

ABG ENGINEERING, INC
Purchase Order Terms and Conditions

1. **INVOICES AND SHIPMENTS-**rejections, delivery delays, errors and omissions will be considered just cause for withholding settlement without losing cash discounts privilege. Invoices shall be mailed immediately after shipping date. SELLER agrees to allow BUYER ten days from receipt of material and invoices in which to make payment without losing cash discount privileges. Shipment in whole or in part must not be made prior to the date or dates specified on the original of this order without BUYER'S approval. Delay in delivery beyond the agreed schedule shall be cause for termination of this order unless such delay is mutually agreed to in writing by both BUYER and SELLER.
2. **FURNISHED MATERIAL-** If BUYER furnishes material to SELLER, BUYER will provide quantity of material needed plus normal spoilage allowance as noted on the face of the order. IF due to abnormal spoilage, additional material will be borne by SELLER, NO material sold or furnished by BUYER is to be notified within 24 hours of any scrappage of ABG Engineering furnished material.
3. **FULL TRACEABILITY OF RAW MATERIAL-** Items under this purchase order shall individually be traceable to specific test result and lots of the raw material used. Raw materials records shall be identified by lot number as well as material type, specifications, and heat number (as applicable) and must be traceable to records of acceptance.
4. **DOMESTIC MATERIAL ONLY-** The supplier agrees not to incorporate any articles to be delivered under this purchase order with any Raw Metals melted outside the U.S., its possessions, or Puerto Rico.
5. **PREFERENCE FOR DOMESTIC MATERIAL-** The supplier agrees only to supply materials in accordance with Defense Federal Acquisition Regulation Supplement (DFRARS) 252.225-7009. Click on the DFAR No. to access the specification on the Internet. Contracted Suppliers' C of C, must reference the specific section of the (DFARS) 252.225-7009, in which the material meets the applicable compliancy requirements.
6. **INSPECTION AND REJECTION-** All articles are subject to inspection by BUYER at destination. Rejected material will be held at Seller's risk, subject to Seller's disposal. Inspection Records are required from the Seller and must accompany each shipment.
7. **CHANGES-** BUYER shall have the right to make changes in drawings and/or specifications relating to this order. Upon such change, proper adjustment in the price and in the delivery schedule shall be made. Claim for adjustment shall be made within thirty days.
8. **CHANGE IN SCHEDULE-**Changes in delivery schedule may be made by buyer at any time and for an indefinite period at no cost to Buyer.
9. **VARIATION IN QUANTITY-** Quantity variation will be zero unless otherwise stated on the purchase order.
10. **DELIVERY-**Seller shall not be liable for delay in delivery due to cause beyond Seller's control and without Seller's fault or negligence, provided Seller exercises due diligence in promptly notifying BUYER of conditions which will result in delay.
11. **WARRANTIES-** The SELLER warrants that all articles or material delivered hereunder shall be free from defects or material or workmanship, and guarantees all parts furnished will conform to specification and/or its customers.
12. **TERMINATION FOR CAUSE OR FOR CONVENIENCE OF BUYER-** BUYER reserves the right to terminate this order if not filled in accordance with delivery schedule and specifications. In the event of any suspension of payment or the institution of any proceedings by or against either party, voluntary or involuntary in bankruptcy or insolvency, or under the provisions of the United States Bankruptcy Act, as amended, or for the appointment of a receiver or trustee or an assignee for the benefit of creditors or for the appointment of a receiver or trustee or an assignee for the benefit of creditors of either party, or in the event of breach of any of the terms hereof, including warranties of Seller, the other party shall be entitled to terminate this order forthwith.
13. **COMPLIANCE WITH LAWS-** Sellers agrees in accepting this order that the same is subject to and that seller has complied with or will comply with all applicable local, State and Federal laws, regulations, and executive orders as to labor, origin and procurement of material, national security, fixation of prices, profit limitations, price re-negotiation and price re-determination.
14. **CANCELLATION-** Buyer may cancel any Purchase order at NO TIME WITHOUT COST TO Buyer in the event that ABG Engineering's requirements are cancelled with our customer, or if Quality disqualifies the Seller for any reason
15. **NON-DISCRIMINATION-**In connection with the performance of work under this order, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, creed, age, sex, color, or national origin; and further agrees to insert the foregoing provision in all subcontracts hereunder expect subcontracts for standard commercial supplies or for raw materials. (Not applicable if order is for standard commercial supplies or for raw materials.)
16. Seller must operate under a Quality Management system that is approved by ABG Engineering. Any changes to QMS status such NADCAP approval must be reported to ABG engineering. Pre-authorization from ABG Engineering is required before any changes to product, processes, or service provided to ABG Engineering. Quality records on file at supplier must be retained a minimum 20 yrs.If supplier retention time for records are less than 20 yrs. All files pertaining to ABG Engineering must be delivered to ABG Engineering before destruction.
17. **RETURNABLE CONTAINERS ARE TO BE RETURNED TO ABG ENGINEERING.**
18. **RIGHT OF ENTRY-** The Buyer and its representatives are afforded the right to verify at the Seller's premises the quality of work, records and materials. Such verification by the Buyer shall not absolve the Seller of the responsibility to provide acceptable product, nor shall preclude subsequent rejection by the Buyer. Right of Entry is also extended to the Buyer's representatives, customer, the buyer's customer and applicable regulatory agencies. Seller shall be notified within a reasonable amount of time (typically no less than five working days) by the Buyer to host such events.
19. **SUBCONTRACT WORK-** Seller may not further subcontract work without written authorization from ABG Engineering.
20. **SPECIAL PROCESSES-** Seller must only perform and certify applicable processes such as nondestructive testing using only approved, qualified, authorized, certified facilities, equipment and personnel.
21. **NON CONFORMANCE NOTIFICATION-** Suppliers will provide immediate written notification to ABG Engineering procurement representative when known or suspect defective / nonconformance parts, materials, components, software, or vendor items have been delivered to ABG Engineering customers. The report shall contain a detailed of the non-conformance, lot and / or serial number traceability, along with supplier's corrective / preventative actions taken place to preclude recurrence.
22. **CUSTOMERS RIGHT OF ACCESS-** The supplier shall provide right access to ABG Engineering, their customers and 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.
23. **FLOWDOWN OF PURCHASING REQUIREMENTS-**The requirements contained in the ABG Engineering purchase order and these Purchasing Terms and Conditions must be flowed to sub-tier suppliers in their entirety when work is outsourced.