

Severna Operations, Inc.
3 Eastmans Road
Parsippany, NJ 07054
Tel: 973-503-1600, Fax 973-503-1704

PURCHASE ORDER TERMS AND CONDITIONS

1. Acceptance:

This purchase order must be accepted in writing by Seller if for any reason Seller should fail to accept this order in writing, the shipment of any goods ordered hereby, the furnishing of any service called for hereunder or the acceptance of any payment by Seller hereunder or any other conduct by Seller which recognizes the evidence of a contract pertaining to the subject matter hereof shall constitute an unqualified acceptance by Seller of this order and all of its terms and conditions. Any terms and conditions proposed in Seller's acceptance of Severna's offer or in any acknowledgement, invoice, or other form used by Seller that add to, vary from or conflict with the terms herein are hereby objected to unless specifically accepted in writing by Severna. Any such proposed terms shall be void and the terms and conditions of this order (1) shall constitute the complete and exclusive statement of the terms and conditions of the contract between the parties, (2) shall apply to each shipment received by Severna from Seller hereunder and (3) may hereafter be modified only by written instrument executed by the authorized representatives of both parties.

2. Specifications:

Seller shall comply with all specifications stated in this order and (unless the goods called for by this order are standard commercial products not intended as component parts of or as equipment or as accessories for Severna's products) with all applicable Government specifications.

3. Inspection Rejection:

Seller shall provide and maintain, without additional charge to Severna, an inspection system which complies with all specifications stated in this order and in the absence of such specifications, Seller shall be required to provide and maintain, without additional charge to Severna, an inspection system, which is acceptable to Severna, Severna's customer and where applicable, the Government. Seller shall tender to Severna for acceptance only goods that have been inspected in accordance with the appropriate inspection system and have been found by Seller to be in conformity with all requirements of this order. As part of the inspection system, Seller shall prepare records evidencing all inspections made under that system and the outcome of such inspections. Records shall be readily available for review by Severna, its customers, and Government regulatory agencies. An English version (copy of the record) shall be available for all quality data and/or approved design data. Prior to destruction of any Quality Records related to Severna, procurement, the supplier shall notify and submit a records disposition request to the appropriate Severna, Business Unit Procurement Representative.

Records are those as defined in AS/EN/SJAC9100 or other governing Quality Management System specifications and shall be retained in hard paper, film media, and/or electronic as required by contract requirement, purchase order or if not defined, for a minimum of ten (10) years after purchase order completion or in accordance with Severna, purchase order requirements. Severna, will be offered first right of refusal prior to record destruction.

- a. Severna may perform reasonable reviews and evaluations as reasonably necessary to ascertain compliance with this paragraph.

- b. Seller shall (1) Notify the Severna of nonconforming product, (2) Obtain the organization's approval for nonconforming product disposition (3) Notify the organization of changes in product and/or process, change of suppliers, change of manufacturing facility location and, where required, (4) obtain the organization's approval
- c. Severna, Severna's customer and the Government shall have the right to inspect and test the material and workmanship of all goods required under this order at all places and times during normal business hours including, when practicable, during the period of manufacture, any if any such inspection or test is made on the premises of Seller, Seller shall furnish, without additional charge to Severna, all reasonable facilities and assistance for the safe and convenient performance of the inspection test.
- d. Notwithstanding (i) prior inspections, (ii) payment for, (iii) use of the goods ordered hereunder, (iv) passage of title, or (v) execution of a DD-250 or other acceptance document, Severna shall have the right to reject any of such goods which do not conform to all requirements of this order. Such right shall be exercisable within the period provided in Severna's application specification, or elsewhere in this order, but in any event, not less than one (1) year following Severna's receipt of the goods called for hereunder. All such rejected goods shall be returned to Seller at Seller's risk and expense, (transportation collect declared at full value, unless Seller advises otherwise), for full credit, replacement or refund (at Severna's option) excepting, however, those goods which Severna elects to repair at Seller's expense or to retain at an equitable reduction in price. Rejected foods shall not again be tendered for acceptance without disclosure of former rejection. Severna's rights under this subparagraph shall be in addition to and shall not be deemed to diminish its rights under this paragraph or under the paragraph hereof entitled "Warranty."
- e. Severna reserves the right to reject all or any part of any delivery that varies from the quantity authorized by Severna for shipment.
- f. Severna will have reasonable access to Seller's facility for purposes of monitoring progress and inspecting process or quality systems. Severna may additionally examine Seller's documents related to Seller's obligation.

4. Warranty:

- a. Seller warrants to Severna, its successors, assigns, customers, and users of goods sold by Severna that all goods provided hereunder shall be (i) merchantable, (ii) new, (iii) free from defects in material and workmanship, (iv) with regard to goods designed by Seller, free from defects in design, (v) suitable for the purposes intended whether expressed or reasonably implied, (vi) in compliance with all applicable specifications, drawings, and performance requirements, and (vii) free from liens or encumbrances on the Delivery, inspection, test, acceptance, use of, or payment for the goods furnished hereunder shall not affect Seller's obligation under this warranty, and such warranty including all other warranties, express or implied, shall survive delivery, inspection, test, acceptance, payment, and use. Seller agrees to correct defects in or replace any goods not conforming to the foregoing warranty promptly, without expense to Severna, when notified of such nonconformity by Severna, provided Severna elects to provide Seller with the opportunity to do so. Deliveries of corrected or replaced goods shall be accompanied by a written notice specifying that such goods are corrections or replacements. In the event that Seller fails to correct defects in or replace non-conforming goods promptly, Severna after reasonable notice to Seller, shall have the right to correct or replace such goods and charge Seller for the cost incurred by Severna in doing so, such right to include, without limitation, Severna's right to deduct or setoff pursuant to Paragraph 7d, Severna's approval of Seller's samples or first articles shall not be construed as a waiver by the Severna of any requirement of the drawings, specifications, specified performance requirements, and/or other reference descriptions applicable hereto or of any express or implied warranty.

- b. In the event of Seller's delivery of defective or nonconforming items or Seller's breach of warranty, Severna may, at its election and in addition to any other rights or remedies it may have at law or equity or under this order, recover from Seller any costs of removing such items from property, equipment or products in which such items have been incorporated and any additional costs of disassembly, fault isolation, failure analysis, reinstallation, reinspection, scrapage, retesting, manufacturing and remanufacturing.
- c. If services or technical data are to be provided by Seller hereunder, Seller warrants to Severna that such services and/or technical data have been performed or prepared in a professional and workmanlike manner.

5. Infringement Indemnity:

- a. As to the goods provided hereunder, Seller shall be liable for and shall indemnify and save Severna and each subsequent purchaser or user hereof, harmless from any infringement claim, suit or action, including proceedings alleging that the manufacture, use or sale of such goods infringes any patent, trademark, copyright, semiconductor chip product mask work right or other proprietary right, except, however, when such alleged infringement arises as a necessary consequence of Seller's compliance with specifications or designs furnished by Severna which describe that aspect of the goods on which such alleged infringement is based, then Severna shall be liable and shall save Seller harmless therefrom, but this exception shall not apply if the subject matter giving rise to the claim for infringement either (i) was derived from, or selected by Seller, or (ii) relates to materials or compositions, or processes relating to materials or compositions.
- b. The party against whom such infringement claim is made, or such suit or action is commenced, shall promptly notify the other party in writing. The party required to indemnify under the provisions of paragraph a hereof shall promptly assume and diligently conduct the entire defense of such alleged infringement at its own expense provided that such party receives prompt written notice of such claim, suit, or action if such is commenced against the other party insofar as its interests are affected, the other party shall have the right, at its own expense and without releasing any obligation, liability, or undertaking of the party required to indemnify, to (i) cooperate in the defense of such claim, and (ii) with permission of the court, to intervene in any such suit or action.
- c. Notwithstanding any of the above provisions, Severna shall have the further right, at its own election, to supersede Seller in the defense of any such alleged infringement and thereafter to assume and conduct the same according to Severna's sole discretion. Further, Seller, if requested in writing by Severna, shall cooperate with Severna in Severna's defense of any alleged infringement claim.

6. Shipping and Billing Instructions:

- a. Unless otherwise specified, standard commercial preservation, packing and packaging is acceptable. Do not make any charges for packaging or boxing since Severna will not allow such charges. Do not combine in the same container material for different receiving locations. All items shall be packaged in accordance with good commercial practice in a manner sufficient to ensure arrival in an undamaged condition. Seller shall be responsible to Severna for all direct and indirect costs of damages incurred by Severna, as a result of, or caused by, improper packing, or packaging. Seller shall give notice of shipment to Severna at the time of delivery of any shipment of items to a carrier for transportation.
- b. Exterior containers must be marked with the following: (i) address, (ii) purchase order number, (iii) part number, (iv) prime contract number, if any, and (v) any other special markings called for by this order.

- c. The bill of lading must reference purchase order number and, correct ship to address. When delivery point is F.O.B. origin, make NO declaration of value on bill of lading EXCEPT where a declaration of value will result in lower total cost of shipment. The original copy of the bill of lading shall be retained by Seller for one (1) year and provided to Severna's Traffic Department if requested.
- d. On orders where Severna pays or reimburses Seller directly for shipping costs, ship in accordance with routing instructions furnished by Severna. If such instructions are not received, Seller shall secure the least expensive transportation method consistent with good commercial practice for protection and shipment of the goods shipped. When delivery is to be in accordance with Severna's written releases, Seller shall not procure, fabricate, assemble or ship any item except to the extent authorized by Severna in such written releases. Seller will at its expense ship by express or air shipment or by the most expeditious way if the delivery schedule is endangered for any reason other than Severna's fault.
- e. Include with each shipment of goods a packing slip which displays (i) the purchase order number; (ii) the item nomenclature/description, the item part number, the item National Stock Number (where applicable), the item serial number (where applicable); and (iii) the quality of items.
- f. Render a separate invoice to Severna's Accounts Payable Department on the day of each shipment made pursuant to this order and indicate thereon: (i) the location to which the item has been shipped; (ii) the purchase order number; (iii) the item nomenclature/description, the item part number, the item National Stock Number (where applicable), the item serial number (where applicable); and (iv) the quantity of items shipped.
- g. Address all Test Reports, when required, to the Department at the plant to which the goods are shipped. Test Reports must be in Severna's possession at the time the goods are received.

7. Changes:

- a. Severna may, at any time and without notice to sureties (if any), unilaterally make changes within the general scope of this order. Subject to paragraph c. hereof, if any change under this clause causes an increase or decrease in the cost of or the time required for performance, an equitable adjustment shall be made in price or delivery schedule or both, and the order shall be modified in writing accordingly. Any claim by Seller for adjustment under this clause, however, must be submitted in writing in the form of a complete change proposal or as otherwise to Severna's satisfaction, fully supported by factual information, to Severna's Purchasing Department not later than fifteen (15) days after the date of receipt by Seller of the change order, or within such extension of that fifteen-day period as Severna, in its sole discretion, may grant in writing at Seller's request. No claim for an equitable adjustment hereunder shall be allowed if it is asserted after final payment in this order.
- b. No change will be binding on Severna unless issued in writing by an authorized representative of Severna's Purchasing Department.
- c. Notwithstanding the above or any other provision of this order, the Seller hereby agrees that no changes to the goods which may be required in order to meet the specified requirements of this order shall entitle the Seller to any adjustment in either price or delivery.
- d. Notwithstanding the pendency of any claim for an adjustment submitted by the Seller hereunder, Seller shall diligently proceed with the performance of the order, as directed by Severna, and nothing herein shall be construed as relieving Seller of its obligations so to perform, including without limitation the failure of the parties to agree upon Seller's entitlement to, or the amount or nature of, any such adjustment.

8. Assignment and Setoff:

- a. Performance of this order shall not be assigned by the Seller in whole or in part without the prior written consent of Severna. Any prohibited assignment by Seller shall be null and void, shall be deemed a material breach of this order, and Seller shall remain liable to Severna for full performance of its covenants, duties, liabilities and obligations hereunder. This shall in no way affect Severna's right to assign this order.
- b. All claims for money due or to become due from Severna shall be subject to deduction or setoff by the Severna by reason of any counterclaim arising out of this or any other transaction with Seller.

9. Severna – Furnished Materials, Tooling and Equipment:

- a. Unless otherwise stated in this order, Seller shall supply all material, equipment, tools and facilities required to perform this order. Title to all such property furnished to Seller by Severna, Severna's Customer or the Government, or the acquisition of which was directly or paid for by Severna, and any replacements thereof, or any materials affixed or attached thereto (all hereinafter collectively referred to as "Articles") shall be and remain in Severna, Severna's Customer or the Government as the case may be, with the right to possession in Severna.

Seller shall bear the risk of loss of all Articles while in Seller's custody or control or that of Seller's suppliers. Seller shall keep all Articles insured at Seller's expense against loss and damage in an amount equal to the cost of replacement.

- b. Seller agrees, as a material condition of this order, that it will (i) label, identify and segregate any and all material, tooling, and equipment (hereinafter referred to as "material") delivered to Seller by Severna in connection with this order in such fashion as to clearly identify such material, as being the property of Severna, Severna's Customer or the Government, as the case may be, at all stages of its possession by Seller, (ii) prevent the commingling of said material with other material in the Seller's possession except in accordance with applicable Severna specifications or Severna's written approval, and (iii) assume responsibility for all taxes with respect to said material at all times and if FOB Destination, while in the hands of carriers. The clause set forth in FAR52.245-17 "Special Tooling," is hereby incorporated by reference and made a part of this order, provided, however, that as used therein the term "Contracting Officer" shall be deemed to refer to Severna's authorized representative and the term "Government" shall be deemed to refer to Severna except in paragraphs (e)(1), (i)(1) and (i)(4) where the term will be interpreted as referring to either the Government or Severna.
- c. Seller is required to account to Severna for the proceeds from the sale of scrap generated during the performance of this order by the processing of material furnished by Severna. When Severna furnishes any material, in whole or in part, for the manufacture of parts or assemblies, Seller shall not substitute material from any other source.

10. Force Majeure:

Severna may delay Seller's delivery, Severna's acceptance or Severna's payment for the goods when such delays are occasioned by causes beyond Severna's control. Seller shall hold such goods at the direction of the Severna and shall deliver them when the cause affecting the delay has been removed. Severna's sole liability and Seller's sole remedy for any such delay shall be limited to Seller's direct additional costs in holding the goods or delaying performance of this order in excess of six (6) months. Causes beyond Severna's control may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather.

11. Compliance with Laws:

In the performance of this order, Seller shall comply with all applicable federal, state and local laws, ordinances, rules and regulations. Seller hereby certifies that the goods called for by this order have been or will be produced in compliance with the Fair Labor Standards Acts of 1938 (29 U.S. Code 201-218) and, insofar as applicable to this order, the Walsh-Healy Public Contracts Act (41 U.S. Code 38-45)00 and the Work Hours Act of 1962 (40 U.S. Code 327-332), and any amendments thereto, as well as with the provisions of any other federal law with respect to labor relations, minimum wages and hours of employment now in effect or hereafter enacted, and with any and all rules and regulations issued under each and every such act. Seller agrees that this certification may be considered as the certificate contemplated by the amendment dated October 26, 1949, to the Fair Labor Standards Act of 1938.

Seller agrees that Severna shall have the right without incurring any liability to Seller to withhold payment of any invoices should Seller fail to materially comply with all applicable federal, state and local laws, ordinances, rules and regulations or the terms and conditions contained herein. Seller further agrees to indemnify and hold Severna and its customers harmless for any loss, damage or expense sustained because any certification or representation required by laws or regulation made by Seller was false, inaccurate or incomplete or due to Sellers' non-compliance with any applicable law, regulation or terms.

12. Anti-Kickback Provisions:

A. ANTI-KICKBACK PROCEDURES

- (a) Seller represents and warrants that it has complied with the Anti-Kickback Act of 1986 (41 U.S.C. 52-58) (the Act), which prohibits any person from:
 - (1) providing or attempting to provide or offering to provide any kickback.
 - (2) Soliciting, accepting or attempting to accept any kickback, or
 - (3) Including, directly or indirectly, the amount of any kickback in the contract price charged by a prime contractor to the United States or in the contract price charged by a subcontractor to a prime contractor or higher tier subcontractor.

- (b) In addition to any other remedies that Severna may have, Seller have indemnify and hold harmless Severna from and against any loss or damage, including, without limitation, Severna's cost, attorney's fees, or any fines or penalties assessed against Severna, resulting from a violation of the Anti-Kickback Act of 1986 by Seller (including any of its officers, partners, employees, or agents), or by any Subcontractor below Seller or Subcontractor employee.

13. FAR and DOD FAR Supplement Clauses: (applicable if a Government prime contract number is indicated on the face of the Order)

The following FAR and Department of Defense FAR Supplement (DFARS) clauses as in effect, and as modified by Federal Acquisition Circulars and Defense Acquisition Circulars respectively, on the date of this order, are hereby incorporated by reference and made a part hereof.

14. Foreign Object Debris (FOD)

The Seller shall develop and maintain a Foreign Object Debris (FOD) prevention program to identify and eliminate foreign object entrapment areas and paths through which foreign objects may migrate and cause product failure. The FOD program will include design, manufacturing, and process controls to prevent FOD in deliverable items. The Supplier shall include periodic self-assessment of internal FOD prevention practices to measure effectiveness. Delivered material must be clean and free from any material/debris, such as machined chips, burrs, grinding dust, forming materials, corrosion, oil and other foreign material on surfaces to prevent FOD entrapment. The Supplier shall be responsible for all product cleanliness which includes all packaging materials (including internal packaging and returnable dunnage if applicable) for such components. The Supplier should have special emphasis controls in place appropriate for the manufacturing environments.

15. RoHS

The Restriction of Hazardous Substances Directive 2002/95/EC (RoHS) was adopted in February 2003 by the European Union. All Suppliers shall know and understand the contents of its products, including the products of its Suppliers. Upon Severna's request, Suppliers shall provide a complete listing of the product's physical contents. If necessary, Severna will require documentation from the Supplier certifying their product to be RoHS compliant.

16. REACH

The European Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) entered into force in June 2007. Suppliers shall comply with all applicable REACH requirements that affect the products they supply to Severna. Severna expects Suppliers will have a dialogue with their own supply chain and with Severna regarding all applicable aspects of REACH.

17. Counterfeit Parts Prevention

“Counterfeit Parts” shall mean a material, part, component, module or assembly whose origin, material, source of manufacture, performance or characteristics are misrepresented. This term includes, but is not limited to, (A) parts that have been (re)marked to disguise them or falsely represent the identity of the manufacturer, (B) defective parts and/or surplus material scrapped by the original manufacturer and (C) previously used parts pulled or reclaimed and provided as “new”. As used herein, “authentic” shall mean (A) genuine, (B) from the legitimate source claimed or implied by the marking and design of the product offered and (C) manufactured by, or at the behest and to the standards of, the manufacturer that has lawfully applied its name and trademark for that model/version of the material. “Independent Distributor” shall mean a person, business or firm that is neither authorized nor franchised by an Original Component Manufacturer (OCM) to sell or distribute the OCM’s products but which purports to sell, broker, and/or distribute such OCM products. Independent Distributors are also referred to as un-franchised distributors, unauthorized distributors, and/or brokers Supplier represents and warrants that only new and authentic materials are used in products required to be delivered to Severna and that the products delivered contains no Counterfeit Parts. Supplier shall maintain a documented system (policy, procedure, or other documented approach) that provides for the prior notification and Severna approval before materials are purchased from sources other than Original Equipment Manufacturers (OEM's)/OCM's. To further mitigate the possibility of the inadvertent use of Counterfeit Parts, Supplier shall only purchase authentic parts/components directly from the OEMs/OCMs or through the OEM’s/OCM’s authorized distribution chain. Supplier must make available to Severna, at Severna’s request, OEM/OCM documentation that authenticates traceability of the components to that applicable OEM/OCM. Purchase of parts/components from Independent Distributors is not authorized unless first approved in writing by Severna Procurement Representative. All Suppliers (including OEMs, authorized distributors and independent distributors) shall provide original OCM/OEM certificate of conformance with each shipment supporting this Contract/Purchase Order. Supplier shall flow the requirements of this document to its subcontractors and Suppliers at any tier for the performance of this Contract/Purchase Order. Receipt of suspect material will result in official reporting to GIDEP by Severna.

18. Right of Access

Suppliers shall provide access to their premises and facilities for Severna, our customers and regulatory authorities for cooperation on product, process and business issues. By prior notice, suppliers shall allow Severna and/or Severna (1)customers’ access to both their facilities and those of their suppliers and sub-contractors, for the purpose of evaluating parts, processes, documents (i.e. FMEA, Control Plan, instructions, records, etc.), methodologies and systems used in manufacturing Severna products. Severna may, at its discretion, use third-party independent auditors. These individuals represent Severna and will audit the supplier’s processes to establish conformance to validated quality systems.

19. Awareness

Supplier shall ensure that persons are aware of (1) their contributions to product or service conformity, (2) their contribution to product safety and (3) the importance of ethical behavior.

REVISIONS			
REV.	DESCRIPTION	DATE	APPROVED
0	New Procedure	12/01/94	
1	Revised Section 3 and added 3f and 14,15, 16, 17, and 18	12/09/15	<i>S.A</i>
2	Added section 19 to conform with AS9100D	12/06/17	<i>S.A</i>