



SCHNEIDER'S MANUFACTURING CO., INC.  
11122 PENROSE ST., SUN VALLEY, CA 91352

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The following terms and conditions apply to all SMC purchase orders. Additional requirements will be noted on the Purchase Order.

Agree to SMC right of access, for our customers, or regulatory authorities to applicable areas of all facilities and to applicable documented information, at any level of the supply chain, involved in the order.

Agrees to comply with Anti-terrorist Policy Executive Order #13224 – blocking property and prohibiting transactions with persons who commit or support terrorism, notice of September 24, 2001 and further agrees to include this statement in each lower tier subcontract.

All information in the contract must be held in confidence and no third-party request for information will be authorized unless instructed in writing by SMC representative.

All work must be processed per latest revision unless otherwise instructed on purchase order.

Any changes to the contract requirements by the supplier must be approved by SMC in writing.

Any delay in shipment must be conveyed to SMC Purchasing as soon as the delay is known.

Calibration labs must be certified to the latest version of ISO 17025, ANSI/NCCL Z540.1 or ISO 10012.

Conformance to ITAR, MIL-I-45208, AC7004, ISO 9001 and/or AS91-- Standards.

Flow down to external providers applicable requirements including customer requirements. Apply appropriate controls to their direct and sub-tier external providers, to ensure that requirements are met.

Machining Suppliers must furnish inspection reports, Certificate of Conformance, and as applicable Material and Processing Certifications for the parts they submit.

Maintain a minimum of  $\leq 10\%$  supplier rejection rate and  $\leq 20\%$  late delivery performance.

Retain documented information for a period of ten (10) years after final payment for processes, products or services and properly destroy (i.e. shred) documented information after retention period.

Material suppliers must furnish material certifications with original mill certifications in English to the purchase order requirements and shall not supply material for which they are not certified or approved.

Must perform due diligence to prevent the use of any conflict minerals in the manufacturing or processing of furnished products.

Perform due diligence to prevent, detect, and remove foreign objects.

Ensure that persons are aware of their contribution to product and service conformity, product safety, and the importance of ethical behavior.

Notify SMC of changes to processes, products or services including changes of their external providers or location of manufacture, where required, obtain SMC approval.

Notify SMC quality department of nonconforming product and make proper arrangements for approval for disposition.

Notify SMC quality department prior to transferring any SMC work to a new facility. SMC Quality Manager will determine prior to the transfer if the supplier may perform the transfer of work.

Processing suppliers must furnish processing certifications to the purchase order requirements and shall not process any parts for which they are not certified or approved.

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Provide Safety Data Sheets (SDS) and/or certificates of compliances for restricted, toxic or hazardous substances.

Special processors must be approved by Nadcap for processing unless otherwise authorized in writing by SMC.

Material must be free from mercury contamination.

Raw material must be melted in the United States or qualified country per DFARS requirements.

Test reports showing actual physical and chemical properties must be furnished in English.

The supplier must perform due diligence to prevent the use of any conflict material (tin, tantalum, tungsten & gold) in the manufacturing or processing of furnished products.

Suppliers must ensure that packaging is adequate to prevent damage and keep products free from foreign contamination.

#### Counterfeit Parts Prevention

The purpose of this requirement is to prevent the delivery of counterfeit parts and control parts identified as counterfeit.

a) For purposes of this clause, Counterfeit Work consists of those parts delivered under this Contract that are the lowest level of separately identifiable items (e.g., articles, components, goods, and assemblies).

"Counterfeit Work" means Work that is or contains items misrepresented as having been designed and/or produced under an approved system or other acceptable method. The term also includes approved Work that has reached a design life limit or has been damaged beyond possible repair, but is altered and misrepresented as acceptable.

(b) SELLER agrees and shall ensure that Counterfeit Work is not delivered to SMC.

(c) SELLER shall only purchase products to be delivered or incorporated as Work to SMC directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Work shall not be acquired from independent distributors or brokers unless approved in advance in writing by SMC.

(d) SELLER shall immediately notify SMC with the pertinent facts if SELLER becomes aware or suspects that it has furnished Counterfeit Work. When requested by SMC, SELLER shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM.

(e) In the event that Work delivered under this Contract constitutes or includes Counterfeit Work, SELLER shall, at its expense, promptly replace such Counterfeit Work with genuine Work conforming to the requirements of this Contract. Notwithstanding any other provision in this Contract, SELLER shall be liable for all costs relating to the removal and replacement of Counterfeit Work, including without limitation SMC's costs of removing Counterfeit Work, of reinserting replacement Work and of any testing necessitated by the reinstallation of Work after Counterfeit Work has been exchanged. The remedies contained in this paragraph are in addition to any remedies SMC may have at law, equity or under other provisions of this Contract.