

STANDARD PURCHASE ORDER TERMS AND CONDITIONS

1. DEFINITIONS

As used in these Terms and Conditions:

“Buyer” means CFN Precision Ltd

“Purchasing Representative” means Buyer’s authorized representative whose name appears on the face of an order

“Order” means this purchase order or any written order issued by CFN Precision Ltd which incorporates these terms and conditions

“Seller” means the person(s) or company to whom an order is issued

2. ACCEPTANCE OR ACKNOWLEDGEMENT

Please check all aspects of this purchase order and contact CFN with any questions: **1000 Creditstone Road, Concord, ON, L4K 4P8, Canada**
Phone: 905-669-8191, www.cfnprecision.com or email buyer.

Acceptance of this order, whether oral or written, is based on the express condition that the Seller agrees to all the terms and conditions herein. The term goods include but are not limited to materials, components and services. The Seller by returning this acceptance to the Buyer or by shipment of goods shall be deemed to understand and agree that the terms and conditions herein shall bind both parties.

3. GENERAL QUALITY

As a supplier to CFN Precision Ltd, it is understood that your organization agrees to meet AS9100 requirements. All suppliers to CFN Precision Ltd are expected to implement a quality system and will provide CFN Precision Ltd with evidence of an established system.

4. DELIVERY AND TITLE

All shipments by Seller are F.O.B. our plant and all transportation charges shall be paid by Seller. Buyer shall make selection of the carrier and delivery route unless specified by Seller on their quotation and accepted by the Buyer.

5. INSPECTION

Except as otherwise agreed in writing, all shipments shall be subject to final inspection by Buyer after receipt at destination. Delivery to the Buyer is not to be an acceptance unless inspected and approved by Buyer.

6. REJECTION

If any of the goods are found to be defective in material, workmanship, quality, quantity or not in strict conformity with the specifications or requirements of the tender of the Purchase order, the Buyer, shall have the right to reject and return the goods for full credit, all charges collect. Parts shall not have FAA-PMA markings on them nor shall accompanying paperwork (i.e. packages, shippers, labels, tags) have FAA-PMA markings.

7. DELAY

In the event of delay in delivery or services, the Buyer may terminate the contract and hold the Seller responsible for any damages.

8. OVER SHIPMENT

All over shipments made are the Seller’s responsibilities. The Buyer reserves the right to reject and return, at the Seller’s expense, any goods in excess of the quantity ordered.

9. TERMS OF PAYMENT

Terms of payment are specified on the quotation, Net 60 Days is applicable if no terms are specified. Sizable and / or long delivery orders may be subject to monthly progress payments. The purchase order number will show on all invoices, packages, bill of lading, etc. and all communications in reference to GST is applicable to the majority of acquisitions including imports. For Sellers outside of Canada who have elected to register with revenue Canada for GST collection, your registration number must be clearly marked on mailing labels and/ or shipping documentation.

10. ENGINEERING CHANGES AND CANCELLATIONS

The Buyer shall have the right at any time, by written notice, in the form of a Purchase order amendment, to make changes as deemed necessary, including, but not limited to, changes in specification, design, delivery, testing methods, packing or destination. Any claim by the Seller for adjustment under this clause shall be deemed waived unless asserted in writing within 10 days from the receipt of the amendment.

11. COST AND EXTENSIONS

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Price increases, extensions of time for delivery and change in quantity shall not be binding on the Buyer unless evidenced by a change order issued and signed by the Buyer.

12. TOOLING, FIXTURES AND PROPRIETARY INFORMATION

All written information obtained by the Seller from the Buyer in connection with this purchase order and which is identified as proprietary, including, but not limited to, specifications, drawings, software, tooling and fixtures, shall remain the property of the Buyer, shall be used by the Seller only to the extent necessary for performance of this order and shall not be disclosed to any third parties without the written consent of the Buyer.

The equipment, dies or tools shall be identified permanently as follows:

- i. Tool Number
- ii. Property of CFN Precision
- iii. Month and Year of purchase
- iv. Identification of the Aircraft or program

13. LIABILITY AND IDEMNITY

The Seller with indemnify, defend and hold the Buyer, its directors, officers, employees, agents and students harmless from any loss, expense, claim or damage including reasonable defense costs, arising from any claim or action based on any acts or omissions of the Seller, its employees, servants, agents or subcontractors.

14. FORCE MAJEURE

The Buyer shall not be responsible for any loss or damage resulting from causes beyond our reasonable control of our Sellers and sub-contractors, and without limiting the generality of the forgoing, this shall include fire, strike, civil or military authority, insurrection, riot, war, embargoes, failure of transportation, or inability of sources of supply to make delivery.

15. INSURANCE

The Seller shall purchase and maintain such insurance at Seller's sole cost, which will protect the Seller from claims set forth below which may arise out of Seller's activities.

- i. Worker Compensation (Compliance with Ontario Law)
- ii. Employers Liability
- iii. Commercial and General Liability

16. COMPLIANCE TO GOVERNING LAW

The Buyer and the Seller agree that the tender, this purchase order and any schedules attached to this order shall be governed by and construed according to the laws of the Province of Ontario.

17. HAZARDOUS GOODS

The Seller or Seller's agent must transport all hazardous goods in accordance with all relevant Federal and Provincial legislation governing the handling and transportation of all hazardous and dangerous products.

18. OCCUPATIONAL HEALTH AND SAFETY

Ontario Health and Safety Act and Regulations, shall govern the operation of this contract.

19. W.H.M.I.S

Safety data sheets and / or technical data sheets as regulated under W.H.M.I.S must be shipped to Buyer with the goods.

20. CSA APPROVAL

All electrical equipment must be C.S.A. approved, or bear Ontario Hydro Special Inspection label before being accepted

21. PACKING REQUIREMENTS

Sellers delivering Electro Static Discharge sensitive product **shall** ensure its protection during the manufacturing process and identification per MIL-STD-1686 and ESD packaging for delivery (connector caps, bags, and bubble sheets). Protection of sensitive surfaces: Machined parts with finished or semi-finished unprotected (not plated) surfaces will be delivered with these surfaces covered with protective oil. (Corrosion Protection

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of Parts.) All threaded items shall have thread protection. Caps or equivalent protection will cover external threads. The packaging of product shipped to Buyer **shall** ensure protection from transit damage.

22. NON-CONFORMANCE

Any non-conformance that is identified at receiving inspection should be tagged and returned to CFN. Supplier must notify CFN of non-conforming product and arrangements for CFN approval of supplier non-conforming material. Supplier must notify CFN of changes in product and/or process definition where required obtain CFN approval. Supplier must grant access to CFN, its customers and authorities to all facilities involved in the order and to all applicable records.

23. DROP - SHIPMENT

When authorized by PO, Seller can ship directly to Buyer customers using the Seller shipping documentation.

The buyer that identifies drop shipment shall provide the shipper with instructions / requirements. The PO number **shall** be referenced. The Seller **shall** provide a packing slip and Certification of Compliance. The shipment **shall** be accepted by an authorized stamp, or sourced by Buyer's representative if the Seller is not certified.

24. SPECIFICATION REVISION

Parts must be processed to the latest specifications. All other revisions must be controlled by the Seller and must be the latest revision. All Processor should have their own control on all others specification e.g. Federal / Military specification e.g. AS---, MIL---, AMS---, ASTM - etc. Supplier must flow down to sub-tier suppliers the applicable requirements of purchasing documents, including latest revisions and key characteristics where required.

25. UPON COMPLETION

Maximum material weight per lift is 1600 lbs.

Drawings or specification packages accompanying this purchase order must be controlled per supplier quality record procedures.

26. NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

All Sellers and their customers must sign a copy of CFN NDA agreement form # 74-01-12.

27. CODE OF CONDUCT

Buyer is committed to conducting its business fairly, impartially, and in an ethical and proper manner. Buyer's expectation is that the Seller also will conduct its business fairly, impartially, and in an ethical and proper manner. Buyer's further expectation is that the Seller will have (or will develop) and adhere to a code of ethical standards, which will at least include:

- i. Requirement to comply with all laws and regulations
- ii. Assurance of a safe and healthy work environment
- iii. Prohibition on the use of child or forced labor
- iv. Protection of the environment
- v. Prohibition on engagement in corrupt practices (e.g. facilitating, offering, paying or accepting any bribe)

28. CONFLICT MATERIAL

All parts and/or materials supplied must be free of conflict minerals originating in the Democratic Republic of the Congo or the adjoining countries of Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia ("Covered Countries").

Accordingly seller shall certify:

- i. Whether the parts and/or material supplied contain conflict minerals – tantalum, tin, tungsten or gold;
- ii. If the parts and/or material contain conflict minerals:
 - a. The relevant identification number(s) of the parts and/or material that contain conflict minerals and which conflict materials are incorporated in each item;
 - b. That the conflict minerals did not originate in Covered Country;
 - c. The Supplier from which Seller obtained the conflict minerals; and
 - d. The smelter used to produce the conflict minerals.

Sellers shall include this clause or equivalent provision in lower tier subcontracts for the delivery of the items that will be included in or furnished as work/goods to CFN.