



AD-VANCE MAGNETICS, INC.

Purchase Order Terms and Conditions

The following terms and conditions apply to all purchase orders

Certificate of Conformance:

A Certificate of Conformance stating that the product shipped conforms with applicable specifications and purchase order requirements is required for all items delivered.

Quality Management System:

The supplier quality management system shall be in compliance with ISO9001, AS9100, equivalent or as approved by AMI.

Right of Access:

Ad-Vance Magnetics, its customers and regulatory authorities reserve the right of access to applicable areas of all supplier facilities at any level of the supply chain and to all applicable records to determine conformance to the specified requirements.

Nonconforming Product Notification:

Any nonconformance discovered prior to or after delivery shall be reported to the buyer for written approval of product disposition.

Inspection and Testing:

Suitable inspection and testing must be performed to ensure compliance to the applicable drawings and specifications.

Revision Status:

Unless otherwise specified, specifications, drawings, and process requirements used in production shall be the most current revision at the time of production.

Records Retention:

Certifications, inspection / test reports, and other relevant documents indicating product performance shall be retained indefinitely.

Flow Down Requirements:

The supplier is required to flow down the quality requirements of Ad-Vance Magnetics purchase orders to any sub tier sources or processors used in the production of the order.

Packaging:

The supplier shall ensure proper handling, packing, and damage protection for all articles shipped against the purchase order.

Product Change:

The supplier shall notify Ad-Vance Magnetics of any change in product or process definition, change of suppliers, and changes of manufacturing facility.

Counterfeit and Unapproved Parts:

Suppliers specifically warrant that they will supply only Approved NON-Counterfeit Products. Any parts appearing to be unapproved or suspicious, and therefore possibly counterfeit will be subject to disposition from GIDEP and supplier will be responsible for all incurred costs.

Indemnity:

Supplier shall, to the fullest extent permitted by law, indemnify, defend and hold harmless Buyer (including its shareholders, directors, officers, employees, customers, contractors, agents and other representatives) from and against any and all potential "Claims" (demands, claims, actions, causes of action, proceedings, suits, assessments, losses, damages, liabilities, settlements, judgments, fines, penalties, interest, costs and expenses (including fees and disbursements of counsel) of every kind) which Buyer may hereafter incur, become responsible for or pay out as a result of: (i) the Goods or any design, information technology or processes supplied and/or approved by Supplier; (ii) any infringement or misappropriation of the Goods regarding any patent, copyright, trademark, trade secret or any actual or alleged violation of any intellectual property right; (iii) personal injury (including death), property damage, or contamination of or adverse effects on the environment (and any clean-up in connection therewith), where any of the foregoing is caused, in whole or in part, by the Goods, Supplier's breach of any term or provision of this Contract, or by any negligent or willful acts, errors or omissions by Supplier (including its employees, officers, subcontractors, agents, or representatives) in the performance of this Contract

Insurance:

Supplier will maintain all insurance and/or bonds necessary to satisfy its obligations under this Purchase Order. Such insurance shall apply and respond in all jurisdictions, and without limiting the foregoing, shall include general liability insurance, automobile insurance and worker's compensation insurance as required by Law and necessary to satisfy its obligations under this Purchase Order. Proof of insurance to be provided upon request.

Force Majeure:

Neither party shall be held responsible for delay or failure of performance to the extent such delay or failure is caused by flood, strike, civil, governmental or military authority, act of God, or other similar causes beyond its reasonable control and without the fault or negligence of the delayed or nonperforming party or its subcontractors; provided, however, that the non-performing party: (i) gives the other party prompt notice of the reason for delay or failure of performance; and (ii) takes reasonable steps to mitigate the duration and effect of the delay or failure of performance. In the event of delay or failure of performance for a period of at least fifteen (15) days, the other party may cancel this Contract without liability. Supplier's liability for loss of or damage to Buyer's material in Supplier's possession or control shall not be relieved or modified by this clause.

Supplier Objectives:

Supplier shall be aware of their contribution to product or service conformity, their contribution to product safety and the importance of ethical behavior.

Cyber Security:

In accordance with DFARS 252.204-7012 Safeguarding Covered Defense Information and Cyber Incident Reporting (OCT 2016), contractors must meet the security requirements specified in the National Institute of Standards and Technology Special Publication 800-171 "Protecting Controlled Unclassified Information in Nonfederal Information Systems and Organizations" as soon as practical, but no later than December 31, 2017, except for those contracts solely for the acquisition of COTS items. DFARS 252.204-7012 is a required flow-down for operationally critical support or subcontractor performance that involves covered defense information, including subcontracts for commercial items.