



Nelson Products, Inc. Terms and Conditions of Purchase

This purchase order and any supplemental terms and conditions or additional documents referenced in the body of the purchase order ("PO") constitute the only contract and understanding, whether oral or written, between Nelson Products, Inc. ("NPI") or its affiliates issuing this PO and the external provider identified as "Supplier" on the face of this PO for the goods, products or services ("Products") ordered hereunder.

This PO and its acceptance by the Supplier shall be governed by all of the following Terms and Conditions.

1. **Terms and Conditions:** To the extent NPI and Supplier are party to a valid, current, executed written agreement the scope of which includes the purchase of Products and/or Services that are the subject of this PO ("Agreement") then, the terms of such Agreement shall govern and control. If there is no such Agreement the terms and conditions of this PO shall govern.
2. **Price Adjustments; Payments:** The specific quantity ordered must be delivered in full and not be changed without NPI's prior written consent. Any different quantity without such consent is subject to NPI's rejection and return at Supplier's expense and NPI shall have no obligation for payment of any excess quantity. The price for the Products and/or Services shall be the price as indicated on the face of this PO. Any change in price without NPI's prior written consent and issuance of an amended PO is expressly rejected. No additional charges of any kind will be allowed except with NPI's prior written consent.
Unless otherwise agreed, payment of an undisputed invoice shall be made net 30 days from the date of receipt of an acceptable invoice. If NPI disputes all or a portion of an invoice, NPI may withhold such disputed amounts, and will promptly notify Supplier of the amount and reason for the dispute. All invoices must include the PO number and a detailed description of the Products and/or Services provided. NPI reserves the right not to pay any invoice issued more than 180 calendar days from the date originally required hereunder.
3. **Delivery Dates, Title and Risk, Shipment:** Time is of the essence in the performance of this PO, and any delay in delivery is a material breach. Title transfers to NPI upon delivery of the Products to NPI. Unless otherwise agreed, shipment of the Products shall be freight collect via NPI designated mode and carrier. If Supplier fails to comply, shipment is FCA destination with Supplier bearing the risk of loss and cost of delivery and NPI assumes no liability for loss or damage occurring prior to NPI's receipt. NPI is entitled to inspect the Products and/or Services (including the performance of tests) before or after receipt and reject them for failure to conform to this PO, regardless of whether any payment has been made by NPI, whether the nonconformity substantially impairs the value of the Products and/or Services, or whether the nonconformity may be cured by Supplier. NPI has the right upon reasonable notice to enter Supplier's facilities to inspect the production of Products and/or performance of Services, without precluding subsequent inspection and rejection of Products and/or Services. If the inspection discloses, in NPI's good faith opinion, that Supplier's ability to meet the requirements of this PO is questionable, NPI may treat such circumstance as a material breach and terminate this PO without liability to Supplier. If Products tendered pursuant to this PO are nonconforming, NPI may return all the Products to Supplier, at Supplier's expenses, for first priority repair, replacement or a refund at the election of NPI.
4. **Warranty:** Supplier warrants that
 - (i) the Products and/or Services will be in accordance with the specifications, drawings and other instructions attached to this PO or to which NPI and Supplier subsequently agree in writing;
 - (ii) the Products do not infringe upon any third party's intellectual property, including patents, copyrights, trademarks or trade secrets;
 - (iii) Supplier has all necessary rights to sell or license the Products;
 - (iv) any software or hardware provided by Supplier to NPI under this PO does not contain any unauthorized code that is designed to disrupt, disable, erase, harm, impede or impair operation of the software or hardware or otherwise cause harm to any software, hardware or data;
 - (v) to the extent Services are purchased from Supplier hereunder, all such Services shall be performed in a good and workmanlike manner, consistent with all applicable industry standards;
 - (vi) Supplier shall provide all complete and accurate information required for the import and export of the Products and/or Services, including but not limited to certificates of origin, customs information, and export control classifications;
 - (vii) neither Supplier, nor any parent, subsidiary, officer, director, employee, sub-supplier, third party agent or affiliate of Supplier are included on any of the restricted party lists maintained by the U.S. Government or any other governmental or non-governmental entity. If the specifications, drawings and other instructions are not attached to the PO, it is the Supplier's responsibility to acquire the required documents, with current revisions, from the NPI representative that issued the PO.

Further, Supplier warrants that the Products and/or Services will be free from defects in materials, workmanship and design. The warranties set forth in item (i) above shall not be deemed waived by NPI's acceptance of or payment for the Products and/or Services.

5. **Limitation of Liability:** Supplier agrees to indemnify, defend and hold harmless NPI, its affiliates and their respective directors, officers, employees and agents from and against any and all fines, actions, suits, proceedings, claims, costs, liabilities, damages, losses, and expenses (including, but not limited to, reasonable attorneys' fees) arising out of or related to
 - (i) any compensation owed to any employee of Supplier or any personnel for Services performed under this PO and for any tax, levy or other amount imposed with respect to such compensation and for any claims, damages or liability for injury or death to Supplier's personnel incurred in the performance of their duties;
 - (ii) breach of Supplier's obligations under this PO;
 - (iii) the allegations that the Products or Services infringe a third party's intellectual property rights or any other rights;
 - (iv) acts or omission of Supplier or its personnel in performance of this PO; or
 - (v) any negligent, fraudulent, or willful conduct by Supplier or its personnel.
6. **Cancellations and Changes:** NPI is entitled to change the specifications for the Products and/or Services or any other matters relating to performance of this PO at any time. Supplier shall not make any change to the Products or deviate from the Services covered by this PO, without NPI's prior written consent. Upon approval by NPI of the initial design, any process changes, design changes or deviations considered by the Supplier must be submitted to NPI in writing for review. If changes are submitted for approval, the information submitted must include a complete description of the change and the effect the change will have on all characteristics of the Products and/or Services. Upon request, Supplier shall submit samples of the Products for evaluation and approval by NPI as required.
7. **Confidential Information:** Supplier may not disclose to any third party (other than a government or judiciary body, as required by law, and only with prior written notice to NPI of any such disclosure), or use any information, including personal data, Supplier receives or learns about NPI or its affiliates in connection with or as a result this PO, including without limitation, the existence or details of this PO or any agreement or arrangement with NPI except as is necessary to perform this PO.
8. **Governing Law:** This agreement and the sale and delivery of all Products hereunder shall be deemed to have taken place in and shall be governed and construed in accordance with the laws of the State of Colorado, as applicable to contracts executed and wholly performed therein and without regard to conflicts of laws principles. NPI irrevocably agrees and consents to the exclusive jurisdiction and venue of the courts of Jefferson County, Colorado with respect to any dispute, controversy or claim arising out of or relating to this agreement. Disputes between the parties shall not be settled by arbitration unless, after a dispute has arisen, both parties expressly agree in writing to arbitrate the dispute.
9. **Indemnity for Infringement of Intellectual Property Rights:** NPI shall have no liability for infringement of any patents, trademarks, copyrights, trade dress, trade secrets or similar rights except as provided in this Section. NPI shall have no liability for claims of infringement based on information provided by Supplier, or directed to Products delivered hereunder for which the designs are specified in whole or part by Supplier, or infringements resulting from the modification, combination or use in a system of any Product sold hereunder. The foregoing provisions of this Section shall constitute NPI's sole and exclusive liability.
10. **Quality System Requirements:** NPI encourages Suppliers to implement fundamental quality management systems that include configuration management, risk-based thinking, are process based, and continuously improve their processes and systems. NPI does not require certification to ISO or AS but the supplier shall implement and maintain a quality management system that reflects requirements of ISO 9001:2015. However, all Suppliers providing calibration services must be certified to ISO17025 (or equivalent), and all calibration certificates must identify standards used and must be traceable to NIST (National Institute of Standards Technology). Suppliers must have a process in place to:
 - (i) make employees aware of contribution to product quality,
 - (ii) their contribution to product safety,
 - (iii) importance of ethical behaviorNPI and their interested parties must have the right of access to all applicable areas within the Suppliers facility and documented information at any level of the supply chain.
11. **Traceability:** The supplier shall have a documented process to maintain trace of product & services, constituent parts, special processes, and material through all stages of production, processing and distribution. The supplier shall have capability of tracing backward from fabricated hardware to the records or material from which the item, part, and material originated. In cases where the customer provides specific traceability or serialization requirements, this traceability shall be maintained throughout the process. Identification and retrieval shall be required through all levels of higher assembly.
12. **Record Retention:** The Supplier shall retain documented information for a minimum of 10 years (unless otherwise specified) and shall be available to NPI when requested.

13. **Supplier Assessment:** New Suppliers will be required to satisfactorily complete an initial order without issue prior to receiving "approved vendor" status. First Articles may be requested if the requirement is "flowed down" by NPI customer. In some cases, special forms such as AS9102 current revision may be required and will be noted on the Purchase Order. This form must be returned with product unless a waiver is received by the Supplier prior to shipping product back to NPI, along with expected date of completion.
14. **Process Changes:** Process changes must be communicated, and (prior to change) if any of the following occur:
 - Quality Management System status change (e.g. QMS certification or withdrawal)
 - Change in processes
 - Change in materials
 - Change in management
 - Contact change
 - Location change
 - Use of Sub-Tier Supplier
15. **Problem Resolution:** When non-conforming product is identified, the Supplier will take swift action to bring resolution to the problem. If the requirements cannot be met, written approval or deviation must be obtained from NPI, prior to shipping non-conforming product. NPI reserves the right to reject non-conforming material/services provided at the Suppliers expense without this documentation.
16. **Rejection Policy:** Products that fail to meet NPI stated requirements will be rejected. NPI will make the decision whether stock is to be sorted internally to maintain production needs in which case the Supplier will be charged back for costs related to the sort, or will be responsible for the sort. When a rejection occurs, the NPI will request an RMA (Return Material Authorization). The product will be returned at the Suppliers expense. Inventory will be contained until it is deemed acceptable. The non-conformance will be noted on the Supplier's annual Quality Rating.
17. **Corrective Action Process:** Upon receipt of non-conforming product, a corrective action may be issued depending on the severity of the occurrence. The containment response must be communicated to NPI as soon as possible, and the completed corrective action submitted within a timely fashion. Upon annual review of the Supplier's performance, the Supplier may receive written notification of declining performance depending upon severity. This notification will communicate the reason for the notification and whether or not corrective action will be required. The Supplier can use their own form to complete the corrective action. The form must be submitted to NPI for review, rejection, or approval.
18. **Delivery Requirements:** Suppliers are required to maintain on-time delivery per rating criteria. If a Supplier will not be able to deliver product by the required due date, it is your responsibility to notify NPI's Purchasing Engineer as soon as possible to schedule an acceptable delivery due date. The quality rating will be adjusted to reflect this change if required.
19. **Flow down to sub-tier Suppliers:** Suppliers must not flow down work to sub-tier Suppliers unless approval has been received from NPI. Once approval has been received, all applicable requirements must be noted in the purchasing documents, including key characteristics when required.
20. **Rating Metrics:** Supplier Evaluation takes place at a minimum of two times per year and will be reviewed at the Management Review Meetings. The evaluation is based on the data collected from products and services received in fulfillment of POs. The data is analyzed, and a Supplier's percentage of on-time delivery and rejected shipments is scored. Supplier ratings are defined as A through D; the highest/best rating is A, and the lowest/worst rating is D. This is illustrated in the table below. All suppliers with a rating of D are subject to re-evaluation; which involves contacting the supplier formally, in writing, and making them aware that their performance is unacceptable. If the supplier's rating does not improve to at least a "C" level within the next review period, the supplier may risk removal from NPI's approved supplier list.

| Supplier Rating | On-time Deliver and Quality |
|-----------------|-----------------------------|
| A | 90-100% |
| B | 80-90% |
| C | 70-80% |
| D | <70% |

21. **Confidentiality Agreement:** Suppliers shall not disclose to others or use for its' own purposes any trade secrets, confidential information, or confidential documents (e.g. prints, customer specifications, etc) obtained from NPI. All supplied documentation and/or data shall be considered confidential. If supplied documentation needs to be shared for any reason, prior approval must be obtained from NPI.
22. **Counterfeit Parts:** The Supplier will not ship any counterfeit product to NPI and must have controls in place to prevent the use and detection of any such product(s).
23. **Cost Recovery:** Suppliers will be responsible for all associated recovery costs for defective materials or insufficient documentation supplied to NPI. Costs may include but are not limited:

- Administrative
 - Rework charges incurred
 - Freight charges
 - Production downtime
24. **Procurement Quality Requirements:**
- Every shipment must contain a packing slip with NPI purchase order number
 - Certificate of compliance or Certificate of Analysis (physical/chemical)
 - All products must have manufactured date and expiration date
 - All first-time shipments must contain an MSDS (material safety data sheet) as needed
 - Material should come from one lot if possible; multiple lots must be clearly identified
 - All orders must be confirmed to NPI confirming ship date, method of shipping, quantity and price
25. **Ethical Standards of Conduct:** The Seller shall neither receive nor give any gifts or gratuities in connection with this PO. The Seller's employees are required to conduct company business with integrity and maintain a high standard of conduct in all business-related activities. The Seller shall not participate in any unethical conduct during performance of this PO. The Seller shall not engage in any personal, business, or investment activity that may be defined as a conflict of interest, whether real or perceived.
26. **Communication with NPI's Customer:** NPI shall be solely responsible for any and all communication with the NPI's customer, and the Seller shall not communicate with the NPI's customer regarding this PO or any related contract without the NPI's express prior written consent.
27. **Price Competitive:** The Seller warrants that the price for the Articles set forth herein does not exceed that price which is charged by the Seller to any other commercial customer purchasing similar services or Articles of like grade and quality.