



## ***SUPPLIER TERMS AND CONDITIONS***

All purchase orders (each, individually, an “Order”, collectively the “Orders”) between Solutions Manufacturing d/b/a SMI and/or Accutron, Inc. or any of its subsidiaries, including without limitation, Solutions Manufacturing (the “Buyer”), and the party identified as Seller, Supplier or Vendor on the face of the Purchase Order (the “Seller”) is expressly limited to and made conditional upon the terms and conditions contained herein, and any of Seller’s terms in addition to or different from those contained herein, whether contained in an acknowledgment, invoice, or other document sent to Buyer, are hereby objected to and shall be of no effect. Any term contained in any subsequent invoice, confirmation or other material of Seller, whether or not such inconsistent terms are material, shall not be binding upon Buyer. These terms and conditions may only be waived, altered or modified by a written agreement signed by an officer of Solutions Manufacturing.

**1. ORDER ACCEPTANCE & CONTRACT** - This order may be accepted by a written notice of any exceptions within two (2) days after the date of the Order. In the event any exception is acknowledged as provided herein, Buyer or company officer and Seller shall then negotiate mutually acceptable terms and conditions. Additionally, Seller’s complete acceptance of the Order will be presumed, if no Order Confirmation occurs as stipulated on Order and/or Order performance begins --- at any stage of the order fulfillment cycle. This Purchase Order and the acceptance thereof shall be a contract made in the state shown in the Buyer’s address on the face of this Purchase Order and governed by the laws thereof.

**2. PRICE** - Seller shall furnish the goods or services in accordance with the price set forth on the face of this Purchase Order. Unless otherwise stated, the price terms contained herein include all costs or charges of any kind that will be paid by Buyer and Buyer shall not be liable for any other costs or charges, all of which shall be borne by Seller, including, without limitation, charges for inspection, packaging and freight, all federal, state and municipal sales, use and excise taxes, VAT and any customs duties. The price terms shall remain fixed until completion of the deliveries contemplated hereunder. Seller warrants that the prices charged for goods or services covered by this Purchase Order will be as low as the lowest prices charged by Seller to customers purchasing goods or services of like kind and quality shall not be filled at prices higher than those shown on the Order, unless such increased prices have been authorized in writing by the Solutions Manufacturing Buyer or an officer of Solutions Manufacturing.

**3. DELIVERY DATE IS OF THE ESSENCE** - Delivery shall be strictly in accordance with the schedule set forth in the “Dt ReQu’d” column of the Solutions Manufacturing purchase order. Orders will be considered as “On-Time” when they arrive no more than TEN (10) business days early and no more than “On-Time” when they arrive no more than TEN (10) business days late. Delays in shipment(s) shall be reported immediately by the Seller to the Solutions Manufacturing Buyer. The Buyer’s Production Schedules are based upon the understanding that purchased material will arrive on or before the due date required. Buyer reserves the right to cancel the Order in whole or in part, if Seller should fail to make deliveries in accordance with the terms of the Order and any Corporate Purchase Agreement(s) referenced herein. The Buyer reserves the right to refuse or return at Seller’s risk and expense, shipments received more than thirty (30) days in advance of the schedule of deliveries set forth on the Order(s).



4. **SUPPLEMENTARY ORDER INFORMATION** - Any specifications, drawings, notes, instructions, engineering notices or technical data referred to in or included with this Purchase Order shall be considered incorporated herein by reference, as if fully set forth. In case of any discrepancies or questions, the Seller shall refer to the Buyer for final decision(s) or instructions as necessary.

5. **TITLE TO SPECIFICATIONS** - Buyer shall at all times have title to all drawings and specifications furnished by Buyer to Seller and intended for use in connection with the Order. Seller shall not disclose such drawings and specifications to any person, firm, or corporation other than the Buyer's or Seller's employees, subcontractors, or Government inspectors. The Seller shall, upon Buyer's request, promptly return all drawing and specification information to the Buyer.

6. **BUYER'S PROPERTY** - All material, including tools, furnished or specifically paid for by the Buyer, unless otherwise specified herein, shall be the property of the Buyer. They shall be subject to removal at any time without additional cost upon demand by the Buyer. They shall be used only in filling orders from the Buyer and kept separate from other materials or tools. Additionally, the tooling will be clearly identified as the property of the Buyer. Seller assumes all liability for loss or damage with the exception of normal wear and tear and agrees to supply detailed statements of inventory promptly as agreed or when requested with appropriate notice.

7. **PURCHASE ORDER CHANGES AND TERMINATION** – Unless otherwise specified, Buyer may make changes in the delivery schedules, drawings, quantities, designs, and specifications under this purchase order, prior to confirmation. Additionally, from time to time, prior to shipment and without penalty or charge, Seller understands that production priorities change and will accommodate reasonable delivery date adjustments. Likewise, Buyer may make changes in the method of shipping or packing and place of delivery under this purchase order at any time, prior to shipment without penalty or additional charge. All changes and terminations that affect the Order must be authorized in writing by the Buyer and/or an officer of Solutions Manufacturing.

8. **PAYMENTS** - Payment terms are specified on the purchase order, unless otherwise agreed to in writing and signed by an officer of Solutions Manufacturing. Invoices shall be sent by the Seller to the Buyer's Accounts Payable Department at the address shown on the Order. Invoices are not to be enclosed with goods or submitted to individuals or other addresses. Delays in receiving invoices, as well as errors and omissions thereon will be considered *just cause* for withholding payment without losing discount privileges. Unless otherwise agreed, invoices covering articles shipped in advance of specified delivery dates will not be paid until their normal A/P maturity date for the specified order delivery.

9. **REMEDIES** - The rights and remedies provided to Buyer herein shall be cumulative and in addition to any other rights and remedies provided by law or equity (or provided under the Uniform Commercial Code). The Buyer shall have, in addition, any other rights and remedies provided by law, equity or under the Order, the right to a set off against any open Purchase Order or other amount owing at anytime from the Buyer to the Seller.

10. **CASH DISCOUNT** - Discounts shall be calculated from the date the material is received by the Buyer, at the referenced Purchase Order destination.



**11. ORDER QUANTITIES AND OVERSHIPMENTS** - Subject to inspection and acceptance, Buyer will be liable for payment only for quantities ordered and delivered correctly. Material delivered in excess of the quantity ordered can result in substantial administrative expenses to the Buyer. Therefore, material delivered under the Order in excess of the quantity specified, within the PO's line items, may be retained by the Buyer at no additional cost. Seller shall be liable for handling charges or return shipment costs for any excess quantities shipped by Seller and returned by Buyer.

**12. MATERIAL SHELF LIFE** - Material supplied with limited shelf life, must have a minimum of 75% shelf-life remaining to be considered acceptable. Seller is responsible for alerting Buyer about any difficulties in meeting this requirement before any shipment occurs.

**13. SHIPPING & PACKAGING** - All goods are to be shipped freight collect, F.O.B. destination by the specified carrier, unless otherwise stated. (a) DO NOT CHARGE INSURANCE except upon Buyer's written request. (b) Regardless of F.O.B. point. Seller agrees to bear all risk of loss, injury or destruction of goods and materials ordered herein which occur prior to acceptance by Buyer. (c) No such loss, injury or destruction shall release Seller from any obligations hereunder. (d) All electronic / electromechanical parts supplied to Solutions Manufacturing are to be packaged in ESD protective packaging. (e) Seller is responsible for all cost associated RoHS, REACH, WEEE, Conflict Minerals and Prop 65 noncompliance returns and will accept a full return for all parts not meeting current Federal or State Regulatory or Environmental compliance regulations.

**14. WARRANTY** - The Seller warrants that all materials or services delivered hereunder will (a) conform exactly to the design and specifications and to drawings, samples, or other descriptions referred to in or on the Order, (b) conform strictly to the requirements of the Order, (c) be merchantable and free from any defects in materials and workmanship and (d) that only new and authentic materials are to be used in products delivered to Buyer. No counterfeit or suspect counterfeit parts (defined as including, but is not limited to: (i) an item that is an illegal or unauthorized copy or substitute of an OEM item; (ii) an item that does not contain the proper external or internal materials or components required by the OEM or that is not constructed in accordance with OEM specification; (iii) an item or component thereof that is used, refurbished or reclaimed but the Seller represents as being a new item; (iv) an item that has not successfully passed all OEM required testing, verification, screening and quality control but that Seller represents as having met or passed such requirements; or (v) an item with a label or other marking intended, or reasonably likely, to mislead a reasonable person into believing a non-OEM item is a genuine OEM item when it is not) are to be contained within the delivered product. Buyer shall give the Seller any notice of any defect or non-conformity (whether latent or patent) within one year from the date of delivery of any articles affected thereby, the Seller shall at no cost to Buyer and with all possible speed, repair or replace articles thereof. Further, Seller shall reimburse the Buyer's cost of direct material scrap and rework, including associated labor and other reasonable costs --- in each case, caused by or arising as a result of the defective material, workmanship or components. This warranty shall survive the Buyer's inspection, delivery, acceptance or payment by the Buyer and shall together with Seller's service guarantees, if any, be extended to the Buyer and its customer. Nothing herein shall operate to exclude or limit Seller's warranties implied by law.

**15. INSPECTION AND REJECTION** - Final inspection shall be on the Buyer's premises unless otherwise agreed in writing. Rejected material that does not conform to the Purchase Order or has been mishandled in shipment --- shall be returned at the Seller's Expense, including transportation and any reasonable handling costs.



16. **NON-CONFORMING MATERIAL** - Suppliers are responsible for notifying Solutions Manufacturing if non-conforming materials have been inadvertently shipped to Solutions Manufacturing. As stated herein the **Seller is responsible for all cost associated RoHS, REACH, WEEE, Conflict Minerals and Prop 65 noncompliance returns and will accept a full return for all parts not meeting current Federal or State Regulatory or Environmental compliance regulations.**

17. **PRODUCT CHANGE NOTIFICATION** – Solutions Manufacturing requires all suppliers and external manufacturers to have Lot & Date Code and Change control procedures incorporated into their production system. Suppliers shall provide Solutions Manufacturing notification of any change to their system that has any type of effect on the final product and/or raw material supplied to Solutions Manufacturing. These type of changes are, but not limited to, Revision, specification, process and/or inspection methodologies.

18. **RECORD RETENTION** – Solutions Manufacturing requires all suppliers to maintain all fabrication or manufacturing related data records for a minimum of 10 years. These records can be written or electronic and shall include, but are not limited to: PO#, Pricing, Qty shipped, ship date, Part revision, Date & Lot numbers, Inspection and corresponding Shipping information. These records are NOT to be destroyed without Solutions Manufacturing prior approval. You will be notified, if any projects entail record retention for the life of the project. Seller shall alert Buyer, prior to Purchase Order confirmation, if this Flow-Down requirement cannot be adequately ensured at order entry.

19. **SOURCE INSPECTION** - As needed, the Supplier will make available to Solutions Manufacturing, end-customer or Government representatives --- their production or appropriate facility for any necessary source inspection validation and that may include all documentation generated for the production of the materials --- that are supplied to Solutions Manufacturing. Appropriate notice will be given for any related source inspection request and normal business protocols will be properly negotiated with the appropriate parties.

20. **CONFIDENTIALITY** - The Seller may not disclose to any third party, or use to the detriment of the Buyer or our end customer, the existence or details of any Order, these terms and conditions or any agreement or prior arrangement with the Buyer, or any information the Seller receives or learns about the Buyer in connection with or as a result of an Order, except as is necessary to adequately fulfill the purchase orders specifications and/or requirements.

21. **TOOLING** - Whenever tooling, die fixtures, molds are specified as a line item on the Purchase Order such tools shall be and will remain, the sole property of Solutions Manufacturing. Such tools shall be maintained at the supplier's facility and kept in good operational condition. Upon demand, such tooling, die fixtures, or molds shall be delivered to Solutions Manufacturing via common carrier or other agreed upon shipping method.

22. **PATENTS** - Seller shall defend, indemnify and save the Buyer, its successors, assigns, affiliates, directors, officers, employees harmless against all claims, judgment, and awards which may be made under the patent laws of the United States and other countries resulting from the use or sale of any goods furnished pursuant to this Purchase Order, including goods manufactured in accordance with Buyer's order specification(s).



23. **TAXES** - Except as may be otherwise provided in this Purchase Order, the contract price shall include all applicable Federal, State, local taxes in effect on the date on the contract and/or purchase order date.
24. **ASSIGNMENT** - The Seller shall not delegate any duties, nor assign any rights' or claims under this Purchase Order, or for breach thereof, without prior written consent of the Buyer, and any such attempted delegation or assignment shall not be binding on the Buyer. All claims for moneys due or to become due from the Buyer for any set-off or counterclaim arising out of this or any other of the Buyer's Purchase Order with the Seller, whether such set-off or counterclaim arose before or after any such assignment by the Seller.
25. **BANKRUPTCY** - In the event of any proceeding, voluntary or involuntary in bankruptcy or insolvency by or against the Seller, including any proceeding under the applicable Federal or State Bankruptcy law currently in effect, or in the event of the appointment with or without Seller's consent, of an assignee for the benefit or creditors or of a receiver, then the Buyer shall be entitled to cancel any unfilled part of this Purchase Order without any liability whatsoever and the Buyer shall be entitled to withhold, for a reasonable time, from any payments due from the Buyer an amount estimated by the Buyer to be a reasonable reserve for payment to the Buyer of any future claims against the Seller for returns, defects and the like.
26. **TITLE AND RISK OF LOSS** – Title and risk of loss shall pass to Buyer at the F.O.B./F.C.A. destination designated on the Order, provided; however, that the risk of loss shall remain with Seller as to goods which are not accepted by Buyer or which are rejected by Buyer. Additionally, any losses accruing from Seller's deviation from the Buyer's routing instructions will be changed or charged to the Seller's account.
27. **OBJECTIVE QUALITY EVIDENCE** - Seller agrees to maintain objective, quality evidence for materials supplied hereunder in accordance with an approved Quality Standards system. Seller shall supply this evidence to the Buyer upon appropriate request.
28. **COMPLIANCE WITH LAWS** - Seller and Seller's subcontractors, if any, shall comply with all Federal, State and local laws applicable to the Order and the materials or services delivered hereunder.
29. **EQUAL OPPORTUNITY** - Seller further agrees to comply with the provisions of all rules and regulations (including those of the Secretary of Labor) and Executive Orders (including Nos. 11246, 11375, 11625, 11701, and 11758) applicable to the Order regarding nondiscrimination because of race, creed, color, sex, age, national origin, physical or mental handicap, and veteran status.
30. **O.S.H.A** - Seller warrants that all materials and services delivered hereunder shall comply with all provision of the Williams-Steiger Occupational Safety and Health Act of 1970 including any then current rules and regulations issued hereunder.
31. **ETHICS POLICY** – Solutions Manufacturing expects all of their Supplier partners to conform and comply with the **Solutions Manufacturing's Ethics Policy**. The ethics Policy can be found on the SMI Web Site: [www.solutionsmfg.com](http://www.solutionsmfg.com) Seller must maintain and implement an ethics behavior program appropriate for its business throughout the performance of this order.





**32. SUPPLIER PERFORMANCE** – Solutions Manufacturing expects their Suppliers to strive to meet a delivery rating of 95% or better and maintain a positive Quality Rating. Supplier performance will be reviewed periodically by Solutions Manufacturing. If a Supplier's performance is negatively impacting Solutions Manufacturing ability to meet their customer's requirements, the corrective action process will begin, improvement steps may be identified and/or we may begin to disengage our business involvement activities with the non-compliant supplier.

**33. SUPPLIER FLOW DOWN REQUIREMENTS** – Seller shall ensure that all relevant PO requirements are flowed down to its sub-tier suppliers (and theirs, and so on). Seller's sub-tier suppliers are responsible to comply with the same specifications and requirements specified on this PO as the supplier itself. Seller shall alert the Buyer if they are unable to flow down any applicable order requirements prior to Purchase Order confirmation.

**34. COUNTERFEIT DETECTION** – Seller shall have a counterfeit detection process for all electrical, electronic and other electronic component parts that meets the intent, at a minimum, of SAE standard AS5553, Counterfeit Electronic Parts, Avoidance, Detection, Mitigation and Disposition. In the event a part is not directly available from the OCM/ OEM or franchised distributors, purchase from independent distributors may be made, but the evidence of supply chain traceability (chain of custody) back to the OCM/ OEM shall be provided as a Certification of Conformance. The Certification shall clearly identify the name and location of all of the supply chain intermediaries from the original manufacturer to the final source of the product delivered to Buyer. Note: Distributors shall, in addition to the above, include their company's certification (Certificate of Conformance) for each part number shipped. If evidence of supply chain traceability (chain of custody) to the OCM/ OEM is not available, Seller must notify Buyer immediately in writing and get authorization to purchase this product and our Buyer will send you a D088 (Component Purchase Approval) form to complete. Notification: Should Seller become aware of confirmed counterfeit parts that, by any means, have been acquired for this contract, whether they have not been delivered to Buyer, Seller shall notify Buyer as soon as possible but no later than seven (7) days of discovery. Seller must verify Buyer's receipt of this notification in writing. Confirmed counterfeit parts are expected to be reported to the Government Industry Data Exchange Program (GIDEP) and applicable Canadian and/or US Government investigative authorities not later than 60 days.

Confirmed counterfeit parts will be segregated from conforming parts and controlled until rendered unusable, outside testing laboratory as needed, and by physical destruction (for example, cutting of leads and mechanical mutilation). Seller shall quarantine suspect counterfeit and/or suspect counterfeit parts and make these available for investigation by appropriate government authorities. Seller shall be liable for all costs relating to the removal and replacement of counterfeit components and the cost of rework or corrective action that may be required to remedy the use or inclusion of such parts.

**35. REGULATORY AND ENVIRONMENTAL COMPLIANCE** – Seller shall comply with all federal, state and local laws and government rules and regulations of the United States of America and other countries as applicable to Seller's authorized supplier, manufacturing facility, sale, import or export of the Items (inclusive of packaging and marking) or the performance of services covered by this Order, including but not limited to: the import and export laws/regulations of the United States or recognized governments or agencies in all appropriately contracted countries. Likewise, Seller shall comply with all Environmental Regulations governing the manufacture, use and distribution of the Items furnished under this Order at Seller's own expense. For this purpose, "Environmental Regulations" means all laws, regulations, directives, ordinances, orders and decrees of any kind, adopted or implemented in any country, state, province, region or jurisdiction governing: (i) the use



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of hazardous substances; (ii) waste electrical and electronic equipment; (iii) conflict minerals; (iv) batteries, accumulators and waste batteries and accumulators; (v) packaging and packaging waste; and (vi) the registration, evaluation, authorization and restriction of chemicals. Environmental Regulations include, but are not limited to, Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011, Restriction on the Use of certain Hazardous Substances in Electrical and Electronic Equipment, (RoHS 3”) and/or (“EU RoHS”), European Directive (EC) No 2015/863 on the Registration, Evaluation, Authorization and restrictions of Chemicals (“EU REACH-SVHC-10/2019”) <https://echa.europa.eu/candidate-list-table>, (“WEEE COMPLIANCE-2/2003”), (“U.S. CALIFORNIA PROP. 65 – 8/1986”) and notification of use of “Conflict Minerals” under Section 1502 of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act(s), each as currently amended. Seller shall provide written certification and proof of its compliance under this Buyer Flow-Down Requirement --- upon request. Seller will defend, indemnify and hold Buyer harmless against any liability (including attorneys’ fees) arising out of Seller’s failure to meet any of its foregoing regulatory or environmental compliance obligations.

36. RIGHT TO ACCESS – The Seller agrees to allow access to their facility and applicable documented information to the Buyer’s personnel, customers and/or regulatory agencies with or without reasonable notification. The Seller shall flow down this right of access requirement to its sub-tier suppliers.

Please contact your Solutions Manufacturing, Inc.’s Buyer, Representative or company Officer if you have any questions regarding any of these Supply Chain Terms & Conditions. We certainly value your contribution and partnership with our organization.