order as changed up to the point of shipment. Buyer's engineering and technical personnel may from time to time render assistance or give technical advice to, or affect an exchange of information with, Seller's personnel concerning the items or work hereunder. Such actions shall not be deemed to be a change under this clause, and shall not vest Seller with authority to change the items or services hereunder or the provisions of this Order. In the event Seller receives an instruction, order or advice that he deems to be a change from anyone other than RMC's purchasing department, he shall immediately advise RMC's purchasing department of that information.

10. **WARRANTIES.** Unless otherwise agreed to in writing by the parties, in addition to and without prejudice to all other warranties, both express and implied. Seller warrants that the items or services ordered will be (i) free from defects in workmanship and material: (ii) to the extent such items or services are not furnished pursuant to detailed designs provided by Buyer, free from defects in design: (iii) suitable for the purposes intended: and (iv) in compliance with all requirements of this Order and all applicable drawings, specifications, samples, representations, or other descriptions. All warranties, both express and implied, including the above, shall constitute conditions, shall survive inspection, acceptance, and payment, and shall insure to Buyer, its customers, and users. Without limitation of any rights by reason of any breach of warranty or otherwise, items or services which are not as warranted may be returned to Seller at Seller's expense for credit, correction or replacement, as Buyer may direct, and in the event Seller fails promptly to correct or replace, as directed by Buyer, in addition to the rights stated above or otherwise. Buyer shall have the right to terminate this Order as provided in the clause hereof entitled "Cancellation-Default".
11. **QUALITY PROVISIONS:** It is the goal of Richard Manufacturing Co. to provide the highest quality products to our customers and as such we require the highest quality from our suppliers. This purchase order is being placed with your company because of our confidence in your ability to provide these products. In accordance with our AS9100 Quality Management System requirements, the following quality provisions apply:
 - a. **SPECIFICATION OF PROCESS, PRODUCTS AND SERVICES:** Provided with this order are required relevant technical data including specifications, drawings, process requirements and work instructions. Every effort has been made to provide all the correct data to manufacture this item, however it is your responsibility to inform RMC of deficiencies or clarification of data. RMC will provide any needed information to insure no deficiencies or misunderstandings exist.
 - b. **ACCEPTANCE:** Only products, services, methods, processes and equipment that are in complete compliance with the data can be accepted by RMC. Any deviations from the technical data must be approved in writing by RMC.
 - c. **COMPETENCY / QUALIFICATION:** All personnel performing work associated with this order shall be competent and qualified for the work performed, including any special processes that require certification. Records of certifications, competency, and/or qualification shall be maintained.
 - d. **ADMINISTRATION AND LIAISON.** All inquiries, including technical inquiries and correspondence regarding this contract, will be directed to the attention of the cognizant Procurement representative. Buyer will not be bound by any agreements or changes to any part of this Contract made as a result of

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- inquires or liaison between Seller and Buyer personnel other than authorized Procurement personnel. Seller's failure to comply with provisions of this clause will render Seller's claim voidable by Buyer.
- e. **SUPPLIER PERFORMANCE:** RMC monitors supplier performance based on quality and delivery. This may include surveys, audits, and accumulation of performance data. We expect 100% quality and on time delivery. If performance drops below acceptable levels, supplier corrective action will be required.
 - f. **VERIFICATION / VALIDATION.** Any special validation or verifications activity that the Buyer or our customer intends to perform at the Suppliers facility will be identified in the order or technical documents.
 - g. **APPROVALS.** Buyer reserves the right to approve or specify any designs, developments, tests, inspection plans, verifications, use of statistical techniques for product acceptance, and any applicable critical items including key characteristics not already specified in the technical documents. Buyer reserves the right to designate requirements for test specimens for design approval, inspection/verification, investigation or auditing not already specified in the technical documents.
 - h. **QUALITY MANAGEMENT SYSTEM.** Seller shall provide and maintain a quality management system acceptable to Buyer.
 - i. **APPROVED SOURCES.** When specified in the order or technical documents only those sources approved shall be used for supplies and/or processes.
 - j. **NOTIFICATION OF NONCONFORMING PRODUCT.** The Seller shall notify the Buyer of nonconforming product or processes and/or product recall. No Material Review Board (MRB) Authority is granted to Seller unless specifically stated in writing by an authorized representative of the Seller. Seller must obtain written approval of product disposition prior to shipment of any nonconforming product.
 - k. **NONCONFORMING PRODUCT.** In case any items or services are defective in material or workmanship or otherwise not in conformity with the requirements of the Order, Buyer shall in addition to any other rights, have the right to (i) reject same and rescind the Order as to the rejected items or services, (ii) reject same and require the correction thereof by Seller or (iii) reject same and deduct from the amount due Seller the cost of remedying such defects. If Buyer elects the foregoing (ii), Seller shall at no expense to Buyer promptly replace or correct same with items or services acceptable to Buyer in accordance with Buyer's instructions. If Seller fails promptly to replace or correct such items or services in accordance with Buyer's instructions, Buyer may cancel this Order for default in accordance with the clause thereof entitled "Cancellation – Default". Notification of prior rejection shall be submitted with replacement of such rejected items and services. No inspection (including source inspection), tests, approval (including design approval), or acceptance by any of the foregoing parties shall relieve Seller from responsibility for all defects or other failure to meet the requirements of this Order or from any warranties. Rights hereunder are cumulative and in addition to any other rights or remedies provided in this Order or in law or equity. Final inspection and acceptance shall be made by Buyer or its customer(s) at destination, unless otherwise specified in this Order.
 - l. **COUNTERFEIT GOODS PREVENTION.** Supplier agrees and shall ensure Counterfeit Goods are not contained in the Goods delivered to the Buyer through the implementation of policies that include prevention, detection and risk mitigation methods to protect against the use of counterfeit parts. Supplier shall purchase parts directly from the Original Equipment Manufacturer (OEM)/Original Component Manufacturer (OCM) or from a distributor authorized by the OEM/OCM. Procurement through a distributor or broker that is not properly authorized by the OEM/OCM is NOT authorized. RMC has established a purchasing policy following AS6081. All personnel must adhere to this policy to prevent the purchase of suspect unapproved, unapproved, counterfeit, suspect counterfeit or fraudulent products or services from external providers. RMC reserves the right to seize and quarantine any and all suspected counterfeit products it receives from the Supplier on this Purchase Order. Suspect counterfeit products will be surrendered to the appropriate Federal or State authorities for confiscation

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- and/or destruction. RMC will also file a GIDEP alert and/or file a complaint with ERAI against the supplier and the material. If products furnished by the Supplier are determined to be suspect unapproved, unapproved, suspect counterfeit, counterfeit or fraudulent the supplier agrees to reimburse RMC the full purchase price paid as well as any shipping or 3rd party testing charges incurred.
- m. **PRODUCTION CHANGES.** Seller shall notify the Buyer of changes in product design that affect the fit, form, or function of the product, processes that affect the fit, form or function of the product, manufacturing facility location, or any other changes affecting product fit, form or function.
 - n. **REQUIREMENTS FLOW DOWN.** Supplier shall insure all necessary requirements, terms and conditions are flowed down to sub tier suppliers. This shall include, but is not limited to technical requirements, quality requirements, regulatory and statutory requirements, as well applicable terms and conditions.
 - o. **RECORD RETENTION.** Records of all inspection work by Seller shall be kept complete and available to Buyer during the performance of this Order and for a minimum of ten years, or such longer periods as Buyer determines.
 - p. **RIGHT OF ENTRY / INSPECTION.** All items and services shall be subject to inspection and test by Buyer, its customers, higher tier contractors and the U.S. Government at all times and places, such parties may require. Seller and sub tier suppliers shall provide without additional charge all reasonable facilities and assistance for the safety and convenience of the foregoing parties in performance of such inspections and tests.
 - q. **SUPPLIER RESPONSIBILITY.** It is the supplier's responsibility to insure through their quality management system that all personnel are aware of (i) their contribution to product or service conformity, (ii) their contribution to product safety, (iii) the importance of ethical behavior.
 - r. **SHELF LIFE PRODUCT.** The seller shall provide product requiring shelf life limitations to have at least 70% usable shelf life remaining when shipped from the seller's facility. Any product received with less than 70% usable shelf life remaining will be subject to rejection.
12. **TERMINATION / CANCELLATION.** Unless otherwise agreed:
- a. **TERMINATION FOR CONVENIENCE.** RMC may terminate this contract as provided in FAR 52.249.2. Termination for Convenience of the Government (Fixed Price), without regard to the instructions contained in the first paragraph, there under. References in such clause to "Government" and "Contracting Officer" shall mean RMC, and "Contractor" shall mean Seller. RMC shall only be obligated to make payments under this article to the extent that payment is received from the Government or other customer with respect to Seller's claim. The provisions of this subparagraph shall not limit or affect the right of Buyer to cancel this Order for default and shall not apply to a cancellation for default.
 - b. **CANCELLATION-DEFAULT:** Time is of the essence in the performance of this Order by Seller. Except in the case of delays in deliveries resulting from those conditions and circumstances described in Section 2-615, "Excuse by Failure of Presupposed Conditions", of the Uniform Commercial Code. Buyer shall be entitled, by written cancellation notice to Seller, to cancel the whole or any part of this Order for default, without granting an extension of time, and to have all other rights against Seller by reason of Seller's default as provided by law. If it be found that Seller was not in default, the rights and obligations of the parties shall be same as if the Notice of Cancellation had been issued pursuant to subparagraph (A) Termination for Convenience.
 - c. **OTHER:** By written notice to Seller, Buyer may cancel the whole or any part of this Order in the event of suspension of Seller's business, insolvency of Seller, institution of bankruptcy, reorganization, arrangement or liquidation proceedings by or against Seller, appointment of a trustee or receiver for Seller's property or business, or any assignment by Seller for the benefit of creditors. Such cancellation shall be deemed "for default" in accordance with subparagraph (B) Cancellation-Default and the rights and obligations of the parties shall be determined as therein provided.

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13. **NOTICE OF LABOR DISPUTES.** Whenever an actual or potential labor dispute is delaying or threatens to delay the timely performance of the Order, Seller shall immediately give notice thereof to Buyer. Such notice shall include all relevant information with respect to such dispute.
14. **ASSIGNMENT.** (A) Claims: Seller shall not assign this order or any rights there under or any monies due or to become due there under without the prior written consent of Buyer, and no purported assignment by Seller shall be binding on Buyer without its written consent. (B) Subcontracts: no contract shall be made by Seller with any other party for furnishing any of the completed or substantially completed items or services herein contracted for without the prior written approval of RMC.
15. **INDEPENDENT CONTRACTOR.** When labor or services are performed or furnished under this Contract by Seller, Seller shall perform such work as an independent contractor and not as an agent or employee of Buyer.
16. **PATENTS.** Seller guarantees that the sale and use of each and all items now or hereafter delivered hereunder will not infringe any patent or copyright, that Seller will at its own expense defend any action, suit or claim or assist in defense thereof, including any brought against the U.S. Government, in which an infringement of any patent or copyright is alleged with respect to the sale or use of such items: and that Seller will indemnify and save harmless Buyer and its customers and users, including Government, from any and all losses, costs, and damages for infringement of any patent or copyright because of the sale or use of such items.
17. **CONFIDENTIAL DISCLOSURE.** Buyer and Seller shall keep confidential and otherwise protect from disclosure all designs, processes, drawings, specifications, reports, data and other technical or proprietary information and the features of all parts, equipment, tools, gauges, patterns and other items furnished or disclosed to Seller by Buyer, and to Buyer by Seller. Unless otherwise provided herein or authorized by Buyer or Seller in writing. Buyer and Seller shall use such information and items and the features thereof only in the performance of this Order. Upon completion, termination, or cancellation of this Order, Buyer and Seller, shall at its expense, make such disposition of all such information, items and articles as herein required or as may be directed by Buyer or Seller. Seller is responsible to ensure that all its suppliers shall comply with this provision. However, nothing in the foregoing shall restrict the U.S. Government or a higher tier contractor from obtaining or reclaiming information they have supplied or purchased the rights to through contract with RMC. Also, nothing shall prevent Seller from supplying like parts directly to the U.S. Government or a higher tier contractor if such parts are built to designs or drawings for which the Government or higher tier contractor own the manufacturing rights. In order to prevent possible lawsuit, Seller must notify an authorized RMC representative prior to releasing any information or parts, or both to anyone other than RMC in regard to items, or like items, supplied to Seller, or received from Seller, under this Order.
18. **EXPORT CONTROL COMPLIANCE.** Seller shall comply with the Arms Export Control Act (22 u.s.c. 2778), the International Traffic in Arms Regulations (ITAR) (22 CFR Parts 120 to 130), the Export Administration Regulations (15 CFR Parts 730 to 774), the regulations issued by the Office of Foreign Assets Control (31 CFR Chapter V), and all other applicable laws, regulations and orders that control the export of commercial, government, and dual-use items, defense articles, defense services and associated technology. Seller shall notify RMC immediately if Seller is listed on the Denied Persons List, Entity List, or Specially Designated Nationals List or if Seller's export privileges are otherwise denied, suspended or revoked in whole or in part by any United States Government entity or agency. Further, the receiving party does assure the disclosing party it will not disclose technical data received hereunder to any employee, consultant or subcontractor employee not holding United States citizenship or granted admission or permanent residence in the United States under the Immigration and Nationality Act, as amended (8 USC 1101 et seq.)

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19. **RISK OF LOSS.** Risk of loss or damage shall pass at the FOB or Incoterm point specified on the Purchase Order, except for loss or damage resulting from Seller's negligence.
20. **LIABILITY FOR INJURY.** Seller agrees to be responsible for, and to indemnify and save harmless the Buyer and its employees and customers from any and all injury, death, damage and loss to persons or property arising out of the acts or omissions to be performed by Seller pursuant to this Order whether performed on the premises of Seller or Buyer or elsewhere. Seller agrees to carry and maintain insurance coverage's satisfactory to Buyer to cover the above, and upon Buyer's request to furnish to Buyer certificates or other appropriate evidence of such insurance.
21. **MATERIAL AND TOOLS.** If Buyer furnishes material or dies, molds, jigs, or tools, title thereto shall remain in Buyer and Seller shall dispose of or credit such items, including scrap material, as Buyer may direct. Buyer does not require that Seller carry insurance on such property furnished by Buyer, and Seller shall not include any insurance cost therefore in the price of this Order. If the cost of special dies, molds, jigs or tools involved in the manufacture of articles covered by this Order is amortized or included in the price hereunder, the same shall become the property of Buyer upon completion or termination of this Order and shall be disposed of as Buyer may direct.
22. **RESPONSIBILITY FOR PROPERTY.** Unless otherwise provided in this Order, Seller, upon delivery to it or manufacture or acquisition by it, or any materials, parts, tooling or other property the title to which is in Buyer or the U.S. Government, assumes the risk of and shall be responsible for any loss thereof or damage thereto. Seller, in accordance with the provisions of this Order, but in any event upon completion thereof, shall return such property to Buyer in the condition in which it was received except for reasonable wear and tear and except for such property as has been reasonably consumed in performance of work under this Order.
23. **LEIN WAIVERS.** If the furnishings of any labor or material pursuant to this Order could give rise to any liens or lien rights against any premises of Buyer or its customers, Seller agrees to furnish upon Buyer's request at any time or times good and sufficient lien waivers by Seller and all other persons furnishing any such labor or material at Seller's instance or request.
24. **NON-WAIVER.** Any failure(s) of either party, or delay(s), or forbearance(s) by either party in enforcing at or for any time or times any of the provisions of this Order shall not be construed as a waiver thereof, or of this clause or of the Party's rights of subsequent enforcement.
25. **DISPUTES.** Any dispute arising under this Order which is not settled by agreement of the parties may be settled by appropriate legal proceedings. Pending decision of any disputes hereunder, Seller shall diligently proceed with performance of this contract as directed by RMC. Failure to do so shall be considered a material breach of this contract.
26. **COMPLIANCE WITH LAWS.** Seller warrants and agrees to observe and comply with, in the performance of this Order, all applicable federal, state and local laws, rules and regulations and to indemnify and save harmless Buyer for and from any and all liabilities, expenses, costs and damages which Buyer may be put to or incur or suffer as a result of Seller's failure or omission so to do.
27. **ANTI-KICKBACK POLICY.** It is Buyer's policy that employees may not offer, give, solicit or accept directly or indirectly, gifts, gratuities, money, loans entertainment, or other personal benefits or favors of any kind whether tangible or intangible, preferential treatment, or future benefits or employment in return for favorable treatment of or from suppliers or potential suppliers. If seller has reasonable grounds to believe that a violation of this policy

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may have occurred, Seller shall promptly notify Buyer in writing. Seller agrees to cooperate fully with any investigation of possible violation of this Anti-Kickback policy.

28. **SPECIAL U.S. GOVERNMENT PROVISIONS.** If this Order is for the purpose of aiding directly or indirectly in the performance of a contract with the U.S. Government, the contract number will be shown on first page of the order, the following terms apply.
- a. **RATING:** If this is a rated order for National Defense use, the rating will be shown on the first page of the Order. You are required to follow all provisions of the Defense Priorities and Allocations System Regulation (15 CFR 700).
 - b. **FAR CLAUSES.** The following FAR (Federal Acquisition Regulations) clauses are applicable.
 - i. 52.203-19 – Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements.
 - ii. 52.204-21 – Basic Safeguarding of Covered Contractor Information Systems.
 - iii. 52.222-21 -- Prohibition of Segregated Facilities.
 - iv. 52.222-26 -- Equal Opportunity.
 - v. 52.222-50 -- Combating Trafficking in Persons.
 - vi. 52.223-18 – Encouraging Contractor Policies to Ban Text Messaging While Driving.
 - vii. 52.244-6 -- Subcontracts for Commercial Items.
 - c. **DFAR CLAUSES.** The following DFAR (Defense Federal Acquisition Regulations) clauses are applicable.
 - i. 252.203-7002 Requirement to Inform Employees of Whistleblower Rights.
 - ii. 252.204-7012 Safeguarding Covered Defense Information and Cyber Incident Reporting.
 - iii. 252.204-7015 Notice of Authorized Disclosure of Information for Litigation Support.
 - iv. 252.225-7048 Export-Controlled Items.
 - v. 252.244-7000 Subcontracts for Commercial Items.
 - vi. 252.246-7003 Notification of Potential Safety Issues.
 - d. **PROVISIONAL FAR CLAUSES.** The following clauses apply if this order exceeds the following amounts:
 - i. **\$15,000**
 - 1. 52.222-36 – Equal Opportunity for Workers with Disabilities.
 - ii. **\$35,000**
 - 1. 52.209-6 -- Protecting the Governments Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment.
 - iii. **\$150,000**
 - 1. 52.222-35 -- Equal Opportunity for Veterans.
 - 2. 52.222-37 -- Employment Reports on Veterans.
29. **GOVERNING LAW AND CHOICE OF VENUE.** It is mutually understood and agreed that this contract shall be governed in all respects by the law of the State of Utah, except that applicable Federal law and regulations regarding this contract shall prevail. The parties further agree that any actions arising out of or relating to this contract shall be brought in the State of Utah.