



SUPPLIER TERMS AND CONDITIONS

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SUPPLIER TERMS AND CONDITIONS**PUBLIC****REVISION HISTORY**

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H	2018-01-18	Added items 12-22	Chantal Wadsworth <i>CoreDux USA LLC</i>	Chantal Wadsworth <i>CoreDux USA LLC</i>	Walter Gieffels <i>CoreDux USA LLC</i>

SUPPLIER TERMS AND CONDITIONS

The following General Terms and Conditions apply to all CoreDux purchase orders (PO) and contracts, unless otherwise noted. Specific CoreDux Quality requirements (CX QR) clauses apply when noted on the purchase order.

1. **Right of Entry** - The buyer and buyer’s customer, and their customers, or any applicable regulatory agency will have the right to enter the seller’s facility to perform inspection or ensure compliance to the contract.

2. **Acceptance** of this order, or the initiating of any process, or the furnishing of any product, or the acceptance of payment constitutes unconditional acceptance by the seller.

3. **Amendments** to this order, or CoreDux General Terms and Conditions shall be set forth in writing, via purchase order change notice, and/or revisions to the purchase order terms and conditions. CoreDux will consider sellers request to modification of, or exception to, only if such request is made in writing, prior to the acceptance of the order (ref. acceptance clause).

4. **Price** as stated on this order covers all goods and services to be provided by the seller as specified in the order. These prices also cover all charges for packaging, containers and transportation, unless specifically depicted otherwise on the face of the order.

5. **Shipment** of the goods and services under this order shall be F.O.B. as set forth on the face of this order. Seller shall follow buyer’s instructions regarding method of shipment, except where buyer has so stated on the face of the order.

6. **Schedule** for delivery will be the responsibility of the seller. The seller shall not be held liable for damages in respect to delivery delay due to causes beyond seller’s reasonable control. However, if the seller does not meet the delivery date as directed on the face of the order, the buyer may approve a revised delivery schedule, or terminate the order without liability for such termination.

7. **Hazardous Material** - The seller agrees to furnish the applicable Safety Data Sheets (SDS) with each shipment, for products designated by industry, state or federal agencies as hazardous material.

8. **Packaging and Protection** of the product shipped shall be carried out in a manner to protect the product from damage with consideration given to the method of transportation, part to part contact is not allowed. The use of boxes, baskets, egg crates, bubble wrap, shrink wrap, part stacking with dunnage between adjacent parts and cardboard protective layers, individual padded boxes and specially designed crates are provided for protection. The packaging performed shall as a minimum, meet the same conditions of the packaged product as received from CoreDux. This packaging is subject to visual inspection at suppliers will call.

9. **Cancellation** - If this order is not delivered by the due date on the face of the CoreDux purchase order, CoreDux reserves the right to cancel the order without notice and at no cost to CoreDux.

10. **Tooling** furnished by CoreDux shall be maintained indoors. The seller is responsible to ensure adequate care is utilized within their facility, to maintain the tooling in good working condition. Any damages to this tooling, while in the care of the seller shall be reported to the CoreDux buyer in writing. CoreDux shall disposition damaged tooling prior to further processing by the seller. Seller



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rework of CoreDux tooling shall be authorized in writing.

11. Quality Assurance - The supplier shall comply with the CoreDux Quality System requirements as specified by the CoreDux supplier survey or purchase order. Supplier agrees to implement and maintain the Quality or Inspection System during the performance of this contract. An authorized Certificate of Conformance is required with each shipment. Process suppliers shall furnish a complete Certificate of Conformance with each shipment indicating the PO number, specification number and revision, name of supplier and quantities accepted and rejected. Material suppliers shall furnish chemical/physical test reports with each shipment identifying the applicable specification and revision, actual chemical composition and physical properties, melt, heat, batch, or lot numbers. Additional CoreDux Quality Requirements (CX QR clauses) apply when referenced by PO. The supplier is not authorized to perform Material Review action of non-conforming material. Note: This clause does not apply to contracts for CoreDux non-deliverable goods and services.

12. Foreign Object Debris (FOD) Prevention – *The supplier shall assure that work is accomplished in a manner preventing foreign objects or material from entering and remaining in deliverable items.*

13. Product Safety – *CoreDux encourages safety reporting and a commitment to continual improvement to safety. Be aware of and inspect key characteristics, critical dimensions, or safety critical items that may be identified on drawing and/or identified by applicable CX QR clause. Suppliers are expected to ensure personnel shall follow and perform daily work tasks / operations according to their respective procedures in order to maintain adequate safety of the end product.*

14. Nonconformances - Upon acceptance of a CoreDux purchase order, the supplier agrees that CoreDux is entitled to reimbursement of CoreDux labor and material costs associated with seller responsible nonconformance's and damages.

15. Notification of Nonconforming Product - Supplier notification to CoreDux of nonconforming product and arrangements for CoreDux approval of supplier nonconforming material.

16. Notification of Process Changes – Supplier is to notify CoreDux of changes in product and/or process definition, *changes of suppliers, changes of manufacturing facility location*, and, where required, obtain CoreDux approval.

17. Requirements Flow Down – Supplier is to flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics where required.

18. Record Retention – All suppliers that generate quality system records must retain these documents for ten (10) years after fulfillment of purchase order. During retention, the records shall remain legible, readily identifiable and retrievable by CoreDux and their customers.

19. Environment – *We expect our suppliers to comply with applicable laws and regulations regarding the environment and to conduct their business in a manner that actively manages environmental risks.*

20. Workplace / Employees – *We expect our suppliers to comply with applicable laws and regulations on pay, benefits, working hours, and health and safety. We expect our suppliers to not engage in the*



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use of forced or bonded labor, slavery or trafficking persons. We also expect our suppliers to ensure that child labor is not used in the performance of work. The term “child” refers to any person under the minimum legal age for employment where the work is performed. We expect our suppliers to provide employees and third parties with access to adequate reporting channels to seek advice or raise legal or ethical concerns for anonymous reporting. We expect our suppliers to take action to prevent, detect and correct retaliatory actions.

21. Statutory/Regulatory Compliance –

- a) Conflict Minerals – New requirements under the Wall Street Reform and Consumer Protection Act, also known as the Dodd-Frank Act requires publicly traded companies whose products contain metals derived from minerals defined as Conflict Minerals, which include tantalum, tin, tungsten, and gold, are required to report annually to the Securities and Exchange Commission (SEC). It is CoreDux’s intention to fully comply with the requirements of the legislation and subsequent regulations. Therefore, upon request, supplier shall provide CoreDux with required evidence that the products do not contain Conflict Minerals. Suppliers are expected to use due diligence to comply with these legal requirements and provide products free of Conflict Minerals originating from the DRC and surrounding countries.
- b) RoSH & REACH – Supplier agrees to provide, upon CoreDux request, “evidence of compliance” (e.g. lab test reports) regarding Supplier’s activities with respect to its compliance to regulated hazardous or dangerous materials under, for instance, RoHS (Restriction on the use of certain Hazardous Substances) and REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) as requested by CoreDux.

22. Counterfeit Material/Work – *Seller shall not deliver Counterfeit Material or Work to CoreDux under this purchase agreement. The requirements of SAE AS5553 and SAE AS6174 shall be in force, as applicable. As used in this purchase agreement Counterfeit Material or Work shall be defined as material or work that, at any level to the lowest level of assembly or manufacture have not been designed and/or produced under an approved system of manufacture and/or that do not conform to prescribed manufacturing and quality standards. This term shall also include otherwise appropriately approved parts or work that have reached their design-limit lifetime, have been altered in a fashion not approved, or have been repaired, salvaged or harvested without proper disclosure of such nature. Supplier shall provide written notification to CoreDux if supplier becomes aware or suspects that it has furnished Counterfeit Goods within 24 hours. In the event that parts or work delivered under this purchase agreement constitute or include Counterfeit Parts or Work, Seller shall, at its sole expense promptly replace such Counterfeit Parts or Work with parts or work conforming to the requirements of this purchase agreement. Notwithstanding any other provisions in this or other agreements Seller shall be liable for all costs related to removal and replacement of Counterfeit Parts and Work including without limitation CoreDux's costs of identifying, removing, exchanging, and replacing (together with any re-testing or calibrating necessitated by replacing) such Counterfeit Parts or Work. The remedies contained herein are in addition to any other remedies that CoreDux may have at law or equity.*

Supplier shall ensure their Counterfeit Avoidance program includes training of applicable personnel to the requirements of SAE Counterfeit Avoidance Standards. Supplier shall include this clause or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as goods to CoreDux, as applicable.

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CONTRACT FLOW-DOWN CLAUSES:

CONTRACTS ISSUED TO MATERIAL PROVIDERS (SAE AS6174):

Guarantee of Material Source(s)

“The seller shall ensure that only new and authentic materials are used in material derived to CoreDux. The Seller may only purchase <MATERIAL> directly from original manufacturers, manufacturer franchised distributors, or authorized aftermarket manufacturers. Use of material that was not provided by these sources is not authorized unless first approved in writing by CoreDux. The seller must present compelling support for its request (e.g. original manufacturer documentation that authenticates traceability of the material to the original manufacturer,) and include in its request all actions to ensure the material thus procured is authentic and conforming.”

Supply Chain Traceability

The seller shall maintain a method of commodity and item level traceability that ensures tracking of the supply chain back to the manufacturer of all <MATERIAL> being delivered per this order. This traceability method shall clearly identify the name and location of all the supply chain intermediaries from the manufacturer to the direct source of the material for the seller and shall include the manufacturer’s commodity or item level identification for the item(s) such as date codes, lot codes, heat codes, serializations, unique item identifiers, or batch identifications.”

Certificate of Conformance and Traceability (U.S. Dept. of Defense Contracts only)

“This clause is applicable to all contracts for Qualified Product List (QPL) or Qualified Manufacturers List (QML) - controlled material. This clause applies regardless of the point of inspection designated in the contract award. This clause applies both to contracts awarded directly to a manufacturer listed on the applicable QPL/QML and to suppliers (e.g., distributors) not listed as approved manufacturers on the applicable QPL/QML.

The material supplied must be in strict conformance to the requirements set forth and/or referenced in the item description, including applicable revisions and slash sheets. To ensure this conformance, the contractor must provide a Certificate of Conformance and Traceability (CoC/T) with the information and documentation required by the applicable specification. This documentation must reference the contract number and include a certification signed by the approved QPL/QML manufacturer. In addition, if the material is not procured directly from the approved manufacturer, all additional documentation required by the specification must be provided to establish traceability from the QPL/QML manufacturer through delivery to the Government. The CoC/T is required to determine acceptability of the supplies. If the CofC/T is not provided, is incomplete or otherwise unacceptable, the supplies will be determined not to meet contract requirements and will be rejected.

If the contract requires inspection and acceptance at origin, the contractor shall furnish the original and two copies of the CoC/T to the Government Quality Assurance Representative (QAR) with the items offered for acceptance. The CofC/T must clearly reference the applicable contract number. The contractor shall submit one signed copy to the contracting officer. The second copy

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shall be retained by the QAR. The original shall be monitored by the contractor.

If the contract requires inspection and acceptance at destination, the contractor shall mail one copy of the CoC/T to the contracting officer upon shipment/delivery. The CoC/T must clearly reference the applicable contract number.”

CONTRACTS ISSUED TO INDEPENDENT DISTRIBUTORS (SAE AS6174):**Test and Inspection Requirements**

“The seller shall establish and implement test and inspection activities necessary to assure the authenticity and conformance of purchased material, including:

- Traceability and documentation verification;*
- Visual examination;*
- Tests and inspections (see Appendix E of AS6174 for examples and descriptions of test and inspection activities)*

Tests and inspections shall be performed in accordance with clearly delineated accept/reject criteria provided or approved by <BUYER>. The seller shall prepare and provide to the <BUYER> records evidencing test and inspections performed and conformance of the material to specified acceptance criteria.

Tests and inspections should be performed by persons that have been trained and qualified concerning detection of the types and means of counterfeiting and how to conduct effective product authentication.”

Supply Chain Traceability

“The seller shall maintain a method of commodity and item level traceability that ensures tracking of the supply chain back to the manufacturer of the material being delivered per this order. This traceability method shall clearly identify the name and location of all of the supply chain intermediaries from the manufacturer to the direct source of the material for the seller, and shall include the manufacturer’s commodity or item level identification for the item(s) such as date codes, lot codes, heat codes, serializations, unique item identifiers, or batch identifications.”

Certificate of Conformance

“The seller shall approve, retain, and provide copies of Certificate of Conformance (CofC).

Manufacturer CoCs shall, at minimum, include the following:

- a) Manufacturer name and address;*
- b) Manufacturer and/or buyer’s part number and dash number, group number, or similar;*
- c) Commodity or item level identification for the item(s) such as date codes, lot codes, heat codes, serializations, unique item identifiers, or batch identifications;*
- d) Signature or stamp with title of seller’s authorized personnel signing the certificate.*

NOTE: Distributors shall, in addition to the above, include their name for each part shipped.

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Product Impoundment and Financial Responsibility

"If suspect/counterfeit <MATERIAL> is furnished under this purchase agreement, such items shall be impounded. The seller shall promptly replace such items with items acceptable to the <BUYER> and the seller may be liable for all costs relating to impoundment, removal, and replacement. <BUYER> may turn such items over to Authority Having Jurisdiction for investigation and reserves the right to withhold payment for the suspect items pending the results of the investigation. Any known instances of fraud or attempted fraud shall be documented in writing to <BUYER>."

Penalties Associated with Fraud

"This purchase order and activities hereunder are within the jurisdiction of the <GOVERNMENT>. Any knowing and willful act to falsify, conceal or alter a material fact, fraudulent or fictitious statement or representation in connection with the performance of work under this purchase order may be punishable in accordance with applicable legal statutes.

Seller employees engaged in the performance of work under this purchase order shall be informed in writing prior to performance of work that there is a risk of criminal penalties associated with any falsification, concealment, or misrepresentation in connection with work performed under this purchase order.

Seller shall include the following statement preprinted on each Certificate of Conformance initiated by the seller and provided to the buyer in conjunction with this purchase order:

NOTE: The recording of false, fictitious or fraudulent statements or entries on this document may be punishable as a crime under <GOVERNMENT> statute.

Seller shall include all provisions of this contract clause, including this sentence, in all lower tier contracts under this order. Any inability or unwillingness of a lower-tier supplier to comply with this provision should be documented in writing and submitted to <BUYER>."

23. End of Life Products / Obsolescence – Buyer requires Seller to be aware of and proactively monitor all items and material used in the manufacture of this Order for impending end of life/obsolescence issues. Supplier will provide immediate formal notification to Buyer as soon as a pending end of life/obsolescence issue or event is known to Seller, describing the end of life/obsolete item, reason for end of life/obsolescence, estimated date the item will no longer be available, and any proposed alternatives. Timely notification is imperative to allow sufficient time to identify alternates for the affected parts, and perform any necessary certifications/approvals, which may involve OEMs and other regulatory agencies. Seller will use diligent efforts to minimize cost and operational impact, including the effects of interchangeability to Buyer and its customers. Buyer may desire to place additional orders for items purchased hereunder. Seller shall provide Buyer with a "Last Time Buy Notice" at least twelve (12) months prior to any action to discontinue any item purchased under this Order.



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COREDUX QR Clauses

<p>CX QR 1 (supplier specific)</p>	<p>Quality System ISO 9001 and/or SAE AS9100 The supplier shall maintain a standardized Quality System in compliance with ISO 9001 and/or SAE AS9100.</p>
<p>CX QR 2 (supplier specific)</p>	<p>NADCAP or 3rd party Certification The supplier shall maintain a standardized approach to Quality Assurance in compliance with NADCAP or a 3rd party certification.</p>
<p>CX QR 3 (supplier specific)</p>	<p>Calibration System The supplier and supplier subcontractors shall meet and maintain a Calibration System in compliance with Calibration System Requirements of ISO10012 or ANSI Z540 1.</p>
<p>CX QR 4 (part/customer/purchase order specific)</p>	<p>Source Inspection/Customer Verification COREDUX Source Inspection and/or Customer Verification are required at supplier facility prior to shipment. COREDUX will place an Inspection Stamp on the supplier shipper to indicate COREDUX acceptance. Contact COREDUX at least 48 hours prior to shipment from supplier facility.</p>
<p>CX QR 5 (par/customer/purchase order specific)</p>	<p>Government Source Inspection Government Source Inspection is required at supplier facility prior to shipment. Supplier shall contact COREDUX and applicable Government Representative to arrange for Government acceptance prior to shipment from supplier facility.</p>
<p>CX QR 6 (part/customer specific)</p>	<p>If required by PO, First Article Inspection Report The supplier shall perform and document a complete First Article Inspection Report (FAIR) including 100% of B/P or specification requirements. One copy of supplier FAIR will be furnished to COREDUX along with the first shipment for this PO/contract.</p>
<p>CX QR 7 (part specific)</p>	<p>Key Characteristics The supplier shall implement and maintain a Key Characteristics (KC) control program acceptable to COREDUX.</p>
<p>CX QR 8 (part specific)</p>	<p>Inspection Report The supplier shall provide an Inspection Report (IR) identifying engineering requirements and actuals. Use of supplier or COREDUX inspection form is acceptable. One copy of the IR shall be furnished to COREDUX representing each manufacturing lot.</p>



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<p>CX QR 9 <i>(part specific)</i></p>	<p>100% Inspection The supplier shall perform 100% inspection of the COREDUX noted characteristics, a record of the inspection results shall be provided to COREDUX, sampling inspection is not allowed.</p>
<p>CX QR 10</p>	<p>Special Quality Requirements The supplier shall comply with the COREDUX Special Quality Requirement noted (as defined by COREDUX QA):</p>
<p>CX QR 11 <i>(part specific)</i></p>	<p>First Production Part Run The supplier shall submit the first production part run, completely inspected, and showing no non-conforming features, to COREDUX for evaluation and acceptance. The supplier is prohibited from completing the lot until notification of approval to run from COREDUX is received.</p>
<p>CX QR 12 <i>(part specific)</i></p>	<p>Dropped Shipped Materials The supplier shall verify the sizes, lengths, and quantities of COREDUX's material. The actual size of material shall be noted on the packing slips by affixing the inspector's signature and date. Packing Slips and Material Certifications shall then be faxed or emailed to COREDUX for review and acceptance. The supplier is prohibited from starting the job until notification of approval to start work is received from COREDUX. Notification of approval shall be provided through either email or telephone call.</p>
<p>CX QR 13 <i>(supplier specific)</i></p>	<p>Heat Treat Guidelines / AMS 2759 If no specification is called out on the supplied drawing or in the text above, please use best shop practices based on AMS-2759.</p>
<p>CX QR 14 <i>(supplier specific)</i></p>	<p>Heat Treat Documentation Upon request, Heat-treating process suppliers will furnish and provide evidence of furnace charts, which will include the settings e.g. temperature, parameters, etc. Records must be legible and retrievable.</p>
<p>CX QR 15 <i>(customer specific)</i></p>	<p>ITAR (International Traffic in Arms Regulation) & EAR (Export Administration Regulation) Information furnished by one Party to the other may contain data subject to U.S Export Laws and Regulations. Supplier agrees it will not transfer any export controlled item, data, or services, to include transfer to foreign persons employed by or associated with, or under contract to Supplier's lower-tier vendors, without the authority of an export license, agreement, or applicable exemption or exception. Supplier shall include the terms of this clause in all</p>



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lower-tier subcontracts issued when technical data is provided to the lower-tier vendors.

Furthermore, Supplier agrees to comply with all applicable U.S. export control laws and regulations; including Arms Export Control Act (22 U.S.C. 2751-2794), including 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. 730-799); and including the requirements for obtaining any export license, or applicable exemption or exception, if applicable.