



## HOLE SPECIALISTS

### **Commercial and Quality Purchasing Terms and Conditions** (Applicable to all Purchase Orders)

The following terms and conditions apply to all commercial and quality purchase orders:

1. This purchase order is limited to the terms and conditions contained within and on the face of the purchase order. Any additional or different terms in the Seller's form are hereby deemed to be material alterations and notice of objection to them and rejection of them is hereby given.
2. Acceptance – This order becomes the exclusive agreement between parties for the goods or services, subject to the terms and conditions hereof, when accepted by acknowledgment of commencement of performance. Additional or different terms proposed by the Seller shall not be applicable unless accepted in writing to the Buyer.
3. Counterfeit or Suspect Parts – It is the supplier's responsibility to maintain an on-going and effective program to identify and prevent the substitution of counterfeit parts for intended authentic parts.
4. Delivery – Seller agrees that delivery will be made in strict accordance with the schedule and quantities specified herein. If delivery is not made according to the schedule and quantities specified, Buyer may refuse to accept the materials or service in which event Buyer shall not be obligated to Seller for any sum whatsoever and Seller shall be liable to Buyer for damages for failure so to deliver.
5. Warranty – Seller warrants that all materials and supplies furnished hereunder will be free from defects in material and workmanship, conform to applicable specifications, drawings, samples and descriptions, and unless of Buyer's detailed design, be free from design defects. In the event material supplied by the Seller requires subsequent processing by Buyer or other vendors selected by Buyers, and is found to be defective during the subsequent processing, Seller shall be liable to Hole Specialists for reimbursement of all charges associated with the subsequent processing if such processing must be repeated due to the defect in Seller's material.
6. Responsibility for Property – Unless otherwise provided in this order, Seller, upon delivery to it or manufacture or acquisition by it, of any property, the title to which is in the Buyer or Buyer's customer, assumes the risk and shall be responsible for any loss thereof or damage thereto.

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7. Indemnification – Seller agrees to indemnify and hold harmless Buyer from any loss, cost, damage, penalty, expense or liability (including attorney’s fees, legal costs, and interest charges) by reason of property damage or personal injury whatsoever kind or nature arising out of or in connection with, Seller’s performance hereunder occasioned in whole or part by the actions or omissions of Seller, its employees, agents, assigns, or subcontractors.
8. Stop Work Order – At any time the Buyer may stop all, or any portion of, the work specified in this purchase order through the issuance of a Written Stop Work Order to the Seller. Resumption of any work so stopped will be solely at the discretion of the Buyer. Buyer will use its best efforts to advise the Seller in a prompt fashion of the disposition of the remainder of the purchase order.
9. Default – Buyer may terminate the purchase order in whole or part, in writing, by providing Seller a Notice of Default in any one of the following circumstances: (a) if Seller fails to make delivery of the materials or to perform the services specified in the purchase order within the time, quantities or cost specified; or (b) if Seller fails to perform any other provision of the purchase order, or so fails to make progress as to endanger the timely performance of this order in accordance with its terms, and further fails to remedy such failures within 7 calendar days of written notice furnished by the Buyer; or (c) in the event of Seller’s insolvency or the institution of any proceedings against Seller in bankruptcy or insolvency.

In the event Buyer terminates the purchase order in accordance with the above noted circumstances, Buyer may procure, upon normal commercial terms, replacement materials or services provided that Seller shall continue the performance of this order to the extent not terminated under the provisions of this clause.

If this purchase order is so terminated, Buyer may require Seller to transfer title and delivery to Buyer, as directed by the Buyer, any completed or partially completed materials or work or parts, tools, dies, fixtures, supplies, drawings, specifications and contract rights as Seller has specifically produced or acquired for the performance of this purchase order. Payment for completed supplies delivered to and fully accepted by Buyer shall be at the contract price; all other materials delivered and accepted by the Buyer shall be in an equitable amount as determined by the Buyer. Buyer may withhold from amounts otherwise due Seller for such completed supplies or manufacturing materials such sum as Buyer determines to be necessary to protect Buyer against loss because of outstanding liens or claims of former lien holders.

If this purchase order is for design services and the default results in a failure to produce an acceptable design within budget and schedule requirements, Buyer may cancel the entire purchase order without liability to Hole Specialists.

10. Material Liability – In the event Seller is processing material provided by Buyer in fulfillment of this purchase order, Seller will be liable for full replacement of any material scrapped during Seller’s processing of material.

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11. Termination – Performance of work under this purchase order may be terminated in whole or part from time to time, by the Buyer furnishing written notice to the Seller pursuant to this clause. Termination of work hereunder shall be affected by delivery to Seller of Notice of Termination specifying the extent to which performance of work under the purchase order is terminated and date upon which such termination becomes effective. Buyer is obligated to honor Seller’s detailed claim for costs incurred up to and through the termination date, exclusive of those costs related to previously finished and invoiced materials. In exchange for Seller’s claim, seller agrees to deliver all materials, tools, dies, fixtures, drawings, templates or materials of construction which are the property of the Buyer and used in the completion of the purchase order, or through the transfer title to the Buyer pursuant to Seller’s claim.
12. Tooling and Fixtures – Buyer owns and has title to all tooling and fixtures funded by Buyer for the purpose of satisfying this purchase order. All such tooling and fixtures will be marked with the designation “Property of Hole Specialists”, and such other designations as will allow traceability of the tooling or fixture to the specific item number on this purchase order.
13. Assignment – Seller agrees that Seller will neither assign its rights nor delegate its duties under this order without the proper written consent of Buyer.
14. Inspection and Quality Control –
- A. Seller shall provide and maintain a quality management system acceptable to Buyer, and consistent with the requirements and specification of the purchase order.
  - B. Hole Specialists, our customers, and applicable regulatory authorities reserve the right to enter a subcontractor’s (or sub-tier subcontractor’s) facility and have access to records in order to perform a verification of the product and quality system that is applicable.
  - C. The supplier must notify Hole Specialists of nonconforming product within 24 hours of discovery of suspect nonconforming product. The supplier must make arrangements for Hole Specialists’ approval of supplier nonconforming product. Buyer may hold materials which do not conform to the purchase order or referenced specification. This is at Seller’s expense and is subject to Seller’s disposition and may be subject to refund of the price of any or all such rejected materials.
  - D. Special process suppliers must utilize only qualified personnel to perform special processes.
  - E. Suppliers (and supplier employees) are required to ensure that persons working on Hole Specialists product(s) are aware of their contribution to

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

- F. The supplier must flowdown to sub-tier suppliers, the applicable requirements in the purchasing documents including key characteristics where required.
- G. The supplier must notify Hole Specialists of changes in the product and/or process, changes of sub-tier suppliers, changes of manufacturing facility location, and where required obtain Hole Specialists approval.
- H. The supplier must deliver records in accordance with the requirements of this order. The supplier must retain and maintain all records associated with this order for a minimum of 3 years or as otherwise required.
- I. All calibrations must be conducted in accordance with one of the following requirements: ISO 10012, ISO 17025, or ANSI/NCSL Z540.3 as specified in the Terms and Conditions. If using ANSI/NCSL Z540.3, supplier shall implement the requirements using the Handbook for the Interpretation of ANSI/NCSL Z540.3

15. Applicable Law – This purchase order shall be construed and interpreted in accordance with the laws of the State of Connecticut.

16. Compliance with laws and government regulations – Seller shall comply with all applicable local, state and federal laws and regulations and executive orders, and agrees to indemnify Buyer against any loss, cost, damage or liability by reason of Seller’s violation of this clause.

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