



## STANDARD PURCHASE ORDER QUALITY CLAUSES & TERMS AND CONDITIONS

***By accepting the Purchase Order, the supplier accepts the following Quality Clauses & Terms and Conditions:***

### QUALITY CLAUSES

1. DDH, Inc., its customers and certain regulatory agencies reserve the Right of Entry to suppliers' facilities and Quality Records to verify Quality of Work pertaining to the Purchase Order.
2. Supplier is required to flow down to sub tier suppliers all the applicable requirements in the Purchasing Documents, including key characteristics when required.
3. Supplier is required to notify DDH of any non-conformance products. Authority to ship non-conformance product or non-conformance to the Purchase Order must be obtained prior shipment.
4. Supplier is required to retain, store and manage disposition of all Quality Records related to the order for a minimum period of 10 years and or whatever that is written on the Purchase Order.
5. Any verification by DDH will not be used as evidence of effective Control of Quality by the supplier and does not absolve the supplier responsibility to provide acceptable products nor shall it preclude subsequent rejection by DDH
6. Traceability of all products shall be maintained. This shall include applicable certifications, routers, process sheets and special process certification.

### STANDARD PURCHASE ORDER TERMS AND CONDITIONS

1. The Seller shall sell and DDH, herein after referred to as the buyer, shall purchase the items listed on the purchase(s) order to this agreement at the prices indicated for each product, subject to the terms and conditions of this Agreement, its Attachments, and as printed on DDH's purchase order form. Product shall be in strict conformance in all ways to applicable DDH specifications as identified on DDH's purchase order.
2. Seller shall, in the performance of this agreement, through the issuance of a purchase order(s), provide and maintain an inspection system that meets the minimum requirement of Mil-I-45208A. A Quality System that is in conformance with ISO9000 is preferred.
3. **QUALITY:** The Buyer shall have the right to inspect and test all material at source or destination before acceptance. Seller hereby warrants that the material and workmanship of material delivered here under is of the quality specified, is free from all defects, and complies with the drawings, samples or other specifications if any, in all respects. Payment to seller shall not constitute acceptance of material. Seller shall pay the cost of inspecting and testing material rejected and all transportation charges thereon. If product is found defective, buyer has the right to return product for full credit or rework product at the expense of the supplier, within one year from the date of acceptance or initial use, whichever is later.
4. **Certificate of Compliance: ALL CERTIFICATION MUST BE LEGIBLE.** The seller shall provide a Certificate of Compliance with each shipment against the purchase order per line item. The material will be rejected back to the supplier if the Certification is incomplete or absent within two (2) working days of receipt. The certificate shall include as a minimum, the following information:
  - 4.1. Seller's name and address

- 4.2. Date certification issued
  - 4.3. DDH's purchase order numbers
  - 4.4. DDH's Part Numbers
  - 4.5. Lot Numbers and the name of the manufacturer as applicable.
  - 4.6. Governing specifications and/or drawing number and revision
  - 4.7. A statement of Quality certifying that all material used are in accordance with the applicable specification. All processes prescribed in the drawing or purchase order meets the applicable specification. All required inspections and/or tests, have been successfully performed.
  - 4.8. Signature and title of an authorized company management representative.
5. **Product Change Notifications inclusive of changes in product, facilities or quality management system:**  
The Seller shall notify the Buyer and obtain written approval prior to shipping products with changes in product, processes, components, sub-suppliers subcontractor, manufacturing facility location, packaging, shipping method or outside processor. The Seller shall also notify the Buyer in writing prior to any change in top management, ownership, quality management system, or a major change in the number of employees or resources used in a DDH Sub Contract. If the Buyer deems any of these above changes significant, a full or partial part / product requalification will be necessary to validate the change. Since these changes are driven by the Seller, all cost of product or process requalification needed to validate products will be at the Sellers' expense.
6. **PACKAGING AND SHIPPING:** Seller shall assure that DDH's procured product receive the required cleaning, preservation, and special packaging as specified in the purchase order. When requirements are not specified, good commercial practices shall be observed to afford protection and preclude transit damage. Other shipping instructions are contained in the purchase order. Shipment documents shall be accompanied by the following documentation:
- 6.1.1. All documents and data required by the purchase order (e.g., certifications, test data, inspection data, etc.)
  - 6.1.2. Identification of purchase order number, part number, part name, quantity, unit of measure and serial number, if applicable
7. **ELECTROSTATIC DISCHARGE SHIPPING REQUIREMENTS:** Seller shall externally label packaging to alert personnel that contents require special handling, when applicable. Seller shall package ESD sensitive product in ESD protective wrap per IPC-A-610B standards.
8. **FAILURE ANALYSES:** When requested by DDH, the seller shall perform a failure analyses and prepare a report providing, as a minimum, the following information:
- 8.1. The reject document identification number.
  - 8.2. Description of failed items or components.
  - 8.3. The cause of the failure.
  - 8.4. The corrective action to prevent future rejects
  - 8.5. Effectively of the corrective action .
  - 8.6. Purchase order number
9. **EXCUSABLE DELAYS:** Neither seller or buyer shall be held responsible for delays in performance or failures of performance when caused by fires, strikes, epidemics, embargoes, directions of the Government, or other conditions of whatsoever nature or description beyond their respective control which delay performance or render performance commercially impracticable, provided however, that the affected party shall immediately notify the other of the condition and the expected duration thereof.
10. **DELIVERY:** It is understood that time is an essential factor in this transaction; hence, unless excused under section 9 hereof, delivery and/or performance must be actually affected within the time stated on this order in event Seller fails to meet such stated delivery and/or performance will be born by Seller.
11. **TERMINATION:** If the item is not listed as NCNR, the buyer reserves the right to terminate the order in whole or in part at any time by written notice to Seller. Upon receipt of such notice, Seller shall immediately stop work on

the portion of the order terminated and shall take corresponding action with respect to its suppliers and subcontractors. Within thirty (30) days of the notice, Seller shall prepare its termination claim (which may include a reasonable profit on work accomplished and accepted) for submission to Buyer. Upon receipt, thereof Buyer shall promptly negotiate a fair and equitable settlement with Seller, provided, however, that Buyer may require reasonable Proof of the validity of any elements of Seller's claim.

12. **INFRINGEMENT:** Seller shall protect and indemnify Buyer, its subsidiaries and its customers from and against all claims, liabilities and loss arising from infringement or alleged infringement of any right of a third party by the sale (including resale), delivery, acceptance, possession or use (except use in combination with another material or in the practice of any process) of the material covered by this order whether or not that material is according to Buyer's specifications, drawings or samples; and Seller shall defend at its own expense all proceedings instituted against Buyer, its subsidiaries and customers based on said infringement or alleged infringement.
13. **Counterfeit Components:** The seller must be able to verify and assure the components are genuine and not counterfeit. Franchised distributors and Authorized Remanufacturers must be able to assure traceability of parts and components to their original manufacturers.
14. **APPLICABLE LAW:** Seller shall comply with all local, State, and Federal laws and regulations affecting the price, production, sale or delivery of the material under this order, or services performed in connection therewith, and Seller shall indemnify and save Buyer harmless from and against any liability, expense or loss resulting from Seller's failure to do so.
15. **In accepting this purchase order supplier assumes responsibility for testing, process control, labeling and other requirements of the U.S. Consumer Product Safety Commission and/or other regulatory agencies or laws and is responsible for reporting product hazards in accordance with Section 15 of The Consumer Product Safety Act, Public Law 92-573.**
16. **WORK ON BUYER'S PREMISES:** If this order involves the presence of Seller on the premises of Buyer, Seller shall comply with all safety and security regulations and shall take all necessary precautions to prevent injury or damage to persons or property while so engaged. Seller shall indemnify and save Buyer harmless against liability, losses and expenses incurred by Buyer as a result of any such injury or damage except to the extent the same may be caused by the negligent act or omission of Buyer.
17. **ASSIGNMENT:** This agreement and implemented purchase order(s) shall not be assignable, in whole or in part, by either Seller or Buyer except with the express written consent of the other party.
18. **DRAWINGS, PATTERNS, ETC.:** All drawings, blueprints, tracings, patterns, samples, and the like, prepared by Seller and paid for by Buyer or furnished here under to Seller by Buyer, and the information contained therein, are the property of Buyer, shall not be used by Seller except to execute this purchase order, or except as authorized in writing by Buyer, and shall be delivered to Buyer promptly after completion or termination of this purchase order.
19. **OTHER TERMS:** No oral agreement or other oral understanding shall in any way modify this order, or the terms or the conditions hereof. Seller's action in accepting this order or delivering the material called for here under shall constitute an acceptance of the terms and conditions of this purchase order.
20. **ATTORNEY FEES:** In the event of dispute under the terms of this purchase order, the prevailing party will be paid its cost associated with such dispute, including reasonable attorney fees as determined by a local San Diego based court