



Quality Clauses

TERMS & CONDITIONS

This webpage is intended to communicate the Standard Terms and Conditions (where applicable) governing the (1) Quotations (Quotes, Bids, etc) submitted by MARTON to our customers and (2) Special Quality Clauses (POs, Orders, etc.) submitted to our suppliers (vendors).

Section 1: **QUOTATIONS**

Section 2: **SPECIAL QUALITY CLAUSES**

Section 1: QUOTATIONS

1. **Authority to Modify Terms:** The prices and terms set forth in this document (“Quotation”) may not be changed or modified without written approval by an authorized representative of Marton Precision Mfg., LLC, (hereinafter called “Marton”). If Purchaser uses its own form to place an order, it is understood that such use is for Purchaser's convenience only and that Marton hereby refuses to assent to any terms or conditions contained therein that conflict with or are in addition to those contained herein, and such conflicting and/or additional terms and conditions shall be of no force or effect. All orders, in whatever form submitted, will be accepted only at the principal office of Marton by an authorized representative of Marton.
2. **Duration of Offer:** The offer in this quotation will remain open for a period of 30 days from the date hereof. All prices are based on the quoted specification; any additional changes to the specification or additional product requirements may result in changes to quoted prices. Furthermore. All prices are based on the associated quantity levels by part number per order unless otherwise agreed to by the parties.
3. **Shipping: Place of Delivery:** The delivery of all items covered by this Quotation (hereinafter called “Products”) shall be completed when made F.O.B. point of shipment. In all cases, risk of loss or damage to any Products in transit shall fall upon the Purchaser. Unless Marton receives specific shipping instructions from the Purchaser, Marton will exercise its own discretion in selecting the most suitable method of shipment. All prices contained herein do not include shipping, handling, transportation or insurance.
4. **Time of Delivery:** Delivery dates specified in this Quotation are approximate and are based on prompt receipt of all necessary information from Purchaser. Any delay in the delivery of necessary information by Purchaser will result in a later delivery date. Marton will supply such later delivery date upon order confirmation or receipt of the necessary

information. Marton shall not be liable for delays or non-delivery due to causes beyond its control, including, but not limited to, acts of God, acts of Purchaser, acts of civil or military authority, war, riots, storms, fires, labor disputes or disturbances, earthquakes or the inability due to causes reasonably beyond Marton's control to obtain necessary labor, materials or manufacturing facilities. In any event, Marton shall not be in default for failure to deliver unless Marton does not commence to cure such failure within 10 days after receipt of written notice of failure to deliver from Purchaser.

5. **Warranty and Disclaimer of Warranties:** Marton warrants that all Products delivered under this Quotation shall, at the time of delivery and for a period of one year thereafter, be free from defects in material and workmanship. If Purchaser has furnished Marton with specifications for the Products, Marton warrants only that at the time of delivery the Products delivered under this Quotation shall conform to such specifications. The foregoing warranty applies only to Products installed and operated in accordance with Marton's recommendation, and such warranty does not apply where Marton determines that any claimed defect arose as a result of Purchaser's misuse, neglect, improper installation, repair, alteration or accident with respect to any Products delivered hereunder. Marton's obligation under this warranty is limited to giving Purchaser credit in the amount Purchaser has paid for nonconforming Products upon Purchaser's return of such Products to Marton's principal office, freight prepaid. If Marton chooses, in its sole discretion, to repair the non-conforming Product then Marton, in its sole discretion, may repair the Product in conformance with the specifications at the time of delivery or the current specifications at the time of repair. THIS LIMITED WARRANTY SETS FORTH THE ENTIRE EXTENT OF MARTON'S LIABILITY FOR DEFECTIVE PRODUCTS. MARTON MAKES AND PURCHASER RECEIVES NO OTHER WARRANTY, EXPRESSED OR IMPLIED, AND THERE ARE EXPRESSLY EXCLUDED ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT WILL MARTON BE LIABLE FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES INCURRED BY PURCHASER OR ANY OTHER PERSON. IF FOR ANY REASON THE FOREGOING LIMITATION ON LIABILITY IS VOIDED OR IS NOT EFFECTIVE, PURCHASER AGREES THAT MARTON'S LIABILITY FOR DAMAGES, IF ANY, SHALL NOT EXCEED THE PAYMENTS MADE BY PURCHASER FOR ANY DEFECTIVE PRODUCT. In no event shall Marton be liable for loss of profit, loss of stored data, damage to other equipment user in connection with the products, whether or not used properly, or any other incidental, consequential, special or punitive damages. This paragraph is not intended to limit Marton's liability to a greater extent than permitted by law.
6. **Indemnity:** Purchaser shall indemnify and hold Marton harmless against any expenses, damages, costs or losses that may be asserted by any of Purchaser's customers or any other third parties in respect of any of Purchaser's acts or omissions, or arising out of or connected with any claim, action or proceeding brought or made against Marton for (i) infringement of patents or trademarks arising from compliance with Purchaser's design, specifications or instructions; (ii) unfair competition; (iii) the failure or alleged failure of the goods or services to comply with Purchaser's warranty, or; (iv) any act or omission of Purchaser.

7. **Marton' Liability:** The maximum liability of Marton for any reason whatsoever arising out of delivery or use of Products delivered under this Quotation shall in no case exceed the amount that the Purchaser has paid to Marton for such Products for the twelve-month period prior to the event that created the liability. In no event shall Marton be liable for incidental, consequential, special or punitive damages.
8. **Trade Customs:** Terms and conditions not specifically stated herein should be governed by trade customs.
9. **Blanket orders:** Orders may be scheduled over 12 months from date of order. If the quantity shipped over the 12-month period does not meet or exceed the quantity ordered, then customer is deemed to have cancelled the underage and such cancellation shall be subject to section 12, below. Also, if the underage results in a lower volume discount level, then Marton shall invoice Purchaser the difference between the lower volume discount level and the original discount level, for all orders previously shipped.
10. **Order Add-Ons:** Open orders may be increased until the final shipment of that order is made. However, increases in open orders shall be subject to a lead-time of no greater than 12 weeks.
11. **Reschedule Requests:** Requests for extension of delivery schedules must be submitted in writing to Marton a minimum of 30 days prior to scheduled shipment date. However, all rescheduled shipments, must occur within 6 months of the original, scheduled shipment date. If a rescheduled order results in Marton incurring any costs and/or fees then Purchaser shall be responsible for the payment of those costs and/or fees at shipment of the order.
12. **Order Cancellations:** Purchaser may cancel an order, provided that such order has not been rescheduled pursuant to section 11, above. To be effective, Marton must receive such cancellation, in writing, at least 60 days prior to the original, delivery date. In the event of a cancelled order, Purchaser shall pay Marton, the purchase price for all finished Product(s), the material cost for all unfinished Product(s) and any other costs or expenses incurred by Marton for unfinished Product(s), provided; however, that the amount paid shall not exceed the original cost of the Product(s).
13. **Discrepancies and Returns:** Marton is not obligated to accept Products with discrepancies if not reported to Marton within thirty (30) business days from the carrier's recorded delivery date. All parts returned to Marton must have a return authorization number (RMA). Without an RMA, parts will be returned at customer's expense. Any parts rejected after 30 days will not be accepted or credited back to the customer.
14. **Customer Supplied Material:** Marton will only confirm acceptance of purchase orders on receipt of a sample of the material to confirm machinability for the required project. If no sample is available, the price of the purchase order may be confirmed or adjusted during the machining of the project.
15. **Governing Law; Jurisdiction:** These terms and conditions and any Quotation to which they relate shall be governed by and construed in accordance with the internal laws of the State of California (irrespective of its choice of law principles). Any action arising hereunder shall be brought in either the Superior or Municipal Court for Orange County or the United States

District Court for the Western District of California, and each of the parties hereto hereby submits itself to jurisdiction of such courts for the purposes of any such action and waives any rights to removal and to change venue. The parties specifically disclaim application of the provisions of the United Nations Convention on the International Sale of Goods.

16. **Attorney's Fees:** The prevailing party in any action arising hereunder shall be entitled to recover all of such party's costs of suit, including reasonable attorney's fees (as well as costs, expenses and fees on any appeal).
17. **Invalidity:** If any provision hereof is declared invalid by any tribunal or legal authority having jurisdiction, the remaining provisions not so declared invalid shall be enforced to the fullest extent permitted by law.

Section 2: SPECIAL QUALITY CODES

The following Special Quality Clauses may be invoked on individual Purchase Orders. Our Special Quality Clauses are:

Product/Service Purchased	Quality Code
Raw Material	QC01, QC02, QC04, QC05, QC06, QC15, QC17, QC20, QC21, QC22, QC23, QC24, QC32, QC33
Hardware	QC01, QC02, QC04, QC05, QC06, QC09, QC13, QC15, QC17, QC21, QC22, QC23, QC24, QC32
Heat Treat/OP	QC01, QC02, QC03, QC05, QC06, QC10, QC11, QC13, QC14, QC15, QC17, QC19, QC21, QC22, QC24, QC30, QC32
Outside Service/Calibration	QC01, QC02, QC05, QC06, QC07, QC08, QC09, QC10, QC14, QC15, QC17, QC21, QC22, QC24, QC32
Outside Service/Machining	QC01, QC02, QC05, QC06, QC07, QC08, QC09, QC10, QC11, QC13, QC14, QC15, QC16, QC17, QC19, QC21, QC22, QC23, QC24, QC25, QC26, QC27, QC28, QC31, QC32

Quality Code	Title	Requirement
QC01	Quality System	Supplier shall establish and maintain a Quality System acceptable to MPM, for the goods and/or services purchased under this purchase order. As a minimum, the supplier's Quality System must meet the requirements of ISO9001 or better.
QC02	AS9100 Compliant	The supplier is required to maintain a Quality System in compliance to AS9100. If facility is not certified to AS9100, buyer reserves the right to conduct surveillance at supplier's facility to make final determination that <u>Supplier's Quality System</u> meets the requirements, and/or supplier will be required to complete a Supplier Survey Questionnaire.
QC03	NADCAP Approval	Special processing NADCAP approval is required. The special process requirements will be listed on the actual purchase order.
QC04	Supplier Furnished Material	Supplier shall submit Chemical and Physical test reports in accordance with the latest material specifications and revision. Distributors must

		provide a certification verifying the materials traceability to the Mill test reports when supplied.
QC05	Sub-Contractor Flow Down	Supplier is required to flow down the requirements of this purchase order, including terms and conditions to the Supplier's subcontractors. Flow down of key characteristics is required when specified on the face of purchase order. Supplier is to notify MPM of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain organization approval.
QC06	Record Control, Retention and Disposition	Record shall remain legible, readily identifiable, and retrievable. As a minimum, the Supplier is to retain records for at least 10 years from the date of shipment under each applicable order for all products/part numbers unless otherwise specified in the order. In special circumstances, the purchase order will identify the actual required number of years that the records should be maintained. Records shall be available for review by customers and regulatory authorities. After the minimum retention period is achieved, suppliers may disposition the records as archive or destroy at their discretion.
QC07	Calibration	The Supplier's equipment shall be calibrated in accordance with ANSI/NCLSL Z540-1 or ISO 10012-1.
QC08	MPM Furnished Property	Supplier is to return all furnished property to MPM at the completion of the purchase order. Furnished property may include but not be limited to the following: drawings, mylars, process specification, tooling, fixtures, and excess raw material.
QC09	Parts Identification	The Supplier is to identify parts in accordance with purchase order requirements.
QC10	Nonconformance/Corrective Action	The Supplier is to notify MPM of a Nonconformance prior to shipping parts. In addition, the Supplier will maintain a system of handling non-conformances and corrective actions. You have two days to report delivered, non-conforming product.
QC11	Special Processing Approval	The Supplier is to perform a special process on this purchase order. Special processing may include one of the following processes: heat-treating, stress relieving or Nondestructive testing. MPM shall identify the specific process specification and the end user on the purchase order. The Supplier should maintain its special process approval with the end user. If the Supplier is not currently approved for the specified process, it is the Supplier's responsibility to notify MPM immediately.
QC12	Dimensional Inspection Report	The Supplier is to document an actual dimensional inspection report and submit it to MPM at the completion of the purchase order.
QC13	First Article Inspection	The Supplier to submit a First Article per AS9102 with this purchase order. It should identify all of the process specifications and dimensional data.
QC14	Measuring & Test Equipment	All measuring and test equipment shall be calibrated in accordance with industry and process specification standards.
QC15	Packaging Protection	Supplier to package parts in a manner that will protect parts from any kind of damage. No metal to metal contact is ever allowed. In special

		circumstances, the purchase order may specify the manner the parts are to be packaged.
QC16	Part Number Serialization	All parts should have unique serial numbers assigned. Supplier is to maintain traceability throughout the production stage.
QC17	Certificate of Conformance	A certification is required, stating that all of the products or services meet the contractual or purchase order requirements. The certificate must list the part number and all of the applicable process specifications, including up to date revision levels.
QC18	The Boeing Company Approved Process	The Supplier shall maintain a special process approval from The Boeing Company on this purchase order.
QC19	Key Characteristics Data Required	This purchase order deals with the drawing that identifies key characteristics. Both the Supplier and MPM should have established a control plan prior to the placement of this purchase order.
QC20	BUY AMERICA ACT	Items procured under this purchase order must be compliant with DFAR 252.225-7000
QC21	Right of Entry	MPM, our customers, and/or any applicable regulatory authority reserve the right to access the supplier's applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records. Reason for access may include inspection of the item on order, status of the item, or reviewing quality records pertaining to the purchase order in question.
QC22	QMS Awareness	Vendors Personnel must be made aware of: <ul style="list-style-type: none"> • their contribution to product or service conformity; • their contribution to product safety; • the importance of ethical behavior.
QC23	Counterfeit Prevention	Vendor must have a process in place to prevent the use of counterfeit parts/materials.
QC24	Control & Monitoring Requirements	Vendor must maintain a Quality Level $\geq 98\%$ and an OTD level $\geq 95\%$. If levels drop below target, supplier will be notified and may be placed on provisional status or disapproved if not corrected
QC 25	Our Company Approved Processors	When a process specification is listed on the engineering drawing process table and our company is indicated under "Source Control", you must use only our company-approved processors. The approved processors are drawing specified
QC 26	Our Company Source Inspection	If company source inspection is required prior to shipment of any item on this purchase order. Contact our company 5 days prior to the time the items will be ready for inspection

QC 27	Our Company Witness of Test	Our company witness of functional testing of the items on this purchase order is required. Contact our company 5 days prior to the time the items will be ready for testing
QC 28	Supplier Planning Approval	<p>Prior to the first shipment, you must submit your manufacturing and inspection planning and that of any subcontract source to our company Buyer for review and approval (freezing) by our company and our company customer (if applicable). As a minimum, the planning shall contain the following information:</p> <ul style="list-style-type: none"> • Supplier name and address. • Revision History Record Sheet. • A revision identifier (letter and or date) for the planning. • Our company part number and our company Drawing Revision letter. • Reference to the customer part number (if applicable). • Sequential manufacturing, processing, test and inspection operations (including any sketches) for fabrication or processing of the part. Operations for outside processes must include the name and address of each supplier used. <p>Your planning and that of any subcontract source is to be re-submitted as identified above for our company and our company customer (if applicable) for re-approval (freezing) prior to making any changes to the previously approved planning</p>
QC 29	Control Plan Approval	You must submit your control plan to our company for review and approval prior to starting production. You must not make any changes to the control plan after our company approval has been granted without the prior written approval of our company Quality. The control plan must identify in chronological order, each step in your manufacturing process, including the items checked, and the method, frequency, acceptance standard, responsibility and documentation for each check. The control plan should also include a process flow chart keyed to the control plan
QC 30	Test Plan Approval	You must submit your functional test and acceptance plan to our company for review and approval prior to starting testing. You must not make any changes to the test plan after our company approval has been granted without the prior written approval of our company Quality
QC 31	Welding Procedure Approval	You must submit your welding procedure to our company for review and approval prior to start of any welding. You must not make any changes to the procedure after our company approval has been granted without the prior written approval of our company Quality. Welding must be performed by certified welders. Evidence of personnel qualification shall be available upon request
QC 32	PO Acknowledgement	You are responsible for acknowledgment of all our company purchase orders.
QC 33	Conflict Minerals	Supplier shall ensure that materials supplied do not contain Conflict Minerals (Tin, Tantalum, Tungsten, Gold – 3TG) as defined by Section 1502 of the Dodd-Frank Act and shall provide certification upon request.