

## TERMS AND CONDITIONS

### **Acceptance:**

Any Purchase Order issued by Proline Performance, herein after called the 'Buyer,' becomes the exclusive agreement between the Buyer and the recipient of the Purchase Order, herein after called the 'Seller,' as parties for the supplies and services, subject to the terms and conditions, hereof upon Seller's acceptance by acknowledgment or commencement of performance. Additional or different terms proposed by Seller shall not be applicable unless accepted in writing by Buyer. No change in, modification of, or revision to, this order shall be valid unless in writing and signed by Buyer.

### **Required Documentation from Seller:**

Manufacturer's certificate of conformance and certificate of analysis, if requested. Certificates of conformance shall contain at a minimum: a. The name and address of the Seller b. The date the cert, test report or documentation was prepared c. The signature, title, and contact information of the preparer d. An identifying part number for the product, including size and quantity ordered e. An identifying lot #, batch #, or run # for the product f. The date the material was produced g. Where the material was produced h. An expiration date for the product, or its separate components I. Storage requirements j. Required specifications (if any) met by the product Shipment.

### **Method:**

Seller must ship material as specified on the Purchase Order, reference the Order for the correct method of shipment. Seller must contact Buyer if material must be shipped truck line instead of ground to obtain correct shipping account information. Buyer will not be responsible for any freight charges received from an unauthorized carrier or unapproved method.

### **Drop Shipments:**

Vendors must be pre-approved to drop ship directly to our customers. To be approved, vendors must have a proven track record. For each drop ship, the vendor will be provided instructions in the Purchase Order to email certs, labels and test reports prior to shipping.

If a drop ship vendor shows a history of rejections due to not following the flow down requirements, the Office Manager and Quality Assurance should be notified.

Drop ship approved vendors are noted on the Approved Vendor List by Quality Assurance.

### **Quality Management System:**

Buyer expects Seller to either be certified to, or compliant with, the applicable quality system specification for the Seller's industry. If a Seller cannot claim compliance with either of these criteria, they must be able to show tangible evidence of efforts toward meeting this expectation. Buyer does not accept counterfeit material.

In addition, any Seller to Proline must:

1. Control and monitor their external providers' performance;
2. Use customer-designated or approved external providers, including process sources (e. g., special processes);
3. Notify the Proline of nonconforming processes, products, or services and obtain approval for their disposition;
4. Prevent the use of suspected unapproved, unapproved and counterfeit parts
5. Notify Proline of changes to processes, products, or services, including changes of their external providers or location of manufacture
6. Flow down to external providers applicable requirements including customer requirements;
7. Retain documented information, including retention periods and disposition requirements;
9. Ensure that their persons are aware of:
  - their contribution to product or service conformity;
  - their contribution to product safety;
  - the importance of ethical behavior.

### **Right of Access:**

Buyer reserves the right to have authorized representatives enter Seller's plant at reasonable times to conduct preliminary inspections and test products and work-in-process. This authorization extends to Buyer's customers and regulatory agencies with the proper notification and accompanied by a representative of the Buyer.

**Notifications:**

Buyer must be notified immediately in writing of all non-conforming products, changes in product or process definitions, changes of raw material suppliers or manufacturing locations. Buyer approval must be obtained prior to changing any terms of a Purchase Order. All quality requirements must be flowed down to Seller's suppliers. To ensure proper payment, please confirm receipt of Buyer's order including pricing, ship date, and all other relevant requirements.

**Packaging and Labeling:**

Packaging and labeling shall be in accordance with good commercial practices to ensure acceptance by carrier and safe delivery at destination. Seller must reference buyer Purchase Order number on the bill of lading. Each package should be labeled with the following information: 1. Buyer Purchase Order number 2. Buyer part number (when applicable) 3. Quantity included for each part number 4. Serial/lot number of each part number 5. Weight per package.

**Title:**

Unless otherwise provided in this Purchase Order, title of supplies shall pass to Buyer only upon Buyer's final acceptance of supplies. Risk of loss or damage shall remain with the Seller until delivery to Buyer at destination specified by Buyer. However, for risk of loss or damage to supplies that do not conform with the requirements of this Purchase Order, title shall remain with the Seller until cured and/or until Buyer's final acceptance.

**Specific Conformance:**

Seller shall specifically sign and certify that all parts, materials, processes, and finished items supplied under a Purchase Order were inspected, tested, and found to comply with the requirements of this order. Purchase Order will not be considered received or complete until all documentation has been accepted. All transaction records including inspection and test data shall be maintained for a period of 7 years or the applicable statutory time period or as specified on Purchase Order, and are subject to examination. All applicable drawings and/or specifications and their revisions shall be referenced. Seller is subject to \$250 fine for incorrect documentation provided to Buyer.

**Changes:**

Buyer reserves the right at any time to make changes in drawings and specifications as to any material and/or work covered by this Purchase Order, delivery schedules and quantities. Any difference in price or time for performance resulting from such changes shall be equitably adjusted and the contract shall be modified in writing accordingly; provided that Seller shall submit its claim within fifteen (15) days from the date of any change. Should Buyer and Seller not agree on any adjustment, Seller may pursue its claim under law. Nothing in this clause shall excuse Seller from continuing with work under directed changes made in writing by Buyer.

**Proprietary Information:**

Should Buyer provide Seller with any Buyer proprietary information, Seller shall not disclose such proprietary information to a third party, and Seller shall protect such proprietary information in the same manner as Seller protects its own proprietary information. At Buyer's request, Seller shall execute a Non-Disclosure Agreement.

**Insolvency:**

Buyer may forthwith cancel the contract resulting from the acceptance of the order in the event of the happening of any of the following: insolvency of the Seller, the filing of a voluntary petition in bankruptcy, the filing of an involuntary petition to have Seller declared bankrupt provided it is not vacated within thirty (30) days from the date of filing, the appointment of a Receiver or Trustee for Seller provided such appointment is not vacated within thirty (30) days from the date of such appointment, the execution by Seller of an assignment for the benefit of creditors.

**Price Warranty:**

Seller warrants and guarantees that the prices provided herein are the same or lower than the prices offered to others under like circumstances of sale and in like quantities.

**DPAS Priority Ratings:**

If a Purchase Order is identified as a "Rated Order" certified for National Defense use, Seller shall follow all the requirements of the Defense Priorities and Allocation Regulation. (15 CFR part 700). A written or electronic acceptance or rejection of this order within (10 for DX, 15 for DO) workdays after receipt of the order is required. If this order is rejected you must give reasons in writing for the rejection.

**International Traffic in Arms Regulations (ITAR):**

Specification, drawings or other information provided as part of the purchase contract are not to be placed in the public domain, exported from the U.S., or re-exported, without the prior specific written authorization of Buyer and the U.S. Department of State.

**Force Majeure:**

Neither party shall be responsible for delays in delivery or performance because of intervention of a Force Majeure, which shall include strikes, lockouts, riots, war, government regulations, fire, explosion, Acts of God, or any other cause beyond the control of the party affected. The affected party shall give prompt notice and shall take reasonable steps to resume and complete its obligations. Buyer reserves the right to purchase supplies from an alternate source to support Buyer's commitments to its customers. If Force Majeure continues for more than thirty (30) days, Buyer shall have the option to terminate an unfulfilled Purchase Order.

**Liquidated Damages:**

If Seller does not meet the delivery dates contained in the Purchase Order issued by Buyer, Seller agrees to pay Buyer the following penalty for delay in delivery; (a) 0.35% of the total price of the supplies undelivered per each day of delay and (b) penalty is limited to twenty percent (20%) of the total amount related to the delayed supplies. In case delivery delays are longer than thirty (30) days, Seller shall buy supplies from an alternate source and immediately furnish supplies to Buyer at no additional cost, under the same conditions set forth in this Purchase Order.