



DEBRON INDUSTRIAL ELECTRONICS, LLC d/b/a DCA MANUFACTURING, LLC

## SUPPLIER TERMS AND CONDITIONS

### SECTION 1 — DEFINITIONS

*As used in these Terms and Conditions, the following capitalized terms shall have the meanings set forth below. Additional defined terms may appear in individual Purchase Orders or exhibits thereto.*

- 1.1 "Agreement"** means these Terms and Conditions together with any applicable Purchase Order(s), statements of work, specifications, exhibits, and attachments incorporated herein by reference, as may be amended from time to time by written mutual agreement of the parties.
- 1.2 "Authorized Distributor"** means a distributor that (a) is franchised by the Original Component Manufacturer (OCM) or Original Equipment Manufacturer (OEM) to distribute specified products, or (b) has been specifically authorized in writing by the OCM/OEM to distribute such products.
- 1.3 "Buyer"** means Debron Industrial Electronics LLC d/b/a DCA Manufacturing, LLC, an electronics manufacturing services (EMS) company, its subsidiaries, affiliates, successors, and assigns that issue a Purchase Order under these Terms.
- 1.4 "CAPA"** means Corrective and Preventive Action, a structured process for identifying the root cause of nonconformances and implementing remedial and preventive measures to prevent recurrence.
- 1.5 "Conflict Minerals"** means columbite-tantalite (commonly known as coltan, the metal ore from which tantalum is extracted), cassiterite (the metal ore from which tin is extracted), gold, wolframite (the metal ore from which tungsten is extracted), and any other mineral or its derivatives determined by the United States Secretary of State to be financing conflict in the Democratic Republic of the Congo (DRC) or an adjoining country, as identified in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203) and the rules and regulations promulgated thereunder.
- 1.6 "Counterfeit Part"** means any Goods or components thereof that (a) are or contain an unlawful or unauthorized copy of an Original Component Manufacturer's (OCM's) product; (b) are not traceable to an OCM or Authorized Distributor; (c) have been misrepresented as to origin, authenticity, performance characteristics, or specification compliance; (d) have been up-marked to reflect a higher specification than the OCM's original design; (e) have been refurbished, recycled, or remarked without OCM authorization and presented as new; or (f) are otherwise suspect counterfeit as defined in SAE AS5553 or SAE AS6081.
- 1.7 "Covered Countries"** means the Democratic Republic of the Congo (DRC) and its nine adjoining countries: Angola, Burundi, Central African Republic, Republic of Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia, as defined under Section 1502 of the Dodd-Frank Act.



- 1.8 "Deliverables"** means all Goods, Services, documentation, data, reports, software, and any other work product to be provided by Supplier pursuant to a Purchase Order.
- 1.9 "EAR"** means the Export Administration Regulations, codified at 15 C.F.R. Parts 730–774, administered by the U.S. Department of Commerce, Bureau of Industry and Security (BIS).
- 1.10 "ECCN"** means Export Control Classification Number, the alphanumeric designation assigned under the Commerce Control List (15 C.F.R. Part 774) to classify items for export control purposes.
- 1.11 "Engineering Change Order (ECO)"** means a formal written document issued by Buyer directing a change to the design, materials, manufacturing process, test requirements, documentation, or other attributes of the Goods or Services covered by a Purchase Order.
- 1.12 "Goods"** means all tangible items, materials, components, subassemblies, bare printed circuit board (PCBs), finished products, parts, and equipment to be furnished by Supplier under a Purchase Order, including all associated documentation, packaging, and labeling.
- 1.13 "Intellectual Property" or "IP"** means all patents, patent applications, utility models, copyrights, trade secrets, know-how, trademarks, service marks, trade names, mask works, design rights, database rights, and all other proprietary rights and interests of a similar nature, whether registered or unregistered, arising under the laws of any jurisdiction worldwide.
- 1.14 "ITAR"** means the International Traffic in Arms Regulations, codified at 22 C.F.R. Parts 120–130, administered by the U.S. Department of State, Directorate of Defense Trade Controls (DDTC).
- 1.15 "Lead Time"** means the total elapsed time from the date of Purchase Order issuance to the date of delivery of conforming Goods or completion of Services, as specified in the applicable Purchase Order.
- 1.16 "Nonconforming Goods"** means any Goods that (a) fail to conform to applicable Specifications, drawings, or standards; (b) are defective in material or workmanship; (c) fail to pass inspection or testing; or (d) are otherwise not in conformance with the requirements of the applicable Purchase Order.
- 1.17 "OCM"** means Original Component Manufacturer, the entity that originally designed, qualified, and manufactured a specific component or device.
- 1.18 "Purchase Order" or "PO"** means a written or electronic procurement document issued by Buyer to Supplier authorizing the purchase of specified Goods or Services at agreed-upon prices, quantities, and delivery terms, subject to these Terms and Conditions.
- 1.19 "RCOI"** means Reasonable Country of Origin Inquiry, the due diligence process conducted in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk



Areas to determine whether Conflict Minerals in Supplier's supply chain originate from Covered Countries and whether they benefit armed groups.

- 1.20 "RMAP"** means the Responsible Minerals Assurance Process (formerly the Conflict-Free Smelter Program), the third-party audit program administered by the Responsible Minerals Initiative (RMI) to certify smelters and refiners as responsible sources of minerals.
- 1.21 "RMI"** means the Responsible Minerals Initiative, a multi-industry initiative providing tools and resources to companies making responsible sourcing decisions for minerals in their supply chains, including the Conflict Minerals Reporting Template (CMRT) and RMAP certification program.
- 1.22 "Services"** means all labor, testing, engineering, design, fabrication, assembly, repair, logistics, and other work to be performed by Supplier pursuant to a Purchase Order.
- 1.23 "Specifications"** means all drawings, models, blueprints, technical data packages, standards, performance requirements, quality requirements, test procedures, and other technical documentation furnished by or approved by Buyer that define the requirements for the Goods or Services.
- 1.24 "Supplier" or "Seller"** means the legal entity identified on the face of the Purchase Order as the supplier, vendor, or seller, including its employees, agents, subcontractors, and representatives.
- 1.25 "Warranty Period"** has the meaning set forth in Section 8 of these Terms.

## **SECTION 2 — ORDER OF PRECEDENCE**

- 2.1 Controlling Documents.** In the event of any conflict, ambiguity, or inconsistency among the documents governing a transaction between Buyer and Supplier, the following order of precedence shall apply, with documents listed earlier taking precedence over documents listed later:
  - 2.1.1** Applicable law, government regulations, and mandatory flow-down requirements from Buyer's prime contracts or customer purchase orders.
  - 2.1.2** The face of the Purchase Order and any amendments or modifications thereto issued by Buyer.
  - 2.1.3** These Supplier Terms and Conditions.
  - 2.1.4** Buyer-approved Specifications, drawings, and technical data incorporated by reference into the Purchase Order.
  - 2.1.5** Quality clauses, statements of work, and other exhibits or attachments to the Purchase Order; and
  - 2.1.6** Any separate written supply agreement between the parties executed by duly authorized representatives.
- 2.2 Exclusion of Supplier's Terms.** Supplier's acknowledgment forms, standard terms and conditions of sale, quotation terms, invoices, or other standard business documents shall have no force or effect and are hereby expressly rejected, regardless of whether Buyer accepts delivery of Goods or payment of invoices without



objection. No terms or conditions proposed by Supplier shall modify or supplement these Terms unless agreed to in a writing signed by Buyer's duly authorized representative.

**2.3 Conflict Resolution.** If a conflict between documents cannot be resolved by application of the order of precedence set forth in Section 2.1, Buyer's designated procurement representative shall issue a written clarification. Supplier shall not proceed with conflicting requirements without written authorization from Buyer and shall promptly notify Buyer in writing of any identified conflict.

## **SECTION 3 — PURCHASE ORDERS AND ACCEPTANCE**

**3.1 Issuance of Purchase Orders.** Buyer may issue Purchase Orders to Supplier via electronic data interchange (EDI), electronic mail, Buyer's procurement portal, or other written means. Each Purchase Order shall constitute a separate and independent contract between Buyer and Supplier and shall be subject to these Terms and Conditions in their entirety.

**3.2 Acceptance Window.** Suppliers shall accept or reject each Purchase Order in writing within two (2) business days of receipt ("Acceptance Window"). Failure of Supplier to reject a Purchase Order in writing within the Acceptance Window shall constitute acceptance of the Purchase Order and all terms contained therein, including these Terms and Conditions.

**3.3 Order Acknowledgment.** Upon acceptance of a Purchase Order, Supplier shall provide a written order acknowledgment confirming:

**3.3.1** The Purchase Order number, date, and revision.

**3.3.2** Part numbers, descriptions, quantities, and unit prices as stated in the PO.

**3.3.3** Confirmed delivery date(s) for each line item.

**3.3.4** Any exceptions, constraints, or clarifications Supplier wishes to register (subject to Buyer's written approval).

**3.4 PO Modifications.** Buyer reserves the right to modify, amend, or cancel a Purchase Order, in whole or in part, by written notice to Supplier at any time prior to shipment of conforming Goods.

**3.5 Blanket Purchase Orders.** Where Buyer issues blanket or open Purchase Orders with scheduled releases, each release shall constitute a separate binding commitment. Suppliers shall maintain inventory, capacity, and supply chain readiness sufficient to fulfill release schedules.

## **SECTION 4 — PRICE AND PAYMENT**

**4.1 Fixed Pricing.** Prices stated on the face of a Purchase Order are firm and fixed for the duration of that Purchase Order. Supplier shall not invoice at rates or amounts in excess of those stated on the applicable PO without prior



written authorization from Buyer. No price escalation, surcharge, fuel adjustment, material cost increase, or similar adjustment shall apply unless expressly agreed in writing.

**4.2 Payment Terms.** Unless otherwise specified on the face of the Purchase Order, Buyer's standard payment terms are net one hundred and twenty (120) days from the date of receipt of a valid, undisputed invoice. Buyer may, at its discretion, offer different payment terms for suppliers where mutually agreed in writing. Payment terms begin on the date Buyer receives a compliant invoice with or after receipt of conforming Goods and all required documentation.

**4.3 Invoicing Requirements.** Each invoice shall clearly state:

**4.3.1** Buyer's Purchase Order number and line-item number.

**4.3.2** Supplier's name, address, and tax identification number.

**4.3.3** Part number(s), description(s), quantity, unit price, and extended total.

**4.3.4** Ship date, shipment tracking number, and shipping terms.

**4.3.5** Applicable taxes, duties, or other charges itemized separately; and

**4.3.6** Invoice date and unique invoice number.

**4.4 Non-Compliant Invoices.** Invoices that fail to comply with Section 4.3 may be returned to Supplier without payment and the payment due date shall be recalculated from the date a corrected, compliant invoice is received by Buyer.

**4.5 Set-Off Rights.** Buyer reserves the right to set off against any amount owed to Supplier any amounts owed by Supplier to Buyer, including but not limited to credits, chargebacks, cost of returns, re-inspection costs, re-test costs, warranty charges, CAPA costs, and any liquidated damages assessed under these Terms.

**4.6 Taxes.** Each party is responsible for taxes imposed on its own income. Supplier is responsible for all sales, use, excise, value-added, goods and services, or similar taxes applicable to the supply of Goods or Services, unless applicable law requires otherwise or Buyer provides a valid exemption certificate.

**4.7 Currency.** All prices and payments shall be denominated in United States Dollars (USD) unless otherwise agreed in writing by both parties.

## **SECTION 5 — DELIVERY AND SHIPPING**

**5.1 On-Time Delivery.** Time is of the essence with respect to all delivery commitments under these Terms. Supplier shall deliver conforming Goods to the destination specified in the Purchase Order on or two (2) days before the delivery date(s) confirmed in the order acknowledgment. Late delivery may, at Buyer's election and without limitation of other remedies: (a) result in expedite charges billed back to Supplier; (b) trigger assessment of



liquidated damages as specified in the applicable PO; or (c) constitute grounds for termination for cause under Section 17.

**5.2 Incoterms.** Unless otherwise specified on the face of the Purchase Order, all deliveries shall be made DDP (Delivered Duty Paid) to Buyer's designated facility per Incoterms 2020. Where other Incoterms are specified, they shall be explicitly stated on the PO face.

**5.3 Packing and Labeling Standards.** Supplier shall pack, label, and ship all Goods in accordance with:

**5.3.1** Applicable carrier requirements and industry best practices to prevent damage, deterioration, or loss in transit.

**5.3.2** Buyer's packaging and labeling specifications, if provided.

**5.3.3** ESD (Electrostatic Discharge) protective packaging requirements per ANSI/ESD S20.20 or IEC 61340-5-1 for all ESD-sensitive components and assemblies.

**5.3.4** Moisture-sensitive device (MSD) requirements per IPC/JEDEC J-STD-033, including appropriate dry packing, desiccant, and humidity indicator cards where required by MSD level; and

**5.3.5** Applicable IATA, IMDG, DOT, or other hazardous materials regulations for restricted or controlled substances.

**5.4 EMS-Specific Traceability Labeling.** Each outer carton, inner package, reel, tray, tube, and individual unit (where practicable) shall bear a label containing, at minimum: (a) Buyer's part number; (b) Supplier's part number; (c) OCM part number and OCM name; (d) quantity; (e) lot number and/or date code; (f) country of origin; (g) RoHS/REACH compliance status marking; and (h) a machine-readable barcode or QR code conforming to ISO/IEC 15415 or GS1 standards. For PCB assemblies and higher-level assemblies, each unit shall carry a unique serial number traceable to production records.

**5.5 Advance Ship Notice (ASN).** Unless waived in writing by Buyer, Supplier shall provide an electronic Advance Ship Notice (ASN) to Buyer at the time of shipment initiation or no later than two (2) hours after carrier pickup. The ASN shall include PO number, line item(s), part number(s), quantities shipped, carrier name, pro/tracking number, expected delivery date, and packing list details.

**5.6 Lead Time Commitments.** Supplier shall honor all lead times confirmed in the order acknowledgment. If Supplier identifies a risk to the confirmed delivery date for any reason, Supplier shall notify Buyer in writing within twenty-four (24) hours of identifying such risk, providing: (a) the reason for the potential delay; (b) revised expected delivery date; and (c) mitigation measures being taken.

**5.7 Expedite Obligations.** Upon Buyer's written request, Supplier shall use commercially reasonable best efforts to expedite delivery, including overtime manufacturing, premium freight, alternate sourcing of non-counterfeit materials, and priority production scheduling. Unless Buyer has caused the need to expedite, all costs associated with expediting shall be borne by Supplier.



**5.8 Early Delivery.** Goods delivered earlier than the confirmed delivery date may, at Buyer's option, be returned at Supplier's expense or accepted with payment deferred to the original scheduled delivery date.

**5.9 Partial Shipments.** Partial shipments are not permitted without Buyer's prior written consent. Unauthorized partial shipments may be returned at Supplier's expense.

## **SECTION 6 — QUALITY REQUIREMENTS**

**6.1 Quality Management System.** Supplier shall maintain a documented Quality Management System (QMS) that is certified to, or demonstrably compliant with, at minimum ISO 9001 (current revision). Where applicable to the products or markets served, Supplier shall maintain certification to AS9100 (aerospace), IATF 16949 (automotive), ISO 13485 (medical devices), or other industry-specific standards as specified in the applicable Purchase Order. Supplier shall provide current certificate(s) of registration to Buyer upon request and within five (5) business days of any change in certification status.

**6.2 First Article Inspection (FAI).** Where specified by Buyer, Supplier shall perform and document a First Article Inspection in accordance with AS9102 or Buyer's specified FAI procedure prior to shipment of production quantities. FAI results shall be submitted to Buyer for approval before production release. No production shipments shall be made until Buyer has issued written FAI approval.

**6.3 Production Part Approval Process (PPAP).** Where specified by Buyer (particularly for automotive-related programs), Supplier shall complete and submit a PPAP package in accordance with the current AIAG PPAP manual at the submission level specified by Buyer, including dimensional results, material performance test results, process capability studies, and all other required elements.

**6.4 Statistical Process Control (SPC).** Where specified by Buyer, Supplier shall implement and maintain SPC techniques to monitor and control key product and process characteristics. Supplier shall make SPC data available to Buyer upon request. Process capability indices (CpK) shall meet minimum thresholds specified in the Purchase Order or Buyer's quality plan (minimum CpK of 1.33 unless otherwise specified).

**6.5 IPC Standards Compliance.** All bare PCBs and related products shall be manufactured and inspected to IPC or J-STD at the class level specified in the applicable Purchase Order (Class 2 as default; Class 3 where specified for high-reliability applications). Supplier's inspection personnel involved in IPC-related activities shall be IPC-certified (CIS or CIT) or Supplier shall demonstrate equivalent competency.

**6.6 ESD Handling Requirements.** Suppliers shall implement and maintain an ESD Control Program in accordance with ANSI/ESD S20.20 (current revision) or IEC 61340-5-1. All ESD-sensitive Goods shall be handled, stored, packed, and shipped in accordance with this program. Supplier shall provide evidence of ESD program certification upon Buyer's request.



**6.7 Incoming Inspection Rights.** Buyer reserves the right (but not the obligation) to conduct incoming inspection of all Goods received from Supplier. Buyer's inspection or acceptance of Goods upon receipt shall not constitute a waiver of any latent defect, warranty obligation, or other right of Buyer under these Terms.

**6.8 Source Inspection.** Buyer, or Buyer's designated representative, shall have the right to conduct source inspection at Supplier's facility prior to shipment. Suppliers shall provide reasonable access, workspace, equipment, and assistance at no additional charge. Source inspection does not transfer title or relieve Supplier of its obligation to deliver conforming Goods.

**6.9 Corrective and Preventive Action (CAPA).** In the event of a nonconformance, quality escape, customer complaints attributable to Supplier's Goods, or systemic quality issue, Supplier shall:

**6.9.1** Acknowledge receipt of Buyer's written notification within twenty-four (24) hours.

**6.9.2** Implement immediate containment actions within forty-eight (48) hours.

**6.9.3** Submit a completed 8D (Eight-Disciplines) report within ten (10) business days of notification, including root cause analysis (e.g., using 5-Why or Ishikawa methodology), corrective actions taken, and preventive actions implemented; and

**6.9.4** Provide evidence of effectiveness of corrective actions within twenty (20) days of report submission.

**6.10 Return Material Authorization (RMA).** For Nonconforming Goods, Buyer may initiate an RMA. Upon Buyer's issuance of an RMA authorization number, Supplier shall bear all costs of return freight, replacement, re-inspection, and re-testing. Supplier shall provide replacement Goods within the lead time specified in the RMA or, if not specified, within ten (10) business days of RMA issuance. Suppliers shall accept all returned Nonconforming Goods without dispute to return freight costs.

**6.11 Record Retention.** Supplier shall maintain quality records, test data, inspection records, certificates of conformance, and other Goods-related documentation for a minimum of ten (10) years from the date of delivery, or as otherwise specified by applicable law or Buyer's written instructions, whichever is longer. In addition, records evidencing the disposition or destruction of any quality-related documented information shall be retained for a minimum of ten (10) years.

**6.12 Certificate of Conformance.** Each shipment shall be accompanied by a Certificate of Conformance (CoC) signed by Supplier's authorized quality representative, certifying that the Goods conform to all applicable Specifications, standards, and Purchase Order requirements.

**6.13 Personnel Awareness Requirements.** Suppliers shall ensure that all personnel performing work under this Purchase Order are aware of their contribution to *product and service conformity*, their contribution to *product*



*safety* and the importance of *ethical behavior*. Supplier shall maintain evidence of this awareness training and provide it to Buyer upon request.

## **SECTION 7 — INSPECTION AND ACCEPTANCE**

**7.1 Right to Inspect.** Buyer and Buyer's authorized representatives (including Buyer's customers and government representatives where applicable) shall have the right, upon reasonable advance notice of at least two (2) business days, to inspect Supplier's facility, manufacturing processes, equipment, materials, records, and Goods at any stage of production or upon completion. Such inspections shall be conducted during normal business hours and shall not unreasonably interfere with Supplier's operations.

**7.2 Acceptance Procedures.** Acceptance of Goods shall occur only after Buyer has performed, or waived in writing, incoming inspection, and testing, and has determined that the Goods conform to all applicable Specifications and PO requirements. Buyer's payment of an invoice shall not constitute acceptance of Goods.

**7.3 Rejection Procedures.** Buyer may reject Nonconforming Goods at any time before or after final acceptance, including after delivery to Buyer's customers if latent defects are subsequently discovered. Written notice of rejection shall be provided to Supplier. Upon rejection, Buyer may, at its sole discretion:

**7.3.1** Return the Nonconforming Goods to Supplier at Supplier's risk and expense for full credit or replacement.

**7.3.2** Require Supplier to sort, rework, repair, or replace the Nonconforming Goods at Supplier's expense within a time limit specified by Buyer.

**7.3.3** Perform or have a third party perform corrective work and charge all associated costs back to Supplier; or

**7.3.4** Accept Nonconforming Goods on a use-as-is basis with an appropriate price reduction negotiated in good faith.

**7.4 Rejection Disposition.** All Nonconforming Goods returned to Supplier shall be dispositioned (repaired, replaced, or scrapped) and a disposition report submitted to Buyer within thirty (30) days of return. Scrapping of Buyer-owned material or tooling requires Buyer's prior written approval.

**7.5 Flow-Down.** Supplier acknowledges that Buyer may be subject to inspection rights of Buyer's customers and government agencies, including the right to access Supplier's facilities. Supplier shall flow down equivalent access rights to its subcontractors and sub-tier suppliers.

## **SECTION 8 — WARRANTY**

**8.1 Warranty Period.** Supplier warrants all Goods and Services for the longer of: (a) twenty-four (24) months from the date of delivery to Buyer's facility; or (b) twelve (12) months from the date of first use by Buyer's end customer, provided Buyer notifies Supplier of the anticipated end-customer first-use date where practicable. In no event



shall the Warranty Period extend beyond thirty-six (36) months from the date of delivery to Buyer unless otherwise agreed in writing.

**8.2 Warranty Representations.** Supplier represents, warrants, and covenants that all Goods and Services shall:

**8.2.1** Conform in all respects to applicable Specifications, drawings, and Purchase Order requirements.

**8.2.2** Be free from defects in design (where design is Supplier's responsibility), materials, and workmanship.

**8.2.3** Satisfy all fit, form, and function requirements as specified or intended.

**8.2.4** Be new, genuine, and not counterfeit, recycled, refurbished, or previously used, unless explicitly authorized in writing by Buyer.

**8.2.5** Comply with all applicable laws, regulations, and standards, including environmental and safety requirements; and

**8.2.6** Be free from any liens, encumbrances, or security interests.

**8.3 Latent Defect Coverage.** Supplier's warranty obligations shall extend to latent defects — defects that are not discoverable through reasonable incoming inspection and that manifest during the Warranty Period under normal use conditions. Discovery of a latent defect shall toll the applicable Warranty Period for the affected Goods until replacement conforming Goods have been delivered and accepted.

**8.4 Warranty Remedies.** Upon Buyer's written notification of a warranty claim during the Warranty Period, Supplier shall, at Buyer's election and at Supplier's sole cost and expense:

**8.4.1** Repair or replace the defective Goods with conforming Goods within the shorter period of: (a) the time period specified by Buyer; or (b) ten (10) business days from receipt of the defective Goods.

**8.4.2** Issue full credit or refund for the defective Goods; or

**8.4.3** Reimburse Buyer for all reasonable costs incurred by Buyer in repairing or replacing the defective Goods, including labor, materials, testing, field service, and customer-imposed penalties.

**8.5 Warranty on Replacements.** Replacement Goods furnished under a warranty claim shall carry a new Warranty Period of equal duration to the original Warranty Period, commencing on the date of acceptance of the replacement Goods by Buyer.

**8.6 No Limitation of Remedies.** The warranty rights set forth in this Section 8 are in addition to, and not in lieu of, all other rights and remedies available to Buyer at law or in equity.



## SECTION 9 — INTELLECTUAL PROPERTY

**9.1 Buyer IP Ownership.** All Specifications, drawings, designs, technical data, tooling, test equipment, software, and other intellectual property provided by Buyer to Supplier, or developed by Supplier specifically for Buyer pursuant to a Purchase Order ("Buyer IP"), remain the exclusive property of Buyer. No license to Buyer IP is granted to Supplier except as expressly necessary to perform obligations under the applicable Purchase Order.

**9.2 Work-Made-for-Hire.** To the maximum extent permitted by law, all Deliverables created by Supplier that are specifically commissioned or ordered by Buyer under a Purchase Order shall be deemed "works made for hire" owned exclusively by Buyer. To the extent such Deliverables do not qualify as works made for hire, Supplier hereby irrevocably assigns to Buyer all right, title, and interest therein, including all associated IP rights.

**9.3 License Grant to Supplier.** Buyer grants Supplier a limited, non-exclusive, non-transferable, royalty-free license to use Buyer IP solely for the purpose of fulfilling Supplier's obligations under the applicable Purchase Order. This license terminates automatically upon completion or termination of the applicable Purchase Order.

**9.4 Prohibition on Reverse Engineering.** Supplier shall not, directly, or indirectly, reverse engineer, decompile, disassemble, or attempt to derive the design, composition, or functionality of any Buyer IP or Goods manufactured to Buyer's Specifications. Suppliers shall not use Buyer's Specifications, designs, or technical data to manufacture products for any party other than Buyer without Buyer's prior written consent.

**9.5 Confidentiality of Buyer Designs.** Suppliers shall treat all Buyer IP as Confidential Information in accordance with Section 10 and shall implement appropriate physical, technical, and administrative safeguards to prevent unauthorized access, disclosure, copying, or use.

**9.6 IP Indemnification.** Supplier shall defend, indemnify, and hold harmless Buyer and its customers from and against any third-party claim that the Goods (to the extent designed by Supplier) or Supplier's manufacturing processes infringe, misappropriate, or violate any third-party IP rights. Suppliers shall have no obligation under this Section to the extent infringement results from Buyer's Specifications or Buyer's modifications to Supplier's standard products.

**9.7 Return of Buyer Property.** Upon Buyer's request or upon termination of the applicable Purchase Order or these Terms, Supplier shall promptly return all Buyer IP, tooling, equipment, materials, and other Buyer property in Supplier's possession, or certify in writing to Buyer that all such items have been destroyed or purged.

## SECTION 10 — CONFIDENTIALITY

**10.1 Obligations.** Each party ("Receiving Party") shall hold in strict confidence all Confidential Information received from the other party ("Disclosing Party") and shall not disclose, publish, or disseminate such information to any



third party without the prior written consent of the Disclosing Party. Each Receiving Party shall use the Disclosing Party's Confidential Information solely for the purpose of performing its obligations or exercising its rights under these Terms. "Confidential Information" means all non-public information disclosed by the Disclosing Party, whether orally, in writing, electronically, or by any other means, which is designated as confidential or that reasonably should be understood to be confidential given the nature of the information and circumstances of disclosure.

**10.2 Standard of Care.** Each Receiving Party shall protect the Disclosing Party's Confidential Information using at least the same degree of care it uses to protect its own most sensitive confidential information, but in no event less than reasonable care.

**10.3 Permitted Disclosures.** Notwithstanding Section 10.1, a Receiving Party may disclose Confidential Information: (a) to its employees, contractors, and authorized subcontractors who have a need to know for performance purposes and are bound by equivalent confidentiality obligations; (b) as required by applicable law, regulation, or court order, provided the Receiving Party provides prompt written notice to the Disclosing Party (to the extent legally permitted) and cooperates with the Disclosing Party's efforts to seek a protective order; or (c) with the prior written consent of the Disclosing Party.

**10.4 Exclusions.** Confidentiality obligations shall not apply to information that: (a) is or becomes publicly available through no fault of the Receiving Party; (b) was lawfully known to the Receiving Party prior to disclosure without restriction; (c) is lawfully received by the Receiving Party from a third party without restriction on disclosure; or (d) is independently developed by the Receiving Party without reference to the Disclosing Party's Confidential Information.

**10.5 Survival.** Confidentiality obligations under this Section 10 shall survive termination or expiration of these Terms and any applicable Purchase Order for a period of five (5) years. Notwithstanding the foregoing, obligations with respect to trade secrets shall survive indefinitely.

**10.6 Data Handling.** To the extent Supplier receives, accesses, processes, or stores any Buyer data, including personal data, Supplier shall: (a) implement and maintain appropriate technical and organizational security measures; (b) process such data only as instructed by Buyer; (c) promptly notify Buyer of any actual or suspected data breach; and (d) comply with applicable data protection laws, including the General Data Protection Regulation (GDPR) and applicable U.S. state privacy laws where applicable.

**10.7 No Public Disclosure.** Suppliers shall not use Buyer's name, logo, trademarks, or the existence of a business relationship with Buyer in any advertising, marketing, press release, case study, or public statement without Buyer's prior written consent.



## SECTION 11 — COUNTERFEIT PARTS PREVENTION

### CRITICAL COMPLIANCE REQUIREMENT

This Section establishes mandatory obligations applicable to all components, materials, and bare PCBs supplied to Buyer. Full compliance with DFARS 252.246-7007, SAE AS6081, and SAE AS5553 is required. Non-compliance may result in immediate termination for cause and criminal referral to applicable authorities.

**11.1 Prohibition on Counterfeit Parts.** Supplier shall not deliver and shall take all reasonable steps to ensure that it does not deliver, any Counterfeit Part to Buyer. Supplier shall flow down this prohibition to all sub-tier suppliers and subcontractors in the supply chain for Goods supplied to Buyer.

**11.2 Regulatory Compliance.** Supplier shall comply with:

**11.2.1** DFARS 252.246-7007 (Contractor Counterfeit Electronic Part Detection and Avoidance System) and DFARS 252.246-7008 (Sources of Electronic Parts), where applicable to defense-related programs.

**11.2.2** SAE AS6081 (Fraudulent/Counterfeit Electronic Parts: Avoidance, Detection, Mitigation, and Disposition — Distributors); and

**11.2.3** SAE AS5553 (Fraudulent/Counterfeit Electronic Parts: Avoidance, Detection, Mitigation, and Disposition).

**11.3 Traceability Requirements.** All components, devices, and materials incorporated into Goods supplied to Buyer shall be fully traceable to the OCM or an Authorized Distributor. Supplier shall maintain and provide upon request: (a) OCM part number, lot number, and date code; (b) OCM or Authorized Distributor certificates of conformance; (c) traceability records linking each delivered part or lot to its OCM source; and (d) documentation evidencing purchase from an OCM-franchised or authorized distribution chain.

**11.4 Independent Distributors.** Where components are sourced from independent distributors (i.e., non-franchised distributors), Supplier shall: (a) obtain Buyer's prior written approval; (b) conduct testing and inspection per SAE AS6081 standards; (c) provide full traceability documentation; and (d) retain all procurement records for the period specified in Section 6.11.

**11.5 Reporting Obligations.** Supplier shall immediately — and in no event later than twenty-four (24) hours — notify Buyer in writing if Supplier: (a) discovers or suspects that any Counterfeit Part has been or may have been delivered to Buyer; (b) receives notice, complaint, or investigation related to Counterfeit Parts in its supply chain; or (c) becomes aware of Counterfeit Parts in the supply chain for products similar to those supplied to Buyer. Supplier shall simultaneously report confirmed counterfeit parts to the Government-Industry Data Exchange Program (GIDEP) where required by applicable law or contract.



**11.6 Remedies for Delivery of Counterfeit Parts.** In the event Buyer determines, in its reasonable judgment, that Counterfeit Parts have been delivered, Supplier shall, at Buyer's election and at Supplier's sole cost and expense:

**11.6.1** Immediately quarantine and remove all suspect Counterfeit Parts from Buyer's inventory and replace them with genuine, OCM-traceable conforming parts.

**11.6.2** Reimburse Buyer for all costs of disassembly, de-population, re-population, re-testing, re-inspection, and re-qualification of assemblies containing Counterfeit Parts; third-party laboratory analysis; customer-imposed penalties and re-qualification costs; and all freight, labor, and incidental costs; and

**11.6.3** Submit a written root cause analysis and CAPA report within ten (10) business days of Buyer's notification.

**11.7 Right to Audit Supply Chain.** Buyer reserves the right, upon reasonable notice, to audit Supplier's counterfeit parts prevention program, procurement records, traceability documentation, and supplier qualification records. Supplier shall extend equivalent audit rights to Buyer for Supplier's sub-tier suppliers and subcontractors.

**11.8 Counterfeit Parts Prevention Program.** Supplier shall maintain a documented Counterfeit Parts Prevention Plan that addresses, at minimum: approved supplier list management; purchasing controls; receiving inspection procedures; test and inspection methods for suspect parts; reporting protocols; and employee training.

**11.9 Flow-Down.** Suppliers shall flow down all requirements of this Section 11 in their entirety to all sub-tier suppliers and subcontractors providing components or materials incorporated into Goods supplied to Buyer.

## **SECTION 12- ITAR/EAR COMPLIANCE (EXPORT CONTROL FLOW-DOWN)-As Applicable**

**12.1 General Compliance Obligation.** Supplier shall comply with all applicable U.S. and foreign export control laws and regulations, including the International Traffic in Arms Regulations (ITAR, 22 C.F.R. Parts 120–130) and the Export Administration Regulations (EAR, 15 C.F.R. Parts 730–774), as well as applicable economic sanctions programs administered by the Office of Foreign Assets Control (OFAC). Supplier's compliance obligations shall apply to all technical data, software, technology, hardware, components, and services provided to or received from Buyer.

**12.2 Notification of Controlled Items.** Supplier shall promptly notify Buyer in writing if any Goods, technical data, software, or other items to be provided to Buyer are: (a) defense articles or defense services listed on the U.S. Munitions List (USML) subject to ITAR; (b) items controlled under the Commerce Control List (CCL) subject to EAR license requirements; or (c) subject to any other U.S. government export license requirement. Supplier shall provide the applicable ECCN or USML category designation with each delivery or upon request.

**12.3 No Unauthorized Transfer.** Supplier shall not transfer, export, re-export, release, or disclose any export-controlled Goods, technical data, software, or technology received from Buyer or developed in the performance of a Purchase Order to any foreign national, foreign entity, or destination without first obtaining all required U.S.



government authorizations, including applicable export licenses. "Foreign national" includes foreign nationals employed by or visiting Supplier's facilities (deemed export requirement).

**12.4 Employee Screening.** Suppliers shall implement procedures to screen employees and contractors with access to ITAR-controlled or EAR-controlled items, technical data, or technology to ensure compliance with applicable "deemed export" and "deemed re-export" provisions. Suppliers shall maintain screening records and provide evidence of screening practices upon Buyer's request.

**12.5 Export License Responsibilities.** Unless otherwise agreed in writing, Supplier shall be responsible for obtaining all required export licenses for the export of Goods or technology from Supplier's country of domicile. Where Buyer is the exporter of record, Buyer shall be responsible for obtaining required U.S. export

licenses, and Supplier shall cooperate fully with all license applications and provide all required technical data and certifications.

**12.6 Restricted Parties.** Supplier represents and warrants that neither Supplier nor any of its principals, officers, directors, or key personnel are listed on the U.S. Denied Parties List, Specially Designated Nationals (SDN) List, Entity List, or Debarred Parties List, or equivalent lists maintained by other applicable governmental authorities. Suppliers shall implement a restricted party screening program and screen all customers, suppliers, and transaction parties prior to shipping or receiving export-controlled items.

**12.7 Notification of Violations.** Supplier shall notify Buyer within forty-eight (48) hours if Supplier becomes aware of any actual or suspected violation of ITAR, EAR, or OFAC sanctions regulations in connection with Goods or services supplied to Buyer.

**12.8 Flow-Down to Sub-Suppliers.** Suppliers shall flow down the requirements of this Section 12 to all sub-tier suppliers, subcontractors, and agents involved in the manufacture, processing, handling, or shipment of Goods subject to ITAR or EAR controls.

## **SECTION 13 — CONFLICT MINERALS (DODD-FRANK SECTION 1502), As Applicable**

### **13.1 Definitions Applicable to This Section.**

**13.1.1 "Conflict Minerals"** means columbite-tantalite (commonly known as coltan, from which tantalum is derived), cassiterite (from which tin is derived), gold, wolframite (from which tungsten is derived), and any other mineral or its derivatives determined by the United States Secretary of State to be financing conflict in a Covered Country, as may be updated from time to time.

**13.1.2 "Covered Countries"** means the Democratic Republic of the Congo (DRC), and its nine (9) adjoining countries: Angola, Burundi, Central African Republic, Republic of Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia, as defined under the Dodd-Frank Act and as may be updated by the U.S. Secretary of State.



**13.1.3 "DRC Conflict-Free"** means Conflict Minerals that: (a) did not originate in a Covered Country; (b) came from recycled or scrap sources; or (c) originated in a Covered Country but did not directly or indirectly finance or benefit armed groups (as determined through an SEC-compliant RCOI and independent private sector audit).

**13.1.4 "CMRT"** means the Conflict Minerals Reporting Template, the standardized industry reporting tool developed and maintained by the Responsible Minerals Initiative (RMI), used to disclose information about smelters and refiners in a supply chain.

**13.1.5 "RCOI"** means a Reasonable Country of Origin Inquiry, conducted in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (Third Edition, and subsequent updates) and SEC Rule 13p-1.

**13.1.6 "RMAP"** means the Responsible Minerals Assurance Process administered by the Responsible Minerals Initiative, including its predecessor program, the Conflict-Free Smelter (CFS) Program.

**13.1.7 "Armed Group"** means an armed group that is identified as a perpetrator of serious human rights abuses in the annual U.S. Department of State report under Section 1502 of the Dodd-Frank Act.

**13.2 Applicability.** This Section 13 applies to all Supplier-provided Goods that are necessary to the functionality or production of a product manufactured or contracted by Buyer, and that may contain Conflict Minerals.

**13.3 Obligation to Conduct RCOI.** Supplier shall conduct a reasonable country of origin inquiry (RCOI) with respect to all Conflict Minerals present in Goods supplied to Buyer. Such inquiry shall:

**13.3.1** Be conducted in good faith and in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as may be revised from time to time.

**13.3.2** Encompass the entirety of Supplier's supply chain for Conflict Minerals, including all sub-tier suppliers, component suppliers, and material processors.

**13.3.3** Be designed to determine whether Conflict Minerals in Supplier's products originated in a Covered Country and, if so, whether such minerals directly or indirectly finance or benefit armed groups; and

**13.3.4** Be updated and refreshed at least annually and whenever Supplier has a reason to believe the status of any Conflict Mineral source may have changed.

**13.4 Annual CMRT Submission.** Supplier shall complete and submit to Buyer a current and fully populated Conflict Minerals Reporting Template (CMRT), in the current version at the time of submission, no later than January 31st of each calendar year covering the preceding calendar year. The CMRT shall:

**13.4.1** Be completed in English using the most current version of the RMI CMRT template.

**13.4.2** Identify all smelters and refiners in Supplier's supply chain for 3TG minerals (tin, tantalum, tungsten, and gold).

**13.4.3** Indicate the RMAP certification status of each identified smelter or refiner.



**13.4.4** Disclose the country of origin or country of smelting/refining for each Conflict Mineral; and

**13.4.5** Include Supplier's authorized representative's certification of accuracy and completeness.

**13.5 RMAP-Compliant Smelters and Refiners.** Suppliers shall use commercially reasonable efforts to source Conflict Minerals only through smelters and refiners that are certified as RMAP-compliant (or equivalent, such as the London Bullion Market Association (LBMA) for gold) as confirmed by the RMI's published list of conformant smelters and refiners. Where Supplier's supply chain includes non-RMAP-certified smelters or refiners, Supplier shall:

**13.5.1** Disclose such non-compliant smelters or refiners to Buyer in the CMRT submission.

**13.5.2** Provide a written action plan for transitioning to RMAP-certified sources within a reasonable time limit; and

**13.5.3** Demonstrate progress toward full RMAP-certified sourcing in each subsequent annual CMRT submission.

**13.6 Flow-Down to Sub-Tier Suppliers.** Suppliers shall incorporate requirements substantially equivalent to those in this Section 13 into its contracts with all sub-tier suppliers, component suppliers, and subcontractors that supply Goods containing or potentially containing Conflict Minerals to Supplier for use in Buyer-bound products. Supplier shall collect, review, and consolidate CMRT submissions from its supply chain to support its own annual CMRT submission to Buyer.

**13.7 Right to Audit.** Buyer reserves the right, upon reasonable advance written notice of at least ten (10) business days, to audit Supplier's conflict minerals due diligence records, RCOI documentation, CMRT preparation records, smelter/refinery engagement documentation, and sub-supplier CMRT submissions. Supplier shall cooperate fully with such audits and shall ensure equivalent audit rights flow down to its sub-tier suppliers.

**13.8 Reporting of DRC-Conflict-Financed Minerals.** Supplier shall immediately notify Buyer in writing — and in no event later than five (5) business days of discovery — if Supplier discovers, or has reasonable grounds to believe, that any Conflict Minerals in its supply chain for Buyer-bound products are DRC conflict-financed (i.e., are sourced from Covered Countries and directly or indirectly finance armed groups). Such notification shall include:

**13.8.1** Identification of the specific mineral(s) and affected products.

**13.8.2** The smelter, refiner, or supply chain node identified as the source.

**13.8.3** The date of discovery and basis for the determination; and

**13.8.4** Any immediate containment or mitigation measures Supplier has taken or intends to take.

**13.9 Remediation Obligations.** Upon discovering or being notified by Buyer that any Conflict Minerals in its supply chain for Buyer-bound products are DRC conflict-financed, Supplier shall, within ninety (90) calendar days of discovery or notification:



**13.9.1** Develop and submit to Buyer a written Corrective Action Plan (CAP) for remediating the identified conflict mineral sourcing issue.

**13.9.2** Identify alternative, RMAP-compliant or DRC Conflict-Free smelters or refiners for the affected mineral(s).

**13.9.3** Implement the CAP according to the timeline specified therein; and

**13.9.4** Report progress against the CAP to Buyer on a monthly basis until full remediation is confirmed.

**13.10 Supplier Certification and Representation.** By submitting each annual CMRT to Buyer and by executing each Purchase Order, Supplier hereby represents, warrants, and certifies that:

**13.10.1** Supplier has conducted a good-faith RCOI in accordance with the OECD Due Diligence Guidance and, to the best of Supplier's knowledge after such inquiry, the products supplied to Buyer do not contain Conflict Minerals that directly or indirectly finance or benefit armed groups in Covered Countries.

**13.10.2** All information provided by Supplier in its CMRT submissions is true, accurate, and complete to the best of Supplier's knowledge as of the date of submission; and

**13.10.3** Supplier's conflict minerals due diligence program is designed and implemented in a manner reasonably calculated to identify and address the risks of financing armed conflict through the use of Conflict Minerals.

**13.11 Survival and Update Obligation.** Supplier's obligations under this Section 13 shall survive the expiration or termination of any Purchase Order or these Terms for so long as Buyer has reporting obligations under SEC Rule 13p-1 with respect to products incorporating Goods supplied by Supplier. Supplier shall notify Buyer in writing within thirty (30) calendar days if Supplier discovers that any prior certification or CMRT submission submitted to Buyer has become inaccurate in any material respect and shall provide a corrected submission within sixty (60) days of such discovery.

**13.12 Mutual Cooperation.** The parties agree to cooperate in good faith to address conflict minerals due diligence requirements and to share information necessary for Buyer to fulfill its SEC disclosure obligations. Buyer shall provide Supplier with reasonable guidance and updated templates as SEC requirements or RMI templates evolve.

## **SECTION 14 — ENVIRONMENTAL AND REGULATORY COMPLIANCE**

**14.1 RoHS Compliance.** Unless otherwise specified in the applicable Purchase Order, all Goods shall comply with the European Parliament and Council Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS 2), as amended by Directive 2015/863/EU (RoHS 3), and all implementing measures thereunder. Supplier shall provide RoHS compliance declarations and supporting material composition data (e.g., IPC-1752A or equivalent) upon Buyer's request.

**14.2 REACH Compliance.** Supplier shall comply with Regulation (EC) No. 1907/2006 (REACH) and shall promptly notify Buyer if any Goods contain substances of very high concern (SVHCs) included on the REACH Candidate List



in concentrations above 0.1% by weight in any article. Suppliers shall provide Safe Use Information for SVHCs upon request. Supplier shall update Buyer within thirty (30) days whenever a new SVHC is added to the Candidate List that affects Goods supplied to Buyer.

**14.3 WEEE.** Suppliers shall comply with the European Parliament Directive 2012/19/EU on Waste Electrical and Electronic Equipment (WEEE) and all applicable national implementing regulations. Where Supplier is the producer of record for purposes of WEEE, Supplier shall be responsible for all registration, reporting, and financial obligations thereunder.

**14.4 California Proposition 65.** Suppliers shall provide timely written notice to Buyer if any Goods contain chemicals listed under California's Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) at concentrations that may require a warning under applicable California regulations. Supplier shall indemnify and hold Buyer harmless from and against any Proposition 65 liability attributable to Supplier's Goods.

**14.5 Halogen-Free Requirements.** Where expressly specified in the applicable Purchase Order or Buyer's Specifications, Supplier shall supply Goods that comply with the IEC 61249-2-21 halogen-free standard (chlorine <900 ppm, bromine <900 ppm, total halogens <1500 ppm by weight). Suppliers shall provide halogen-content declarations and supporting test data upon request.

**14.6 Conflict-Free Materials.** Supplier's obligations regarding conflict-free material sourcing are addressed in detail in Section 13 of these Terms. This Section 14.6 serves as a cross-reference confirmation that compliance with Section 13 is also an environmental, social, and governance (ESG) compliance obligation of Supplier.

**14.7 Additional Environmental Laws.** Supplier shall comply with all other applicable environmental laws and regulations in jurisdictions where Supplier operates, manufactures, or delivers Goods, including but not limited to the U.S. Environmental Protection Agency (EPA) Toxic Substances Control Act (TSCA), as amended by the Frank R. Lautenberg Chemical Safety Act.

**14.8 Material Declarations.** Supplier shall, upon Buyer's request or as a condition of initial qualification, provide complete material declarations using IPC-1752A Class D or equivalent data format, covering all homogeneous materials in delivered Goods. Suppliers shall update material declarations within thirty (30) days of any material change.

## **SECTION 15 — CHANGES AND ENGINEERING CHANGE ORDERS (ECOS)**

**15.1 Buyer's Right to Issue ECOs.** Buyer reserves the right, at any time during the performance of a Purchase Order, to issue Engineering Change Orders (ECOs) directing changes to: (a) Specifications, drawings, or designs; (b) materials, components, or subassemblies; (c) manufacturing processes, test methods, or quality requirements; (d) packaging, labeling, or shipping requirements; or (e) delivery schedules.



**15.2 Supplier ECO Response.** Upon receipt of a Buyer-issued ECO, Supplier shall, within five (5) business days (or such shorter period as Buyer may specify for urgent changes), submit to Buyer a written ECO Response that includes:

**15.2.1** Acknowledgment of receipt and understanding of the ECO.

**15.2.2** An assessment of schedule impact on open and future deliveries; and

**15.2.3** Identification of any technical concerns, risks, or required qualification activities.

**15.3 Mandatory Prior Approval.** Supplier shall not implement any changes to materials, manufacturing processes, manufacturing location, sub-tier suppliers, test methods, or product configuration without Buyer's prior written approval. This prohibition applies to all changes, whether initiated by Supplier, Supplier's sub-suppliers, or arising from component obsolescence or material unavailability.

**15.4 Supplier-Initiated Changes.** If Supplier proposes a change to any aspect of the Goods or manufacturing process (including for cost reduction or obsolescence mitigation), Supplier shall submit a formal written Engineering Change Request (ECR) to Buyer's designated engineering or procurement contact. No proposed change may be implemented without Buyer's express written approval and, where required, completion of qualification activities.

**15.5 Obsolescence Management.** Supplier shall proactively notify Buyer at least twelve (12) months in advance of any component becoming last-time-buy (LTB) or end-of-life (EOL) that affects Buyer-bound products and shall work collaboratively with Buyer to develop obsolescence mitigation strategies.

## **SECTION 16 — SUBCONTRACTING**

**16.1 Prior Written Consent Required.** Supplier shall not subcontract, delegate, or otherwise transfer its obligations under any Purchase Order, in whole or in part, to any third party without Buyer's prior written consent. Buyer's consent to subcontracting shall not relieve Supplier of any obligation or liability under these Terms. Supplier shall remain fully responsible and liable for the performance, quality, and compliance of all subcontractors as if Supplier had performed the work directly.

**16.2 Flow-Down of Terms.** Supplier shall incorporate into all subcontracts, in full or in substance, all applicable obligations and requirements of these Terms and Conditions, including but not limited to obligations relating to: quality requirements (Section 6); inspection rights (Section 7); warranty (Section 8); intellectual property (Section 9); confidentiality (Section 10); counterfeit parts prevention (Section 11); ITAR/EAR compliance (Section 12); conflict minerals (Section 13); environmental compliance (Section 14); and changes (Section 15).

**16.3 Approved Supplier List.** Where Buyer maintains an Approved Supplier List (ASL) for specific components or processes, Supplier shall use only ASL-approved sources. Any deviation from the ASL requires Buyer's prior written approval and may require qualification testing.



**16.4 Buyer's Right to Audit Sub-Suppliers.** Buyer and Buyer's authorized representatives shall have the right, upon reasonable advance notice, to audit the facilities, records, processes, and quality systems of any subcontractor or sub-tier supplier engaged by Supplier in connection with Buyer-bound products. Suppliers shall facilitate and not obstruct such audits.

**16.5 Change of Subcontractor.** Supplier shall notify Buyer in writing at least ninety (90) days in advance of any proposed change to an approved subcontractor or sub-tier supplier for Buyer-bound products. Such changes are subject to Buyer's prior written approval and may require re-qualification activities at Supplier's expense.

## **SECTION 17 — TERMINATION**

**17.1 Termination for Convenience.** Buyer may terminate any Purchase Order, in whole or in part, for its convenience and without cause upon thirty (30) calendar days' prior written notice to Supplier. Upon receipt of such notice, Supplier shall:

**17.1.1** Immediately stop work on the terminated portion of the Purchase Order to the extent directed by Buyer.

**17.1.2** Preserve and protect all property in Supplier's possession in which Buyer has an interest.

**17.1.3** Cancel or flow down termination to subcontractors and sub-tier suppliers as directed by Buyer; and

**17.2 Termination for Cause.** Buyer may terminate any Purchase Order, in whole or in part, for cause immediately upon written notice to Supplier upon the occurrence of any of the following events:

**17.2.1** Supplier's material breach of any provision of these Terms or the applicable Purchase Order, including failure to deliver conforming Goods by the required delivery date.

**17.2.2** Supplier's repeated failure (two or more occurrences within any rolling twelve-month period) to deliver conforming Goods or to meet quality requirements.

**17.2.3** Delivery of Counterfeit Parts.

**17.2.4** Supplier's insolvency, assignment for the benefit of creditors, appointment of a receiver, filing for protection under applicable bankruptcy or insolvency laws, or cessation of business operations.

**17.2.5** Supplier's violation of applicable export control, sanctions, or anti-corruption laws; or

**17.2.6** Supplier's breach of confidentiality or IP obligations.

**17.3 Remedies Upon Termination for Cause.** In the event of termination for cause, Buyer shall have no payment obligation beyond amounts owed for conforming Goods accepted prior to the termination date. Buyer may purchase replacement goods or services from alternative sources and recover from Supplier the excess costs of such cover procurement, together with all other damage suffered by Buyer.



**17.4 Stop-Work Orders.** Buyer may issue a written stop-work order to Supplier at any time. Upon receipt, Supplier shall immediately cease all work covered by the stop-work order and take all reasonable measures to minimize costs accruing during the stop-work period. Buyer shall notify Supplier within ninety (90) days of a stop-work order whether to resume work or to treat the stop-work as a termination for convenience.

**17.5 Survival.** Termination of any Purchase Order or these Terms shall not relieve either party of obligations that by their nature survive termination, including but not limited to warranty obligations, confidentiality, IP rights, indemnification, conflict minerals reporting, and dispute resolution.

## **SECTION 18 — LIABILITY AND INDEMNIFICATION**

**18.1 Mutual Indemnification.** Each party ("Indemnifying Party") shall defend, indemnify, and hold harmless the other party and its affiliates, officers, directors, employees, agents, successors, and assigns (collectively, "Indemnified Parties") from and against any and all third-party claims, demands, suits, proceedings, judgments, losses, liabilities, damages, penalties, fines, costs, and expenses (including reasonable attorneys' fees) arising out of or related to: (a) the Indemnifying Party's negligence or willful misconduct; or (b) the Indemnifying Party's breach of these Terms.

**18.2 Product Liability Indemnification.** Suppliers shall defend, indemnify, and hold harmless Buyer, Buyer's customers, and end users from and against any third-party product liability claim arising from or related to: (a) defects in materials or workmanship in Goods supplied by Supplier; (b) Supplier's failure to conform to applicable Specifications or standards; or (c) Counterfeit Parts supplied by Supplier. This indemnification obligation shall include all product recall and field retrofit costs attributable to Supplier's Goods.

**18.3 IP Indemnification.** Supplier's IP indemnification obligations are set forth in Section 9.6 and are incorporated herein by reference.

**18.4 Exclusion of Consequential Damages; Carve-Outs.** EXCEPT AS SET FORTH IN THIS SECTION 18.4, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS, LOSS OF BUSINESS, OR LOSS OF DATA), EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. Notwithstanding the foregoing, the exclusion of consequential damages shall NOT apply to:

**18.6.1** Damages arising from Supplier's breach of its confidentiality obligations under Section 10.

**18.6.2** Damages arising from Supplier's infringement of Buyer's intellectual property rights.

**18.6.3** Damages arising from Supplier's delivery of Counterfeit Parts.

**18.6.4** Damages arising from Supplier's willful misconduct or fraud; or

**18.6.5** Damages for which Supplier is required to indemnify Buyer under Section 18.2 (product liability).



## **SECTION 19 — GOVERNING LAW AND DISPUTE RESOLUTION**

**19.1 Governing Law.** These Terms and Conditions and all Purchase Orders issued hereunder shall be governed by and construed in accordance with the laws of the State of MICHIGAN, without regard to its conflict of laws principles. The parties exclude the application of the United Nations Convention on Contracts for the International Sale of Goods (CISG).

**19.2 Escalation and Good Faith Negotiation.** In the event of any dispute, controversy, or claim arising out of or relating to these Terms, a Purchase Order, or the breach, termination, or validity thereof, the parties shall first attempt to resolve the dispute through good faith negotiation between senior representatives of both parties. Either party may initiate escalation by providing written notice to the other party. The parties shall meet within fifteen (15) business days of such notice and negotiate in good faith for a period of thirty (30) days (or such longer period as mutually agreed).

**19.3 Mandatory Mediation.** If good faith negotiation fails to resolve the dispute within the period prescribed in Section 20.2, the parties shall submit the dispute to non-binding mediation administered by the American Arbitration Association (AAA) under its Commercial Mediation Procedures, before either party may commence arbitration or litigation. The mediation shall be conducted by a single, mutually agreed-upon mediator. Mediation costs shall be shared equally by the parties.

**19.4 Venue and Jurisdiction for Interim Relief.** Either party may seek emergency injunctive or other interim equitable relief from any court of competent jurisdiction to prevent irreparable harm. For such purposes, each party irrevocably consents to the exclusive jurisdiction and venue of the state and federal courts located in State of MICHIGAN.

**19.5 Waiver of Jury Trial.** TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THESE TERMS OR ANY PURCHASE ORDER ISSUED HEREUNDER.

**19.6 Continued Performance.** Pending resolution of any dispute, Supplier shall continue to perform its obligations under all Purchase Orders in full, unless instructed otherwise in writing by Buyer.

## **SECTION 20 — GENERAL PROVISIONS**

**20.1 Entire Agreement.** These Terms and Conditions, together with all Purchase Orders and incorporated documents, constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous agreements, representations, warranties, understandings, and communications, whether oral or written, relating thereto.



**20.2 Amendments.** No amendment, modification, or supplement to these Terms shall be binding unless made in writing and executed by duly authorized representatives of both parties. Buyer's procurement representative must have explicit written authority to bind Buyer to any amendment.

**20.3 Severability.** If any provision of these Terms is held by a court or arbitral tribunal of competent jurisdiction to be invalid, illegal, or unenforceable, such provision shall be modified to the minimum extent necessary to make it valid, legal, and enforceable, and the remaining provisions of these Terms shall continue in full force and effect.

**20.4 Waiver.** No failure or delay by either party in exercising any right, power, or remedy under these Terms shall operate as a waiver thereof. A waiver of any breach or default shall not constitute a waiver of any subsequent breach or default of the same or different nature. All waivers must be signed in writing by the waiving party's authorized representative.

**20.5 Notices.** All notices, demands, requests, consents, approvals, and other communications required or permitted under these Terms shall be in writing and shall be deemed duly given: (a) upon delivery if delivered by hand to the receiving party's designated representative; (b) upon confirmed transmission if sent by electronic mail with read receipt; (c) one (1) business day after deposit with a reputable overnight courier; or (d) three (3) business days after mailing by certified mail, return receipt requested, addressed to the party at its address set forth in the applicable Purchase Order or as otherwise notified in writing.

**20.6 Force Majeure.** Neither party shall be liable for delays in performance caused by events beyond that party's reasonable control, including acts of God, war, terrorism, government actions, fire, flood, earthquake, epidemic, or pandemic ("Force Majeure Event"), provided the affected party: (a) provides written notice to the other party within five (5) business days of the Force Majeure Event; (b) uses commercially reasonable efforts to mitigate the effects of and overcome the Force Majeure Event; and (c) resumes performance as soon as reasonably practicable.

Notwithstanding the foregoing, the following shall NOT constitute Force Majeure Events with respect to Supplier's delivery obligations: (a) component shortages attributable to Supplier's failure to maintain adequate safety stock or to exercise timely purchasing practices; (b) supplier insolvency or quality failures that were reasonably foreseeable; (c) labor disputes internal to Supplier; (d) price increases in raw materials or components; or (e) any event for which Supplier bears financial or operational risk under these Terms. If a Force Majeure Event continues for more than thirty (30) days, Buyer may terminate the affected Purchase Order for convenience without liability.

**20.7 Assignment.** Supplier shall not assign, transfer, delegate, or otherwise dispose of these Terms, any Purchase Order, or any of its rights or obligations hereunder (whether by operation of law, merger, acquisition, or otherwise) without Buyer's prior written consent. Buyer may freely assign these Terms and any Purchase Order



to any affiliate or successor in connection with a corporate reorganization, merger, or acquisition. Any attempted assignment by Supplier in violation of this Section shall be null and void.

**20.8 Relationship of the Parties.** The parties are independent contractors. Nothing in these Terms or any Purchase Order shall create or be deemed to create a partnership, joint venture, agency, employment, or fiduciary relationship between the parties. Neither party has the authority to bind the other party to any obligation, commitment, or agreement, or to make representations on the other party's behalf, without prior written authorization.

**20.9 Anti-Corruption Compliance.** Supplier shall comply with all applicable anti-bribery and anti-corruption laws, including the U.S. Foreign Corrupt Practices Act (FCPA). Suppliers shall not, directly, or indirectly, offer, pay, promise, or authorize any payment, gift, or thing of value to any government official, political party, or commercial entity for the purpose of influencing any act or decision in connection with Buyer's business.

**20.10 Audit Rights.** In addition to specific audit rights referenced elsewhere in these Terms, Buyer and its authorized representatives shall have the right, upon reasonable notice, to audit Supplier's financial records, quality records, compliance records, and other business records relevant to transactions under these Terms, for a period of three (3) years following final delivery under any Purchase Order.

**20.11 Electronic Delivery.** Electronically transmitted documents shall be deemed valid and binding to the same extent as originals.

**20.12 Headings.** Section headings are for convenience of reference only and shall not affect the interpretation or construction of these Terms.

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