

## Fastener Tool & Supply Procurement Terms and Conditions

### **The following terms and conditions shall be part of any purchase order between the Supplier (Seller) and Fastener Tool & Supply, Inc. (Fastener Tool & Supply).**

1. **Acceptance:** Acceptance of this order and each of its terms and conditions will be evidenced by the Seller's execution of the acknowledgement copy hereof or by the Seller's commencement of performance or shipping and which shall then constitute a contract that shall be governed in accordance with the provisions of the Uniform Commercial Code and the laws of the State of Ohio. Unless otherwise specifically indicated on the face hereof, this order is not an acceptance of any offer, quotation or proposal made by Seller and any reference thereto is made solely for the purpose of specifying prices and the nature and description of the goods and services ordered. This order is conditional upon acceptance of the terms and conditions herein contained. Any other additional or different terms shall be deemed objected to by Fastener Tool & Supply without need of further notice of objection, and shall be of no force or effect. No variations in the delivery schedule, price, quantity, specifications or other provisions of this order, and no new, additional or different terms or provisions will be binding on Fastener Tool & Supply unless agreed to in writing and signed by Fastener Tool & Supply's Purchasing Agent or other authorized representative. The failure of Fastener Tool & Supply to actively reject orally or in writing, any conflicting or contradictory terms contained in any document forwarded by Seller to Fastener Tool & Supply subsequent to this order shall not be deemed to be an assent to such terms. These terms and conditions will be applicable to the current and any subsequent purchase orders entered into between Fastener Tool & Supply & Seller.

2. **Acknowledgement:** The acknowledgement copy of this order must be returned promptly to Fastener Tool & Supply. Shipment and/or delivery must be made to agree with the schedule as recorded on the face of this order or if the Seller cannot meet Fastener Tool & Supply's requested schedule, Seller must so state on the acknowledgement copy indicating thereon the best schedule that can be met which Fastener Tool & Supply may accept or reject.

3. **Delivery Schedule:** TIME IS OF THE ESSENCE. Unless otherwise agreed to in writing, Seller shall not make material commitments or production arrangements in excess of the amount ordered or in advance of the time necessary to meet Fastener Tool & Supply's requirements. It is the seller's responsibility to comply with this schedule, but not to anticipate Fastener Tool & Supply's requirements. Goods shipped to Fastener Tool & Supply in advance of schedule may be returned to Seller at Seller's expense or payments of invoices may be withheld until the required delivery dates unless Fastener Tool & Supply grants specific authorization for advanced delivery. If payment of invoices is withheld, they will be discounted in the usual way, effective from the required delivery date. Partial shipments of material where no partial shipment is specified may be returned to the Seller at Seller's expense unless Fastener Tool & Supply grants specific authorization for partial delivery or payment of invoices may be withheld until order is complete. Discount terms will be calculated from the date the final invoice is received or from the

date material is received completing the order, whichever is later. Except for customary quantity variations recognized by trade practice, goods in excess of those specified need not be accepted by Fastener Tool & Supply and any such goods not accepted will be held at Seller's risk. Fastener Tool & Supply may, and at Seller's direction shall, return such goods at Seller's risk, and all transportation charges, both to and from the original destination, shall be paid by Seller.

4. **Charges:** No order may be invoiced at a higher price than shown on the order and any change in the price must be authorized in writing by Buyer. If no price is shown, the goods shipped or services provided shall be billed at the price last quoted or last paid or the prevailing market price, whichever is lower. The Seller warrants that no prices or other charges to Fastener Tool & Supply hereunder will be in violation of any price control regulation of the United States Government. Unless otherwise specified, prices are F.O.B. the place shown on the face of an order and are exclusive of state sales and use taxes. No charges of any kind including charges for boxing, packaging, cartage, dayage, storage, taxes, import or export duties, or excises will be allowed unless specifically authorized by Fastener Tool & Supply in writing. Transportation charges on materials or articles furnished under this purchase order shall be in accordance with the carriers tariffs lawfully in effect at the time shipments are moved or the services performed. Seller warrants that the prices for the goods are not less favorable than those currently extended to any other customer, including the Government, for the same or like articles in equal or less quantities. In the event Seller establishes or offers a lower price for the sale of such articles in such quantities, either generally or for any one sale to any other customer, from the date of acceptance of this order to the date the goods are invoiced to Fastener Tool & Supply, Seller agrees to reduce the prices hereof correspondingly.

5. **Taxes:** The prices stated herein include all present and future taxes applicable to this order and the same shall be paid by Seller excepting only that the state sales tax designated on the face hereof will be paid by Fastener Tool & Supply if the "Not for Resale" box is marked on the face of this order.

6. **Insurance:** Until delivery to Fastener Tool & Supply, the Seller shall assume the risk for Fastener Tool & Supply's equity in the materials to be supplied under the terms of this Purchase Order. The usual forms of "all risk" insurance shall be maintained in an amount at least equal to their value and in no event less, at any time, than the aggregate of all the amounts paid the Seller on account thereof. Such insurance policies shall provide that all claims for losses hereunder shall be paid to Fastener Tool & Supply or the Seller as interests may appear and shall be delivered to Fastener Tool & Supply upon request. If this order deals with construction, repairs or maintenance (including painting) or any building equipment or machinery located on the premises of Fastener Tool & Supply or any other activity requiring the presence of Seller, its employees agents or subcontractors on the premises of Fastener Tool & Supply

## Fastener Tool & Supply Procurement Terms and Conditions

and Seller shall (i) maintain and carry Public Liability, Workmen's Compensation, and Employer's Liability Insurance covering all employees engaged in the performance of the work and all other persons who are on the property of Fastener Tool & Supply at the invitation of the Seller; (ii) indemnify, defend and save Fastener Tool & Supply harmless from and against all loss, damage, liability, claims causes of action or liens arising out of injury (or death) to persons or property resulting directly or indirectly from Seller's performance of the work or from the presence of Seller, its employees, agents or subcontractors on the premises upon which the work is done and (iii) indemnify Fastener Tool & Supply against any loss or claim arising from the workmanship or the materials furnished by Seller.

7. **Specification and Warranty:** Seller warrants that: (i) all products covered by this purchase order will be merchantable, of good quality and workmanship free from defects, and fit and sufficient for the intended purpose for which required; (ii) all materials supplied under this purchase order are the best of the grade specified and will conform to the description, quality and performance furnished or specified by Fastener Tool & Supply, or if not furnished or specified, to standard commercial specifications; (iii) no materials or products provided under this purchase order are banned, misbranded or mislabeled and all goods are produced in conformity with all applicable federal, state and local statutes, rules and regulations; and (iv) on the date of completion of service, and for one (1) year thereafter, that all goods, work and services provided under this purchase order shall be good quality, workmanship, free of defects, and shall conform to or be performed in accordance with accepted industry standards. The warranties in this section shall survive delivery of goods or completion of service and shall not be waived by acceptance of products or payment. Such warranties shall cover all losses, including cost and expenses (including reasonable attorney's fees) to which Fastener Tool & Supply will be exposed by any defects of Seller's material or performance. These warranties will extend to Fastener Tool & Supply's customers and subsequent end users of such products. Fastener Tool & Supply will be entitled to all remedies available under applicable law, including without limitation immediate termination of any purchase order, repair or replacement of the product, at Fastener Tool & Supply's discretion, with all costs charged back to the Seller and exercise of set-off rights concerning any indebtedness owed to Fastener Tool & Supply by the Seller.

8. **Infringement:** Seller warrants that all products covered by this purchase order shall be delivered free of the rightful claim of any person by way of infringement, or the like; and seller agrees to defend, indemnify, and save Fastener Tool & Supply harmless from any and all liability, loss, damage and expense arising from any infringement or alleged infringement on any patent, trademark, copyright, trade secret, or other right, by reason of the purchase, lease, use or resale by Fastener Tool & Supply of any or all of the articles covered by this purchase order.

9. **Inspection:** All materials and articles will be new, unless otherwise specified and all materials and workmanship shall be subject to inspection and approval by Fastener Tool &

Supply, its assigned Inspection Agencies and/or the Government. Final inspection will be made after receipt by Fastener Tool & Supply, if rejected, the goods will be held for disposition at the Seller's risk and any expense or payment on account thereof will be promptly refunded by the Seller without prejudice to any other rights of Fastener Tool & Supply under warranties or otherwise. Any inspection or approval at the Seller's plant or elsewhere during or after manufacture, whether or not such inspection or approval be provided for by the terms of this purchase order shall be provisional only and shall not constitute final acceptance or be construed as a waiver of the foregoing right of inspection and approval or rejection after receipt of the materials or articles by Fastener Tool & Supply. Acceptance of all or any part of the goods by Fastener Tool & Supply shall not relieve Seller from any of its obligations and warranties hereunder, nor will acceptance of any part of the order bind Fastener Tool & Supply to accept future shipments or deprive Fastener Tool & Supply of any right which it may have to return goods already accepted. Acceptance of all or any part of the order shall not be deemed a waiver of the Fastener Tool & Supply's right either to cancel or to return all or any portion of the goods because of failure to conform to the order or by reason of defects, latent or patent, or other breach of warranty, or to make any claim for damages, suffered by the Fastener Tool & Supply as a result of any default of the Seller or the Seller's products or performance. In no event shall payment be deemed to constitute acceptance. If inspection discloses that any part of the goods received is not in accordance with Fastener Tool & Supply's specifications or if any of the goods fail to meet the warranties contained in Section 7 hereof, Seller, upon notice thereof from Fastener Tool & Supply, shall promptly correct or replace the same at Seller's expense. If Seller shall fail so to do, Fastener Tool & Supply may cancel this order as to all such goods and in addition, may cancel the then remaining balance of this order. After notice to Seller, all such goods will be held at Seller's risk. Fastener Tool & Supply may, and at Seller's direction shall, return such goods to Seller at Seller's risk, and all transportation and handling charges, both to and from the original destination, shall be paid by Seller. Any payment for such goods shall be refunded by Seller unless Seller promptly corrects or replaces the same at its expense. Return of any defective material by Fastener Tool & Supply shall not be deemed a waiver of any right or remedy which Fastener Tool & Supply may have as a result of or in connection with the existence of such defect or defects.

10. **Fastener Tool & Supply's Property:** Fastener Tool & Supply's patterns, specifications, drawings, tools and dies shall not be used for any purpose other than supplying Fastener Tool & Supply's requirements without Fastener Tool & Supply's consent and shall remain Fastener Tool & Supply's property shall be kept in good condition by Seller and upon request shall be promptly delivered to Fastener Tool & Supply.

## Fastener Tool & Supply Procurement Terms and Conditions

11. **No Assignment or Subcontracting:** This order or any rights there under may not be assigned or hypothecated and none of the work which Fastener Tool & Supply contemplates being performed by Seller shall be subcontracted without Fastener Tool & Supply's prior written consent and if and when subcontracting is allowed, Seller shall continue to comply with and be bound by all provisions of this order. Any assignment or transfer made without such consent shall be null and void.

12. **Laws & Regulations:** Seller agrees to comply with all federal state and local laws, ordinances, rules and regulations which may be applicable and upon request, Seller shall certify to such compliance. Seller shall manufacture the goods covered by this order so as to comply with the FEDERAL OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970 and with the standard promulgated pursuant thereto, if and to the extent applicable. Seller warrants that the articles ordered were, or will be, produced, and all services will be performed in compliance with the FAIR LABOR STANDARDS ACT OF 1938 as amended. If and to the extent applicable, Seller shall comply with the provisions of and the rules and regulations Issued pursuant to: Executive Order #11141, Non-Discrimination Because of Age: Executive Order #11246, Non-Discrimination in Employment: Executive Orders #11458 and #11625, Utilization of Minority Business Enterprises: Executive Order #11701, Listing of Job Openings for Veterans, and the Rehabilitation Act of 1973, Employment of Handicapped Persons, as any of the same have been or may be revised or amended from time to time. Every provision of the applicable Executive Orders, rules, regulations or laws, which is required to be incorporated in contracts of this kind is incorporated herein by reference and shall have the same force and effects as if herein set forth in full.

13. **Title:** The Seller warrants that at the time of delivery to Fastener Tool & Supply of the articles called for by this order and/or at the time payment is made by Fastener Tool & Supply on account of such articles or on account any materials, equipment, supplies, or other property to be incorporated in the articles, or on account of any work, labor or services there shall be no liens or rights in rem of any kind lying or attached upon or against any such articles and materials and as a condition precedent to any payment the Seller shall, upon Fastener Tool & Supply's request furnish such affidavits and other documents and agreements with respect to liens and rights in rem as Fastener Tool & Supply may require. Except as otherwise expressly provided herein, title to and the risk of loss on all the goods shipped by Seller to Fastener Tool & Supply shall not pass to Fastener Tool & Supply until Fastener Tool & Supply's inspection and acceptance of such goods at Fastener Tool & Supply's warehouse or jobsite specified.

14. **Patents, Trademarks and Copyrights:** Unless otherwise agreed in writing, the Seller shall defend at Seller's expense and pay costs and damages awarded in any suit brought against Fastener Tool & Supply or its customers based on the use or sale of a furnished article constituting actual or alleged infringement of a United States patent, trademark or copyright.

15. **Indemnification:** The Seller agrees to indemnify and

hold Fastener Tool & Supply free and harmless from any and all claims for damages caused to persons or property as a result of defects in the items covered by this order and from any and all liability, loss or damage arising out of any act or omission of Seller, or its agents, or employees, or out of Seller's failure to comply with any applicable laws, or governmental rules and regulations or with any of these terms and conditions.

16. **Product Liability Indemnity:** Seller agrees to defend, indemnify, assume any liability, save and hold harmless Fastener Tool & Supply, its agents, subsidiaries, employees, customers, insurers, successors, and assigns from and against any claims, demands, suits, liabilities, penalties, losses, damages, or charges, settlements, judgments, costs, and expenses (including attorney's fees incurred), by any person arising out of or based on any alleged defect, failure, breach of warranty (express or implied), of or connected with any product covered by this purchaser order or arising out of any actual or alleged violation by such products of any statute, ordinance, rule or regulation. This indemnity includes without limitation and product safety or quality control recall, corrective action or product retrofit, and any action or proceeding arising out of any of the above occurrences.

15. **Notice of Delays:** Whenever any actual or potential cause delays or threatens to delay performance of this order, Seller shall immediately notify Fastener Tool & Supply in writing. Such notice shall include all relevant information concerning such cause of delay and its background. Seller shall keep Fastener Tool & Supply advised during the period such actual or potential cause exists of its effect on the schedule or work and shipments or deliveries and of the measures being taken to remove it.

16. **Changes:** Fastener Tool & Supply may at any time by written order without notice to any surely, make changes or additions in or to drawings, designs, specifications, instructions for work, method of shipment or packing or place of deliver, and, Seller shall forthwith proceed with its work under the contract as changed. If any such change causes an increase or decrease in the cost of, or the time required for performance under the contract, Seller shall notify Fastener Tool & Supply in writing immediately and an appropriate equitable adjustment will be made in the price or time of delivery or both by written modification of the contract. Seller's failure to assert a written claim for adjustment within 30 days after Seller's receipt of Fastener Tool & Supply's change order shall constitute a waiver of such claim.

17. **Cancellation:**

(a) All shipping or delivery dates in this order are firm. Time is of the essence in the performance of this order and no acts of Fastener Tool & Supply shall constitute a waiver of this provision.

(b) Fastener Tool & Supply, without waiving any other rights, reserves the right to cancel this order in whole or in part by written or telegraphic notice, without liability, except for

## Fastener Tool & Supply Procurement Terms and Conditions

goods previously delivered and accepted, subject to set off any claim Fastener Tool & Supply may have against Seller if (1) Seller fails to deliver or perform as specified or if Seller breaches any of the terms and conditions or warranties hereof or (2) Seller ceases to conduct its operation.

(c) Fastener Tool & Supply may at any time terminate this order in whole or in part for its convenience upon written or telegraphic notice to the Seller, in which event, upon receipt of such notice, unless otherwise directed by Fastener Tool & Supply, Seller shall immediately discontinue all work and the filling of orders for materials and supplies in connection with the performance of this purchase order and shall proceed to cancel promptly all orders outstanding and Fastener Tool & Supply shall negotiate with the Seller an amount to be paid in full settlement for the reasonable and necessary expenses incurred directly incident to this order up to the date of cancellation. Fastener Tool & Supply, however, shall not be liable for any loss of profits or consequential damages on this order or the portions of thereof so cancelled, if such cancellation is caused by termination by government contract. Fastener Tool & Supply will reimburse the Seller to the extent that reimbursement if any received by Fastener Tool & Supply from the government on account of termination of its contract is attributable to this order.

(d) In the event of a modification of this order by Fastener Tool & Supply (including, but not limited to, a change in the number or design of the goods), Fastener Tool & Supply shall be responsible and liable only for the price of the goods accepted plus the actual and reasonable costs incurred by Seller to accomplish such modification. Any increase in the price of the goods resulting from modification of this order is subject to the prior approval of Fastener Tool & Supply.

18. **Invoice:** A separate invoice for each shipment, bearing the Fastener Tool & Supply order number, must be mailed promptly. When Seller invoices a shipment made by another concern, the invoice and other papers must bear the name of shipper and point from which shipment originated.

19. **Payment:** Payment of net and discount invoices will be calculated from the date acceptable invoices conforming to the order are received at Fastener Tool & Supply's designated offices, or from the date of receipt of acceptable goods at Fastener Tool & Supply, whichever is later.

20. **Shipping:** Unless otherwise instructed, the Seller shall prepay all transportation and related shipping charges and shall itemize such charges on the invoice. In the absence of specific routing instructions, shipments are to be made "Best Way." If Fastener Tool & Supply directs the Seller to ship the goods in a specified manner, and if the goods are not packaged, marked, shipped and routed in accordance with Fastener Tool & Supply's direction and the instructions set out in this order, Seller shall pay to Fastener Tool & Supply any excess cost occasioned thereby. Fastener Tool & Supply's purchase order number and other identification specified shall appear conspicuously on all documents, shipping notices, bills of lading, packing lists, invoices and other papers, and on each package, box, keg, bale, bundle or other type container. Local and warehouse shipments of steel and

bar stock, and the like, must be marked or tagged with name of shipper and shipping point to facilitate prompt identification upon receipt. All goods shall be packaged and packed adequately to ensure arrival at destination in an undamaged condition. All export shipments must be boxed and contents rust proofed and otherwise protected to prevent damage in transit and meet all export shipping requirements.

21. **Government Contract Provisions:** If indicated on the face hereof that the goods or services covered by this order are for use by Fastener Tool & Supply in performing any U.S. Government Agency contract, or for performance of a subcontract under such contract, then and in that event, the Seller agrees to perform in accord with, to abide by, and to comply with, all of the applicable provisions of Title 48 of the Code of Federal Regulations ("CFR") relating to procurement by U.S. Governmental Agencies, DFARS (as applicable), DPAS (as applicable) and right of access as the same may be amended, superseded or modified, including, without limitation, the provisions incorporated by reference into this order, in Attachment A hereto.

22. **Cost Accounting Standards:** When applicable, Seller shall comply with Public Law 91-379 dated August 15, 1970 and all of the rules, regulations and standards prescribed by the Cost Account Standards Board. Seller agrees to indemnify and hold Fastener Tool & Supply free and harmless from any and all liability, loss or damage arising out of failure of Seller, or Seller's subcontractors, if any, to comply with said law, rules, regulations or standards, as the same may be revised or amended from time to time.

23. **General:** This purchase order, and any documents incorporated herein by reference, supersedes all prior understandings, transactions and communications, or writings with respect to the matters referred to herein, and constitute the sole and entire agreement between the parties. Any representation, promise, course of dealing, or trade usage, not contained or referenced herein, shall not be binding on Fastener Tool & Supply. No modification, amendment, rescission, waiver or other change shall be binding on Fastener Tool & Supply unless agreed to in writing by Fastener Tool & Supply. All warranties herein shall be construed as conditions as well as warranties, and the warranties and conditions herein contained shall not be deemed to be exclusive.

24. **Quantity:** Unless otherwise agreed upon the Seller shall ship exact quantities of products ordered.

25. **Applicable Law:** The rights and obligations of the parties shall be governed in all respects by the laws of the state or commonwealth in which this purchase order is issued.

If the government elects to conduct an investigation of any accident involving an aircraft, missile, or launch vehicle in which Seller's products and/or services are in any manner involved, Seller will cooperate fully and assist Fastener Tool & Supply and/or the government personnel until the investigation is completed.

26. **Notification of Changes:** During performance on the

## Fastener Tool & Supply Procurement Terms and Conditions

Contract, the Supplier shall give Fastener Tool & Supply written notice before relocating any production, inspection or processing facilities; or, transferring work between different facilities; or, when applicable, prior to initiating any changes in the source of major components procured by the Supplier and designated for use in or for installation on products scheduled for delivery to Fastener Tool & Supply; or, making any other changes which may affect product quality, reliability or integrity. Such changes are subject to approval/disapproval by Fastener Tool & Supply. A change in ownership or a change in the individual designated as the management representative with respect to the Suppliers Quality / inspection System shall be construed as a facility change and requires the Supplier to notify Fastener Tool & Supply.

All parts referencing a "REV." letter are as per blueprints submitted along with this order. All blueprints supplied with this order are to supersede all previous prints. Time is of the essence on this order, Purchaser reserves the right to cancel this order or any part thereof, without obligation, if delivery is not made at the time(s) specified.

The material or parts ordered above must meet specifications as noted, if not, it will be returned for full credit.

Furnish 2 copies of all applicable certifications, include rev letter on certifications where applicable, CONTROL OF QUALITY REQUIRED.

- A. Quality Control System Requirements. ISO 9001:2008, AS9100/9120 or equivalent. 10CFR50 Appendix B and 10CFR21 where applicable. ITAR compliance when applicable.
- B. The Seller shall provide and maintain a system that complies with the requirements of the above referenced specification, notwithstanding the provision of this clause, The Seller is in no way relieved of the final responsibility to furnish the supplies or services as specified herein.
- C. Seller shall allow Fastener Tool & Supply and Fastener Tool & Supply customers to determine and verify quality of work and material in any place including plant of supplier and at all production stages.

**ACKNOWLEDGEMENT COPY MUST BE RETURNED PROMPTLY SHOWING PRICE AND DELIVERY DATE. FAILURE TO COMPLY WITH ANY OF ABOVE MAY DELAY INVOICE PAYMENT.**

**ALL GOODS MUST BE DELIVERED TO RECEIVING AT 30350 BRUCE INDUSTRIAL PARKWAY, SOLON, OH 44139 OR TO THE "SHIP TO" ADDRESS ON THE PURCHASE ORDER. TO ENSURE PROMPT PAYMENT, NO GOODS CAN BE ACCEPTED UNLESS ACCOMPANIED BY A PACKING SLIP WITH OUR PURCHASE ORDER NUMBER NOTED THEREON.**