**Sechan Electronics Purchase Order**

**Standard Terms and Conditions**

1. **Acceptance.** This writing, together with any attachments incorporated herein, constitutes the final, complete, and exclusive contract between Sechan Electronics Inc. (Hereafter referred to as “Buyer”) and the Seller. Agreement by Seller to furnish the goods, services or efforts hereby ordered, or its commencement of such performance shall constitute acceptance by Seller of this purchase order subject to the specified terms and conditions. Where terms and conditions offered in Seller’s quotation or stated in Seller’s acknowledgement of the order are in addition to or different from the terms and conditions of this writing, such additional or different terms and conditions are objected to and shall not become part of this contract. Acceptance of the goods, services, or efforts delivered under this order shall not constitute acceptance of Seller’s terms and conditions.
2. **Modifications.** No change in, modification of, waiver of, addition to, or amendment to the terms and conditions of this Purchase Order shall be binding on Buyer unless such change, modification, waiver, addition, or amendment is in writing and signed buy a duly authorized Buyer representative.
3. **Inspection and Acceptance.** All inspection and test requirements for goods, services, and efforts performed by the Seller shall be in accordance with all applicable Buyer Standard Quality Requirements Guidelines (Sechan Form No. 20-09-08-2) and special quality and test requirements as detailed in the body of the Buyer Purchase Order. At a minimum the Seller shall maintain a quality system such that the quality, suitability for use, and compliance to applicable industry and Federal Government specifications for the material and services provided can be demonstrated by object evidence of compliance. The Seller’s delivery of materials or services implies that all such materials or services are fully compliant with the purchase order requirements. The Buyer’s failure to inspect does not relieve Seller of any responsibility to perform according to the terms of this purchase order. The Buyer reserves the right to require the Seller to reimburse Buyer at the Seller’s expense for the purchase price of the rejected material or compensate Buyer for the

costs incurred by Buyer to bring discrepant delivered material into a compliant or otherwise usable condition.

1. **Configuration Control.** The Seller shall not make changes to the technical documentation, specifications or drawings referenced by the Buyer purchase order without prior written approval by the Buyer.
2. **Buyer Quality Assurance Requirements.** Quality Requirements (QR), with all their terms and conditions, become an integral part of the purchase order. Those QR clauses that are specifically applicable are listed on the face of the purchase order. Seller conformance to the specifically referenced QR shall be maintained at all times.
3. **Preservation and Packaging.** Unless uniquely defined by a separate Buyer purchase order supplement (POS) or via an item unique drawing, specification, or applicable industry standard all items will be preserved and packaged for shipment to best commercial practice. Packaging shall protect items from damage due to shipping. All items shall be received in an undamaged state, fit for use
4. **Right of Access.** The Seller shall provide Right of Access to all facilities involved in prosecution of the Purchase Order. The Right of Access includes Buyer’s Customer, to the level of the end item user, and any US Government or Regulatory Authorities. Access shall be provided based on 24 hours advanced notice by Buyer.

7A. **Sub-Tier Seller Requirements Flow Down.** In the event the Seller elects use of sub-tier providers in performance of this order, the Seller shall flow down all applicable requirements and shall advise Buyer regarding this intent to use sub-tier providers before order placement. Changes to this Seller plan for order execution shall be concurred with by Buyer prior to change implementation. The Seller shall notify the Buyer for approval of changes in product and/or process, changes of supplier, changes in manufacturing facility location.

1. **Delivery; Notice of Delay.**

I. Time is of the essence in the in the prosecution of this purchase order. Acceptance of late deliveries shall not constitute waiver of this provision.

II. Buyer reserves the right to refuse or return at Seller’s risk and expense shipments made in excess of the Buyers ordered quantity. Shipments which are received greater than 5 working days in advance of the requested delivery date are subject to the same provision unless authorization for early shipment is received from Buyer prior to arrival of such goods or services at the Buyer destination specified by the Purchase Order.

III. Seller shall notify Buyer immediately upon determination of any potential or actual delay in the delivery of goods, or services as required by the terms of the purchase order. This notification shall be conducted in the form of a verifiable (e-mail or letter) correspondence. Buyer acknowledgement of this notification does not constitute a waiver of Buyer’s rights and remedies hereunder.

1. **Information Release.** Seller shall not publish or disclose outside of Seller’s organization any information developed under this purchase order without prior written approval of the Buyer.
2. **Applicable Law.** This purchase order will be governed by the laws of the Commonwealth of Pennsylvania regardless of the place of execution or performance.
3. **Disputes.** Any dispute under this purchase order which cannot be settled through the mutual negotiation and agreement of the Buyer and Seller will be subject to settlement through the appropriate legal proceedings. Pending resolution or settlement of any dispute the Seller shall proceed with the prosecution of the Purchase Order as directed by the Buyer. Upon resolution of the dispute the Purchase Order shall be equitably adjusted to reflect the as necessary to reflect the terms of the resolution.
4. **Remedies.** The rights of both parties hereunder shall be in addition to their rights and remedies at law or in equity. Failure of the Buyer to enforce any of its rights shall not constitute a waiver of

such rights. In no event shall Seller be entitled to anticipatory profits, compensation for lost opportunity, special (including multiple or punitive), incidental or consequential damages.

1. **Proprietary Rights.** When enacted through the execution of a non-disclosure agreement between Buyer and the Seller all specifications, information, data, drawings, software, and other items supplied to the Seller by the Buyer or obtained by the Seller and paid for by the Buyer will be considered proprietary and shall be maintained by the Seller and not be disclosed by the Seller. All such items shall be returned to the Buyer upon completion of the Purchase Order.
2. **Order of Precedence.** In the event of a conflict in terms or inconsistency between or among the terms and conditions of this Purchase Order the following order of precedence shall be used to resolve such conflicts or inconsistencies:

I. Typed terms and conditions set forth in this Purchase Order.

II. Documents incorporated via reference on the face of this Purchase Order.

III. Standard Terms and conditions as provided with this Purchase Order or made available for public retrieval by the Seller.

IV. Statement of Work or Order Supplement (OS) if provided as part of this Purchase Order.

V. For Drawings and/or Specifications incorporated via reference Buyers specifications shall prevail over any United States, Foreign Government, or Seller’s specifications.

In the case where Sechan provided/specified Documents conflict, the order of precedence is as follows:

a) Drawing (including changes such as SPI’s, ECO’s, ECP’s, etc.).

b) Sechan QAIS’s other than c) below.

c) QAIS 20-09-08 QR Requirements.

d) Military Standards/Specifications.

e) Commercial Standard/Specification.

1. **Buyers Property.** All tooling, gages, fixtures, or materials unique to the prosecution of this Purchase Order supplied by, developed by, or paid for by Buyer shall be and remain the

property of the Buyer, and the Buyer shall have the right to enter the Seller’s premises at any time and remove any such property without being liable for trespass or damages of any sort. All such items and materials shall be used only for the prosecution of this Purchase Order unless Buyer consents otherwise in writing. Buyer reserves the right to collect a reasonable rental fee for use of such items if Seller requests use of such items. Material produced to Buyer specific requirements as detailed in this Purchase Order shall not be produced and sold by Seller to any party other than Buyer without Buyer’s prior written consent. Seller shall maintain any and all property furnished by or paid for by the Buyer and shall be responsible for any loss or damage except for normal wear and tear. Within 30 days of the cessation of production and/or test activity under this purchase order the Seller must contact Buyer to arrange disposition of Sechan owned property.

1. **Taxes.** Seller agrees to pay all applicable local, state, and Federal taxes.
2. **Changes.** The Buyer shall have the right to make changes or suspend work during the course of the prosecution of this Purchase Order. If the actions of Buyer result in an increase or decrease in the cost to perform the work specified by the Purchase Order an adjustment shall be mutually negotiated between the Seller and Buyer. In instances where the Buyer imposed changes result in increased costs the Seller must assert any claim for adjustment within 15 working days of the requested change. The Buyer’s purchasing department or officer of Buyer are the only authorized entities which can enact such changes which will be incorporated as written amendments to this Purchase Order. Any information or instructions offered by technical representatives of Buyer shall be considered personal opinions of the offeror and shall not change Buyer’s obligations to the Seller. In the event that Buyer requests that the Seller stop work the Seller shall enact all possible measures to minimize the costs allocable to the Purchase Order.
3. **Assignments.** Seller may not assign any rights or obligations due or to become due under this Purchase Order without the prior written consent of Buyer. The Buyer may assign this Purchase Order to any affiliated company, any successor in interest, or Buyer’s customer.
4. **Warranty.** Seller warrants that all materials, services, and goods delivered under this purchase Order are free from defects in workmanship, materials, and design and to be accordance with all the requirements of this Purchase Order. The Seller’s warranty shall be effective for a period of one year from the date of acceptance by Buyer. These warranties shall survive final acceptance and payment pursuant to UCC 2-601 and 2-608. This warranty entitlement covers both the Buyer and Buyer’s customers. In addition, the Seller shall be liable for and save Buyer harmless from any loss, damage, or expense whatsoever that the Buyer may suffer from breach of any of these warranties. Remedies include repair, replacement, or reimbursement of the purchase price of the non-conforming goods at Buyer’s election.
5. **Termination for Convenience.** Buyer may at any time by written notice direct Seller to terminate this Purchase Order or work under this Purchase Order in whole or in part, and this termination shall not constitute default. Buyer and Seller shall have all rights and obligations accruing to it both at law or in equity, including Buyer’s right to title and possession of goods paid for. Seller’s obligations to all remaining terms of this purchase order shall survive the termination for convenience. Seller shall be reimbursed for reasonable, substantiated and allowable costs plus a reasonable profit for work performed prior to termination. Buyer may take receipt of all work performed immediately upon notification of termination.
6. **Termination for Default.** Buyer may at any time by written notice direct Seller to terminate this Purchase Order in whole or in part for breach of any one or more of the its terms. Seller’s obligation to the terms of this Purchase Order shall survive such termination. The Buyer may exercise any and all rights accruing to it, both at law including those set forth in Article 2 of the Uniform Commercial Code, or in equity.
7. **Intellectual Property.** The Seller warrants that all materials, services or goods provided as directly or used in providing the material or services of this Purchase Order which are not of the Buyer’s design or manufacture shall be free and clear of infringement of any patent, trademark, or proprietary rights. Seller shall indemnify and hold Buyer and its customer

harmless from any damages growing out of any claims or actions alleging such infringement.

1. **Compliance with Law.** The Seller warrants and certifies that in the performance of this purchase order it will comply with all applicable statutes, rules, regulations, and orders of the United States, and of any state or political subdivision thereof, and agrees to indemnify Buyer against any loss, cost, damage, or liability by reason of Seller’s violation thereof.
2. **Indemnity.** Seller shall defend indemnify and hold harmless Buyer and Buyer’s directors, officers, employees, agents from any personal injury or property damage claim, suit, action, expense, loss, or damage whatsoever, including but not limited to such claims, etc., under strict liability or product’s liability, together with attorney’s fees, arising out of or any in any way connected with Seller’s performance or failure to perform this purchase order or that of Seller’s agents, employees, or subcontractors. Seller shall be responsible for the actions and failure to act of all parties retained by, through, or under Seller in connection with the performance of this Purchase Order. Seller shall also maintain such General Liability, Property Damage, Employer’s Liability, and Workman’s Compensation Insurance and Motor Vehicle Liability Insurance (Personal Injury and Property Damage) in such amount as will protect Seller and Buyer from said risks arising out of any claims.
3. **Government Contract Provisions.** If this order indicates that it has issued under a Department of Defense prime contract or subcontract thereunder, the Seller agrees that the following provisions shall apply and will prevail in the event of any inconsistency with the forgoing terms and conditions. Seller agrees to flow down the below listed Government Contract Provisions to all sub-tier Sellers supporting the effort of the Seller providing materials and/or services to Sechan Electronics. It is the responsibility of the Seller to confirm conformance of their sub-tier Sellers to the applicable Government Contract Provisions.

26. **Prohibited Discrimination Against Qualified Individuals.** Just as the Buyer has implemented the requirements, the Seller shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability. The Buyer asks that the Seller take all appropriate action on the Sellers part to comply with any affirmative action obligations you may have.

27. **Supplier Plant Relocation.** When a supplier relocates the fabrication source/location to another plant/facility, the Buyer shall be notified to facilitate a survey/approval of the new facility prior to fabrication of hardware from that facility. Approval may include an on-site transition evaluation.

28. **Software Control.** Non-deliverable software that is used to inspect physical characteristics or attributes of the product (such as CNC) and software used in the manufacture or product shall be controlled by the seller to ensure software development, testing, documentation and revision level are adequately controlled and maintained.

The following Department of Defense Federal Acquisition Regulations are incorporated herein by reference:

**A. APPLICABLE TO ALL ORDERS:**

1. 252.222-7000 Restrictions on Employment of Personnel
2. 252.225-7002 Qualifying Country Sources as Subcontractors
3. 252.225-7008 Restriction on Acquisition of Specialty Metals
4. 252.225-7009 Duty-Free Entry – Qualifying Country End Products and Supplies
5. 252.225-7010 Duty-Free Entry – Additional Provisions
6. 252.225-7012 Preference for Certain Domestic Commodities
7. 252.225-7014 Preference for Domestic Specialty Metals (Alt 1)
8. 252.225-7016 Restriction on Acquisition of Ball and Roller Bearings
9. 252.227-7013 Rights to Technical Data – Noncommercial Items
10. 252.227-7016 Rights in Bid or Proposal Information
11. 252.227-7018 Rights in Noncommercial Technical Data and Computer Software – Small Business Innovation Research (SBIR) Program

12. 252.247-7024 Notification of Transportation of Supplies by Sea

13. 252.225-7007 Prohibition on Acquisition of United States Munitions List Items From Communist Chinese Military Companies

14. 252.225-7001 Buy American and Balance Payment Program

15. 252.225-7006 Quarterly Reporting of Actual Contract Performance Outside the United States

16. 252.225-7021 Trade Agreements

17. 252.225-7033 Waiver of United Kingdom Levies

**B. ORDERS OVER $100,000 ALSO INCLUDE THE FOLLOWING:**

1. 252.203-7001 Special Prohibition on Employment
2. 252.209-7000 Acquisitions from Subcontractors Subject to On-Site Inspection Under the Intermediate - Range Nuclear Forces (INF) Treaty
3. 252.247-7023 Transportation of Supplies by Sea

The following Federal Acquisition Regulations are incorporated herein by reference:

* + - 1. **APPLICABLE TO ALL ORDERS:**

1. 52.204-2 Security Requirements
2. 52.211-15 Priority and Allocation Requirements
3. 52.223-3 Hazardous Material Identification and Material Safety Data
4. 52.225-10 Notice of Buy American Act/Balance of Payments Program Requirement – Construction Materials
5. 52.227-9 Refund of Royalties
6. 52.227-10 Filing of Patent Applications-Classified Subject Matter
7. 52.227-11 Patent Rights - Retention by the Contractor (Short Form)
8. 52.227-12 Patent Rights - Retention by the Contractor (Long Form)
9. 52.228-5 Insurance-Work on a Government Installation

**B. ORDERS OVER $2500 ALSO INCLUDE THE FOLLOWING:**

* 1. 52.222-36 **Affirmative Action for Individuals with Disabilities**

**C. ORDERS OVER $10,000 ALSO INCLUDE THE FOLLOWING:**

1. 52.222-26 Equal Opportunity
2. 52.222-37 Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era
3. 52.225-8 Duty-Free Entry

**D. ORDERS OVER $100,000 ALSO INCLUDE THE FOLLOWING:**

1. 52.203-6 Restrictions on Subcontractor Sales to the Government
2. 52.203-7 Anti-Kickback Procedures
3. 52.215-14 Integrity of Unit Prices
4. 52.222-35 **Affirmative Action for Disabled Veterans, Recently Separated Veterans, Active Duty Wartime or Campaign Badge Veterans, and Armed Forces Service Medal Veterans or Covered Protected Veterans.**
5. 52.223-14 Toxic Chemical Release Reporting

**E. ORDERS OVER $500,000 ALSO INCLUDE THE FOLLOWING:**

1. 52.215-15 Termination of Defined Pension Plans
2. 52.215-18 Reversion or Adjustment of Plans for Post-retirement Benefits other than Pensions (PRB)
3. 52.215-19 Notification of Ownership Charges

**F. ORDERS OVER $5.5 MILLION WITH A PERFORMANCE PERIOD OF MORE THAN 120 DAYS**

1. 52.203-13 Contractor Code of Business Ethics and Conduct

*\*Note: All disclosures of violation of the civil False Claims Act or Federal criminal law shall be directed to the agency Office of the Inspector General, with a copy to the Prime Contract Primary Contracting Officer.*

**G. UNLESS OTHERWISE EXEMPT ALSO INCLUDES THE FOLLOWING:**

1. 52.214-28 Subcontractor Cost or Pricing Data – Modifications – Sealed Bidding
2. 52.215-12 Subcontractor Cost or Pricing Data
3. 52.215-13 Subcontractor Cost or Pricing Data-Modifications
4. 52.222-41 Service Contract Act of 1965, as Amended
5. 52.230-2 Cost Accounting Standards
6. 52.230-3 Disclosure and Consistency of Cost Accounting Standards