

Euclid Machine Company

Division of Thomas/Euclid Industries

TERMS & CONDITIONS

In the event the articles, supplies, materials and/or services covered by this Purchase Order are intended to be used directly or indirectly in the performance of a contract with the United States Government, or with a prime or subcontractor of the said Government, this order shall be deemed to include, in addition to all the terms and conditions set forth herein, all applicable provisions of such contract.

1. **ACCEPTANCE**—This Purchase Order shall not constitute a binding agreement until accepted by the Seller by acknowledging receipt and acceptance by immediately returning to the Buyer the attached acknowledgement form properly executed. Acceptance of this Purchase Order shall constitute acceptance by the terms and conditions set forth herein. If the Buyer does not receive the acknowledgement copy of the Purchase Order duly executed by the Seller, any shipment or performance by the Seller pursuant to this Purchase Order shall constitute an acceptance of this Purchase Order, including terms and conditions, by the Seller. No modification of this Purchase Order will be binding upon the Buyer unless agreed to in writing by a duly authorized agent of the Buyer.
2. **PRICES**—The prices indicated on this Purchase Order include packing and shipping cost unless otherwise specified. The Seller expressly warrants that the prices charged herein are not in excess of prices charged to any other customer for like or smaller quantities. Unless otherwise indicated on the face of this Purchase Order, the prices include all Federal, State and local taxes and duties.
3. **PACKING & SHIPPING** --- Damage to any merchandise not packed to insure proper protection to same, if accepted by the Buyer, will be charged to the Seller. The Seller will not insure shipment made F.O.B. Seller's plant unless specifically requested to do so by the Buyer. If shipment is made by Parcel Post, and the value of the package exceeds \$500.00, the Seller will insure for \$50.00 only.
4. **WARRANTY** --- Seller expressly warrants that all articles, materials and work or services ordered to specification will conform thereto, and to the specifications, drawings, samples, or other descriptions furnished by the Buyer, or that if not ordered to specification that they will be fit and sufficient for the purpose intended and that all articles will be of good quality and workmanship and free from defects, including latent. This warranty shall run to the Buyer and/or its Vendors, and shall survive delivery and shall not be deemed waived either by reason of inspection and/or acceptance thereof or by the payment therefore by the Buyer. Any material delivered under this purchase Order to the Buyer which is rejected by the Buyer may be held by the Buyer, may be returned for credit, transportation collect. The Seller will pay the cost of the Buyer's material which may be damaged by any defective

workmanship by the Seller. Where the Seller delivers material not in accordance with the warranty contained herein, the Buyer shall have the option of cancelling this Purchase Order either in whole or in part or, if in the opinion of the Buyer the non-compliance of the Seller may retard the Buyer's production schedule, the Buyer may take all necessary steps in order to maintain production. The seller will be responsible for Product Safety of the end product and how it relates to the sellers procedures for application, the specific process itself, and **how the seller maintained control of the product and its processes during the time it had possession of the product, and ensure the safety of all that will come in contact with the part/parts and that sellers workmanship will not cause any dame or injury..**

5. COUNTERFEIT PARTS and NON CONFORMING MATERIALS- For products or articles, Euclid will not accept any counterfeit parts and require suppliers of products and articles for production to have counterfeit policies in place. For services, Euclid also expects that its suppliers will not use counterfeit or non-conforming materials to perform the service. Euclid has the right at any time to review material documentation to verify that it is in compliance with regulatory and its customers' requirements. **The seller shall ensure that counterfeit part processing, includes a mechanism for reporting counterfeit parts to Euclid within 3 days of it being confirmed.** If Euclid's customer requires an approved source for the material, the seller must be able to demonstrate compliance.
6. CONFLICT MATERIALS-Euclid suppliers shall not use/supply product that has materials from countries identified as a conflict country per the Dodd-Frank Wall Street Consumer Protection Act as listed at www.sec.gov/rules/final/2012/34-67716.pdf. In the event that a Euclid supplier is using and/or supplies material from a conflict country, the seller needs to contact Euclid Machine immediately for disposition.
7. RIGHTS of ACCESS- Euclid Machine, its respective customer, and regulatory authorities will have the right to the applicable areas of the sellers facility and to applicable documented information. Euclid will provide the request in a reasonable amount of time to allow for the seller to prepare. If the seller will not be able to accommodate access, or needs more than a reasonable amount of time to prepare, they must notify Euclid Machine with a request of justification of the delay or a reason why they will not be able to accommodate access. Approval of such a request will need to be approved by all interested parties.
8. INSPECTION—All articles, supplies and materials to be furnished under this Purchase Order shall be subject to inspection and test by the Buyer and/or the Government to the extent practicable at all times and places, including the period of manufacture and, in any event, prior to final acceptance. If inspection and test is made on the Seller's premises, or that of its supplier, the Seller shall furnish all reasonable facilities and assistance without additional charge. All such inspection and tests shall be performed in such manner as not to delay the work unduly. If the face of this Purchase Order indicates that Government source inspection is required, a document bearing Government source inspection approval must accompany each shipment. If Government source inspection is not indicated on the face of this Order, then the Seller, by acceptance of this Purchase Order certifies that all supplies included in each shipment will be in accordance with said Purchase Order and with all requirements,

- specifications and drawings listed or referenced in said materials used conform in all respects to the requirements of said Purchase Order.
9. **NON-CONFORMANCES.**-Products and services are to conform to the contract or purchase order as listed. The supplier is responsible for inspection and verification to the requirements of the specification and conditions of the purchase order. In the event of a non-conformance the seller is to contact the buyer immediately to inform of the quantity and nature of the non-conformance. The buyer will review the non-conformance and advise the seller of the procedure and instructions on how to handle the non-conformance, including disposition. At that time, the buyer may request a corrective action. The seller has the right to inspect product prior to performing its service. If the seller identifies a non-conformance prior to performing its service, it is to contact the buyer immediately. Failure to contact the buyer about pre-existing conditions and non-conformances will result in the seller being liable for the non-conformance.
 10. **RECORDS**-Records of all certification and inspection work by Seller and its supplier shall be kept complete and available to Buyer at Seller's facilities, including without limitation, all records, reports, data and other information necessary to insure compliance with applicable Federal Aviation and Government Regulations. Unless otherwise instructed, Quality Records shall be retained for a period of **seven** years from the date of completion.
 11. **DELIVERY** – The date or dates of delivery herein specified must be strictly adhered to, since time is of the essence. The Buyer may refuse any delivery if prevented by strikes, casualties or other causes beyond its control from receiving or using it. If the Seller refuses or fails to make deliveries of the materials of supplies ordered within the time specified, or any extension thereof agreed to by the Buyer in writing, the Buyer may terminate by written notice the right of the Seller to proceed with deliveries without cost to the Buyer. In such event, the Seller agrees to save the Buyer harmless from any damage resulting from Seller's refusal or failure to make deliveries as specified, including but not limited to the excess cost of repurchase to the Buyer; provided however, that the Seller shall not be charged with any such costs paid by the Buyer when the delay of the Seller in making deliveries is due to causes beyond the control and without the fault or negligence of the Seller including, but not restricted to Acts of God, strikes, freight embargoes, further provided, however, that the Seller shall notify the Buyer in writing of any stop order with respect to any deliveries to be effected under the Purchase Order. In such event, the delivery schedule will be extended to reflect any delay in delivery solely attributable to such order upon written request therefore by the Seller within 30 days after the placing of such hold or stop order by the Buyer. No cost consequences, however, may be imposed upon the Buyer as a result thereof.
 12. **CHANGES** -- The Buyer may, at any time, by a written order and without notice to any sureties or assignees of the Seller, change the extent, amount or quantity of the work covered by this Purchase Order, or make changes in or additions to the drawings and specifications. If such changes cause a material increase or decrease in the amount or character of such work or in the time required for its performance, an equitable adjustment of the prices and/or the delivery schedule applicable to this extension of the deliveries by the Seller under this clause must be asserted by the Seller within thirty (30) days from the

date on which the change is ordered and shall set forth the amount involved together with a breakdown and such other information as the Buyer may request to justify the said claim, provided that the Buyer may consider and act upon any such claim at any time prior to the date of final settlement of the Purchase Order if the Buyer determines that the facts justify such action. Nothing contained in this clause shall excuse the Seller from proceeding with performing the Purchase Order as changed. The seller has the right to review the conditions and terms of the purchase order before acceptance, and in the case of a disagreement must notify the buyer prior to accepting the order. If the seller does not respond within 48 hours of receiving the PO, by default the seller accepts the order. Once the order has been accepted, the seller may not change any of the terms or conditions on the purchase order without permission from the Buyer.

Many of Euclids supplier require a fixed process or its customer control over the process. The supplier may not change or deviate from the process without notification to Euclid and approval from its customer to change the process.

13. INDEMNITY—The Seller agrees to protect, indemnify and hold harmless the Buyer, its successors, assignees, customers, and users of its products, against any liability, loss, damage or expense whatsoever, resulting from any infringement of any United States or Canadian patent, trade names or trademarks (except those owned or controlled by the Buyer) by anything or material of design, composition, or processing of the Seller's origin or practice supplied by the Seller under this Purchase Order. The Buyer agrees to notify the Seller of any claim, demand or suit for infringement involving any such thing or material within a reasonable time.
14. SUBCONTRACTS – No subcontract shall be made by the Seller with any other party for furnishing any of the completed materials, articles, spare parts or work herein contracted for, without the written approval of the Buyer. For the purpose of this clause, the term "subcontract" includes only contracts for the production of or work upon and item, component, or assembly manufactured according to Government specifications or specifications of the Buyer and does not include (1) any purchase of a standard commercial or catalog item, (2) any purchase of a basic raw material, (3) any purchase of supplies or services for the general operation of the Seller's plant or (4) any purchase from a parent, subsidiary or affiliate of the Seller.
15. ASSIGNMENT—None of the monies due or to become due nor any of the work to be performed under this Purchase Order shall be assigned without the written consent of the Buyer having been obtained beforehand, and the Buyer shall not be bound by any assignment made without such consent and shall have the right to make any payment which may be due hereunder to the Seller without incurring any obligation to such assignee.
16. SETOFFS – The Buyer shall have the right at any time to set off any amounts now or hereafter owing, whether or not due and payable, by the Seller to the Buyer under this agreement or otherwise, against amounts which are then or may thereafter become due and payable under the Purchase Order.

17. **INSOLVENCY**—The Buyer reserves the right to cancel this Purchase Order at no cost to the Buyer by notice thereof to the Seller if the Seller takes or becomes subject to any proceeding based on insolvency or reorganization.
18. **DISPUTES** – Except as may be otherwise provided herein, any dispute arising under this Purchase Order, which is not disposed of by mutual agreement, shall be submitted to arbitration under the rules of the American Arbitration Association and judgement upon any resulting award thereon may be entered in any court of competent jurisdiction. It is agreed that any arbitration proceedings held hereunder shall take place in the City of New York.
19. **BUYER FURNISHED MATERIAL** – All tools, articles or property furnished by the Buyer to the Seller, including tools made by the Seller for the Buyer’s account to process the material covered by this Purchase Order, shall be retained and utilized by the Seller at the Seller’s Risk subject to the Buyer’s examination and return to the Buyer on demand at the Seller’s expense in as good condition as received, ordinary wear and tear excepted, and shall be kept segregated and clearly marked by the Seller as the property of the Buyer, as the Property of the Government. The Buyer retains all rights in designs and drawings furnished by the Buyer to the Seller in connection with this Purchase Order and no such design or drawing shall, without the Buyer’s written permission, be incorporated in or used in connection with goods furnished to others nor shall such designs or drawings be exhibited or disclosed to any other person except as permitted under the clause entitled “Subcontracts” herein. If this order is for a government contract the following Rules and Regulations shall apply.
20. **Drawings, Confidential Information and Inventions.** All drawings, prints, samples, tests and reports, if and as required, shall be supplied without written restriction regarding the use and disclosure of the same. Seller shall not use or disclose any drawings, prints, samples, tests, or reports or other confidential information supplied by Buyer, whether or not designated as such, except as reasonably required to fulfill this Order. All inventions and ideas, whether or not patentable, made, conceived, developed or acquired by Seller incident to supplying goods or services under this Order shall vest in and inure to the Buyer’s sole benefit, and Seller shall, at the request of Buyer, cause applications for patents covering such inventions to be executed by appropriate representatives of Seller and assigned by Buyer.
21. **QMS, Quality Manual System.** **The seller must maintain a QMS in accordance to the requirements of Euclid Machine and its customers, and properly accredited to the required regulatory agency. The Seller shall notify Euclid Machine of any significant changes in its QMS, business operations (location, structure, scope, etc,) leadership, accreditations, and changes in quality leadership within 3 days after change is implemented.**
22. **ETHICAL BEHAVIOR**-The seller will be required to run an ethical business in its day to day operations as it relates to and not limited to 1) code of conduct, 2) management/employee working relationships, 3)fair treatment, 4) employee recognition, 5)confidential reporting mechanisms, 6)protecting anonymity, 7) no blame culture,.....

23. FOD Prevention-The Seller will be required to meet the requirements of AS9146 for the prevention Foreign Object Debris on Euclid product.

24. ADDITIONAL REQUIREMENTS – The following paragraph of the Armed Services Procurement Regulations (ASPR), with applicable amendments and deletions thereto in effect on the date of the Purchase Order, are incorporated herein by reference and made a part of this Purchase Order:

CLAUSE	ASPR REFERENCE
Utilization of Small Business Concerns	1-707.3
Buy American Act	6-104.5
Renegotiation Act of 1951, as amended	7-103.13
Officials Not to Benefit	7-103.19
Excess Profits	7-104.11
Military Security Requirements	7-104.12, as modified by 7-204.12
Examination of Records	7-104.15
Price Reduction for Defective Pricing Data	7-104.29
Notice to Government of Labor Disputes	7-104.4
Records	7-203.7
Termination	8-706 (except that nothing contained therein shall be construed to limit or affect the right of the Buyer to terminate this Purchase Order for the default of the Seller.)
Default	8-707
Patent Rights	9-107.2
Data	9-203.1 plus 9-203.2 for non R&D Purchase Orders and 9-203.4 for Purchase Orders involving R&D
Convict Labor	12-203
Eight Hour Law of 1912	12-303.1
Walsh-Healy Public Contracts Ad	12-604
Special Tooling	13-504

- In the above clauses, in order to make the context thereof applicable to this Purchase Order, the terms “Government” and “Contracting Officer” and equivalent phrases shall mean the Buyer, the term “Contractor” shall mean the Seller and the term “Contract” shall mean the Purchase Order; except that with respect to the “Patent Rights” and the “Data” clauses, their term “Government” shall be deemed to include the Buyer as well as the Government.
25. DAMAGE – The Seller will indemnify the Buyer against and save it harmless and defend it from all liability and loss, damage or injury to persons or property in any manner arising out of or incident to the performance of this Purchase Order.
 26. NONDISCRIMINATION CLAUSE—All of the quoted provisions, except paragraph 7, contained in Section 301 of Presidential Executive Order No. 10925 dated March 6, 1961 as amended Sept. 7, 1963, are hereby incorporated in this Purchase Order by reference. As used therein, the word “Contractor” shall be deemed to mean the word “Seller” and the word “Contract” shall be deemed to refer to this Purchase Order. Seller shall file the compliance reports referred to in Section 302 of said Executive Order, as well as any other reports that may be required by regulations issued pursuant thereto.
 27. WAIVER—The waiver of a breach of any provision of this contract shall not constitute a waiver of any other breach of such provisions.
 28. REWORK—In the event rework is necessary, due to non-adherence to specifications, and only through the fault of the vendor, Buyer at its discretion, may rework same and chargeback to the vendor at the prevailing hourly rate.
 29. GOVERNMENT CONTRACTS- In the event that this Order is placed against a United States government contract or purchase order, the clauses set forth in the Federal Acquisition Regulation (FAR) or similar federal procurement regulations which are included in Buyer’s contract or purchase order are hereby incorporated by reference and made a part of the Order; provided, however that appropriate revisions of these clauses shall be deemed to have been made so that, for example, references to “contracting officer” or “government” shall apply to the Buyer, and references to the “contractor” shall apply to the Seller as appropriate to the intent of each clause used in the government contract. The seller is to maintain ITAR compliance, and if a document is shared may not be viewed or transmitted to anybody that is not a citizen of The United States of America. By accepting the order, the seller is confirming that they have not engaged in any unethical business behaviors, such as bribing local or Federal Officials and are debarred, suspended, or proposed for debarment by the Federal Government.
 30. Conflict Minerals- Pursuant to section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the conflict minerals rules adopted in 2012 by The US Securities and Exchange Commission, Euclid Machine will not purchase or accept material that has any properties, such as Tantalum (Ta), Tin (Sn), Tungsten (W), Gold (Au) or was smelted in the Democratic Country of Congo (DRC) or in an adjoining country that shares an internationally recognized border with the DRC (collectively referred to herein as the “Covered Countries” or comes from any countries that are considered or listed as conflict by

those acts. This includes raw material and the individual alloys and properties used to make the material stock.

"1. During the term of this contract, the contractor agrees to post a notice, of such size and in such form as the Secretary of Labor will prescribe, in conspicuous places in and about its plants and offices, including all places where notes to employees are customarily posted. The notice must include the following information (except that the last two sentences must not be included in notices posted in the plants or offices of carriers subject to the Railway Labor Act, as amended (45 U.S.C. 151-188)).

NOTICE TO EMPLOYEES

Under Federal law, employees can be required to join a union in order to retain their jobs. Under certain conditions the law permits a union and an employer to enter a union security agreement requiring employees to pay uniform periodic dues and initiation fees. However, employees who are not union members can object to the use of their payments for certain purposes and can only be required to pay their share of union costs related to collective bargaining, contract administration, and grievance adjustment.

"If you do not want to pay that portion of the dues or fees used to support activities not related to collective bargaining, contract administration, or grievance adjustment, you are entitled to an appropriate reduction in your payment. If you believe that you have been required to pay dues or fees used in part to support activities not related to collective bargaining, contract administration or grievance adjustment, you may be entitled to a refund and to an appropriate reduction in future payments.

"For further information concerning your rights, you may wish to contact the National Labor Relations Board (NLRB) either at one of its regional offices or at the following address or toll-free number: National Labor Relations Board, Division of Information, 1099 14th Street, NW Washington, D.C. 20570, 1-866-315-6572 (TTY).

"To locate the nearest NLRB office see NLRB's website at <http://www.nlr.gov>

"2. The contractor will comply with all provisions of Executive Order 13201 of February 17, 2001, and related rules, regulations, and orders of the Secretary of Labor.

"3. In the event the contractor does not comply with any of the requirements set forth in paragraphs (1) or (2) above, this contract may be cancelled, terminated, or suspended in whole or in part, and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized within or adopted in pursuant to Executive Order 13201 of February 17, 2001, and related rules, regulations, and orders of the Secretary of Labor.

"4. The contractor will include the provisions of paragraphs (1) through (4) herein in ever subcontract or purchase order entered into in connection with this contract unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 3 of Executive

Order 13201 of February 17, 2001, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any such subcontract or purchase as may be directed by the Secretary of Labor as a means of enforcing such provisions, including the imposition of sanctions for non compliance: However, if the contractor becomes involved in litigation with a subcontractor or vendor, or is threatened with such involvement, as a result of such direction, the contractor may request the United States to enter into such litigation to protect the interest of the United States.

(b) Inclusions by reference.

The employee notice clause need not be quoted verbatim a contract, subcontract, or purchase order by citation to 29 CFR part 470.

(c) Adaptation of language.

The Assistant Secretary may make such changes in the contractual provisions of the Executive Order as may be necessary to reflect Acts of Congress, clarifications in the law by the courts, or otherwise to fully and accurately inform employees of their rights under the Executive Order.

(d) Obtaining employee notice poster.

The required employee notice poster, printed by the Department, will be provided by the Federal contracting agency or may be obtained by the Division of Interpretations and Standards, U.S. Department of Labor, 200 Constitution Avenue, NW., room N-5605, Washington, D.C. 20210, or from any field office of the Department's Office of Labor-Management Standards or Office of Federal Contract Compliance Programs. A copy of the poster may also be downloaded from the Office of Labor Management Standards Web site at www.olms.dol.gov. Additionally, contractors may reproduce and use exact duplicate copies of the Department's official poster.

Revision Log

12/20 Added emphasis on Product safety and record company

10/22 Added emphasis 4.0 Counterfeit parts, Added section 21 on QMS, and Added Section 23 on FOD prevention