



Purchase Order Terms and Conditions

1. **FORMATION.** This Order constitutes Ideal Fasteners' offer to Supplier and becomes a binding contract subject to the terms and conditions set forth herein when accepted by acknowledgment or commencement of performance by Supplier, and acceptance is strictly limited to its terms. Ideal Fasteners shall not be bound by, and specifically objects to, any term or condition whatsoever, which is inconsistent with, or in addition to, the provisions of this Order, unless specifically agreed to in writing by Ideal Fasteners' authorized representative.
2. **DEFINITIONS.** Whenever used in this Order (a) "Customer" means any customer of Ideal Fasteners, any subsequent owner, operator or user of the Products and any other individual, partnership, corporation or person or entity which has or acquires any interest in the Products from, through or under Ideal Fasteners; (b) "Products" means all the Products, services, data, software and other items furnished or to be furnished to Ideal Fasteners under this Order; and (c) "Order" means the purchase order that incorporates by reference these Terms and Conditions of Purchase and all of the specifications, technical descriptions, statements of work, drawings, designs, documents, and other requirements and provisions attached to, incorporated into, or otherwise made a part of this purchase order by Ideal Fasteners. No changes or additions of any kind to the terms and conditions stated herein, or waiver of any kind, shall be binding unless agreed to in writing by Ideal Fasteners' authorized representative.
3. **QUALITY MANAGEMENT SYSTEM.** Supplier shall maintain an effective quality management system and/or control program. Supplier's record management system shall include the maintenance of all quality assurance reports, records, certificates, affidavits and the like relating to the goods or services specified in the Order. Supplier shall provide authenticated copies of certificates of conformance at time of delivery of the order. Products purchased under this Order are identified with part numbers.
4. **PROCESS STANDARDS.** Any processes and/or services performed shall conform to the most current revision of process standards, unless otherwise specified in the Order.
5. **EMPLOYEE COMPETENCE.** Supplier shall ensure that personnel performing work associated with the Order are competent based on Supplier's internal training requirements, unless otherwise specified in the Order.
6. **DELIVERY.** Deliveries shall be made in quantities and at the times specified in the Order. Ideal Fasteners reserves the right to reject or return to Supplier, at Supplier's risk and expense, all Products shipped later than the time specified for delivery. Supplier shall promptly notify Ideal Fasteners, in writing, of any anticipated or actual delay, the reasons therefore and the actions being taken by Supplier to overcome or minimize delay. If requested by Ideal Fasteners, Supplier shall, at Supplier's expense, ship via expedite routing to avoid or minimize the delay to the maximum extent possible. If Supplier does not comply with or fails to meet Ideal Fasteners' delivery schedule, Ideal Fasteners may obtain the Products from other sources, and if available, may terminate this Order, in whole or in part, without liability to Supplier, and may recover from Supplier all damages suffered by Ideal Fasteners on account of Supplier's failure to meet the delivery schedule, including, but not limited to, cost of Products exceeding the price specified hereunder, acquisition costs, and liability to Ideal Fasteners' Customer, arising out of the delay in delivery.
7. **TITLE/RISK OF LOSS.** Title to the Products shall pass upon delivery to Ideal Fasteners, or to a common carrier appointed by Ideal Fasteners, at the F.O.B. point. Supplier shall bear all risk of loss on Products covered by this Order until final acceptance of the Products by Ideal Fasteners.
8. **PACKING/SHIPPING/LABELLING.** Supplier shall provide adequate protective packing to prevent damage and deterioration of the Products, and comply with carrier tariffs, at no additional charge to Ideal Fasteners. Shipments shall be made in accordance with Ideal Fasteners' specific shipping instructions.
9. **PRICE.** Unless otherwise indicated on the face of the Order, the price(s) set forth herein shall be firm prices. Supplier warrants that prices for Products sold to Ideal Fasteners under this Order are no less favorable than those extended by Supplier to any other customer for the same or like Products, in equal or lesser quantities, on similar terms and conditions.
10. **INVOICE AND PAYMENT.** Supplier shall issue a separate invoice for each delivery and shall not issue any invoice prior to the Order scheduled delivery date, or actual delivery date, whichever is later. Payment due date, including discount periods, shall be computed from date of receipt of Products or correct invoice, whichever is later, to date Ideal Fasteners' check is mailed or otherwise tendered. Supplier shall promptly repay to Ideal Fasteners any amounts paid in excess of amounts due to Supplier.



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- 11. WARRANTIES.** Supplier warrants that all Products delivered or furnished pursuant to this Order shall: (a) conform to (i) the specifications, drawings, samples and/or descriptions furnished or specified by Ideal Fasteners; or (ii) Supplier's design; (b) be merchantable and suitable in every respect for the purpose intended; (c) be free from design defects; (d) be free from defects in material and/or workmanship; and (e) be free of any liens, encumbrances, and clouds on title.
- 12. ACCEPTANCE.** Ideal Fasteners' acceptance of Products shall be subject to Ideal Fasteners' receiving inspection after receipt at destination. Such receiving inspection and acceptance shall be conclusive, except as to latent defects, fraud, gross mistakes that amount to fraud, and/or the Supplier's warranty obligations.
- 13. REJECTION.** Products that are not as warranted under Clause 11 above, may be rejected and returned to Supplier for correction, replacement, or credit, at Ideal Fasteners' election. Removal, inspection, correction, rework and transportation costs shall be at Supplier's risk and expense. If Ideal Fasteners elects correction or replacement, the corrected or replaced Product must be received by Ideal Fasteners within forty-eight (48) hours of rejection.
- 14. RIGHT OF ACCESS AUDIT AND INSPECTION.** Supplier agrees to provide right of access to Ideal Fasteners, Customer, and regulatory authorities to all facilities involved in the order and to all applicable records. Ideal Fasteners, Customer and/or pertinent government agencies may perform on-site audits or inspections related to Supplier's performance hereunder at Supplier's plant, including, but not limited to, audit or inspection of Supplier's facilities, systems, equipment, testing, data, personnel, all work-in-process and completed Products manufactured.
- 15. CHANGES.** Ideal Fasteners reserves the right, at any time to make changes in specifications, delivery, schedules, material used, or work covered by this Order. If any such changes cause an increase or decrease in the cost of, or the time required for performance of this Order, an equitable adjustment shall be made in the contract price, or delivery schedule, or both, and the contract shall be modified accordingly in writing. Ideal Fasteners' employees have no authority to direct or approve any change, except by a change order, in writing, signed by Ideal Fasteners' authorized representatives. Any claim by Supplier for equitable adjustment under this clause must be submitted, in writing, to Ideal Fasteners' authorized representative within thirty (30) days from the date notice of any such change is received by Supplier. Nothing in this clause shall relieve Supplier from proceeding, without delay, in the performance of this Order as changed.
- 16. RESPONSIBILITY FOR PERFORMANCE.** Ideal Fasteners' issuance of this Order is based, in part, on Ideal Fasteners' reliance upon Supplier's ability, expertise, and awareness of the intended use of the Products. Unless otherwise agreed, in writing, Supplier shall supply all materials, equipment, tooling and facilities required to perform this Order.
- 17. RESPONSIBILITY FOR PROPERTY.** (a) Unless otherwise specified in this Order, (i) upon delivery to Supplier, all materials, containers (i.e., pans and lids) and pallets furnished to Supplier by Ideal Fasteners, or specifically paid for by Ideal Fasteners (hereinafter referred to as "Property"), shall remain the property of Ideal Fasteners. Supplier shall use said Property only in the performance of work under this Order, unless otherwise approved, in writing, by Ideal Fasteners prior to such other use. Supplier shall be responsible for all loss, theft, destruction or damage to such property until such time as Ideal Fasteners may take possession, promptly notifying Ideal Fasteners, in writing, upon any such loss, theft or destruction. Supplier shall promptly notify Ideal Fasteners of the location of Property, if other than at Supplier's plant. Upon completion or termination of this Order, Supplier shall return such Property to Ideal Fasteners in the condition in which it was received, except for reasonable wear and tear, and except for such Property reasonably consumed in the performance of this Order. Ideal Fasteners reserves the right to request compensation for missing, lost or unreturned Property. The fee for missing or lost material shall be in an equitable amount to cover the cost of the material and related production costs up to the point of loss by the Supplier. The fee for unreturned pallets shall be \$100 per pallet, and the fee for unreturned pans and/or lids shall be \$20 per pan/lid and shipping corner/edge strapping protectors \$10.00 each.



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- 18. CONFIDENTIAL/PROPRIETARY INFORMATION.** All confidential and proprietary information not in the public domain, including, but not limited to, writings, oral disclosures, disclosed by Ideal Fasteners and received by Supplier, and/or learned of, or produced by Supplier in connection with the performance of the work under this Order, is the sole property of Ideal Fasteners and shall be held by Supplier in strict confidence, at all times, and shall not be used, nor disclosed, by Supplier to any third party, without the prior written consent of Ideal Fasteners. The provisions of this clause shall survive the performance, completion, or termination of this Order.
- 19. TERMINATION.**
- (a) Noncurable Events.** Ideal Fasteners may terminate any unfulfilled portion of this Order, without prior notice and without liability, upon the insolvency of Supplier or the institution by or against Supplier of proceedings in bankruptcy or other insolvency law, for reorganization, receivership or dissolution, and/or upon an assignment for the benefit of creditors.
- (b) Default.** Ideal Fasteners shall have the right, at its option, to terminate this Order, in whole or in part, by giving written notice to Supplier upon any default or breach in the performance of any of the provisions of this Order, if such default or breach is not remedied to the satisfaction of the Ideal Fasteners within thirty (30) days after date of such notice to Supplier. Upon termination, Supplier shall deliver to Ideal Fasteners all information and materials accumulated in performing this Order, whether completed or in process. Ideal Fasteners may complete the work, by contract or otherwise, and Supplier shall be liable for any additional costs, damages and liabilities, including attorney fees, incurred by Ideal Fasteners.
- (c) Convenience.** Ideal Fasteners may terminate this Order, in whole or in part, by delivering to Supplier a written notice of termination specifying the extent of termination and the effective termination date. After receipt of a notice of termination, and except as directed by Ideal Fasteners, the Supplier shall: (i) immediately stop work as specified in the notice; (ii) place no further subcontracts for materials, services, or facilities, except as necessary to complete the continued portion of the Order; (iii) terminate sub-subcontracts to the extent they relate to the work terminated; (iv) settle all outstanding liabilities arising from such termination; and (v) complete performance of the work not terminated. Within sixty (60) days of the effective date of termination, the Supplier shall submit a final termination settlement proposal to Ideal Fasteners. Ideal Fasteners shall pay Supplier: (i) for Products completed, but not shipped at the effective termination date, at the prices specified in the Order; (ii) for unfinished work-in-process which started prior to the effective termination date, the actual costs incurred by Supplier (excluding anticipated profits) as determined in accordance with generally accepted accounting principles applied on a consistent basis; and (iii) for Products, the production of which has not been started at the time of the termination, the actual cost of materials purchased specifically for the Order.
- (d) Order Termination.** Ideal Fasteners reserves the right to immediately suspend or terminate this Order, without prior notice and without liability, in the event the underlying agreement between Ideal Fasteners and Customer, for which this Order was placed, is terminated.
- 20. ASSIGNMENT/SUBCONTRACTING.** Supplier shall not, by contract, operation of law, or otherwise (a) assign any of its rights or interest in this Order, including, but not limited to, any right to monies due or to become due; (b) delegate any of its duties or obligations under this Order; or (c) subcontract all, or substantially all, of its performance of this Order to one or more third parties, without Ideal Fasteners' prior written consent. No assignment, delegation, or subcontracting by Supplier, with or without Ideal Fasteners' consent, shall relieve Supplier of any of its obligations under this Order, or prejudice any of Ideal Fasteners' rights against Supplier, whether arising before or after the date of the assignment, including, but not limited to, set off or recoupment.
- 21. NONWAIVER AND PARTIAL INVALIDITY.** Failure, or delay of Ideal Fasteners to enforce, at any time, any of the provisions of this Order, or to exercise any rights or remedies under this Order, shall not be construed as a waiver of any such provisions, rights or remedies in other instances; rather, the same shall remain in full force and effect. If any provision of this Order is, or becomes, void or unenforceable by law, the remainder shall be valid and enforceable. Ideal Fasteners' rights and remedies are in addition to any other rights and remedies provided by law, in equity, or under this Order. No action by Ideal Fasteners shall constitute a waiver of any such right or remedy.
- 22. GOVERNING LAW.** This Order and the performance thereof shall be governed by the laws of the State of California, U.S.A., to the exclusion of its rules of conflicts of laws.



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- 23. ARBITRATION.** Any dispute, controversy, or claim arising out of or relating to this Order, which is not resolved by the parties between themselves, shall be settled by arbitration under the rules of the American Arbitration Association. The place of the arbitration shall be Los Angeles, California, and the language shall be English. Three arbitrators shall be used. Each party shall choose one arbitrator, and the two arbitrators shall choose the third arbitrator who will act as chairman. The parties shall be bound by the decision of the arbitrators, whose decision shall be final and enforceable in any court of competent jurisdiction.
- 24. COMPLIANCE WITH LAWS.** Supplier shall be responsible for complying with all laws including, but not limited to, any statute, rule, regulation, judgment, decree, order, permit, and/or all applicable airworthiness directives applicable to Supplier's performance under this Order. Supplier further agrees to notify Ideal Fasteners of any obligation under this Order, which is prohibited under any applicable environmental law, and/or any aspect of its performance which becomes (or which Supplier reasonably believes will become) subject to additional environmental regulation during performance of this Order, so that alternative methods can be implemented. Supplier warrants that each and every reportable chemical substance contained in the Products sold or otherwise transferred to Ideal Fasteners under this Order is not on the list of toxic chemical substances, compiled and published by the Administrator of the Environmental Protection Agency, pursuant to the Toxic Substances Control Act (P.L. 94-469), and does not pose any potential threat or danger.
- 25. FLOW DOWN OF REQUIREMENTS.** As stated in Clause 20, Supplier may not use sub-tier suppliers without prior written consent by Ideal Fasteners. Where Ideal Fasteners approves the use of such sub-tier suppliers, the Supplier is responsible to flow down applicable requirements of this Order and the terms and conditions set forth herein to sub-tier suppliers.
- 26. NONCONFORMING PRODUCT.**
(a) Responsibility for Conformance. Neither surveillance, inspection and/or tests made by the Ideal Fasteners at either the Supplier's or Ideal Fasteners' facility, nor the Supplier's compliance with all supplied quality assurance requirements shall relieve the Supplier of the responsibility to furnish items which conform to the requirements of this Order.
(b) Nonconforming Product. Supplier shall immediately notify Ideal Fasteners of any actual or possible nonconformance to Ideal Fasteners' Product and to obtain Ideal Fasteners' disposition for nonconforming product.
- 27. CHANGES TO PRODUCT & PROCESS.** Supplier shall notify Ideal Fasteners of any changes to product and/or process definition, suppliers, and facilities prior to implementation. If originally subject to Ideal Fasteners' approval, the change shall also be subject to Ideal Fasteners' approval.
- 28. OTHER NOTIFICATION.** Supplier shall give Ideal Fasteners reasonable advance notice of potential material shortages, labor disputes, insolvency or other matters that might delay or interfere with performance of this Order.
- 29. CORRECTIVE ACTIONS.** When corrective actions are issued to Supplier, Supplier shall address them in a timely manner by performing proper root cause analysis and submitting an appropriate corrective action plan. Failure to provide appropriate corrective actions may result in the disqualification of the Supplier as an Ideal Fasteners' approved supplier.
- 30. RECORDS.** Records of processes and/or services created by Supplier to fulfill this Order shall be maintained for a minimum of thirty (30) years unless otherwise specified on the Purchase Order. Example of such records include shop routers, work orders, furnace charts, bake charts, calibration records, etc.
- 31. ENTIRE AGREEMENT.** This Order sets forth the entire agreement and supersedes any and all other agreements, understandings and communications between Ideal Fasteners and Supplier and relate to the subject matter of this Order. No amendment or modification of this Order shall be binding upon Ideal Fasteners unless set forth in a written instrument signed by Ideal Fasteners' duly authorized representative. The rights and remedies afforded to Ideal Fasteners or Customers pursuant to any provision of this Order are in addition to any other rights and remedies afforded by any other provision of this Order, by law, in equity, or otherwise.