

**F7.4.2B DICRONITE SOUTHWEST TERMS AND CONDITIONS FOR PURCHASE:**

**ACCEPTANCE:** Diconite Southwest's (DSW) offer to Supplier, which becomes a binding contract under these terms and conditions when it is accepted by the Supplier, either by acknowledgment or the commencement of performance. No condition stated by Supplier in accepting or acknowledging this Order will be binding upon DSW if in conflict with, inconsistent with, or in addition to these terms and conditions unless specifically accepted by DSW in writing. This Order is expressly limited to the terms and conditions contained herein.

**NOTIFICATION:** Supplier will promptly notify DSW of any discrepancy or nonconformance in materials, services or products immediately upon discovery of the discrepancy or nonconformance whether before during or after actual delivery to DSW of the materials, services or products.

**ACCESS TO FACILITIES, AUDIT AND INSPECTION:** If this purchase order (a) includes specifications, or (b) is for the procurement of either (i) goods to be incorporated into Buyer's products or (ii) services to be used in the production of Buyer's products, then Seller's (and Seller's subtier suppliers who provide goods or services) facilities, books and records pertinent to this or any related order (to the extent consistent with applicable laws and regulations) shall at all practical times be subject to review, inspection and audit by Buyer, its authorized representative and any authorized representative of Buyer's customer to the extent necessary to verify compliance with Buyer's specifications or to enable Buyer to comply with its obligations to its customer(s).

**SUPPLIER CHANGES IN PRODUCT, MANUFACTURING LOCATION, OR PROCESS DEFINITION:** DSW must be promptly notified of changes in product, manufacturing location, or process definition that were not requested by DSW. DSW reserves the right to require its approval of the product, manufacturing location or the process change before the Supplier forwards the requested product.

**SUBCONTRACTING:** Supplier agrees to obtain DSW's written approval before subcontracting this Order or any substantial portion of this Order.

**MODIFICATIONS:** No modification of any part of this Order, including these terms and conditions, will be valid unless it is issued in writing and signed by an authorized representative of DSW.

**ACCEPTANCE AND REJECTION:** (a) DSW will have the right to accept delivered items or give Supplier notice of rejection or revocation of acceptance, regardless of any prior payment, test, inspection, or passage of title. No inspection, test, delay and/or failure to inspect, test or discover any defect or other nonconformance will relieve Supplier of any obligations under this Order or impair any rights or remedies of DSW.

(b) If Supplier delivers non-conforming items, DSW may, at its option and at Supplier's expense: (i) return the items for credit or refund; (ii) require Supplier to promptly correct or replace the items; (iii) correct the items; or (iv) obtain replacement items from another source.

(c) Supplier will not redeliver corrected or rejected items without disclosing the former rejection or requirement for correction. Supplier will disclose any corrective action taken. Repair, replacement and other correction and redelivery will be completed within the original delivery schedule or such later time as DSW may reasonably direct.

(d) All costs, expenses and loss of value incurred as a result of or in connection with nonconformance and repair, replacement or other correction may be recovered from Supplier by equitable price reduction or credit against any amounts that may be owed to Supplier under this Order or otherwise.

**CALIBRATION AND TESTING SERVICES:** NIST traceability must be included with all reports and calibration must specify compliance to ISO/IEC 17025, ANSI/NCSL Z5-40 1-1994 and/or MIL STD 45662A. The latest revision of the above applies in all cases.

**COUNTERFEIT PARTS:** Supplier must have planned, implemented and controlled processes in place for the prevention of counterfeit or suspect counterfeit part use and their inclusion in product delivered to DSW or its customers. DSW must be notified immediately if counterfeit or suspect counterfeit material is delivered.

**ADDITIONAL TERMS:** In addition to the above clauses, DSW reserves the right to:

- a) Set the requirements for approval of product, procedures, processes and equipment,
- b) Set the requirements for qualification of personnel, including ensuring personnel are aware of:
  - their contribution to product or service conformity
  - their contribution to product safety
  - the importance of ethical behavior
- c) Set minimum quality management system requirements,
- d) Control the identification and revision status of specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data. The latest revision shall always apply unless otherwise stated on P.O.
- e) Set the requirements for design, test, inspection, verification (including production process verification), and as applicable critical items including key characteristics,
- f) Establish the requirements regarding the need for the supplier to
  - notify the organization of nonconforming product,

- obtain organization approval for nonconforming product disposition,
- flow down to the supply chain the applicable requirements including customer requirements, records retention requirements, and right of access by the organization, their customer 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
- g) records related to DSW purchases shall be maintained for not less than 10 years unless otherwise stated on P.O.