**Arete Precision Machining**

**Purchase Order Terms and Conditions**

1.            TERMS AND CONDITIONS: Only the terms and conditions set forth in this document which is referenced in all purchase contracts shall be binding upon the Purchase unless otherwise accepted in writing by us. Terms and conditions contained in any acknowledgment of this order, or with the delivery of any goods under this order, which are different from or in addition to the terms and condition of this order shall not be binding upon Purchaser, whether or not they would materially alter this order, and Purchaser hereby objects thereto.  The seller’s full or partial performance under this order will constitute acceptance of all terms and conditions contained herein.

2. FLOW-DOWN OF REQUIREMENTS: Under this purchase order, if APM supplies its customer’s engineering drawing, all requirements of the customer are considered “flowed-down” and are applicable, even if not explicitly stated (i.e. Customer prints, ASQR-01, or others)

3.            COMPLIANCE WITH LAWS.  Seller shall comply with all applicable Federal, State and local laws.

4.            TRANSPORTATION: Unless otherwise stipulated on the face of this order or as modified by letter from the Purchaser, goods covered by this order shall be shipped "FOB Destination".  Title to said goods to pass to Purchaser upon receipt at Purchaser's dock.  No charges for unauthorized transportation will be allowed. If seller does not comply with the stated delivery schedule, Purchaser may, in addition to any other rights which Purchaser may have under this order, require delivery by fastest way and charges resulting from this mode of transportation must be fully prepaid and absorbed by the seller.

5.            EXTRA CHARGES AND PACKAGING REQUIREMENTS.  No charges of any kind, including charges for boxing and cartage will be allowed unless specifically agreed to by Purchaser in writing.  Seller shall be responsible for packing and packaging necessary to withstand transportation hazards.

6.            PERFORMANCE MONITORING & DEFAULT:  The Purchaser, may by written notice of default to seller terminate the whole or any part of this order in any one of the following circumstances:  (1) seller fails to perform within the time specified herein or any extension thereof, or (2) if seller fails to perform any of the provisions of this order, or so fails to make progress as to endanger performance of this order in accordance with its terms. We monitor both Quality and On Time Delivery of products and consider it critical to the performance of Purchase Orders.

7.            INSOLVENCY.  If Seller ceases to conduct its operations, or if any proceeding under bankruptcy or insolvency laws is brought by or against a seller, or a receiver for seller is appointed, Purchaser may terminate this order without liability except for deliveries previously made or for goods covered by this order then completed and subsequently delivered in accordance with the terms of this order.

8.            CERTIFICATE OF CONFORMANCE.   A certificate of conformance indicating that parts meet all applicable purchase order specifications is required for each shipment if requested.  It must contain as a minimum, purchase order number, part number (or material type), revision level, quantity, date shipped, and heat/lot number for raw material, castings and forgings.

9.            SUBCONTRACTORS: Subcontracting of the work described in this purchase order is not allowed under any circumstances.

10.            RIGHT OF ENTRY.  APM its customers ("Customers") and regulatory agencies shall have the right to conduct surveys and perform surveillance of seller and seller subcontractors. The schedule of which shall be mutually agreeable between all parties.

11.          CUSTOMER SUPPLIED MATERIAL. When using or working with APM /Customer property the Seller will ensure that it will take care of the property. In the event of discovering defects in an item, the Seller will notify the Purchaser and will act in accordance with the Purchasers written instructions.

12.          PRODUCT IDENTIFICATON AND TRACEABILITY: Seller will ensure that products maintain identification and traceability as required by the Purchaser during all stages of production.  Procedures are maintained for the identification of the product.  When required by the order, documented instructions will be issued for unique identification of individual products or lots.

13. STANDARDS & RECORD RETENTION: All AS9100D or NADCAP standards apply at their latest revision. All records generated during the fulfillment of this purchase order must be controlled by AS910D0 or NADCAP and retained for a period of no less than 7 years. And APM notified as to disposition method.

14.          NONCONFORMANCE.  If any goods or services are found at any time to be defective in material or workmanship, or otherwise not in compliance with requirements of the purchase contract, Purchaser reserves the right to return for credit or replacement.

15.          CONFIDENTIALITY AGREEMENT. Seller will not reproduce or disclose to any third party any information provided without prior written approval of APM.  In addition, any information provided should not be used by the recipient in any manner except for the specific purpose for which it was provided. This includes all blueprints, purchase orders or other information flowed down from APM.

16.          ACCEPTANCE.  Upon acceptance of a purchase order, the Seller agrees to indemnify and hold harmless APM and affiliates from and against any and all losses, expenses, damages and costs, including reasonable legal fees resulting from violation of purchase order requirements and related Customer requirements.

17.          PROCESS CHANGES.  The seller must notify APM of any changes in product and/or process definition and, where required, obtain our approval.

18.          NOTIFICATION. Seller is responsible for providing APM with notification prior to shipment of 1) Any product anomalies / non-conformances. 2) Changes in approved, qualified or frozen product / process. 3) Changes in procedures, process, process equipment, location or key personnel. 4) Inability to meet delivery date. 5) Changes in registration including certification, suspension, or expiration.

19.          SPECIFICATIONS. It is the responsibility of the seller to ensure that they are working to the latest version of specifications referenced within the Purchase Order requirements. Specifications that are needed may be requested through the purchasing department.

20.          SAFETY & ETHICAL BEHAVIOR. APM is committed to providing a safe and healthy workplace, as well as protecting the environment. As a supplier to APM you are expected to meet the following minimum expectations:

A)           Provide safe working conditions for all employees, customers and

contractors.

B)            Adhere to all applicable national, regional, state and local laws

and regulations governing the Environment, Health, and Safety.

C)            Operate in a manner that minimizes the impact on the environment.

D)           Limit the use of natural resources and promote sustainable natural resource practices.

E)            Communicate these EH&S values and expectations, or similar, to employees and suppliers.

21.            EXPORT CONTROL.  Supplier shall comply with the most current export control and sanctions laws, regulations, and orders applicable at the time of the export, re-export, transfer, disclosure or provision of Supply, software, technology or Services including, without limitation, the (i) Export Administration Regulations ("EAR") administered by the Bureau of Industry and Security, U.S. Department of Commerce, 15 C.F.R. parts 730-774; (ii) International Traffic in Arms Regulations ("ITAR") administered by the Directorate of Defense Trade Controls, U.S. Department of State, 22 C.F.R. parts 120-130; (iii) Foreign Assets Control Regulations and associated Executive Orders administered by the Office of Foreign Assets Control, U.S. Department of the Treasury, 31 C.F.R. parts 500-598; and (iv) laws and regulations of other countries (collectively, "Export Control Laws").

Unless the Order is for Supply to be supplied on a "build to print" basis by Supplier, Supplier shall provide Buyer with (i) the applicable Harmonized Tariff Schedule Number, (ii) the Export Control Classification Number ("ECCN") of such Goods, software or technology that are controlled by the EAR, to include the ECCN of parts and components if such classification differs from the ECCN of the Goods or software and (iii) any analogous classification under any other applicable law.

Supplier shall not export, re-export, transfer, disclose or otherwise provide Buyer's technical data controlled by Export Control Laws ("Technical Data") to any foreign persons or foreign commercial entities, or modify or divert such Technical Data to any military application, unless Supplier receives advance, written authorization from Buyer. Any subcontracts between foreign persons in the approved country for manufacture of Goods or provision of Services shall contain all the limitations of this Section 26 and shall comply with all applicable export licenses or authorizations. Upon Buyer's request, Supplier shall demonstrate to Buyer, to Buyer's reasonable satisfaction, Supplier's subcontractors' compliance with this Section 26 and all Export Control laws.

22. COUNTERFEIT PRODUCT: The seller shall ensure that only new and authentic materials are used in products delivered to APM. The seller may only purchase parts directly from the Original Component Manufacturers (OCMs), OCM franchised distributors, or authorized aftermarket manufacturers. Use of products that were not provided by these sources, unless produced by the seller in their facility, is not authorized unless first approved in writing by APM. The seller must present compelling support for its request (e.g., OCM documentation that authenticates traceability of the parts to the OCM) and include in its request all actions to ensure the parts thus procured are authentic/conforming parts.

23. EXTERNAL PROVIDERS shall adhere to the items listed below.

A. implement a quality management system

B. use customer-designated or approved external providers, including process sources (e.g., special processes)

C. notify the organization of nonconforming processes, products, or services and obtain approval for their disposition

D. prevent the use of counterfeit parts

E. notify the organization of changes to processes, products, or services, including changes of their external providers or location of manufacture, and obtain the organization’s approval

F. flow down to external providers applicable requirements including customer requirements

G. shall ensure that people are aware of their contribution to product or service conformity

H. shall ensure their contribution to product safety

I. shall ensure the importance of ethical behavior

J. The requirements in 8.4.3 of AS9100D

**IF THIS PURCHASE ORDER IS FOR CALIBRATION SERVICES, THE FOLLOWING APPLY:**

1. Calibration activity shall meet the AS9100 control of inspection, measuring and test equipment requirements, and calibration activity shall be accredited by a recognized accredited body i.e. American Association for Laboratory Accreditation (A2LA) to ISO/IEC 17025 “general requirements for the competence of calibration and testing laboratories”, ISO 10012 “Quality Assurance requirements for measuring equipment”, or ANSI/NCSLZ540

2. Deliver a certificate or report of calibration activities.

3. Affix a calibration label with the following data:

A. Who calibrated the item (i.e. company and calibration technician’s name)

B. Date of calibration

C. Date of next calibration

D. Limitations when applicable (i.e. use at 200 to 300 C only)

E. Affix safeguards on the equipment and calibration reference standards, when appropriate, to prevent adjustments which would invalidate the calibration setting