



## 1. PURPOSE

The purpose of this procedure is to establish the standard terms and conditions (Ts & Cs) to be applied to purchase orders for the procurement of goods and services from our suppliers.

## 2. SCOPE

The requirements of this procedure apply to the purchasing of materials/services to be used in the development and/or manufacture of finished goods.

## 3. RESPONSIBILITY

Purchasing Manager – Responsible for ensuring Ts & Cs are applied to all POs and that suppliers agree to and comply with Ts & Cs.

VP of Operations – Responsible for maintaining Ts & Cs and communicating updates to staff.

VP of Sales – Responsible for informing Purchasing of customer Ts & Cs to be flowed down to suppliers.

## 4. PROCEDURE

Purchase orders for materials/services to be used in finished goods must reference the AJ's Power Source, Inc. (AJPS) standard Ts & Cs found on the AJPS website at:

<http://www.ajpowersupply.com/terms-and-conditions/>

The Ts & Cs will include the text in Appendix A. In addition to these standard Ts & Cs, other Ts & Cs and quality notes may be flowed down to our suppliers as required by our customers. Certain Ts & Cs are included per AS9100 8.4.3 (record retention, for example) and are so indicated.

## 5. REFERENCED DOCUMENTS

AS9100 Rev D - Quality Management Systems - Requirements for Aviation, Space, and Defense Organizations; September 2016.

Appendix A – Standard Terms and Conditions



## 6. REVISION HISTORY

Rev	Effective Date	Approval	Summary of Changes
D	6/22/23	CFM	Updated to reference AS9100 8.4.3 as a source for supplier terms and conditions and added 15 Record Retention to Appendix A - Standard Terms and Conditions.
C	9/27/19	JSV	Updated to standard procedure template
B	4/4/17	JSV	Updated to new procedure template
A	5/7/14	JSV	Changed document number to be consistent with new organizational structure. Added cover page.
-	6/2/08	JSV	Original



## Appendix A - Standard Terms and Conditions

### 1. TERMS OF AGREEMENT

The Purchase Order, together with these Terms and Conditions, and any attachments, specifications, drawings, instructions, and other information, whether physically attached or incorporated by reference, constitutes the complete and final agreement between Buyer and the Seller identified in the Purchase Order. Buyer expressly objects to any terms or conditions different from or in addition to the terms of the Purchase Order, whether communicated orally, or contained in any order acknowledgment, quotation, invoice, or any other documents modifying the Purchase Order. Any such modifications will not be binding upon Buyer unless accepted in writing by an AJPS authorized representative. Seller's electronic or written acceptance acknowledgment of the Purchase Order or commencement of performance constitutes Seller's acceptance of these Terms and Conditions.

### 2. DELIVERY – TIME IS OF THE ESSENCE

- 2.1 Seller shall not make delivery earlier than date shown without written consent of Buyer. If goods are shipped in advance of scheduled delivery date, Buyer may return them or store them at Seller's expense. Acceptance by Buyer of late deliveries shall not relieve Seller of the obligation to make future deliveries on schedule.
- 2.2 Seller will immediately notify Buyer if delivery is delayed or is likely to be delayed for any reason. Buyer's acceptance of Seller's notice will not constitute Buyer's waiver of any of Seller's obligations.
- 2.3 Unless otherwise agreed, delivery shall be FOB point of destination. Title shall pass to Buyer upon acceptance at the final delivery point. Risk of loss or damages following shipment and prior to acceptance by Buyer shall be the responsibility of the Seller.

### 3. PACKAGING AND SHIPMENT

- 3.1 Seller will preserve, pack, package and handle the Products so as to protect from loss or damage and in accordance with standard commercial practices in absence of any specifications Buyer may provide. In the event the packaging is deemed to be inadequate by Buyer, the Seller shall make all mutually acceptable changes, at no additional cost, to rectify the packaging to a standard.
- 3.2 Seller will include with each delivery of Products a Packing List and a Certificate of Conformance (if applicable) identifying the Purchase Order number, the Buyer's part number for each of the Products (if applicable), a description, the quantity of each of the Products, and the date of shipment.
- 3.3 Buyer's Purchase Order number and Buyer's part numbers must be plainly marked on all invoices, packages, bills of lading, certificate of conformance and any other documents.
- 3.4 Buyer's count or weight will be final and conclusive on shipments.
- 3.5 Seller warrants that all shipments are made in strict compliance with all applicable Federal, State and Local hazardous materials laws and regulations.
- 3.6 Under no circumstances will charges be allowed for transportation, packing materials or handling unless stated in the Purchase Order. Seller's shipping charges shall reflect discounts received by Seller from freight transporters.



#### **4. OVERSHIPMENTS**

Products delivered in excess of quantity specified may be retained by Buyer at no additional cost.

#### **5. CHANGES**

Buyer may, at any time prior to shipment, make changes in any one of the following: applicable designs, drawings or specifications, method of shipment or packing and place or time of delivery. If a change causes an increase or decrease in the cost of or time required for Seller's performance, an equitable adjustment shall be made. Seller will request in writing an equitable adjustment no later than fifteen days from Seller's receipt of Buyer's notification of change. Seller will proceed pending negotiation of an equitable adjustment and amendment of the Purchase Order.

#### **6. REPRESENTATIONS AND WARRANTIES**

- 6.1 Seller represents and warrants that it has the full power to enter into the Purchase Order and to perform its obligations.
- 6.2 Seller will not disclose to Buyer, bring onto Buyer's premises, or induce Buyer to use any confidential or proprietary information that belongs to anyone other than Buyer or Seller that is not covered by a non-disclosure agreement between Buyer and Seller.
- 6.3 Buyer warrants and represents to Seller that it has the full power to enter into the Purchase Order and to perform its obligations under the Purchase Order.
- 6.4 Seller expressly warrants that the Products are free from defects in design, workmanship, and material, shall conform to certifications, drawings, or other descriptions furnished or specified by Buyer and shall meet the performance requirements of the Purchase Order. In the event of non-compliance, Buyer may, at its option, retain the goods with an equitable price adjustment, have the Products repaired or replaced at the FOB delivery point, or return the Products at the Seller's expense for refund or repair.
- 6.5 Seller warrants that the price is as low as any price given to any other customers for like material and quality.
- 6.6 To the extent allowed by applicable law, no other warranties are made, either expressed or implied, including the implied warranties of merchantability and fitness for a particular purpose.

#### **7. PRICE AND PAYMENT**

- 7.1 Unless otherwise specified in the Purchase Order, the price for the Products includes all taxes and other charges. Seller will, at Buyer's request, itemize pricing for all such taxes and other charges in its invoices.
- 7.2 Buyer will pay Seller the price set forth in the Purchase Order within the time-frame negotiated with that Seller following the later of:
  - 7.2.1 The date of Buyer's acceptance of all Products.
  - 7.2.2 Buyer's receipt of a properly prepared invoice, which must include the Purchase Order number and Buyer's part numbers.



7.2.3 Payment will be in United States currency and if not, Buyer will determine the local currency equivalent of the price as of date of payment. Buyer may at any time offset any amounts Seller owes Buyer against any amounts Buyer owes to Seller or any of its affiliated companies.

## 8. CANCELLATION

Buyer may at any time terminate the Purchase Order for its convenience or for Seller's breach, in whole or in part. If the Purchase Order is terminated for Seller's breach of the Terms and Conditions, or failure to make sufficient progress, Seller shall have no claim against Buyer for any costs incurred or any profit with respect to the terminated or canceled portion of the Purchase Order. The Seller will be liable for all damages allowed in law or equity, including the excess cost of reprocurring similar Products. If the Purchase Order is terminated for Buyer's convenience, Seller will be compensated to the extent that Products have been accepted by Buyer prior to the effective date of termination. Other than to this extent, Buyer shall not be liable to Seller for any damages on account of its failure to accept all of the Products ordered.

## 9. RIGHT OF INSPECTION AND REJECTION

Products supplied by Seller shall be received subject to Buyer's inspection and approval within a reasonable time after delivery. Buyer reserves the right to reject defective and non-conforming Products and return at Seller's expense. Payment for the Products shall not be deemed acceptance. No Products returned to the Seller as defective or non-conforming shall be replaced except upon Buyer's formal authorization.

## 10. INDEMNITY

- 10.1 Seller shall defend, indemnify, and hold harmless Buyer from and against all claims, liability, judgments, loss, damage, fees and expenses (including attorney's fees) which Buyer may hereafter suffer itself or incur because of injury (including death) to any persons or damage to property arising out of any defect in the Products.
- 10.2 Seller shall defend, indemnify, and hold harmless Buyer from and against all claims, liability, judgments, fees and expenses arising from allegations or claims of infringement of the Products or their use upon any patents, copyrights or trademarks. Buyer agrees to give Seller prompt notice in writing of any such allegations or claim. Upon such notice, Seller shall, at its expense, either procure for Buyer or Buyer's customer the right to continue using the Products, replace same with non-infringing Products or modify the Products so they are non-infringing.

## 11. COMPLIANCE WITH LAWS

By accepting the Purchase Order, Seller represents and warrants that the Products furnished may have been or will be manufactured and sold in compliance with all relevant Federal, State, and Local laws, ordinances and regulations. The Purchase Order and the performance of the parties hereunder shall be construed in accordance with and governed by the laws of the State of Florida.



## 12. ELECTRONIC PURCHASE ORDER

Buyer and Seller agree that if the Purchase Order is transmitted electronically, neither Buyer nor Seller shall contest the validity of the Purchase Order on the basis that the Purchase Order contains an electronic signature.

## 13. CONFIDENTIALITY/PROPRIETARY INFORMATION

Information provided by AJ's Power Source, Inc. (AJ's) to Seller remains the property of AJ's. Seller agrees to comply with the terms of any Proprietary Information Agreement with AJ's and to comply with all proprietary information markings. Seller agrees not to use any AJ's provided information for any purpose except to perform this Purchase Order and agrees not to disclose such information to third parties without the prior written consent of AJ's.

## 14. GOVERNMENT PRIORITY RATING

If the Purchase Order is identified as a DO or DX "rated Order" certified for national defense use under the Defense Priorities and Allocations Systems (DPAS) (15 CFR 700), then the Seller shall comply with all provisions of the Defense Priorities and Allocations Systems regulations (15 CFR 700).

## 15. RECORD RETENTION

All records associated with a Purchase Order shall be retained and made available to the Buyer upon request for a period not less than 7 years from the date of order fulfillment, as required by a customer flowdown, or as required by law, whichever is longer. These records include, but are not limited to: purchasing documents for procurement of materials, components, products, and services to be incorporated into the finished product; all records and documents required for product or process approvals and validations; job travelers, traceability records, material certificates, inspection and test results, etc.; inspection, measuring, and test equipment calibration certificates; and corrective action records.