



Terms & Conditions for External Providers

ACKNOWLEDGMENT: This Purchase Order as executed by the Buyer constitutes the entire agreement between the parties. This agreement can only be changed by a written instrument signed by an authorized agent of the Buyer. Each shipment received by the Buyer from the Seller shall be upon the terms and conditions contained herein, notwithstanding any terms or conditions contained in any acknowledgment, invoice, correspondence, quotations, specifications, discussions or other document or communication from the Seller and notwithstanding the Buyer's acceptance, payment or performance. If price, terms, shipping date or any other express condition of this Purchase Order is not acceptable, Buyer must be notified and must accept in writing any variation prior to shipment or delivery.

Validyne requires that the External Provider shall maintain the proper identification and revision status specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data.

Validyne requires that all special processes required by this purchase order must be performed by competent qualified personnel.

DISPUTES: In case of a dispute initiated by the Seller, the Seller will inform the Buyer within thirty days of the qualifying event. In case of a lawsuit initiated by either party arising out of this Purchase Order or the transaction contemplated hereunder, the unsuccessful party agrees to pay the prevailing party's costs and expenses associated with the lawsuit, including without limitation, reasonable attorney's fees. This Purchase Order shall be governed by and construed under California law. Buyer and Seller hereby agree that any dispute arising out of this agreement or the purchase contemplated hereunder shall be resolved in the state or federal courts located in Los Angeles County, California. Seller hereby submits itself to the jurisdiction of said courts and agrees not to challenge the jurisdiction or venue of said courts in the event of a dispute.

Validyne reserves the right of final approval of product and services, methods processes and equipment, and the final release of products and services.

Our organization reserves the right to identify the requirements for interaction with our external providers including.

1. The use of interactive documentation.
2. The use of email/Fax
3. Documented confirmation methods of all verbal interactions.

CONFIDENTIALITY AND USE OF NAME: Seller agrees that it will not release any information relating to this order, including, without limitations, press releases, advertisements, or marketing materials, without prior written approval by the Buyer.

INVOICE: Upon shipment the Seller must include:

- A SEPARATE Invoice for EACH Purchase Order referencing the Purchase Order number and, if applicable a BILL OF LADING showing full routing.
- A statement of PAYMENT TERMS as stated on the Purchase Order. The charged price may NOT be higher than that stated in the Purchase Order,
- Sellers complete remit to NAME & ADDRESS on each invoice.
- Seller must provide a complete description of labor performed and time expended in maintenance contracts.
- All payments are net 30 days unless agreed otherwise.



Validyne reserves the right of access by our representatives, our customers, and any regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records.

DELIVERY: Time is of the essence with respect to this order. If the delivery date specified on the face of this order cannot be met, Seller shall notify Buyer using an acknowledgement of receipt of order and intent to perform without delay for instruction. If delivery is not made on time and in the quantities specified, Buyer shall have the right to cancel this order and hold Seller liable for any cost of cover or excess cost or damage incurred as a result of the delay. Acceptance by Buyer of a late delivery will not constitute a waiver of a later claim for damages. Seller agrees to insure the goods during delivery at Seller's expense and to warrant that all goods will be free from defect and will be of good material and workmanship. If goods delivered by Seller are defective or not what Buyer contracted for, Buyer reserves the right to return the goods to Seller, to terminate the contract and to seek damages and expense incurred. Acceptance of any part of the Order shall not bind Buyer to accept remaining parts of the order or any future shipments nor deprive it of the right to return goods already accepted.

Validyne reserves the right to monitor our external provider's performance including.

1. Quality of product or service delivered.
2. On time delivery of product or service.

FORCE MAJEURE: Buyer will not be liable for contract default or delay due to acts beyond its reasonable control. Seller shall inform Buyer, in writing, whenever Seller becomes aware of an event that could delay or prevent Seller's performance.

Validyne reserves the right to designate requirements for verification or validation activities that we or our customer, intend to perform at the external providers' premises

SUBCONTRACTING AND ASSIGNMENT: Seller shall not contract, subcontract or assign to a third party any part of this purchase order or any rights arising hereunder without first obtaining the express, written approval of Buyer.

Validyne reserves the right to approve or specify any designs, tests, inspection plans, verifications, criteria for design and development required by our organization from an external provider.

Validyne reserves the right to approve or specify any special requirements, critical items, or key characteristics

AUDITING OF RECORDS: Seller hereby grants Buyer and its auditor's permission to audit all of Seller's records related to this Purchase Order and the transactions contemplated hereunder.

Validyne reserves the right to approve or specify the use of statistical techniques for product acceptance and related instructions for acceptance by our organization

EQUAL OPPORTUNITY: Buyer is an equal opportunity, affirmative action employer. Seller shall not discriminate unlawfully against any employee or applicant for employment, nor shall it deny the benefits of this Purchase Order, to any person on the basis of race, color, national origin, physical or mental disability, age, sex or veteran status. Seller warrants and agrees that it has and will comply with the applicable provisions of Executive Order 11246, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination



in Employment Act, the Vietnam Era Veterans' Readjustment Assistance Act, Section 503 of the Rehabilitation Act and any other applicable state and federal statutes and regulations governing equal opportunity.

SERVICES: If this Purchase Order is for services to be performed or delivered by or on behalf of Seller, then it is also subject to the Validyne's Insurance Requirements and Indemnification Agreement.

CODE OF CONDUCT Seller hereby represents and warrants that the goods being purchased were not made under working conditions which otherwise would violate the Validyne's Code of Conduct for Licensees.

WARRANTIES: Seller expressly warrants all goods delivered under the Order shall be merchantable and free from defects in material and workmanship and of the quality, size and dimensions ordered and/or specified. This express warranty shall not be waived by reason of the acceptance of the goods, payment by Buyer or otherwise. Seller warrants that a) all workmanship shall be first class; b) the goods purchased will be supplied according to specifications; c) except as otherwise provided in the specifications, all goods incorporated in the work shall be new and of the most suitable grade of their respective kinds for the purpose, and d) all services will be performed in a good and workmanlike manner. These warranties and guarantees shall survive inspection tests, acceptance of and payment for the goods and shall run to Buyer, its successors and assigns. The Seller shall within a reasonable time after receipt of written notice thereof, make good at its own expense and without cost to the Buyer any defects in materials or workmanship which may appear during the period ending on a date twelve (12) months after delivery unless a different warranty period is provided in this Purchase Order. Buyer, may at its option, either return for credit or require prompt correction or replacement of any defective or nonconforming good or part thereof. If Seller is unable to or refuses to promptly correct or replace such defective or nonconforming good or part thereof, Buyer, may, by contract or otherwise, repair or replace such work or materials and assess Seller the excess cost occasioned the Buyer thereby. The one year warranty shall not operate to reduce the statutory period of limitations for suit for breach of contract nor is it intended to limit or eliminate any legal remedy, statutory or otherwise.

RISK OF LOSS: Seller assumes all risk of loss of or damage to all goods ordered and all work in process, materials, and other items related to this Order until the same are finally accepted by the individual and Validyne or Buyer who ordered them. Seller also assumes all risk of loss of or damage to any goods, work in process, materials, and other items rejected by Buyer until the same are accepted by Buyer.

INSPECTION: Payment for goods or services provided hereunder shall not constitute acceptance thereof. Buyer may inspect and test such goods or services and reject any or all items that are, in Buyer's sole judgment, nonconforming. Goods rejected or supplies in excess of quantities ordered may be returned to Seller at Seller's sole expense. Failure by Buyer to inspect and test the goods or services shall not relieve Seller of responsibility.

Validyne reserves the right to approve or specify any test, inspection, and verification (including production process verification)

Our organization reserves the right to require the need from External providers to:

1. Implement a Quality Management System and we reserve the right to review and approve the External Providers Quality Management System.
2. Require that the External Provider uses customer-designated or approved external providers, including process sources (e.g., special processes)
3. Require the External Provider to notify our organization of nonconforming product or services immediately upon discovery, and obtain our organizational approval for nonconforming product disposition.
4. Wherever applicable our organization reserves the right to require external providers to show evidence of processes to prevent the use of counterfeit parts.



5. The External Provider is required to: Notify our organization of changes in product and/or process, changes of suppliers, and changes of manufacturing facility locations, our organization reserves the right to approve such changes.
6. All External Providers are required to: Flow down to the supply chain the applicable requirements including customer requirements.
7. Our Organization reserves the right to require External Providers to provide test specimens for design approval, inspection/verification, investigation, or auditing.

INDEMNIFICATION: Seller shall indemnify, defend and hold harmless Buyer, its officers, trustees, agents and employees against and from any and all claims, liabilities, losses, damages and expenses (including without limitation attorneys fees and court costs) arising out of or in connection with any goods or services purchased pursuant to this Purchase Order or from any act, omission, negligence, operation, product or service of Seller or its employees, agents, servants, suppliers, representatives and subcontractors.

INSURANCE: Do Not Insure or Declare Value. Seller shall maintain adequate insurance in all forms necessary to protect both Seller and Buyer against all liabilities, losses, damages, judgments, claims, settlements, expenses, including without limitation reasonable legal fees and costs, arising out of or resulting from performance of this Agreement. Although evidence of certain minimum coverage may be required, neither the existence of such insurance coverage nor anything else contained herein shall limit to available insurance Seller's responsibility for the consequences of any accidents, occurrences, damages, losses, and associated costs arising out of or in connection with the performance of this Agreement.

Seller must establish, maintain and document a F.O.D. program in place.

Validyne reserves the right to require and request evidence of External Providers ensuring that their personal are aware of: – their contribution to product or service conformity; – their contribution to product safety.

LIMITATIONS: Buyer shall not be liable to Seller, its employees, representatives, agents, suppliers, or subcontractors for any lost profits or other incidental or consequential damages. Buyer's liability on any claim for loss, damage or expense arising out of or in connection with this Agreement shall not exceed the price of the goods or services which give rise to the claim. Buyer shall not be liable for penalties or fines of any kind. Any action, suit or proceeding caused by any alleged breach of this Agreement by Buyer must be commenced within one (1) year after the cause of action accrued.

PATENTS/COPYRIGHTS: Seller agrees to indemnify Buyer and hold Buyer harmless from and against all claims, liability, losses, damages, and expenses, including without limitation legal fees and costs, arising from or due to any actual or claimed trademark, patent, or copyright infringement and any litigation based thereon, with respect to any part of the goods and work covered by the Purchase Order. Seller shall pay to defend any such litigation brought against Buyer. The Seller's obligations hereunder shall survive acceptance of the goods and payment therefore by Buyer.

SEVERABILITY: If any part of this Agreement is found to be illegal or unenforceable, that part shall be severed from the contract and the rest of this Agreement shall be enforceable as written.

CANCELLATION FOR CONFLICT OF INTEREST: This order is subject to cancellation if the Validyne determines that there is a conflict of interest between a Buyer's employee and Seller.

COUNTERFEIT PARTS: All counterfeit or suspected counterfeit product product/materials will be reported to the applicable customer and or government authorities such as the Government Industry Data Exchange Program (GIDEP).

Supplier will be automatically disqualified from the ASL if counterfeit product/material is detected.



ETHICAL BEHAVIOUR: Suppliers must be committed to the highest standards of ethical conduct when dealing with workers, suppliers, government and regulatory authorities and the Company. Any and all forms of illegal or inappropriate activity, including, but not limited to, corruption, misrepresentation, extortion, embezzlement or bribery, are strictly prohibited and may result in termination of any or all agreements with the Company and possible legal action. Each Supplier should endeavor to deal fairly with the Company and its employees, directors, officers and external advisers. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice and uphold fair business standards in advertising, sales and competition.

Retention / Disposition – Validyne requires that all External Providers are to retain all records associated with the purchase orders for a minimum of 7 years or as required by contract. Our organization requires the disposition of such documents to be controlled in accordance with the requirements of applicable QMS's.