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Purchase Order Terms and Conditions

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2. Introduction

2.1. Purpose

This document describes additional terms and conditions that apply to CVX Instruments, LLC Purchase Orders.

All CVX Instruments, LLC Purchase Orders reference this document. By accepting a purchase order that references this document, the vendor/supplier (seller) agrees to the terms and conditions contained herein.

Some requirements originate from Federal Aviation Administration document AC21-43A which provides guidance for part manufacture approval (PMA) under a Production Approval Holder (PAH). Unless stated otherwise, articles supplied are assumed to be for non-critical flight systems of Design Assurance Level (DAL) C or less.

2.2. Scope

This document governs all procurement activities undertaken by CVX Instruments, LLC.

2.3. Language and Terminology

This document is written in English.

All dates will follow the following formatting: MM-DD-YY

Imperial units will be used. If desired, equivalent SI units will subsequently be shown in brackets.

The definition of terms and their associated negatives is in accordance with [ISO 9001:2015], are as follows:

Shall	A required action
Should	A recommended action
May	An allowed action
Will	Used to provide information

2.4. Normative References

All referenced documents are essential in terms of the application of this document. If a document is referenced with a date or version, only the cited edition shall apply. If a document is cited without a date or version, the latest published edition shall apply.

2.5. External Documents

Ref.	Description/Title
[ISO 9001:2015]	ISO 9001:2015
[FAA AC21-43A]	Production under 14 CFR Part 21, Subparts F, G, K and O
AS5553D	Counterfeit Electrical, Electronic, and Electromechanical (EEE) Parts; Avoidance, Detection, Mitigation, and Disposition
DFARS 252.246-7007	Contractor Counterfeit Electronic Part Detection and Avoidance System

2.6. Internal Documents

Document ID	Description/Title
POLICY-1067265037-6	Supplier Control Policy

3. Definitions

- **Buyer/CVX Instruments, LLC :** shall mean CVX Instruments, LLC, a Michigan limited liability company with a place of business in Charlevoix, Michigan, which may include its affiliates, subsidiaries, agents, and suppliers where specifically provided herein or in the order.
- **Certificate of Compliance/Conformance:** Record/document stating the conformance of product/service to the quality and approved design requirements and specifications.
- **Contract/Order/PO/:** shall mean a purchase order, whether in electronic format or hard copy, issued by buyer to seller for the purpose of purchasing goods and/or services.
- **Counterfeit Work/Product:** Counterfeit work means work/product that contains unlawful or unauthorized reproductions, substitutes, or alterations that have been knowingly mislabeled, misidentified, or otherwise misrepresented to be an authentic part from the original manufacturer. Also includes used work represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristic.
- **Delivery Date:** shall mean the date identified in the purchase order upon which seller must deliver the goods and/or provide services/work to buyer.
- **Seller/Supplier:** Shall mean the entity identified in the purchase order contracted to provide goods and/or services pursuant to the purchase order to CVX Instruments, LLC
- **Services/Work/Articles:** Shall mean all required labor, articles, materials, supplies, goods and services comprising the subject of the purchase order provided by seller.

4. General Requirements

The following requirements apply to all CVX Instruments, LLC purchase orders unless an authorized representative of CVX Instruments, LLC provides signed, written permission for exception.

4.1. Acceptance of Orders

All orders are subject to acceptance/acknowledgement by both the buyer (CVX Instruments, LLC) and the seller (named on the purchase order document). The seller's acceptance of an order shall be limited to the terms herein, and any additional terms defined on the purchase order. The purchase order shall represent the entirety of the arrangement (contract) and supersedes all prior arrangements, including but not limited to: oral agreements, written agreements, drawings, emails, proposals, or other communications. The buyer's order shall be considered accepted only after the seller provides written confirmation of the purchase order. Any discrepancies in price, quantity, quality, specifications, delivery, etc., shall be resolved prior to the seller providing acceptance. During the execution of the purchase order, the seller shall flow down the buyer's requirements contained on the purchase order, or herein, to any sub-tier supplier(s).

4.2. Communication

All communications shall be in English.

4.3. Assignments and Subcontracting

No part of this order may be assigned or subcontracted to a sub-tier supplier without the written approval of buyer. Additional terms and conditions apply to sub-tier suppliers, see chapters 6 thru 8.

4.4. Payment Terms

Buyer shall adhere to payment terms specified on the purchase order.

4.5. Invoices

All payments will be made upon receipt of an independent invoice. Buyer shall not pay from statements, quotes contracts, estimates, etc. All invoices shall include the following information in order to be accepted: "Bill to: CVX Instrument, LLC", vendor name and/or logo, valid purchase order number, description of products or services, total amount of the invoice, "Remit to" address.

Buyer's payment of invoices shall not constitute acceptance of deliverables. Invoices shall be subject to adjustment for shortages, defects, and other failures of seller to meet the order requirements.

4.6. Taxes

Prices shall be exclusive of all state and local use tax, sales property (ad valorem) and all taxes, assessments or duties which may apply to the production. Buyer shall pay all applicable tax to the sale of the items or services unless the buyer provides a tax exemption certificate acceptable to the taxing authorities.

4.7. Changes

Buyer reserves the right to make any changes. Buyer may at any time, by written notice, make changes in any one or more of the following: drawings, designs, specs, etc. Should changes cause an increase or decrease in the cost or delivery time, an agreeable adjustment shall be negotiated.

4.8. Ownership/Title

The ownership/title of goods and services (articles) shall pass to buyer upon receipt of articles. Buyer shall not accept liability associated with ownership of articles until such time.

4.9. Order of Precedence

Any notes, addendums, specifications, etc. on the purchase order shall always supersede all agreements prior to and including the quote.

4.10. Resolution of Conflict

Seller shall be responsible for resolving/negotiating a solution to conflict(s)/issue(s) with the terms of the purchase order, including this document, before providing acknowledgement of the order.

4.11. Counterfeit Parts

Only new, authentic, parts/components shall be used in fulfillment of the buyer's purchase order. If seller has evidence that counterfeit parts have been used or may have been used, seller shall notify buyer as soon as practical.

When applicable by law, seller shall abide by Defense Federal Acquisition Regulation Supplement (DFARS) 252.246-7007. For distributors of electrical, Electronic, and electromechanical (EEE) parts, AS5553D provides acceptable guidance for required counterfeit parts avoidance system.

4.12. Insurance

4.12.1. Materials and Equipment

If seller or its subcontractors have the buyer's equipment or other materials in its custody, care or control, the seller shall maintain insurance in an amount sufficient to meet or exceed the replacement value of such material(s) or equipment.

4.12.2. Professional Services

If seller is performing professional services on behalf of buyer, seller shall maintain Professional Liability Insurance with a limit of not less than \$1,000,000, unless another amount is agreed in writing.

4.13. Force Majeure

In the event of a Force Majeure, neither party shall be liable for any excess costs or other damages if the failure to perform is beyond the reasonable control and without the fault or negligence. Should either party claim terms of Force Majeure and become unable to fulfill a part of its obligations under the purchase order, or herein, for a period in excess of sixty (60) calendar days, the other party may, at its

sole discretion, terminate the purchase order with written notice. Upon either resolution of the Force Majeure event or termination as described, the parties shall proceed in good faith to negotiate a termination settlement proposal. If either party experiences events from which Force Majeure are likely to be claimed, notice should be provided to the other party as soon as practical.

Force Majeure causes may include, but are not limited to acts of the Government, fires, natural events, or other catastrophic events.

4.14. Release of Information

All nonpublic information (including, but not limited to, drawings and specifications) furnished by the buyer to seller is confidential, may not be disclosed or used for any purpose other than executing the purchase order without the buyer's written permission. Such information must be returned or destroyed upon buyer's demand. Seller agrees not to furnish products made to buyer's specifications to any other party. Seller may not advertise or publish this relationship without buyer's written permission.

4.15. Duration

The duration of the arrangement shall be defined by the purchase order, either in terms of time, or in terms of quantity of article(s) to be delivered. The arrangement may be ended early upon mutual agreement of the buyer and the seller.

4.16. Ethics

Seller should comply with the Aerospace Industries Association of America (AIA) Global Principles of Ethics in the Aerospace & Defense Industry, or similar set or principles and ethics.

4.17. Safety Data Sheets

Seller agrees to furnish complete and accurate Safety Data Sheets (SDS) for the articles in the purchase order prior to delivery, and to indemnify buyer for any damages or fines resulting from seller's failure to provide such SDS.

4.18. Governing Law:

The terms and conditions contained herein shall be governed under the laws of the state of Michigan. Seller agrees to be subject to personal jurisdiction in the state of Michigan.

4.19. Tools, Dies, Equipment, and Materials

Any tools, equipment, or other materials provided by, or paid for by the buyer shall be marked as the buyer's property. Such items shall be returned or destroyed upon request and shall only be used for the purposes of the buyer's purchase order(s).

4.20. Rating System

All suppliers utilized by CVX Instruments, LLC are subject to a supplier rating score. The rating system is comprised of incoming inspection results, on-time-delivery and adherence to all of the special requirements on the contract/purchase order. The supplier's rating may affect the

acceptance of shipments by CVX Instruments, or future procurements. CVX Instruments will provide a supplier's score to the supplier as needed, or as requested.

4.21. Causes for Termination

If seller fails to perform duties or adhere to terms and conditions contained in the purchase order, or adhere to terms and conditions contained herein, or fails to perform requested corrective actions (provided in writing); any part of the purchase order may be terminated without further liability.

4.22. Conflict Minerals Disclosure Provision

CVX Instruments is committed to complying with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 which aims to eliminate illegal mineral trading and the funding of armed conflict in the Democratic Republic of the Congo (DRC) and in adjoining countries. These conflict minerals include gold, tin, tantalum, and tungsten that originate from mining or smelting operations in the Conflict Region. Seller may not include in any products sold to CVX Instruments any tin, tantalum, tungsten or gold mined in the DRC or adjoining countries that fund armed conflict. Seller must use EICC-GeSI designated Conflict Free Smelters as the source for any of the Conflict Minerals used in products sold to CVX Instruments. Suppliers of certain products may be required to submit the EICC-GeSI Conflict Minerals Reporting template. For more information and a list of Conflict Free Smelters go to:

<http://www.conflictfreesourcing.org/conflict-free-smelter-refiner-lists/>

5. Procurement Categories

CVX Instruments, LLC classifies the procurement of goods and services into procurement categories. A CVX Instruments, LLC purchase order shall state what category the article(s) contained on the purchase are considered. All items on a purchase order shall be subject to the special terms and conditions for the procurement item category listed on the purchase order.

For example, if the purchase order states that the order is category 3, all articles contained in the purchase order shall be subject to category 3 terms and conditions (as defined later in this document).

The definitions of the procurement categories listed below are taken directly from CVX Instruments, LLC document [POLICY-1067265037-6](#).

5.1. Category 1 – General Supplies/Services

Items or services used within CVX Instruments, LLC for general purposes. This category of items/services cannot be utilized within a product or called for use within a work instruction. These items/services have no requirements for inspections, supplier control, certificates of conformance, etc.

Examples: general office supplies, general building maintenance supplies, general business services

5.2. Category 2 – Production Supplies and Equipment

Components utilized by the Operations Department for aiding in the creation of product. These items shall not be listed within an Engineering Bill of Materials, or in other words, these items shall not comprise the make-up of product. Items must fulfill the engineering requirements associated with their internal CVX Instruments part number.

Examples: manufacturing equipment, tools, cotton swabs, solvents

5.3. Category 3 – COTS (Commercial off the Shelf)

Commercial items, including services, available to the commercial marketplace are defined as Commercial off-the-shelf (COTS). CVX Instruments, LLC shall not control any design aspects of a COTS item. This is controlled by the manufacturer who also establishes the specifications for performance and configuration. These components may be used within the engineering design and comprise the make-up of CVX Instruments, LLC product(s).

Examples: solder, fasteners, adhesives, electrical connectors, raw materials

5.4. Category 4 – Build to Print

Build to Print items make up and comprise product manufactured by CVX Instruments, LLC. These items are fully designed and controlled by CVX Instruments, LLC.

These components are manufactured either by CVX Instruments, LLC, or by a third party, with CVX Instruments, LLC engineering design(s) controlling the component. Before initial use, these items should typically undergo a First Article Inspection.

Procurement of items and the use of subtier suppliers required to manufacture Build to Print components should typically be Category 3 or higher components or subtier suppliers that meet the requirements of Category 3 or higher suppliers. Traceability shall be maintained on all components.

5.5. Category 5 – Build to Specification(s)

Build to Specification(s) items are specialty items supplied by outside Suppliers that do not qualify as COTS items. Typically, the item is specially designed and manufactured for CVX Instruments, LLC use, based on requirements provided by CVX Instruments, LLC.

Components classified as “Build to Specifications” should typically be defined by a CVX Instruments, LLC Source Control Drawing (SCD).

CVX Instruments, LLC does not control the engineering design of these items.

6. Terms and Conditions for Category 1 and 2 Articles

No additional requirements apply to category 1 or 2 articles.

7. Terms and Conditions for Category 3 Articles

Upon acceptance of a CVX Instruments, LLC Purchase Order for Category 3 good(s)/service(s), the Supplier named on the Purchase Order agrees to all of the following terms and conditions listed herein. Acceptance of a Purchase Order for Category 3 good(s)/service(s) shall be considered a binding arrangement (contract) between CVX Instruments, LLC and the Supplier.

- 1) As part of the process to become an approved Supplier, the Supplier completed a qualification form. This form allowed CVX Instruments, LLC to evaluate the quality system of the Supplier. By issuing a Purchase Order to the Supplier, CVX Instruments, LLC acknowledges the acceptance of the Supplier's quality system.
- 2) Supplier shall notify CVX Instruments, LLC, as soon as practical, of significant changes to the Supplier's quality system.
- 3) Certificate(s) of conformance, calibration records, inspections, test reports, or any other recordables required to define the necessary test and inspection processes of the article(s) shall be included with each shipment of articles. First Article Inspections (FAI) shall be sent when/if they are performed. Unless noted otherwise by this document, a signed Certificate of Conformance shall be provided by the Supplier in acknowledgement of conformity to the approved design.
- 4) Supplier acknowledges it shall apply suitable corrective action(s) when presented with CVX Instruments, LLC complaints that demonstrate nonconformance to any requirement of the quality system reported during qualification, the Purchase Order, or this document. Failure to implement corrective actions may result in the Purchase Order arrangement being considered in breach and its possible termination and a possible drop in supplier rating.
- 5) CVX Instruments, LLC shall inform the Supplier, in writing and on company letterhead, of any failure, malfunctions, defects, or other nonconformances discovered upon receipt, or during use, of articles provided. Such items may be subject to a Root Cause Corrective Action report, a request for corrective actions, and a drop in the Supplier's rating.
- 6) For product/service that cannot or will not be inspected during acceptance at a CVX Instruments, LLC facility, CVX Instruments, LLC reserves the right to perform source inspection at supplier's facility. Such inspections are subject to CVX Instruments, LLC providing a written request to Supplier.

8. Terms and Conditions for Category 4 and 5 Articles

Upon acceptance of a CVX Instruments, LLC Purchase Order for Category 4, or 5 good(s)/service(s), the Supplier named on the Purchase agrees to all of the following terms and conditions listed herein. Acceptance of a Purchase Order for Category 4, or 5 good(s)/service(s) shall be considered a binding arrangement (contract) between CVX Instruments, LLC and the Supplier.

- 1) The articles to be provided by the Supplier and associated Supplier facilities shall be defined within the line items of Purchase Order. Any limitations defined by the Production Approval Holder (PAH) shall be defined on the Purchase Order.
- 2) The articles to be provided by the Supplier fall within the quality system of the Production Approval Holder. As such, the Supplier agrees to implement corrective actions as requested by the Production Approval Holder.
 - a. Supplier acknowledges it shall apply suitable corrective action(s) when presented with CVX Instruments, LLC complaints that demonstrate nonconformance to any requirement of the quality system reported during qualification, the Purchase Order, or this document. Failure to implement corrective actions may result in the Purchase Order arrangement being considered in breach and its possible termination and a possible drop in supplier rating.
- 3) Supplier shall notify CVX Instruments, LLC immediately of quality escapes. Supplier shall notify CVX Instruments, LLC as soon as practical for unexpected anomalies, discovery of counterfeit parts, and/or nonconformances. CVX Instruments, LLC reserves the right to review incidents, as presented in a Root Cause Corrective Action (RCCA) and approve of any dispositions before work or deliveries shall be allowed to proceed. In the event of a major RCCA disposition that directs for the article to be used "as is" (containing a nonconformity) or for the use of "repaired" articles, CVX Instruments, LLC and/or the PAH shall provide approval.
- 4) Supplier shall notify CVX Instruments of significant changes to the following: the manufacturing process, changes of suppliers, and/or changes of manufacturing facility location.
- 5) As part of the process to become an approved Supplier, the Supplier completed a qualification form. This form allowed CVX Instruments, LLC to evaluate the quality system of the Supplier. By issuing a Purchase Order to the Supplier, CVX Instruments, LLC acknowledges the acceptance of the Supplier's quality system.
- 6) Supplier shall notify CVX Instruments, LLC, as soon as practical, of significant changes to the Supplier's quality system.
- 7) All design data relevant to the approved design of the article(s) to be provided shall be associated with the part number(s) noted on the Purchase Order. In cases where CVX Instruments, LLC has assigned the part number, all relevant design data is associated to the part number and shall be made available to the Supplier in order for the Supplier to appropriately furnish the item/service. In cases where the Supplier has assigned the part number, all relevant design data shall be retrievable and made available upon request.
- 8) Changes to the design are to be closely communicated between CVX Instruments, LLC and the Supplier.
 - a. For Category 3 items (COTS): CVX Instruments, LLC is expected to monitor the design for changes. When feasible, the Supplier should notify CVX Instruments, LLC of design changes.

- b. For Category 4 items (Build to Print): CVX Instruments, LLC shall notify the Supplier of design changes.
- c. For Category 5 items (Build to Specifications): The Supplier shall notify CVX Instruments, LLC of all design changes.

9) Manufacturing data developed by the Supplier, if any, shall be based solely on the approved design data. Manufacturing data shall be made available to CVX Instruments, LLC, or regulatory authorities, upon request, only for the purposes of verifying adherence to the approved design.

10) Signed certificate(s) of conformance, calibration records, inspections, test reports, or any other recordables required to define the necessary test and inspection processes of the article(s) shall be included with each shipment of articles. First Article Inspections (FAI) shall be sent when/if they are performed. Unless noted otherwise by this document, a signed Certificate of Conformance shall be provided by the Supplier in acknowledgement of conformity to the approved design. When relying on the Supplier's inspections/tests:

- a. Such activities must be included within the scope of the Supplier's quality system
- b. Records and reports showing evidence of conformity - including calibration of equipment, training of personnel, and adherence to procedures - shall be made available for review and audit upon request.

11) Calibrations performed in the course of supplying the article(s) shall be traceable to a national standard acceptable to the FAA.

- a. Where the Supplier performs calibrations services for CVX Instruments, LLC, certificates shall be submitted.

12) Records pertaining to the manufacture, inspection and test of articles shall be retained for a minimum of seven (7) years.

13) Suppliers providing Category 4 and/or 5 articles shall be able to demonstrate traceability of all materials, assemblies, sub-assemblies, and services that comprise the article defined on the Purchase Order, including the Supplier's subtier suppliers. Upon request by CVX Instruments, LLC, typically during a First Article Inspection, this information shall be made available.

14) As specified on the Purchase Order, or within the approved design, Supplier acknowledges that personnel meet competence requirements, including: education, training, skills, and experience.

15) All packaging requirements shall be in accordance with best practices for product preservation. Any requirements defined on the PO from CVX Instruments, LLC or the PAH shall be observed.

- a. Any nonconforming articles shall be segregated from conforming items and clearly labeled as such.

16) The Supplier shall not ship articles to any location other than what is specified on the Purchase Order unless CVX Instruments, LLC provides direct shipment authorization.

17) CVX Instruments, LLC shall notify the Supplier when articles are to be supplied that affect airworthiness. As per the Assistance for Continued Airworthiness, in such cases, Supplier agrees

provide assistance to CVX Instruments, LLC and the PAH, including methods to notify and act on notification of delivered nonconforming articles, and ensuring proper investigation and implementation of corrective action

- 18) The Supplier may only subcontract to a subtier supplier when the third party provides articles that originate from a quality system equivalent to the quality system of the Supplier, or, with prior approval from CVX Instruments, LLC.
 - a. All PAH purchasing requirements noted on the Purchase Order shall be flowed down to sub-tier suppliers or subcontractors when relevant.
 - b. In instances where requirements of CVX Instruments, LLC, the FAA, or the PAH must be flowed down to the subtier supplier, the Supplier shall ensure such requirements are approved by the originating party.
 - c. If significant problems are encountered during manufacturing, notification shall be provided by the Supplier to the party originating the requirements flowed down to the subtier supplier.
- 19) CVX Instruments, LLC shall inform the Supplier, in writing and on company letterhead, of any failure, malfunctions, defects, or other nonconformances discovered upon receipt, or during use, of articles provided. Such items may be subject to a Root Cause Corrective Action report, corrective actions, and a drop in the Supplier's rating.
- 20) Supplier acknowledges right of access to its facilities, product, and/or related quality records upon request, by CVX Instruments, LLC, or regulatory authorities in order to verify quality of products or work. Right of access may be limited to only those records and product applicable to the arrangement with CVX Instruments, LLC.
- 21) Identification of Responsibilities: The Purchaser shall be the primary individual responsible for the arrangement and can be contacted using the information provided on the Purchase Order. The Purchaser may involve individuals from Quality, Engineering, and Management, as necessary, to ensure elements of the arrangement are implemented properly.