



**The following GENERAL PURCHASE ORDER TERMS, CONDITIONS & QUALITY REQUIREMENTS are hereby made a part of each and every Cal Weld purchase order, by this reference, and/or by reference therein.**

**01. ACCEPTANCE OF BUYER'S OFFER -**

(a) Every Cal Weld Purchase Order (hereinafter the "order") constitutes the offer of Cal Weld (hereinafter referred to as "Buyer") to the Seller, and becomes a binding contract on the terms and conditions set forth therein and herein when it is accepted by Seller either by acknowledgment or commencement of performance thereof. No revisions of the order or any of the terms and conditions thereof and hereof shall be valid unless in writing and signed by an authorized representative of the Buyer and no condition stated by Seller in accepting or acknowledging the order shall be binding upon Buyer if in conflict with, inconsistent with, or in addition to the terms and conditions contained therein and herein, unless expressly accepted in writing by Buyer. The provisions contained therein and herein constitute the entire agreement between the parties and supersede all previous communications and representations either oral or in writing, with respect to the subject matter thereof and hereof.

**02. GENERAL –**

(a) The Seller shall deliver to the Buyer the items described in the order in accordance with the General Purchase Order Terms, Conditions and Quality Requirements, verbal instructions, specifications and drawings referenced therein. All General Purchase Order Terms, Conditions & Quality Requirements, verbal instructions, specifications and drawings, by their reference, become a part of the order as fully as if set out therein.

(b) Anything mentioned in the specifications and/or drawings and not in the order, or mentioned in the order and not mentioned in the specifications and/or drawings shall be of like effect as if shown or mentioned in both.

(c) If, in the performance of the order, Seller discovers any error or discrepancy in a drawing, specification, instruction or Buyer-supplied material, tools or equipment, Seller shall bring this to the attention of the Buyer immediately.

**03. FIRST ARTICLE INSPECTION –** In the event that Buyer inspects and approves a First Article, it is required that all subsequent articles will be consistent with the accepted First Article with respect to materials, methods, procedures and practices. Any deviation from accepted, established materials, methods, procedures and practices will not conform to the accepted First Article. Buyer's approval of Seller's First Article is dimensional only and in no way allows for any deviation from drawings, specifications and standard practices which may be discovered during subsequent testing or inspection of a broader nature, including NDT. The Seller is fully responsible that his materials, methods, procedures and practices comply with the requirements set forth by the applicable drawings, specifications and/or purchase order.

**04. INCOMING INSPECTION -** All items ordered will be subject to an incoming inspection and acceptance at destination by Buyer, and at subsequent destination(s) by Buyer's customer(s) not withstanding any prior payment or inspection and acceptance which Buyer may have made. Buyer reserves the right to reject and hold at Seller's expense, subject to Seller's disposal, all items not conforming to applicable drawings, specifications, instructions and/or samples. If any article furnished by Buyer, either directly or through a 3<sup>rd</sup>-party, is altered by Seller and ultimately rejected by Buyer due to Seller's failure to meet the requirements of applicable drawings, specifications, instructions and/or samples, Seller shall, at Buyer's option commence with one of the following actions within 10 days of verbal or written notification of Buyer's decision:

(1) replace or restore such articles to the condition in which they were originally presented to Seller at Seller's expense, or

(2) pay Buyer the cost to replace or restore such articles to the condition in which they were originally presented to Seller.



**05. REQUIRED DOCUMENTATION & RECORDS** - The Seller shall provide all documentation as required and set forth in the order. Seller's failure to provide all the prescribed documentation may result in non-acceptance of the deliverable items and withholding of payment.

**05a) PURCHASE ORDER CLAUSES** – The buyer may invoke raw material traceability referenced through The Conflict Minerals requirement of the Dodd-Frank Act, which applies to metals and their country of origin, USA or qualifying country.

**06. PACKING AND SHIPPING** - Without prejudice to the Buyer's right to reject the goods and materials, the Seller will be responsible for damages resulting from careless and improper packing, noncompliance with packing and shipping instructions or conditions therein contained. The Buyer may, however, waive such noncompliance and charge any and all costs incurred in rectifying same to the Seller. Rejected articles may be held by the Buyer for instructions and at the risk of the Seller or may be returned to the Seller at the Seller's expense for replacement. After providing written notice of rejection, title to and risk of loss of the items rejected shall be the Seller's. Deliveries shall be made free of charge via Seller's truck whenever possible. When not possible, and Seller is local to Buyer, Seller shall contact Buyer for will-call pick-up. When Seller is not local to Buyer and Seller's quotation indicates FOB origin, delivery shall be made the most economical way using the following guidelines: Under 70 pounds - ship via UPS Ground; Prepaid and added to invoice (Ship UPS Orange, Blue or Red only when authorized) Over 70 pounds - ship via Fedex LTL Truck Freight OR - IF AUTHORIZED ON A PER-ORDER BASIS, Seller may ship via Seller's preferred carrier with Seller's substantial discount; Prepaid and added to invoice when a copy of the carrier's freight bill accompanies Seller's original invoice.

**07. DIES, JIGS, TOOLS, PATTERNS, DRAWINGS AND DATA** - If the price to be paid is stated on the order to include special dies, jigs, tools and patterns used in the manufacture of such articles, then such dies, jigs, tools and patterns shall be and become the property of the Buyer. They, and any similar items furnished by the Seller without expense to the Buyer, shall be kept in good condition and from time to time replaced by the Seller without expense to the Buyer except that the actual cost of changes due to the Buyer's changes of design or specification shall be paid for by the Buyer, if such changes are made prior to the exhaustion of the useful life of the dies, jigs, tools or patterns changed. If during the course of normal calibration or inspection tools or materials used to process a Cal Weld order are found to be out of tolerance or specification. The vendor must notify Cal Weld of any risk associated with the discrepancy. No dies, jigs, tools, patterns, drawings or data supplied to the Seller by, or otherwise belonging to, the Buyer, shall be used in the production, manufacture, or design of any articles other than those called for by the Buyer's order, except with the written consent of the Buyer; nor shall articles furnished to the Buyer's dies, jigs, tools, patterns, drawings or data be furnished or quoted to any person or concern. When such dies, jigs, tools, patterns, drawings or data, or any part thereof (including copies or reprints of drawings or data) are no longer required for the Buyer's orders, they shall be returned to the Buyer or disposed of as the Buyer shall direct.

**08. CHANGES -**

(a) Buyer may at any time, by written order of notice, and without notice to the sureties or assignees, if any, make changes within the general scope of the order in any one or more of the following:

(1) drawings, designs or specifications; (3) place of delivery; (5) amount of Buyer-furnished material;

(2) method of shipping or packaging; (4) delivery schedule; (6) quantity ordered.

(b) Should any such change cause an increase or decrease in the cost of, or the time required for performance of the order, an equitable adjustment may be made in the price or delivery schedule or both. Any claim by Seller for adjustment under this paragraph must be asserted within ten days from date of receipt by Seller of the notification of such change. Nothing contained in this clause shall relieve Seller from proceeding without delay with the performance of the order as changed or modified. No purported change will bind Buyer unless in writing and signed by Buyer's authorized representative.

(c) Any instance of Buyer's waiver of strict compliance with any of the terms of the order shall not be deemed a waiver of the Buyer's right to insist upon strict compliance thereof.

(d) Insofar as the terms in the order may be inconsistent with the terms of any prior order or agreement between the parties hereto (oral or written), the terms herein shall control.



**09. QUANTITY VARIANCE** - Unless otherwise approved by the Buyer, or unless material and/or parts were supplied by the Buyer, the Seller shall provide the exact quantities specified in the order. Overage received without prior approval shall be returned at Seller's expense or accepted by the Buyer as excess material at no charge.

**10. TIME IS OF THE ESSENCE OF THE ORDER** - and in case the delivery of all or any of the items specified in the order shall be delayed beyond the period specified in the order, the Buyer may sustain damages by reason of its commitments to the party purchasing the specified merchandise from it. In the event the Buyer sustains any damages by reason of late delivery or by reason of the Seller's noncompliance with any or all of the terms of the order, the Seller agrees to reimburse the Buyer for any loss or damage. The foregoing shall be without prejudice to the Buyer's right in the event of any default in delivery to cancel the whole or any part of the order and purchase the goods elsewhere, the Seller being liable for any expenses and additional cost thereby incurred by the Buyer.

**11. TERMINATION AND CANCELLATION -**

(a) Buyer shall have the right to terminate the order in whole or in part at any time by written or telegraphic notice effective upon receipt by Seller, even though Seller is not in breach of any obligation hereunder. Upon receipt of notice of termination, Seller shall immediately discontinue performance and shall comply with the Buyer's instructions concerning disposition of completed and partially completed goods, work in progress and materials acquired pursuant to the order. In the event of such termination, seller shall be paid an amount in settlement, to be mutually agreed upon by the parties, which shall cover Seller's reasonable costs of performance incurred prior to termination in connection with the goods for which the order is terminated. In no event, however, shall the said payment exceed the price specified therein for such goods.

In the event of such termination, Buyer's sole and only liability to Seller shall be Seller's reasonable costs of performance incurred prior to termination in connection with completed and partially completed goods, work in process and raw materials therefore in Seller's possession at the time of termination, all for which Seller shall have the burden of proof. All such costs are subject to and limited by restrictions on inventory Seller may carry prior to the order, if any. In no event shall such termination be construed as being a wrongful and/or improper act and such shall be construed as proper conduct under all circumstances.

(b) The Buyer reserves the right to cancel the order, without expense to himself, if any deliveries are not made in accordance with the schedule quoted by or accepted by the Seller as part of the order, unless mutually changed, and agreed upon in writing, providing, however, in the event the Seller suffers delays in performance due to an act of God or of the public enemy, act of government or any agency thereof, act of the Buyer, fire, flood, strike, sabotage or other causes beyond the Seller's control, the time of delivery shall be extended a period of time equal to the period of such delay and the Seller gives the Buyer notice in writing of the cause of such delays within ten days from the beginning thereof.

(c) All articles paid for by the Buyer as a result of cancellation shall become the property of the Buyer to be disposed of in accordance with the Buyer's instructions.

**12. DEFAULT -**

(a) Buyer may, subject to the provisions of paragraph (c) below, by written notice of default to the Seller, terminate the whole or any part of the order in any one of the following circumstances:

(1) if Seller fails to make delivery of the supplies within the time specified on the Seller's quote or on the Buyer's order; or

(2) if Seller fails to perform any of the other provisions of the order, or so fails to make progress as to endanger performance of the order in accordance with its terms, and in either of these two circumstances does not cure such failure within a period of ten days after receiving notice from Buyer specifying such failure.

(b) In the event the Buyer terminates the order in whole or in part as provided in paragraph (a) above, Buyer may procure, upon such terms and in such manner as Buyer may deem appropriate, supplies similar to those so terminated, and Seller shall be liable to Buyer for any excess costs for such similar supplies.



(c) Seller shall not be liable for any excess costs if the failure to perform arises out of causes beyond his control, and without the fault or negligence of Seller. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fire, floods, epidemics, quarantine, restrictions, strikes, freight embargoes, and unusually severe weather.

**13. BUYER FURNISHED TOOLS/MATERIALS** - Where tools or equipment are supplied by the Buyer without cost, title shall not pass from the Owner to Seller at any time and the Seller assumes all risk of loss of or damage to all such material, tools and equipment Buyer does not warrant the accuracy of tools or equipment which it furnishes, and all work must be strictly I.A.W. specifications. When raw material is provided by the Buyer, material "drops" and/or all "scrap" must be returned to the Buyer.

**14. DELAYS AND LABOR DISPUTES -**

(a) Whenever the Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of the order, the Seller shall immediately give written notice thereof, including all relevant information with respect thereto, to the Buyer.

(b) In the event of any other delay in the performance of the order, Seller shall give Buyer prompt notice thereof in sufficient detail to permit Buyer to take appropriate action to minimize the effect of such delay.

**15. WARRANTIES** - Seller warrants the items to be free from defects (patent or latent) in material or workmanship. All warranties herein contained shall survive delivery and acceptance of the goods purchased. Rework is permitted after notification to the buyer. The seller is not permitted to perform repair work to materials without written consent of Cal Weld. The seller shall respond to all corrective action requests in writing within 30-days of being notified by the buyer.

**16. MEASURES** - All measurements are I.A.W. the American system of weights and measurements, unless otherwise stated. Interpretation shall be I.A.W. the Bureau of Standards and/or ANSI American National Standards Institute.

**17. ASSIGNS** - The Seller will not assign the order or subcontract any work called for by the order without the express permission of the Buyer.

**18. INVOICING PROBLEMS** - Delays in receiving invoices, as well as errors or omissions thereon will be considered just cause for Buyer to withhold payment until reasonable time has been allowed to process payment and/or clarify such errors or omissions. Invoices received in advance of shipment will be held and payment timing will not begin until materials are received by the Buyer. Invoices covering materials shipped in advance of specified delivery dates, if such material is not determined to be nonconforming by Buyer, will not be paid until their normal maturity after the date specified for delivery in the order. Actual shipping costs will be reimbursed to Seller only when Seller's quotation indicates FOB origin and when Seller has adhered to Buyer's shipping instructions. Handling charges will not be paid unless included on Seller's quotation.

**19. PATENTS AND COPYRIGHTS** - The Seller agrees to indemnify the Buyer, their officers, agents, and employees against any expense or loss for the use of an invention or discovery and for any patent or copyright infringement in connection with the order.

**20. COMPLIANCE WITH LAWS** - The Seller agrees to comply with all applicable Federal, State, and Local laws regarding the production and sale of goods, and agrees to indemnify buyer against any damages by reason of Seller's violation.**21.** The seller is responsible to notify the buyer upon any significant changes to the seller's quality system regarding machinery, tools, measuring equipment, or general facility changes.

**22. LITIGATION** - In the event that a dispute between Buyer and Seller is handled through litigation, and the resulting judgment is in favor of Buyer, Seller is responsible for both his and Buyer's associated attorney's fees and court costs.





# Supplier Quality Requirements

## 1.0 General Requirements for All Suppliers

### Quality System Requirements

- Supplier shall maintain a management system to assure consistent conformance of their products and services to specified requirements. This system must comply with one of the following:
  - Registered ISO 9001
  - Registered ISO 13485
  - Registered AS9100
  - Cal Weld Approved Compliant Quality System

### Notice of Changes

- Supplier is required to notify Cal Weld of any product, established process, sub-tier supplier or manufacturing facility change. Examples of other changes that require notification and may require authorization include:
  - Quality System Changes such as Registration or De-Registration
  - Ownership or Key Personnel
  - Workmanship Standards
  - Outsourcing Processes (especially for “Special Processes”)
- Supplier is required to obtain prior written approval from Cal Weld for any changes that may affect fit, form, function or appearance of product.

### Approved Sources

- All materials and components used in the manufacture of supplier’s product or supplied directly to Cal Weld must be acquired directly from an approved Original Equipment Manufacturer (OEM) or from an authorized or franchised distributor. Authorized or franchised distributors are those distributors holding a formal distribution agreement with the designated OEM.
- Suppliers are not authorized to use Brokers without permission from Cal Weld.

### Right of Access and Source Inspection

- Right of access by Cal Weld, its customers and regulatory authorities to the applicable areas of the facilities is required; at any level of the supply chain involved in the order and to all applicable records
  - Cal Weld or its customer may perform product verification at Sellers premises. If such verification is performed, Cal Weld shall notify the seller in advance and include intended verification arrangement

### Language Requirements

- All documentation sent to Cal Weld as part of compliance with these requirements must be in English.

### Packaging Requirements

- Packaging shall conform to all requirements specified on drawings, specifications, and purchase order.
  - Each shipping container shall be identified with or include a Packing Slip that states:
    - Cal Weld Purchase Order Number



- Cal Weld Part Number
- Quantity
- Lot Number and/or date code (when applicable)
- Serial Number (when applicable)
- Bar Coding (when applicable)

#### **Certificate of Conformance**

- Supplier shall provide written certification. The certificate shall contain:
  - Cal Weld Purchase Order Number
  - Cal Weld Part Number and Revision
  - Lot code and/or Date Code
  - Statements that article(s) delivered under this purchase order have been processed, manufactured, inspected and/or tested in accordance with all applicable drawings, specs and requirements and terms and conditions of the Purchase Order.
  - Certificates of Conformance from Distributors shall include the name of the Original Manufacturer and the MFG part number

**Note:** A Certificate of Conformance can be included on the Packing Slip as long as all the CoC requirements above are clearly present; it is legible, copyable and scannable.

#### **Outside Special Process Certifications Required**

- Certifications are required for any special processing which occurs outside the suppliers facility (e.g. painting, plating, anodize, heat treating, passivation, etc.). Certifications shall include reference to the specification and revision as noted.

#### **Control of Non-Conforming Material**

- Supplier has not been granted full MRB Authority. Supplier shall not Repair non-conforming material without authorization from Cal Weld Quality.
- Cal Weld may need to obtain authorization from regulatory bodies or its customer prior to Repair.
- Rework on parts used in medical products must have an adverse impact/risk review and may require special documented procedures

#### **Notice of Product Escapes**

- Supplier shall notify Cal Weld within 24 hours of discovery that there may be a quality, reliability or safety issue with material that is in transit or has already been delivered to Cal Weld.

#### **Material with Limited Shelf Life**

- The remaining shelf life at time of delivery to Cal Weld shall not be less than 75% of total shelf life.

#### **Record Retention**

- Supplier shall maintain legible, readily identifiable and retrievable records
- Supplier shall use Good Documentation Practices (GDP) to ensure clear, complete and accurate information is recorded
- Seller will maintain records for a minimum of 10 years (unless otherwise stated on the Cal Weld PO) from delivery of product. Suppliers whom cannot retain records to the prescribed time are required to furnish to the buyer. Suppliers are required to notify the buyer prior to the destruction of any record.



- Records are to be traceable to the buyers purchase order and made available upon request. Records include but are not limited to material certification, evidence of inspection and test, oven charts, shop travelers or process plans, calibration, evidence of source inspection, first article, sub-contract purchase orders, MRB and MRB authority. The buyer may request additional records within a purchase order.
  - Specific Record retention periods may be defined by Cal Weld customer requirements or regulatory requirements and may differ from customer to customer or even product to product. Any differing retention periods will be defined on Cal Weld's Purchase Order

#### **Sub-Tier Supplier Flow Downs**

- Supplier shall maintain a system to assure that supplier procured materials and/or services conform to the Purchase Order, current drawings and specifications.
- Seller shall assure that requirements are flowed down to sub-tier suppliers as required and that these requirements are met by sub-supplier.
- Flow down information may include:
  - Cal Weld or Cal Weld's end customer Quality Clauses and Requirements including:
    - Copy Exactly (CE!) Control
    - Process of Record (POR) Control
  - US Government Requirements including:
    - Contract Requirements
    - FAR/DFAR Requirements
    - Export Control Compliance
    - Environmental Compliance

#### **Supplier Performance and Corrective Action**

- Cal Weld monitors supplier performance. Information reviewed includes incorrect paperwork, non-conforming material, on-time delivery and overall service.
  - If Cal Weld determines Supplier performance is inadequate, a Corrective Action will be issued to the Supplier.
- Supplier is responsible for the initiation of prompt and complete replies to Cal Weld's request for corrective action and the implementation of required corrective action.
- Suppliers Quality System shall provide a means for:
  - Detection of non-conformances
  - Containment of suspect product
  - Thorough root cause investigation
  - Prompt and effective corrective action
  - Accurate supporting documentation

## **2.0 Build-to-Print Suppliers**

*In addition to the requirements listed in this document under 1.0 General Requirements for All Suppliers and other sections as applicable, the following requirements shall be met for Build-to-Print Parts*

#### **First Article Inspections**

- A First Article Inspection Report (FAIR) is required for all first time builds with Supplier and for any Rev Changes that affect fit, form or function. Effect on form, fit, function or appearance is determined by Cal Weld Quality Engineering. Delta FAIRs may be acceptable.





### 3.0 Critical Part Suppliers

*In addition to the requirements listed in this document under 1.0 General Requirements for All Suppliers and 2.0 Build to Print Suppliers, the following requirements shall be met for Critical Parts*

Suppliers shall comply with all Critical Part Requirements when "Critical Part" is called out on Cal Weld's Purchase Order.

1. Process of Record (POR)
  - o A POR must be developed for all parts/assemblies designated as critical. The POR is a manufacturing process document that captures the process of record and must include the following:
    - A Sequence of Events and/or list of Manufacturing Operations
    - Control Matrix and Process Flowchart for process critical components and parameters including the identification of equipment requirements, process conditions and product responses for the process steps
    - Document approved sub-suppliers performing critical manufacturing processes (e.g., anodize, welding, assembly, etc.)
    - Document approved raw materials suppliers
2. Change Control
  - o No changes to the design, materials, performance, form, fit, function or appearance of any product are allowed without written approval from Cal Weld. Many of these changes will require Cal Weld's end customer approval as well
  - o Notify Cal Weld of any potential supply chain/end of life issues at least 6 months in advance.

### 4.0 Copy Exactly (CE!) Part Suppliers

*In addition to the requirements listed in this document under 1.0 General Requirements for All Suppliers and 2.0 Build to Print Suppliers, the following requirements shall be met for Copy Exactly (CE!) Parts*

Suppliers shall comply with all CE! requirements when CE! is called out on Cal Weld's Purchase Order Change Control Requirements

1. Process of Record (POR) – See 3.0, Critical Parts, Section 1
2. Change Control – See 3.0, Critical Parts, Section 2
3. Obsolescence Compliance
  - o Must provide 12 months advance notice and obtain Cal Weld and Cal Weld's Customer Approval prior to obsolescence plan implementation
4. Training Compliance
  - o Must train all newly hired employees within 30 days of hire
  - o Must retrain all employees on an annual basis
    - Records of this training must be kept by Name, Department and Training Date
  - o Must train all sub-tier vendors/suppliers (including Distributors) of all parts/materials used in CE! product (BTP, OEM, Commercial Off the Shelf)
    - Records of this training must be kept by Supplier Name and Training Date