



## Purchase Order General Terms and Conditions

**Buyer:** Means Northwest Swiss

**Seller:** Means the vendor/supplier/distributor performing work and/or supplying materials, parts, or services pursuant to a purchase order issued by the buyer (physically or electronically).

### 1. Acceptance

This order is Buyer's offer to Seller. Seller accepts this order as a binding agreement, either by signing and returning the acknowledgment copy or other form of acknowledgement, by failing to indicate rejection within 10 days of the order date, or by commencement of performance. No modification of this order (including any additional or conflicting terms in Seller's acceptance) shall be binding on Buyer unless agreed to in writing by Buyer.

### 2. Pricing

Seller shall furnish the Goods covered by this order (the Goods) or the services covered by this order (the Services) in accordance with the prices and delivery schedule stated on the face of this order. If prices and/or delivery dates are not stated, Seller shall offer its lowest prices and best delivery dates, both of which shall be subject to written acceptance by Buyer, and no contract shall be deemed entered into unless such written acceptance by Buyer is obtained. All prices include all applicable taxes, and other government charges, including but not limited to all federal, state, use or excise taxes, or any custom dues.

### 3. Shipments/Delivery

Shipments or delivery shall be strictly in accordance with quantities, schedules, and shipping instructions called for on the face of this order. No partial shipments shall be made unless authorized by Buyer. If at any time it appears that Seller will not meet such schedule, Seller shall promptly notify Buyer and if requested by Buyer, will ship by the most expeditious method to minimize delay, the premium cost to be borne by Seller. This is in addition to Buyer's other remedies provided by law. On time delivery is anytime before the due date and zero (0) days late.

### 4. Packing/Marking

All goods shall be prepared for shipment and packed to prevent damage or deterioration. No charges will be paid by Buyer for preparation, packing, crating, cartage, or storage unless specifically stated in this order. All invoices, packing lists, packages, shipping notices, manuals and other documents relative to this order shall reference the Purchase Order number.

### 5. Invoice/Payment

A separate invoice and bill of lading shall be issued for each shipment. No invoice shall be issued prior to shipment of goods, and no payments shall be due prior to receipt and acceptance of goods, required specified documentation, and a correct invoice. Unless otherwise stated on the face of this order, payment terms are net 30 days after receipt.

### 6. Inspection/Acceptance

a. Buyer may inspect and test materials, supplies, and work in process, at all reasonable times and places, and may inspect Seller's books and records related to such, both during the term of this Agreement and thereafter, without additional charge. Except as otherwise agreed in writing, all shipments and supplies furnished under this Purchase Order shall be subject to final inspection and acceptance by Buyer at Buyer's facility. All inspection records relating to the Goods, Seller shall, if required by Buyer, use an inspection system accepted by Buyer in writing. All inspection records relating to the Goods shall be available to Buyer during the performance of this Order, and for such longer periods specified by Buyer in its acceptance of the inspection system, if any.

b. Final inspection and acceptance by Buyer shall be at destination unless otherwise specified in this order. Final inspection will be made within a reasonable time after receipt of Goods. Such inspection shall be in accordance with the customary established inspection procedures of the location of Buyer where Goods are received. If rejection of a shipment would result from Buyer's normal inspection level under such procedures, Buyer may at its option, conduct an above-normal level inspection up to 100% inspection, and charge the Seller the reasonable cost thereof. No inspection tests, approval, or acceptance of the Goods shall relieve Seller from responsibility for any defects in the Goods or other failures to meet the requirements of the Order. Seller will use the ANSI sampling plan for all orders during the final inspection process unless otherwise specified by the Buyer.

### 7. Risk of Loss

All risk of loss shall be borne by Seller for purchase orders identifying the FOB point to be "DESTINATION". Seller shall select the appropriate carrier and prepay all delivery charges. In addition, Seller assumes all risks for (A) loss or damage of critical delivery to and acceptance by Buyer, (B) loss or damage to property of or death or bodily injury to, third parties, (C) loss or damage on returns of excess quantities, premature deliveries or rejects, and (D) loss or damage to material or other property furnished to Seller by Buyer.

### 8. Warranties

Seller warrants that all material and work covered by this order will conform to applicable specifications, drawings, samples or other descriptions given, free from defect in workmanship and material, for 12 months after receipt and acceptance by Buyer's customer. In addition to other remedies available by law, Buyer may, at its option, return any non-conforming or defective items for replacement or to correct the nonconformance for which Supplier shall be financially responsible at an equitable amount. These rights of Buyer are in addition to, and shall not be limited by Seller's warranties. This warranty, together with Seller's service warranties and guarantees, shall run to the Buyer and the Buyer's customers.

### 9. Proprietary Information

All written information obtained by Seller from Buyer in accordance with this order shall be received in confidence and shall remain the property of the Buyer, and shall be used and disclosed by the Seller only to the extent necessary for the performance of this



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Order. Unless otherwise authorized by Buyer in writing, Seller shall keep confidential all proprietary information including but not limited to designs, processes, specifications, reports, data, and other technical or business information and the features of all parts, equipment, tools, gauges, patterns, and other items furnished or disclosed to Seller by Buyer. Seller shall not use any proprietary information of Buyer to manufacture, sell, or repair, refurbish, maintain, or overhaul any Goods provided hereunder to any other person. Upon completion, cancellation, or termination of this Order, Seller shall, at its own expense, dispose of all such information and items as directed by Buyer. In all subcontracts for performance of work related to this order, Seller shall include provisions which provide the Buyer the same protection as provided by this paragraph.

### 10. Termination for Cause

a. Buyer may terminate this order in whole or part, if acts of God, war, threats of war, civil disorder, government acts or restrictions, labor difficulties, shortages of transportation, fuel, energy, labor or materials, cancellations or terminations of any of Buyer's sales contracts or any other causes beyond a reasonable control of Buyer make receipt or use of the ordered goods impracticable. If terminated, Buyer has the option to either (1) accept goods in transit and those received, but not previously accepted, or (2) reject such goods and return them to Seller. Buyer shall have no liability to Seller for goods rejected or for goods in process or materials on order at the time of such terminations.

b. If Bankruptcy, insolvency, dissolution, receivership, or equivalent proceedings be instituted by or against Seller, or upon Seller's making any assignment for the benefit of creditors or entering into any arrangement or upon Seller's becoming insolvent, Buyer shall have the right to terminate the purchase order in accordance with subparagraph (A) of paragraph 11.

c. Time is of the essence with this purchase order and Buyer may terminate this order, in whole or in part, without further obligations or liabilities in the event of Seller's failure to deliver or ship goods on schedule or any other failure to comply with the terms of this agreement. Buyer, may at its option, purchase the same equivalent goods from another supplier and Seller shall be liable for any excess costs incurred by Buyer caused by Seller's default of this order.

### 11. Termination for Convenience

Buyer reserves the right to terminate this agreement, in whole or in part, at any time for the convenience of Buyer, by so notifying the Seller in writing. To the event of such termination, Buyer will give Seller instructions with respect to delivery of goods (in process, purchased or committed) and Seller shall be compensated based on Seller's actual direct out of pocket costs, less amounts realized by Seller from the later sale of such items not purchased by Buyer. Buyer shall not be responsible for cancellation fees or re-stocking charges.

### 12. Changes in Materials

Seller agrees not to make any changes which affect this order without prior written approval of Buyer. Seller agrees that material or finished parts furnished hereunder shall be controlled and tested in accordance with identified specifications, and will meet all specified requirements, and that applicable records are on file, subject to examination by Buyer. Additionally, Buyer may be charged a fee of \$25.00 to \$50.00 for any change or cancellation of previously approved and agreed upon order.

### 13. Infringement Indemnity

Seller shall defend at its expense any suit against Buyer, and/or its Customers, based on a claim that any item furnished to Buyer under this order, or the normal use of sale thereof (or sub-component including product contained within, process used in performance, documentation, materials, or technology), infringes on a Letters Patent, Copyright, or other such documented ownership, covering combinations of such items, with items not furnished by Seller, and shall pay costs and damages finally awarded in any such suit, attorneys fees, loss of profit, etc., provided that the Seller is notified in writing of the suit and given authority, information, and assistance at Seller's expense for the defense of same. If the use or sale of said item is enjoined, as a result of such suit, Seller, at no expense to Buyer, shall obtain for Buyer and its Customer the right to use and sell said item or shall substitute an equivalent item acceptable to Buyer and extend this patent indemnity thereto.

### 14. Customer Owned Property/Tooling

All materials, tools, jigs, fixtures, specifications, methods, processes and other property, owned or paid for by Buyer, shall be the property of Buyer, subject to removal at any time without cost or expense to Buyer. All such shall be identified and marked as Buyer's property, used only for Buyer's orders and covered by adequate liability, damage and fire insurance (including extended coverage) for the fair and reasonable value. Seller shall assume full liability for and maintain and repair the same and return the same to Buyer in good condition (with allowance for reasonable wear and tear for the period of use). Seller shall provide Buyer with inventories thereof when requested by Buyer and certify to Buyer that all use thereof is expended on Buyer's order(s).

### 15. Subcontracting

Seller shall obtain written approval from the Buyer for all purchase orders or subcontracts involving all or substantially all of the work required hereunder.

### 16. Defective Pricing

Seller represents and warrants that the prices set forth herein do not and will not violate any federal, state, county or municipal law or regulation relative to price discrimination or price fixing. Therefore, with respect to such prices, Seller hereby indemnifies and agrees to exonerate and hold Buyer harmless from and against any costs, losses, and damages of whatever nature occasioned by, arising out of, or in any way connected with a violation of any such laws or regulation. If any price excess exists, Seller agrees to reduce the price by the amount of such excess.

Seller agrees that it will provide to Northwest Swiss the lowest possible price for the items listed on Buyer's Purchase Order, and should a customer other than Northwest Swiss receive pricing lower than the prices stated above for similar products/quantities, Seller shall provide to Northwest Swiss equivalent pricing.



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### **17. Assignment**

No assignment of rights or delegation of duties under this order shall be binding upon Buyer without its written consent.

### **18. Confidential Disclosure**

Seller shall keep confidential all proprietary information identified by Buyer from Request for Quote (Proposal) through Contract Closure. Identified Documents will be returned at Buyer's request or will be kept confidential for a minimum period of 11 years, unless specifically modified by a Non-Disclosure Agreement signed between the Parties.

### **19. Changes**

Buyer may at any time, by written order, make changes within the general scope of this order. If any change causes an increase or decrease in the cost or time required in the performance of this order, an equitable adjustment shall be made in the price or delivery schedule, or both. Any claim by Seller for adjustments under this paragraph shall be submitted within 30 days of the date of receipt by Seller of Buyer's written order. Buyer shall have the right to examine any of the Seller's pertinent books and records for the purpose of verifying Seller's claim. Nothing in this paragraph shall excuse Seller from proceeding with this order as changed, including failure of the parties to agree upon any adjustment to be made.

### **20. Non-waiver**

Failure of Buyer to enforce any provision of this order shall not constitute a waiver of the provision.

### **21. Applicable Law**

This order and acceptance hereof shall be governed by the laws of the state of Idaho. Venue and any action in connection with this agreement shall be laid in Idaho District Court in Kootenai County and Seller consents to the jurisdiction of such claims. Seller warrants that in the performance of this order it will comply with all applicable Federal, State and Local laws. On its invoice, or in other forms satisfactory to Buyer, Seller shall submit certification that the goods covered by this order were produced in accordance with the requirements of the Fair Labor Standards Act (29 U.S. C. 201-219), as amended and any regulations and orders pertaining thereto.

### **22. U.S. Government Subcontracts/Acquisition Regulations**

For U.S. Government subcontracts, all Federal Acquisition Regulations (FAR) and Department of Defense, Federal Acquisition Regulation Supplements (DFARS) shall apply. In the event of any conflict between the FAR/DFARS clauses and the resulting purchase order terms and conditions, the federal regulations shall take precedence.

### **23. Changes to Quality Processes/Management/Facilities**

Supplier shall notify Northwest Swiss in the event that any change is made which effects the supplier's approved Quality Processes or any change to the Supplier's Quality Management Team. Should the supplier choose to relocate its Manufacturing location to a new or alternate Facility, the Supplier shall notify buyer in advance and allow for an on-site review.

### **24. Right of Access**

Seller, without additional charge, shall permit reasonable access by representatives of the Buyer, Buyer's customers and applicable regulatory agencies to Seller's premises and the premises of Seller's subcontractors for the purpose of examining the Seller's facilities, processes, goods, and records relating to this order. Such examination may include inspection and testing equipment, materials, parts, items (including software and licensed materials) to be furnished and services to be rendered, manufacturing and assembly processes, testing, and sale of such items and the furnishing of such services.

### **25. Records**

The Seller shall maintain adequate records of inspections, tests, and other quality assurance activities. Records shall provide objective evidence of the quality assurance operations performed, the results obtained and corrective actions taken. Such records shall be available to the buyer. Where such records are traceable by serial or lot designation to material supplied to Buyer, they shall be retained for a period of at least eleven (11) years from the date of shipment to the Buyer. At the expiration of this period, Buyer reserves the right to request delivery of such records. In the event that Buyer chooses to exercise this right, Seller shall promptly deliver such records to Buyer at no additional cost on media agreed to by both parties. If supplier retains quality records by electronic data, the Seller shall have adequate procedures to describe (1) the media, (2) the back-up method and frequency, and (3) the method of security.

### **26. Control of Records to Seller**

Documents furnished by Northwest Swiss or created by Seller are for the purpose of doing business with Northwest Swiss. Proprietary documents may be furnished to the Seller in hard copy, electronic or other media. The Seller is responsible for controlling and maintaining such documents to preclude improper use, loss, damage, alteration, and/or deterioration. Seller may not transmit or furnish any Northwest Swiss furnished documents to anyone outside the Seller's business organization without permission from Northwest Swiss. The Seller shall return to Northwest Swiss, or purge electronic copies of all proprietary documents with the last delivery of products or services on the contract. If seller retains quality records be electronic data, the seller shall have adequate procedures to describe the media, the backup method, the frequency, and the method of security.

### **27. Non-conformance**

REPORT OF DISCREPANCY-Deviations from drawings, specifications, or procurement requirements must be submitted to Northwest Swiss for deviation consideration. The disposition must be approved by Northwest Swiss quality before shipment, unless otherwise directed by Northwest Swiss. One reproducible copy of the approved DMR must accompany each affected shipment.



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NOTIFICATION OF ESCAPE-If a Supplier finds a non-conformance, which has any effects on delivered products, Supplier shall submit a disclosure report to Northwest Swiss within 24 hours. The disclosure report shall include the following information:

1. Description of the non-conformance.
2. Part number and traceability numbers which identifies the non-conforming parts.
3. Delivered quantity.
4. Containment efforts taken and immediate action to Northwest Swiss as soon as possible or within mutually agreed time frame.

### **28. Foreign Object Detection**

The Seller shall develop and maintain a Foreign Object Debris/Damage (FOD) program for manufacturing areas to prevent introduction of foreign objects into any item delivered under purchase orders to Buyer. The Seller shall employ appropriate housekeeping practices to assure timely removal of debris/residue generated, if any, during manufacturing operations and or daily tasks. The Seller shall determine if sensitive areas that may have a high probability for introduction of foreign objects should have special emphasis controls in place for the manufacturing environment. The Seller shall determine the need for and implement FOD prevention and awareness training programs.

### **29. Processing**

Seller doing processes for the Buyer must process to the latest revision of the specifications. It is the Seller's responsibility to assure they're working to the latest revision. Northwest Swiss Customer's Terms and Conditions shall also be met by Seller.

### **30. Measuring and Test Equipment Calibration System**

The Seller shall maintain a system, including written procedures, to assure inspection and evaluation of measuring and test equipment, whether Seller-owned or supplied by the Buyer or another agency. Seller measuring equipment used as basis for acceptance of product must be of suitable accuracy and undergo calibration at regular intervals in accordance with ANSI/NCLS Z540 with the results traceable to the National Institute of Standards Technology (NIST).

### **31. Quality**

The seller shall maintain a quality system to meet AS9100 and all customer flow down requirements.

### **32. Export Compliance**

Seller agrees to comply with all applicable U.S. export control laws and regulations, including but not limited to, the requirements of the Arms Export Control Act, 22 U.S.C. 2751-2794, including the International Traffic in Arms Regulations (ITAR), 22 C.F.R. 120-130; and the Export Administration Act, 50 U.S.C. app 2401-2420, including the Export Administration Regulations (EAR), 15 C.F.R. 730-744.

- Seller agrees to notify Buyer if any deliverable under this order is restricted by export control laws or regulations.
- Seller shall exercise strict control regarding the disclosure of and access to technical data, information and other items received under this Order from Buyer in accordance with U.S. export control laws and regulations, including but not limited to the ITAR. Seller agrees to undertake all necessary steps to prevent the unauthorized "deemed export" of any ITAR or EAR-controlled products and or technical data.
- Seller shall include the terms of this paragraph in all lower tiered purchase orders/subcontracts issued when controlled technical data from Buyer is provided to the lower-tier party.
- Seller shall maintain adequate records for export jurisdictions/classifications for all products, technology and/or services provided to the Buyer and disclose such information when requested by Buyer.

### **33. Awareness of external, provider personnel**

External providers shall communicate to their personnel the awareness of:

- their contribution to product or service conformity;
- their contribution to product safety
- the importance of ethical behavior

### **34. Counterfeit parts**

Seller has a process in place for counterfeit parts and to address concerns with all applicable NWS employees to contact responsible parties.