

ASC PURCHASE ORDER TERMS AND CONDITIONS

ASC INDUSTRIES PURCHASE ORDER TERMS AND CONDITIONS (Revised October 4, 2017)

- 1. Applicability & General** - These Purchase Order Terms and Conditions shall apply to and be deemed a part of all purchase orders submitted by Buyer to Seller. ASC encourages all suppliers to ensure that their employees, sub-tier suppliers and external providers, are aware of their contribution to product and service conformity, to product safety, and the importance of ethical behavior. ASC requires suppliers inform ASC of any changes to their processes, external providers (such as changing processors), changes to products and services, and changes to manufacturing location. ASC will work with the supply chain to inform the end users and design activities of any changes that may require approval updates.
- 2. Acceptance** - Buyer's purchase order shall constitute an offer to Seller to contract on the specific terms and conditions set forth or referenced therein or attached thereto, including these terms and conditions. Additional or different terms or conditions contained in Seller's acknowledgment or confirmation of this purchase order shall not be binding on Buyer unless accepted in a subsequent writing signed by an authorized representative of Buyer, and Buyer rejects all such additional or different terms and conditions. Seller shall be deemed to have agreed to and accepted all terms and conditions set forth herein if any part of the products covered by an ASC Industries purchase order is shipped.
- 3. Shipping** - Routing and shipping instructions set forth in the purchase order must be followed; Seller agrees to pay any shipping charges incurred by Buyer due to Seller's failure to follow such instructions. Time for allowance of discounts will be computed from the date of Buyer's receipt of the shipment and supporting documents in proper form in accordance with such instructions. All shipments shall be packed, marked, and shipped in accordance with industry standards and applicable law. Do not declare value or insure any shipment to ASC Industries. ASC has a transportation policy to cover all shipments. In the event of a loss or damage involving a shipment, a claim will be filed with the carrier in accordance with each carrier's procedures. For UPS shipments, the shipper must file the claim and provide evidence to ASC that the claim was accepted and paid by the carrier. ASC will then file a claim on our transportation policy and then pay the balance of the invoice to the shipper. Any claim denied by the carrier for improper packing will not be paid by ASC Industries. Declared value and insurance charges will be debited from the invoice amount. Classification of product for import shipments: Shipments originating from outside the U.S. to ASC are to be classified accurately for the lowest rate possible for any applicable duty charges. ASC reserves the right to debit the seller's invoice for the difference between the correct duty rate and the duty rate assessed, if seller inaccurately classifies the products shipped.
- 4. Time of Performance** - Time of delivery is of the essence of each purchase order. Conforming products in the required quantities along with the documents required by

ID	TITLE	DOCUMENT TYPE	REVISED	APPVD	LTR	PAGE
QAF-29	ASC PURCHASE ORDER TERMS AND CONDITIONS	FORM OR EXHIBIT	10/04/17	G.N.	H	1 of 9

this purchase order must be delivered by each delivery date set forth in the delivery schedule. Seller shall give Buyer written notice of any anticipated delay in Seller's performance, including delay due to labor disputes. If Seller fails to meet the required delivery schedule as to any shipment, Buyer may terminate this purchase order by written notice to Seller. Buyer may refuse to accept or return at Seller's expense all late shipments.

- 5. Inspection & Rejection** - All products to be shipped by Seller under this purchase order shall be subject to inspection and rejection by Buyer or Buyer's customers at Seller's facility or upon or after delivery. All product is subject to sampling inspection in accordance with "C=0" (zero defects) plans, and Buyer reserves the right to reject any lot in its entirety based upon inspection failure using those criteria, regardless of instructions included in applicable product specifications. However, Buyer's payment prior to inspection, Buyer's inspection, or Buyer's failure to inspect shall not affect Seller's warranties or Buyer's right to reject defective or non-conforming products. If any of the products are determined to be defective or non-conforming in any way, or if Seller fails to include the documents required by this purchase order with each shipment, Buyer may, at its option and at Seller's expense, reject and return the defective or non-conforming products (including a debit for incoming freight charges associated with the receipt of the rejected material), reject and return the entire shipment (also including debit of the incoming freight charges), purchase substitute products from another source, and/or cancel this purchase order. At Buyer's request, Seller agrees to replace rejected products at the price stipulated in the purchase order.

Seller agrees, by acceptance of order to notify Buyer of any prior shipment of: nonconformity, especially those affecting reliability or safety, any suspected or known unapproved or counterfeit product, including product that was processed by unapproved external providers.

Seller may submit for deviation nonconforming product in advance of shipment.

Contact Buyer's purchasing department or quality assurance department to request deviation.

- 6. Termination or Change for Convenience** - Buyer may at any time prior to delivery terminate this purchase order in whole or in part or may change the quantity or specifications or other terms and conditions of this purchase order by written notice to Seller or by other means of notice confirmed in writing by Seller. If Seller has specifically manufactured the products for this purchase order, Seller shall act in a commercially reasonable manner to mitigate its costs. Buyer shall pay Seller the costs incurred for the products manufactured prior to receipt of Buyer's written notice of cancellation or change. Buyer's liability shall not exceed the total price of the purchase order.

- 7. Representations and Warranties** - Seller represents, warrants, and covenants as follows:

a. All products delivered to Buyer shall be: factory new and unused; conform strictly to all applicable specifications, drawings, samples, or other descriptions specified by Buyer; free from defects in material and workmanship; suitable for the purpose intended; merchantable; free from all encumbrances;

ID	TITLE	DOCUMENT TYPE	REVISED	APPVD	LTR	PAGE
QAF-29	ASC PURCHASE ORDER TERMS AND CONDITIONS	FORM OR EXHIBIT	10/04/17	G.N.	H	2 of 9

conform to the current revision level applicable to the products at the time of order unless otherwise agreed; have not been manufactured or priced or sold in violation of any federal, state, or local law; are genuine and manufactured by a legally authorized source; and no substitutions have been made without Buyer's explicit authorization (this restriction includes providing product produced by a manufacturer other than specified by Buyer, or providing alternate/equivalent items without Buyer's permission);

b. Unless otherwise specified on the face of the purchase order, product is fully traceable by lot number to the manufacturer; the entire supply chain from the original manufacturer is documented; and certifications from each intermediary in that supply chain are supplied with each shipment. Note: Each lot must be segregated and identified. (A "lot" is defined as product manufactured from a single batch/lot/heat of raw material, produced at essentially the same time using the same processes and processors, and submitted together for inspection, testing, and acceptance.);

Each shipment shall include Seller's signed certificate of conformity, which certificate shall include:

- i. the product number as ordered by Buyer,
- ii. the purchase order number,
- iii. the quantity shipped,
- iv. the manufacturer's lot number that is traceable to a specific manufacturer's lot or batch,
- v. Seller's name,
- vi. manufacturer's name,
- vii. a statement that the products in the shipment meet the specifications and purchase order requirements and that the manufacturer's certifications and test reports, as applicable, are available for review,
- viii. the signature and title of Seller's authorized quality representative, and
- ix. the date of shipment or certification.

If Seller is not the manufacturer of the products, each shipment shall also include the manufacturer's certificate of conformity, which certificate shall include:

- i. the product number as ordered by Buyer,
- ii. the quantity certified,
- iii. the manufacturer's lot number that is traceable to a specific lot or batch,
- iv. the manufacturer's name,
- v. the name and order identification of the manufacturer's customer (e.g., evidence of traceability from the manufacturer to its customer). When noted on the face of the purchase order, Buyer requires all documentation (e.g., certifications and packing slips) from the manufacturer and all other companies in the supply chain,
- vi. a statement that the products in the shipment meet the specifications and purchase order requirements and that the

ID	TITLE	DOCUMENT TYPE	REVISED	APPVD	LTR	PAGE
QAF-29	ASC PURCHASE ORDER TERMS AND CONDITIONS	FORM OR EXHIBIT	10/04/17	G.N.	H	3 of 9

- manufacturer's test reports, as applicable, are available for review,
- vii. signature and title of the manufacturer's authorized quality representative,
- viii. the date of shipment or certification.

In addition, when noted on the purchase order that chemical and physical test reports (e.g., "Chem. & Phys.") are required, each shipment shall also include a chemical and physical test report that includes:

- i. the product number,
- ii. the actual chemistry, grade, specification, heat number, and name of the supplier of the raw material,
- iii. quantitative results of all tests required by the drawings and specifications,
- iv. certifications for processing, e.g., heat treatment,
- v. certifications for the finish, e.g., plating and/or surface treatments,
- vi. lot quantity,
- vii. lot number,
- viii. date of tests/acceptance,
- ix. signature and title of manufacturer's authorized quality representative.

Certification shall also include compliance with the Fastener Quality Act, if applicable.

c. The products have been manufactured in the United States of America, unless Buyer agrees otherwise as evidenced by a specific notation on the purchase order, or by reference via part number or specification (e.g. the part number may belong to a foreign source and be produced in a foreign country by default);

d. The manufacturer, the supply chain and all outside processors/external providers are approved by the applicable controlling entity;

e. The products do not infringe upon or violate any patents, copyrights, or trademarks, or other intellectual property right of any person and do not unlawfully disclose or make use of any trade secrets;

f. No alteration has been performed on any products by Seller or any other person after sale by the original manufacturer, unless this alteration has been approved by Buyer. Note: This approval can be on a case-by-case basis, or as an inclusion in the Seller's scope of approval, such as when the Seller is a Value-Added Reseller;

g. The manufacture, sale, shipment, and delivery of all products shall conform to and comply with all applicable federal, state, and local laws, rules, regulations, ordinances, and orders, including but not limited to, those with reference to price control, fair labor standards, employment of aliens and minors, and occupational health and safety; and incorporated by reference are the requirements imposed by Executive Orders 11246, 11625, and 12138, Section 503 of the Rehabilitation Act of 1973, 38 USC 4212 of the Vietnam Era Veterans Readjustment Assistance Act of 1974, Drug-Free Workplace Act of 1988 (Public Law 100-690), and all implementing regulations, and including all subsequent Executive Orders, rules, and regulations set forth by the Secretary of Labor in effect as of the date of the purchase order;

ID	TITLE	DOCUMENT TYPE	REVISED	APPVD	LTR	PAGE
QAF-29	ASC PURCHASE ORDER TERMS AND CONDITIONS	FORM OR EXHIBIT	10/04/17	G.N.	H	4 of 9

h. Seller shall comply with the requirements of the Defense Priorities and Allocations System (15 CFR, Part 700) if the purchase order notes that a DO/DX priority rating is assigned to the order.

i. PMA product is not to be supplied to ASC unless specifically authorized by Purchase Order.

All such covenants, representations, and warranties shall survive acceptance and payment, be in addition to any implied warranties, and run to Buyer, its successors, assigns, and all persons to whom the products may be resold.

8. **Indemnity** - Seller covenants and agrees to indemnify, defend, and hold Buyer and Buyer's representatives, successors, assigns, and all persons to whom the products are resold (the "Indemnified Party or Parties") harmless at all times from and against any and all claims, suits, demands, actions, or proceedings and all related damages, losses, liabilities, obligations, costs and expenses (including attorneys' fees) incurred by or suffered by or asserted against the Indemnified Parties or any of them arising out of or related to or resulting from (a) the disclosure or use of, or alleged disclosure or use of, any trade secret, or the infringement or violation, or alleged infringement or violation, of any patent, copyright, trademark, or other intellectual property right by any product delivered by Seller to Buyer, (b) any personal injury or property damage caused or allegedly caused by any product delivered by Seller to Buyer, and (c) Seller's actual or alleged misrepresentation, breach of warranty, or default in the performance of Seller's obligations under this purchase order. Seller shall pay all amounts due to the Indemnified Party or Parties under this indemnity on demand. This indemnity shall survive the termination, cancellation, or fulfillment of this purchase order.
9. **Set-off** - Buyer shall have the right to set-off any amount owed or claimed to be owing from Seller to Buyer against any amount owed or claimed to be owed from Buyer to Seller.
10. **Assignment** - Any attempted assignment of this purchase order or any interest therein or any payment due or to become due hereunder shall be void. Seller agrees that Buyer may assign its rights and/or delegate its duties in whole or in part.
11. **No Waiver; Remedies** - Buyer's failure to insist on strict performance of any term or condition herein or failure or delay to exercise any right or remedy or to promptly notify Seller in the event of a breach or acceptance of or payment for products or approval of any design shall not relieve Seller from any representation or warranty or obligations of this purchase order and shall not be deemed a waiver of any right of Buyer to insist upon strict performance hereof or of any of Buyer's rights or remedies as to any prior or subsequent default. The remedies set forth herein shall not be deemed exclusive, and Buyer reserves the right to exercise all rights and remedies available at law or in equity.
12. **Severability** - The invalidity or unenforceability of any provision of this purchase order or these terms and conditions shall not affect the validity or enforceability of the remainder of this purchase order or these terms and conditions.

ID	TITLE	DOCUMENT TYPE	REVISED	APPVD	LTR	PAGE
QAF-29	ASC PURCHASE ORDER TERMS AND CONDITIONS	FORM OR EXHIBIT	10/04/17	G.N.	H	5 of 9

13. Governing Law - The place of performance of all obligations of the parties shall be Arlington, Tarrant County, Texas. Seller agrees that Buyer's purchase order, these terms and conditions, the parties' performance and rights and remedies, and the legal relationship between the parties shall be governed by, construed, and enforced in accordance with the internal laws of the State of Texas, except to the extent such laws might require the application of the law of another jurisdiction. Exclusive jurisdiction for any action concerning the subject matter of this purchase order shall lie in the state and federal courts sitting in Tarrant County, Texas, and Seller irrevocably consents to personal jurisdiction and venue in such courts.

14. Quality Management System - ASC expects all entities in the supply chain to have the necessary controls to ensure compliant product is provided. To be compliant, product must be manufactured, processed, inspected, handled, stored, and shipped under properly controlled conditions. These controls may vary depending on the product, regulatory requirements, and the requirements of the customer. ASC has direct control over the approval of their top tier suppliers; however, it is necessary that the entire supply chain maintain quality management systems that ensure the products delivered are in accordance with Purchase Order and regulatory requirements. It is the Seller's responsibility to guarantee the integrity of the supply chain, and to report to ASC if there are any entities in the chain that fall below acceptable minimums. ASC imposes fewer requirements for distributors' quality management systems than manufacturers, as there are distributors who are factory representatives and do not employ full quality management systems. If there are distributors in the supply chain beyond Seller, it is Seller's responsibility to determine the acceptability of those distributors' systems, and to seek guidance from ASC if there are any doubts. If no other requirements are stated by ASC, such as in the Purchase Order, or called out by reference in a specification or part drawing, ASC's specified minimum is that the actual manufacturer must employ an industry-recognized, current, quality management system that is appropriate to the situation and product. Examples of acceptable industry-recognized systems are ISO9001 and its derivatives, and AS9100 and its derivatives. In some circumstances, it is acceptable for the manufacturer to employ lesser or legacy systems, such as MIL-I-45208, but those situations must be approved by ASC Quality Manager. The Seller must inform ASC prior to execution of the purchase order if there will be any entities in the supply chain who fall below the specified minimums. It may be possible to continue with the order with ASC consent/waiver.

Buyer, Buyer's customers and regulatory authorities shall have right of access to all facilities, applicable records, products, processes, inspection systems, quality assurance systems, data and equipment as may be related to the products delivered under this purchase order; provided that, such products remain subject to inspection and acceptance at their final destination. If such inspections reveal deficiencies in Seller's quality and inspection systems, Buyer may terminate this purchase order.

15. Government Contracts - If this purchase order is marked "Government Contract," the required Federal Acquisition Regulation provisions and supplemental provisions in effect on the date of this purchase order are applicable to this purchase order. When necessary to make the context applicable to this purchase order, the terms

ID	TITLE	DOCUMENT TYPE	REVISED	APPVD	LTR	PAGE
QAF-29	ASC PURCHASE ORDER TERMS AND CONDITIONS	FORM OR EXHIBIT	10/04/17	G.N.	H	6 of 9

“Contractor” shall mean Seller, “Government” and “Contracting Officer” shall mean Buyer or the government, and “Contract” shall mean this purchase order. In the event of any conflict between the terms and conditions of this purchase order and the government provisions incorporated herein, the latter shall prevail. In addition, if the prime contract, or any part thereof, is terminated for the convenience of the government, resulting in the cancellation of this purchase order or any undelivered balance to Seller’s damage, Seller will cooperate in submitting a claim for damage and will accept such amounts as the government will allow therefore in settlement and at such time as the government pays Buyer. In no event shall Buyer be liable to Seller for an amount in excess of that allowed by the government for Seller’s damage. Buyer shall not be required to pay Seller until Buyer is paid by the allowed amount by the government. Seller agrees that its books and records and facility shall be subject to inspection and audit by any authorized representative of the United States Government at all reasonable times.

16. **Arbitration** - Any controversy, claim, or dispute arising out of, relating to, or in any way connected with this purchase order, under common law or local, state, or federal law, whether in contract or in tort, it being the intent of the parties that any matter within the relationship of the parties be subject to this provision, shall be resolved by binding arbitration administered by, and conducted in accordance with the Commercial Arbitration Rules of, the American Arbitration Association. This agreement to arbitrate shall be specifically enforceable. Any party may, by summary proceedings, bring an action in court to compel arbitration. The award rendered by the arbitrators shall be final, and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. All arbitration hearings conducted under this Agreement shall be held at Buyer’s corporate offices in Arlington, Tarrant County, Texas. The demand shall be made within a reasonable time after the dispute arises, and in no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such dispute would be barred by the applicable statute of limitations. The arbitration panel shall be comprised of three (3) neutral arbitrators. This agreement to arbitrate shall survive the termination, cancellation, or fulfillment of this purchase order.

17. **EEO/Affirmative Action** - By acceptance of this purchase order, the Seller hereby agrees to comply with all provisions of Executive Order 11246, as amended, (41 C.F.R. Part 60-1 et seq.), Vietnam Era Veterans Readjustment Assistance Act of 1974, as amended, (38 U.S.C. 4212 formerly 2012), and Section 503 of the Rehabilitation Act of 1973, as amended, (41 C.F.R. 60-741), herein incorporated by reference.

18. **Industry/Government Alerts** - By acceptance of this purchase order, the Seller hereby agrees to comply with the following:
 - a. To advise Buyer if Seller or any key Seller personnel has ever been in the federal government consolidation list of debarred, suspended and ineligible contractors and to provide written explanation to Buyer in such case.

ID	TITLE	DOCUMENT TYPE	REVISED	APPVD	LTR	PAGE
QAF-29	ASC PURCHASE ORDER TERMS AND CONDITIONS	FORM OR EXHIBIT	10/04/17	G.N.	H	7 of 9

- b. To advise Buyer of any government or industry alerts, which have been issued against the Seller during the past twelve (12) months.
- c. To advise Buyer of any alerts pending of which Seller is aware.
- d. To notify Buyer of any changes which occur regarding 18a, 18b and 18c above.

19. Currency - All purchase orders placed by Buyer with Seller are in United States of America dollars, unless otherwise noted.

20. Compliance with “Preference for Domestic Specialty Metals” Clauses -

When required by purchase order, all materials must be in compliance with specified “Preference for Domestic Specialty Metals” clauses. ASC will, unless otherwise stipulated, accept any one, or combination of, the following, as evidence of compliance:

- 1) A statement on the manufacturer’s certificate of conformance that the material(s) are in compliance.
- 2) The name of the country or countries in which the material(s) were melted, identifying the respective materials and countries.
- 3) Raw material certifications, traceable to the lot(s) shipped, which indicate the melt source(s), and preferably the country in which the material was melted. It must be possible to easily determine the melt country from the information included on the material certification.
- 4) The preceding evidence is not necessary if the material is not “Specialty Metal”. The requirement may appear on our purchase order even if the material is not “Specialty Metal” if we were unable to determine the material type at the time of purchase. You are in compliance shipping a non-specialty metal on such an order and do not need to ask for the clause to be removed.

21. Foreign Object Debris/Damage (FOD) Prevention - All vendors are to implement and maintain a FOD prevention program appropriate for the product. Guidance for such a program can be found in NAS412. FOD is cause for rejection by ASC.

22. Proprietary Information - Seller shall protect as proprietary and keep confidential all proprietary and confidential information furnished or disclosed by Buyer to Seller, including but not limited to, designs, processes, drawings, specifications, know-how, reports, data, and other technical or business information and the features of all parts, equipment, tools, gauges, patterns, and other items, including all electronic and verbal data, and work product, test findings, and reports generated ("Proprietary Information"). Seller shall use the Proprietary Information solely for the bidding process and performance under this purchase order. No other use or disclosure to third parties shall be made without the written consent of Buyer. Seller shall not sell, or otherwise dispose of as scrap any completed, partially completed, or defective proprietary goods without defacing and rendering such goods unsuitable for use. Upon completion or termination of this purchase order, Seller shall, at Seller's expense, make such disposition of all Proprietary Information as herein required or as may be subsequently directed by Buyer. Buyer shall have the right to audit all

ID	TITLE	DOCUMENT TYPE	REVISED	APPVD	LTR	PAGE
QAF-29	ASC PURCHASE ORDER TERMS AND CONDITIONS	FORM OR EXHIBIT	10/04/17	G.N.	H	8 of 9

documents of Seller in order to verify compliance with this Paragraph 22. Seller shall notify all employees, representatives, and subcontractors to whom Proprietary Information is disclosed of the terms of this Paragraph 22 and obtain their agreement to comply with these terms. In all subcontracts for performance of work related to this purchase order, Seller shall include provisions which provide to Buyer the same rights and protections as provided in this Paragraph 22. Without limiting the generality of the foregoing, Seller may not (on behalf of itself or any third party) use Proprietary Information for any purpose not expressly permitted, including, without limitation, to seek or obtain FAA Parts Manufacture Approval (PMA), Designated Engineering Representative (DER) approval, or Supplemental Type Certification (STC) approval.

23. Counterfeit Prevention/Materiel Authenticity Assurance Plan -

ASC Industries maintains a Material Authenticity Assurance Plan in accordance with SAE AS6174 “Counterfeit Material; Assuring Acquisition of Authentic and Conforming Material”. All sources in the supply chain should have a “Materiel Authenticity Assurance Plan” (as defined in AS6174) in place in order to maximize the assurance of procuring authentic and conforming material. In accordance with this, the following flow down messages, along with others in these Terms and Conditions and on the face of the Purchase Order apply:

If suspect /counterfeit material is furnished under this purchase agreement, such items shall be impounded. The Seller shall promptly replace such items with items acceptable to ASC Industries and the Seller may be liable for all costs relating to impoundment, removal, and replacement. ASC Industries may turn over such items to the Authority Having Jurisdiction, for investigation, and reserves the right to withhold payment for the suspect items pending the results of the investigation. Any known instances of fraud or attempted fraud shall be documented in writing to ASC Industries.

24. Fraud/Penalties Associated with Fraud - This purchase order and activities hereunder are within the jurisdiction of the US Government. Any knowing and willful acts to falsify, conceal or alter a material fact, or any false, fraudulent or fictitious statement or representation in connection with the performance of work under this purchase order may be punishable in accordance with applicable legal statute

25. Record Retention - Unless otherwise specified, Seller must retain all records of product origin, conformity and shipment for a minimum of 10 years after the final shipment of a respective item.

26. Conflict Minerals Policy - In compliance with Section 1502 of the Dodd-Frank Act regarding Conflict Minerals, ASC expects to receive product that is certified to be Conflict Free or DRC Conflict Free. This would apply to parts containing Tin, Tantalum, Tungsten, or Gold. Further requirements of the policy may be found in our Conflict Minerals Policy available on our website, www.ascintl.com.

ID	TITLE	DOCUMENT TYPE	REVISED	APPVD	LTR	PAGE
QAF-29	ASC PURCHASE ORDER TERMS AND CONDITIONS	FORM OR EXHIBIT	10/04/17	G.N.	H	9 of 9