

## **Flexible Circuits Inc. Purchase Order Standard Terms and Conditions**

1. Acceptance- This writing, together with any attachments incorporated herein, constitutes the final, complete, and exclusive contract between Flexible Circuits Inc. (Hereafter referred to as “Flexible Circuits Inc.” or “Buyer”) and the Supplier. Agreement by Supplier to furnish the goods, services or efforts hereby ordered, or its commencement of such performance shall constitute acceptance by Supplier of this purchase order subject to the specified terms and conditions.
2. Modifications- No change in, modification of, waiver of, addition to, or amendment to the terms and conditions of this Purchase Order shall be binding on Flexible Circuits Inc. unless such change, modification, waiver, addition, or amendment is in writing and signed by a duly authorized representative of Flexible Circuits Inc.. These Terms and Conditions supersede any vendor terms and conditions unless otherwise noted in writing on the PO.
3. Inspection and Acceptance- All inspection and test requirements for goods, services, and efforts performed by the Supplier shall be in accordance with all applicable Flexible Circuits Inc. Standard Quality Requirements Guidelines and special quality and test requirements as detailed in the body of the Flexible Circuits Inc. Purchase Order. At a minimum the Supplier shall maintain a quality system such that the quality, suitability for use, and compliance to applicable industry and Federal specifications for the material and services provided can be demonstrated by object evidence of compliance. The Supplier’s delivery of materials or services implies that all such materials or services are fully compliant with the purchase order requirements. The Buyer’s failure to inspect does not relieve Supplier of any responsibility to perform according to the terms of this purchase order. The Buyer reserves the right to require the Supplier to reimburse Flexible Circuits Inc. at the Supplier’s expense for the purchase price of the rejected material or compensate Flexible Circuits Inc. for the costs incurred by Flexible Circuits Inc. to bring discrepant delivered material into a complaint or otherwise usable condition.
4. Configuration Control- The Supplier shall not make changes to the technical documentation, specifications or drawings referenced by the Flexible Circuits Inc. purchase order without prior written approval by the Flexible Circuits Inc. buyer.
5. Supplier Quality Assurance Requirements- Quality Requirements (QR), with all their terms and conditions, become an integral part of the purchase order. Those QR clauses that are specifically applicable are listed on the face of the purchase order. Supplier conformance to the specifically referenced QR shall be maintained at all times.
6. Preservation and Packaging – Unless uniquely defined by a separate Flexible Circuits Inc. purchase order supplement or via an item unique drawing, specification, or applicable industry standard all items will be preserved and packaged for shipment to best commercial practices. Packaging shall protect items from damage due to shipping. All items shall be received undamaged and fit for use.
7. Right of Access – The supplier shall provide Right of Access to all facilities involved in prosecution of the Purchase Order. The Right of Access includes Flexible Circuits Inc; their Customer, and or their Customer’s Customer(s) to the level of the End Item User, and any US Government or Regulatory Authorities. Access shall be provided based on 24 hours advanced notice by Flexible Circuits Inc.
8. Delivery; Notice of Delay- Time is of the essence in the prosecution of this purchase order. Acceptance of late deliveries shall not constitute waiver of this provision. The Buyer reserves the right to refuse or return at Supplier’s risk and expense shipments made in excess of the Buyers’ ordered quantity. Shipments which are

received greater than 5 working days in advance of the requested delivery date are subject to the same provision unless authorization for early shipment is received from Flexible Circuits Inc. prior to arrival of such goods or services at the Flexible Circuits Inc. destination specified by the Purchase Order. The Supplier shall notify the Buyer immediately upon determination of any potential or actual delay in the delivery of goods, or services as required by the terms of the purchase order. This notification shall be conducted in the form of a verifiable (e-mail or letter) correspondence. Flexible Circuits Inc. acknowledgement of this notification does not constitute a waiver of Buyer's rights and remedies hereunder.

9. Information release- Supplier shall not publish or disclose outside of Supplier's organization any information developed under this purchase order without prior written approval of the buyer.

10. Applicable law- This purchase order will be governed by the laws of the State of Pennsylvania regardless of the place of execution or performance.

11. Disputes- Any dispute under this purchase order which cannot be settled through the mutual negotiation and agreement of the Buyer and Supplier will be subject to settlement through the appropriate legal proceedings. Pending resolution or settlement of any dispute the Supplier shall proceed with the prosecution of the Purchase Order as directed by the Buyer. Upon resolution of the dispute the Purchase Order shall be equitably adjusted to reflect the as necessary to reflect the terms of the resolution.

12. Remedies- The rights of both parties hereunder shall be in addition to their rights and remedies at law or in equity. Failure of the Buyer to enforce any of its rights shall not constitute a waiver of such rights. In no event shall Supplier be entitled to anticipatory profits, compensation for lost opportunity, special (including multiple or punitive), incidental or consequential damages.

13. Proprietary rights- When enacted through the execution of a non-disclosure agreement between Buyer and the Supplier all specifications, information, data, drawings, software, and other items supplied to the Supplier by the Buyer or obtained by the Supplier and paid for by the Buyer will be considered proprietary and shall be maintained by the Supplier and not be disclosed by the Supplier. All such items shall be returned to the Buyer upon completion of the Purchase Order.

14. Order of Precedence- In the event of a conflict in terms or inconsistency between or among the terms and conditions of this Purchase Order the following order of precedence shall be used to resolve such conflicts or inconsistencies:

1. Typed terms and conditions set forth in this Purchase Order.
2. Documents incorporated via reference on the face of this Purchase Order.
3. Standard Terms and conditions as provided with this Purchase Order or made available for public retrieval by the Supplier.
4. Statement of Work if provided as part of this Purchase Order.
5. For Drawings and/or Specifications incorporated via reference Buyers specifications shall prevail over any specifications by others.

15. Buyers Property- All tooling, gages, fixtures, or materials unique to the prosecution of this Purchase Order supplied by, developed by, or paid for by Flexible Circuits Inc. shall be and remain the property of the Buyer, and the Buyer shall have the right to enter the Supplier's premises at any time and remove any such property without being liable for trespass or damages of any sort. All such items and materials shall be used only for the prosecution of this Purchase Order unless Buyer consents otherwise in writing. Buyer reserves the right to collect a reasonable rental fee for use of such items if Supplier requests use of such items. Material produced to Flexible Circuits Inc. specific requirements as detailed in this Purchase Order shall not be produced and sold

by Supplier to any party other than Flexible Circuits Inc. without buyer's prior written consent. Supplier shall maintain any and all property furnished by or paid for by the Buyer and shall be responsible for any loss or damage except for normal wear and tear. Within 30 days of the cessation of production and/or test activity under this purchase order the Supplier must contact Flexible Circuits Inc. to arrange disposition of Flexible Circuits Inc. owned property.

16. Taxes- Supplier agrees to pay all applicable local, state, and Federal taxes.

17. Changes- The Buyer shall have the right to make changes or suspend work during the course of the prosecution of this Purchase Order. If the actions of Flexible Circuits Inc. result in an increase or decrease in the cost to perform the work specified by the Purchase Order an adjustment shall be mutually negotiated between the Supplier and Buyer. In instances where the Flexible Circuits Inc. imposed changes result in increased costs the Supplier must assert any claim for adjustment within 10 working days of the requested change. The Buyer's purchasing department or an officer of Flexible Circuits Inc. are the only authorized entities which can enact such changes which will be incorporated as written amendments to this Purchase Order. Any information or instructions offered by technical representatives of Flexible Circuits Inc. shall be considered personal opinions of the person and shall not change Buyer's obligations to the Supplier. In the event that Flexible Circuits Inc. requests that the Supplier stop work the Supplier shall enact all possible measures to minimize the costs allocable to the Purchase Order.

18. Assignments- Supplier may not assign any rights or obligations due or to become due under this Purchase Order without the prior written consent of Flexible Circuits Inc. The buyer may assign this Purchase Order to any affiliated company, any successor in interest, or Buyer's customer.

19. Warranty- Supplier warrants that all materials, services, and goods delivered under this purchase Order are free from defects in workmanship, materials, and design and to be in accordance with all the requirements of this Purchase Order. The Supplier's warranty shall be effective for a period of seven years from the date of acceptance by Flexible Circuits Inc. This warranty entitlement covers both the Buyer and Buyer's customers. In addition, the Supplier will be liable for and save Buyer harmless from any loss, damage, or expense whatsoever that the Buyer may suffer from breach of any of these warranties. Remedies include repair, replacement, or reimbursement of the purchase price of the nonconforming goods at Buyer's election.

20. Termination for Convenience: Buyer may at any time by written notice direct Supplier to terminate this Purchase Order or work under this Purchase Order in whole or in part, and this termination shall not constitute default. Buyer and Supplier shall have all rights and obligations accruing to it both at law or in equity, including Buyer's right to title and possession of goods paid for. Supplier's obligations to all remaining terms of this purchase order shall survive the termination for convenience. Supplier shall be reimbursed for reasonable, substantiated and allowable costs plus a reasonable profit for work performed prior to termination. Buyer may take receipt of all work performed immediately upon notification of termination.

21. Termination for default- Buyer may at any time by written notice direct Supplier to terminate this Purchase Order in whole or in part for breach of any one or more of the its terms. Supplier's obligation to the terms of this Purchase Order shall survive such termination. The Buyer may exercise any and all rights accruing to it, both at law including those set forth in Article 2 of the Uniform Commercial Code, or in equity.

22. Intellectual Property- The Supplier warrants that all materials, services or goods provided as directly or used in providing the material or services of this Purchase Order which are not of the Buyer's design or manufacture shall be free and clear of infringement of any patent, trademark, or proprietary rights. Supplier shall indemnify and hold Buyer and its customer harmless from any damages growing out of any claims or actions alleging such infringement.

23. Compliance with law- The Supplier warrants and certifies that in the performance of this purchase order it will comply with all applicable statutes, rules, regulations, and orders of the United States, and of any state or political subdivision thereof, and agrees to indemnify Flexible Circuits Inc. against any loss, cost, damage, or liability by reason of Supplier's violation thereof. This includes, but is not limited to the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations (EAR).

24. Indemnity- Supplier shall defend indemnify and hold harmless Buyer and Buyer's directors, officers, employees, agents from any personal injury or property damage claim, suit, action, expense, loss, or damage whatsoever, including but not limited to such claims, etc., under strict liability or product's liability, together with attorney's fees, arising out of or in any way connected with Supplier's performance or failure to perform this purchase order or that of Supplier's agents, employees, or subcontractors. Supplier shall be responsible for the actions and failure to act of all parties retained by, through, or under Supplier in connection with the performance of this Purchase Order. Supplier shall also maintain such General Liability, Property Damage, Employer's Liability, and Worker's Compensation Insurance and Motor Vehicle Liability Insurance (Personal Injury and Property Damage) in such amount as will protect Supplier and Buyer from said risks arising out of any claims.

25. Product and Process Changes - Supplier shall notify Buyer immediately of changes in product and/or process definition and where required, obtain Buyer's approval.

26. Nonconforming Product – Supplier shall notify Buyer of its intent to supply a nonconforming product and Buyer shall approve any substitution.

27. Flow Down - Supplier shall flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics, where required.

28. Government Contract Provisions- If the order indicates that it has been issued under a Department of Defense prime contract or subcontract, the Supplier agrees that the following provisions shall apply and will prevail in the event of any inconsistency with the forgoing terms and conditions. Supplier agrees to include in each subcontract Supplier might make hereunder appropriate provisions to the same effect.

29. As per Financial Reform Bill (H.R. 4173) manufacturers are required to disclose what steps they are taking to ensure that their products do not contain "conflict minerals" from the Democratic Republic of Congo (DRC) are not used. This law applies to manufactured goods containing tin, tantalum, gold and tungsten. Vendors are required to certify on their C of C and or their Invoices that no "conflict minerals" from the Democratic Republic of Congo are used in the making of this product.

I. The following Federal and Department of Defense Federal Acquisition Regulations are incorporated herein by reference:

**A. APPLICABLE TO ALL ORDERS:**

1. Subpart 4.7 Contractor Records Retention.
2. 52.204-2 Security Requirements
3. 52.211-15 Priority and Allocation Requirements
4. 52.219-8 Utilization of Small Business
5. 52.222-50 Combating Trafficking in Persons
6. 52.223-3 Hazardous Material Identification and Material Safety Data
7. 52.225-10 Notice of Buy American Act - Construction Materials
8. 52.227-9 Refund of Royalties
9. 52.227-10 Filing of Patent Applications-Classified Subject Matter
10. 52.227-11 Patent Rights - Retention by the Contractor (Short Form)
11. 52.227-12 Patent Rights - Retention by the Contractor (Long Form)
12. 52.228-5 Insurance-Work on a Government Installation
13. 52.244-16 Subcontracts for Commercial Items
14. 252.222-7000 Restrictions on Employment of Personnel
15. 252.225-7013 Duty-Free Entry
16. 252.227-7013 Rights in Technical Data – Noncommercial Items
17. 252.225-7014 Preference for Domestic Specialty Metals, , Alt I and Alt I (Deviation)
18. 252.227-7016 Rights in Bid or Proposal Information
19. 252.227-7018 Rights in Noncommercial Technical Data and Computer Software-Small Business Innovation Research (SBIR) Program
20. 252.247-7024 Notification of Transportation of Supplies by Sea

**B. ORDERS OVER \$100,000 ALSO INCLUDE THE FOLLOWING:**

1. 52.203-6 Restrictions on Subcontractor Sales to the Government
2. 52.203-7 Anti-Kickback Procedures
3. 52.215-14 Integrity of Unit Prices
4. 52.223-14 Toxic Chemical Release Reporting
5. 252.203-7001 Special Prohibition on Employment
6. 252.247-7023 Transportation of Supplies by Sea

II. The following Federal Acquisition Regulations are incorporated by reference:

**A. ORDERS OVER \$2500 ALSO INCLUDE THE FOLLOWING:**

1. 52.222-36 Affirmative Action for Workers with Disabilities

**B. ORDERS OVER \$10,000 ALSO INCLUDE THE FOLLOWING:**

1. 52.222-26 Equal Opportunity
2. 52.222-35 Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era and Other Eligible Veterans
3. 52.222-37 Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era and other Eligible Veterans.
4. 52.225-8 Duty-Free Entry

**C. ORDERS OVER \$500,000 ALSO INCLUDE THE FOLLOWING:**

1. 52.215-15 Pension Adjustments and Asset Reversions
2. 52.215-18 Reversion or Adjustment of Plans for Postretirement Benefits (PRB) other than Pensions
3. 52.215-19 Notification of Ownership Charges

**D. UNLESS OTHERWISE EXEMPT ALSO INCLUDES THE FOLLOWING:**

1. 52.214-28 Subcontractor Cost or Pricing Data – Modifications – Sealed Bidding
2. 52.215-12 Subcontractor Cost or Pricing Data
3. 52.215-13 Subcontractor Cost or Pricing Data-Modifications
4. 52.222-41 Service Contract Act of 1965, as Amended
5. 52.230-2 Cost Accounting Standards
6. 52.230-3 Disclosure and Consistency of Cost Accounting Practice