



NELSON PRECISION DRILLING & HONING

Purchase Order

Terms and Conditions

- Performance Monitoring:** In accordance with our AS9100-based management system, all suppliers of goods or services will be monitored for Quality and Delivery Performance. Suppliers are generally expected to provide 100% Quality and OTD per Nelson requirements. Suppliers failing to meet our requirements/expectations may be requested to take corrective action. Suppliers that continually fail to meet requirements/expectations may be removed from our approved list.
- Competency:** All supplier employees involved in the fulfillment of requirements per our Purchase Order shall be competent to do so. Nelson Precision will not accept "New hire" or similar excuses for not adequately trained employees whose actions result in nonconforming products/processes as an element of root cause in related corrective actions.
- Confidential Information:** All supplies, blueprints, sketches and other technical information furnished by Nelson Precision shall be deemed confidential information of Nelson Precision. Such information shall not be reproduced, given to or disclosed to any third party without Nelson Precision's express written consent.
- Ethical Behavior:** As a significant percentage of our parts are for aerospace and/or U.S. Government end-use, suppliers will assure their staff and any consultants or sub-contractors are aware of the importance of ethical behavior and accountability as it pertains to purchases in accordance with these terms. Under no circumstances will anything less than honest & ethical business practices be acceptable by Nelson Precision, its customers and other interested parties under the terms of this PO.
- ITAR/EAR Export Controls/Technical Data:** Where drawings and/or POs indicate Export Controls apply, any relate information (aka Technical Data) shall be handled as per controls enumerated through the *Export Administration Regulations (EAR)*, implemented by the Department of Commerce for items that have both a commercial and potential military use, and the *International Traffic in Arms Regulations (ITAR)*, implemented by the Department of State. Failure to secure such data may be subject to both criminal and administrative penalties. Fines for export violations, including anti-boycott violations, can reach up to \$1,000,000 per violation in criminal cases, and \$250,000 per violation in most administrative cases.
- DPAS:** Any purchase made referencing **Defense Priorities Allocation System (DPAS)** *DO* or *DX* Ratings shall be handled per *15 CFR Part 700* in accordance with the Department of Defense (DoD) property management system to assure these orders are scheduled and processed ahead of any commercial jobs so as to assure their timely delivery.
- Flow-down of requirements:** Nelson Precision requires that you adhere to any/all customer requirements flowed on the PO, drawing, or by other means, including any supplier quality manuals and/or related clauses, and to assure that you have the current revision of said documents. Additionally, as applicable, Nelson Precision requires that you flow down all requirements to all interested parties internally and to any sub-tier suppliers performing work on this order.
- Prime requirements:** Where end-use is indicated on a Purchase Order as PWA (Pratt & Whitney), Sikorsky, Rolls Royce, etc., requirements as indicated in that particular "Prime's" Supplier Quality Manual (ASQR01, SSQR01, Sabre, etc.) and related T&Cs/procedures will apply. The supplier is responsible for obtaining and

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complying with same. Any supplier unable or unwilling to comply with such requirements should inform Nelson Precision of such prior to execution of the PO/Contract.

9. **US. Government End-use – Prime Contract Numbers:** U.S. Government *end-use or reference to a Prime* contract generally indicates defense articles subject to National Security regulations. For such orders, various FAR and/or DFARs clauses may apply. There, at a minimum shall include DFARs 252.204-7012 Safeguarding Covered Defense Information (NIST 800-171); DFARs 252.225-7014 Preference for Domestic Specialty Metals; FAR 52.225-1 Buy American Act will apply (see Sec. 25, below). Note: Export Controls (per ITAR/EAR99, etc.) may also apply – See Sec. 5, above; as well as DPAS Requirements (CFR 700) – See Sec. 6, above. If an item on the Purchase Order invokes a military or industry specification (AMS, ASTM, MIL, etc.) without indicating a revision, the revision in effect is as of the date of the Purchase Order. If a revision-controlled document is noted using a revision, the indicated revision of the specification shall be used. If a revision-controlled document without indicated revision is superseded by another document, as stated within its text, the superseding document shall be used. NOTE: the following DFAR/FAR requirements apply to all government-end-use purchases (see <https://www.acquisition.gov/browse/index/far> for details).
10. **Awareness/General:** Everyone involved in the fulfillment of this order should be aware of our objectives for 100% Quality and 100% OTD; the implications of not conforming with QMS requirements; their contribution to product or service conformity; their contribution to product safety; the importance of ethical behavior and the consequences of signing incorrect documentation or altering records (see Wendell-Ford Act - popularly called "AIR 21," aka Public Law 106-181).
11. **Right of entry:** Nelson Precision, our customers and any applicable regulatory authorities maintain the right to access the supplier's facility and all applicable records associated with the order, during regular business hours, with limited notice.
12. **Nonconforming material:** Nelson Precision retains MRB authority and suppliers must not disposition/scrap any product without Nelson's express consent. Nelson Precision must be notified of nonconforming material in advance of shipment for adequate review and disposition of said product. All such material must be adequately identified and segregated so as to preclude its use.
13. **Change of Process or Product:** Nelson Precision must be informed of *and must approve* any change in processes, product or sub-tier supplier made in the performance of the PO.
14. **Certification, Inspection, etc.:** Nelson Precision may require certifications of compliance, inspection records and/or test specimens as part of this purchase order. Failure to provide these items may result in the rejection of the shipment. *Where certificates (such as C of Cs) are required, the certificate will reference Nelson Precision's PO number, Part number and revision, customer name or end-use (where indicated) and a statement of compliance.*
15. **Counterfeit Parts:** The Supplier shall certify that only new and authentic materials are used in products or goods delivered to Nelson Precision and that the products/goods delivered contain no Counterfeit Parts. No substitutions, reworked or refurbished parts/materials shall be acceptable under the terms of this purchase.
16. **Foreign Object Debris/Damage.** Supplier is required to establish and maintain a Foreign Object Debris/Damage (FOD) prevention program appropriate to the nature of the product/service provided, that employs appropriate housekeeping practices to assure timely detection and removal of residue/debris generated, during operations and normal daily tasks.
17. **Packaging and Handling:** As a minimum, the Supplier shall package all material in a manner that will ensure protection against corrosion, oxidation, deterioration and physical damage during shipment. In addition, when materials delivered are lot-controlled and multiple material lots are shipped, each lot shall be separately packaged and identified. Vendors are also responsible for handling damage that occurred at their location.

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18. **Record Retention:** Records, whether hard copy or in electronic format, including any test/retain samples, shall be retained for no less than 10 years unless otherwise specified. Upon completion of the retention period, supplier will contact Nelson Precision prior to disposal of records for approval.
19. **Revision levels/traceability:** As appropriate, any correspondences, including certifications relating this purchase, must reference, as applicable, current PO, Work Order, Part number, Drawing Revision, batch number, etc.
20. **Calibration & Testing Suppliers:** All such suppliers should maintain a calibration system in accordance with the requirements of ISO 17025, ISO 10012; ANSI Z-540-1, ANSI Z540-3, as appropriate. All Inspection Measuring & Test Equipment (M&TE) used by the Supplier during in-process and final inspection to make a compliance evaluation shall be calibrated against measurement Standards traceable to NIST or an equivalent NMI.
21. **Sampling:** Where sampling plans are used to accept product, all such plans shall be statistically valid and based on either MIL-105 E or ANSI Z-540 and shall yield no less than an AQL of 2.5 unless otherwise specified.
22. **Conflict Minerals:** Seller hereby certifies and represents to Nelson Precision that the products do not include any Conflict Minerals or any of their derivative products as those terms are defined in Section 1502 of the Dodd – Frank Wall Street Reform and Consumer Products Act, and regulations issued thereunder by the Securities and Exchange Commission, (the "Act") that originated in the Democratic Republic of the Congo or any adjoining country and that said certification and representation are based upon Seller making due inquiry as to the origin of the Conflict Minerals used in the products. Seller further agrees to cooperate with and provide such reasonable assistance to Nelson Precision as may be required to meet its reporting obligation under the Act.
23. **Purchasing:** Purchasing is the primary contact and liaison between the Supplier and Nelson Precision Any questions relating to sales/purchasing should be sent to sales@nelsondrilling.com or call us at 860-633-6837.
24. **Questions:** All questions concerning quality control/assurance requirements are resolved by contacting the Nelson Precision Quality Department at sales@nelsondrilling.com or call us at 860-633-6837
25. **Nondiscrimination:** The Seller, or its subcontractor, if any, shall not discriminate against any qualified employee or applicant for employment to be employed in the performance of this contract, with respect to hire, tenure, terms, conditions or privileges of employment because of race, color, sex, national origin or ancestry. The Seller, or its subcontractor, if any, agrees to comply with all the provisions contained in the Equal Opportunity Clause, quoted in Executive Order No. 11246 as amended and hereby incorporated in this Purchase Order by reference. As used therein the word "contractor" shall be deemed to mean "Seller," and the word "contract" shall refer to this Purchase Order. In addition, the Seller shall cause this Equal Opportunity Clause to be included in the subcontracts or purchase orders hereunder unless exempted by rules, regulations and orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order.
26. **Falsification:** The recording of false, fictitious or fraudulent statements or entries on any paperwork used in the performance work related to a NELSON PRECISION Purchase Order may be punished as a felony under federal statute.
27. **Nondiscrimination:** The Seller, or its subcontractor, if any, shall not discriminate against any qualified employee or applicant for employment to be employed in the performance of this contract, with respect to hire, tenure, terms, conditions or privileges of employment because of race, color, sex, national origin or ancestry. The Seller, or its subcontractor, if any, agrees to comply with all the provisions contained in the Equal Opportunity Clause, quoted in Executive Order No. 11246 as amended and hereby incorporated in this Purchase Order by reference. As used therein the word "contractor" shall be deemed to mean "Seller," and the word "contract" shall refer to this Purchase Order. In addition, the Seller shall cause this Equal Opportunity Clause to be included in the subcontracts or purchase orders hereunder unless exempted by rules, regulations and orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 as amended.

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28. **Compliance with Laws, Executive Orders and Regulations:** Supplier warrants that the goods and services supplied hereunder will have been produced or provided in compliance with, and Supplier will comply with, all applicable laws, orders, rules, regulations, ordinances and conventions, including without limitation, those that relate to equal employment opportunity, wages, hours and conditions of employment, discrimination, occupational health/safety motor vehicle safety, environmental matters, and anti-bribery, including without limitation, the US Foreign Corrupt Practices Act, US Anti-Kickback Act, and the UK Bribery Act. . At Buyer's request, Supplier shall certify in writing its compliance with the applicable local, state or federal laws. Supplier shall indemnify and hold Buyer harmless from and against any loss, cost, damage, expense or liability claim (including attorney's fees and other costs of defense) arising from or relating to Supplier's violation of this Section. No good supplied hereunder shall contain any mineral that directly or indirectly finances any armed group that has been identified as a perpetrator of human rights abuses, including without limitation those defined as conflict minerals in the rules issued under Section 13(p) of the Securities Exchange Act of 1934.
29. **Anti-Bribery, Corruption, Kick-back Compliance:** Supplier warrants that: (a) Supplier has not paid, offered, promised to pay, or authorized, and will not pay, offer, promise to pay, or authorize the payment directly or indirectly of any monies or anything of value (services, gifts, gratuities, kickbacks, or otherwise) for the purpose of obtaining or rewarding favorable treatment as a supplier to Buyer. (b) Supplier has not paid, offered, promised to pay, or authorized and will not pay, offer, promise to pay, or authorize the payment, directly or indirectly of any monies or anything of value to (1) any person or firm employed by or acting for or on behalf of any customer, whether private or governmental, or (2) any government official or employee or any political party or candidate for political office or a political party official, for the purpose of influencing any act or decision or inducing or rewarding any action in order to secure any improper advantage in the conduct of business. (c) Supplier has not made, and will not make, any improper payments, directly or indirectly, including without limitation facilitation payments, bribes or kickbacks. (d) Supplier has established and will maintain an effective business ethics and compliance program and procedures to prevent corruption and ensure compliance with all applicable laws and regulations pertaining to corruption and bribery. (e) Supplier will promptly disclose to Buyer in writing all pertinent facts regarding any violation, or alleged violation, of the US Foreign Corrupt Practices Act, US Anti-Kickback Act, and UK Bribery Act. (f) If this order is for goods or services for a US Government contract or subcontract thereunder, Supplier further warrants that no monies or anything of value (services, gifts, gratuities, kickbacks, or otherwise) has been provided to any person or firm in connection therewith, directly or indirectly, whether or not for the purpose of obtaining or retaining business, or to secure an advantage in the conduct of business. (g) Supplier shall include this Section, or provisions of equivalent effect, in any lower tier subcontracts under this purchase order.
30. **Force Majeure:** Neither party shall be liable to the other for any delay or failure in performing its obligations under this Order to the extent such delay or failure is caused by an event or circumstance that is beyond that party's reasonable control, without such party's fault or negligence, and which by its nature could not have been foreseen by such party or, if it could have been foreseen, was unavoidable (a "Force Majeure Event"). Force Majeure Events include, but are not limited to, acts of God or the public enemy, government restrictions, floods, fire, earthquakes, explosion, epidemic, war, invasion, hostilities, terrorist acts, riots, strikes, embargoes or industrial disturbances. Seller's economic hardship, labor difficulties or changes in market conditions are not considered Force Majeure Events. Seller shall use all diligent efforts to immediately notify Buyer in writing of any actual or potential Force Majeure Event, end the failure or delay of its performance, ensure that the effects of any Force Majeure Event are minimized and resume performance under this Order. If a Force Majeure Event prevents Seller from carrying out its obligations under this Order for a continuous period of more than ten business days, Buyer may terminate this Order immediately by written notice.
31. **Assignment:** Seller shall not assign, transfer, delegate or subcontract any of its rights or obligations under this Order without Buyer's prior written consent. Any purported assignment or delegation in violation of this Section shall be null and void. No assignment or delegation shall relieve Seller of any of its obligations hereunder. Buyer may at any time assign, transfer or subcontract any or all of its rights or obligations under this Order without Seller's prior written consent.
32. **Relationship of the Parties:** The relationship between the parties is that of independent contractors. Nothing contained in this Order shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the parties, and neither party shall have authority to

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contract for or bind the other party in any manner whatsoever. No relationship of exclusivity shall be construed from this Order.

33. **No Third-Party Beneficiaries:** This Order is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of these Terms.
34. **Governing Law:** All matters arising out of or relating to this Order shall be governed by and construed in accordance with the laws of the State of Connecticut without giving effect to any choice or conflict of law rule that would cause the application of the laws of any other jurisdiction. The United Nations Convention on the International Sale of Goods shall not apply to any matter arising out of or relating to this Order.
35. **Submission to Jurisdiction:** Any legal suit, action or proceeding arising out of or relating to this Order shall be instituted in the federal courts of the United States of America or the courts of the State of Connecticut in each case located in a City and County in Connecticut, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.
36. **Cumulative Remedies:** The rights and remedies under this Order are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.
37. **Notices:** All notices, request, consents, claims, demands, waivers and other communications hereunder (each, a "Notice") shall be in writing and addressed to the parties at the addresses set forth on the face of this Order or to such other address that may be designated by the receiving party in writing. All Notices shall be delivered by personal delivery, nationally recognized overnight courier (with all fees pre-paid), facsimile (with confirmation of transmission) or certified mail (return receipt requested, postage prepaid). Except as otherwise provided in this Order, a Notice is effective only upon receipt of the receiving party and if the party giving the Notice has complied with the requirements of this Section.
38. **Severability:** If any term or provision of this Order is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Order or invalidate or render unenforceable such term or provision in any other jurisdiction.
39. **Survival:** Provisions of this Order which by their nature should apply beyond their terms will remain in force after any termination or expiration of this Order including, but not limited to, the following provisions: Set-off, Warranties, Indemnification, Intellectual Property, Indemnification, Insurance, Compliance with Laws, Confidentiality, Governing Law, Submission to Jurisdiction and Survival.