

# HEADS UP TECHNOLOGIES (HUT)

## PURCHASE ORDER STANDARD TERMS AND CONDITIONS

### GENERAL REQUIREMENTS

*Codes 1 through 10 are mandatory for purchase orders (PO)*

1. **Exclusive Agreement** – This PO constitutes the exclusive agreement between the parties. The terms and conditions cannot be changed without prior written consent of both parties. The laws of the State of Texas shall apply in all disputes. Additionally, the goods shall conform to specifications, drawings, and any other description attached hereto and shall be free from defects in materials and workmanship. Supplier shall maintain a documented quality management system (QMS) as a means to ensure that products and services conform to specified requirements.
2. **Records** – All deliveries shall include:
  - **Packing List:** A detailed listing of parts or services being provided under the HUT PO contract. The packing list shall include the HUT part numbers, manufactured part numbers (for off-the-shelf components), quantity, PO number, company name, address, and date of shipment.
  - **Certificate of Compliance (C of C):** A statement certifying that the Supplier has produced the parts and services in full compliance with the PO, drawing, and specification requirements for the part numbers being supplied. The C of C shall as a minimum reference the part numbers, revisions, quantity, PO number, company name, address, originator's name (for parts manufactured to HUT specifications), and the date of completion. It is preferred that the C of C be signed by a Quality Assurance representative.
3. **Delivery Schedule** – Failure to deliver goods on time may result in termination of PO at Buyer's option.
4. **Nonconforming Product** –
  - **HUT or HUT's Customer Identified Nonconformance** – All goods which are rejected for nonconformity with the terms and conditions of this agreement and/or the purchase agreement are rejected at Supplier's expense and shall be returned to the Supplier with a nonconforming material report, at the Supplier's risk of loss and expense. Buyer reserves the right to terminate for nonconformity.
  - **Supplier Quality Escape** – Supplier shall notify Buyer in writing within twenty-four (24) hours of the discovery of nonconforming processes, products, or defects in any Product delivered by Supplier and recommended disposition instructions.
5. **Assignment** – All obligations hereunder, including monies due and owing, shall not be assigned to a third party(s) without the prior written consent of both parties.
6. **Taxes** – Buyer may be exempt from payment of all federal or state taxes. Exemption certificates will be furnished upon request.
7. **Cancellation** – Buyer reserves the right to cancel this applicable PO for convenience by giving Supplier written notification.

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8. **Changes** – HUT shall have the right at any time to make changes in specifications, materials, packaging, and time and place of delivery. If any such changes cause an increase or decrease in the cost or the time required for performance, an equitable adjustment shall be made, and the PO shall be modified in writing accordingly. Suppliers have the responsibility of notifying HUT of changes made to products and/or processes and/or services prior to their implementation as well as changes of sub-tier suppliers, changes of manufacturing facility location, and where required, obtain organizational approval.
9. **Termination** – HUT reserves the right to terminate the PO, in whole or in part, at any time, upon written notice to Supplier for HUT's sole convenience, or in the event of Supplier material breach of the PO or insolvency. In the event HUT terminates a PO at HUT's convenience, HUT's sole liability shall be to pay for finished goods that the Supplier has manufactured prior to termination.
10. **Compliance with Law** – Supplier warrants that all goods and services furnished pursuant to this PO have been and will be produced or performed in compliance with all applicable federal, state, local and foreign laws, orders, rules, and regulations.

### SPECIAL REQUIREMENTS

*Code 11 is mandatory on PO for chemical products that require age control.*

11. **Life Limited (Shelf Life) Items** – Supplier shall ensure that the item's life upon delivery to HUT is current or at least has 75% of its life remaining according to the manufacturer's specification.

*Code 12 is not mandatory for products fabricated to HUT design data.*

12. **Counterfeit Parts/Material Prevention** – The supplier shall establish and maintain a counterfeit parts/material prevention and control program using AS5553 (Ref. elements of Section 4) and/or AS6174 (Ref. elements of Section 3) to ensure that counterfeit work is not delivered to HUT. The purpose of Supplier's program shall be to develop a robust process to prevent the delivery of counterfeit commodities and control commodities identified as counterfeit.

*Codes 13 – 14 are mandatory on PO for products fabricated to HUT design data.*

13. **Supplier Flow Down Requirements** – The Supplier is responsible for flowing down to its sub-tier suppliers, those PO requirements and key characteristic requirements including customer requirements that are applicable to the subcontracted action. Additionally, the Supplier is responsible for ensuring that all its employees are aware of but not limited to their contribution to product or service conformity, its contribution to product safety, and the importance of ethical behavior.
14. **Quality Surveillance** – HUT and its customers reserve the right to survey all work under this PO, at any level of the supply chain, including any Supplier's subcontracted action. HUT, its customer personnel, and/or any regulatory agency authorities shall be permitted access (with HUT oversight) to the applicable records and work being performed under this PO. Quality records are to be maintained for a minimum of ten (10) years unless otherwise specified by order.

*Code 15 is mandatory for unapproved one (1) time buy*

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*Class I and Class II Supplier PO.*

15. **100% Inspection** – 100% inspection is required by the Supplier. Inspection sampling plans are not permitted.

*Code 16 is mandatory for printed wiring board assembly procurement.*

16. **Printed Wiring Board Inspection** – Printed circuit board (PCB) assemblies are required to be assembled per current revision of J-STD-001, Class II and inspected per current revision of IPC-A-610, Class II.

*Code 17 is mandatory for first new parts manufactured to HUT design data.*

17. **First Article Inspection Report** – The first part number item manufactured to HUT design data requires a formal first article inspection report (FAIR). The FAIR may be provided on the Supplier's form as long as it meets the requirements of AS9102. HUT will provide sample FAIR templates upon request. The FAIR must be signed and dated by a Supplier Quality Assurance representative.

*Code 18 is mandatory for first newly revised parts manufactured to HUT design data.*

18. **Delta First Article Inspection Report** – The first part number item manufactured to a new revision of HUT design data requires a formal delta first article inspection report (DFAIR). The DFAIR shall only address those items changed by the drawing revision. The DFAIR reports may be provided on the Supplier's form as long as it meets the requirements of AS9102. HUT will provide sample FAIR templates upon requested. The DFAIR must be signed and dated by a Supplier Quality Assurance representative.

*Code 19 is mandatory for parts manufactured to HUT design data that require test data and special processing inspection reports.*

19. **Certificate of Conformity** – A statement certifying that the supplier has produced the parts and services in full compliance with the PO, drawing and special test, process, material certification, or special inspection requirements for the part numbers being supplied. The C of C shall as a minimum reference the part numbers, revisions, quantity, PO number, company name, address date of completion. Special test results, certifications and special inspection documents shall be signed and dated by a Supplier Quality Assurance representative and be provided with the C of C.