



ISO 9001/AS9100 Certified

TERMS AND CONDITIONS FOR SUPPLIERS

• DEFINITIONS:

Laktronics refers to Laktronics, Inc.

Supplier refers to the entity that is receiving the Purchase Order and fulfilling the actual Purchase Order. The Supplier may be a Distributor, Manufacturer, Producer, Retailer, Provider of a Service or Information, or any other entity empowered to sell the goods or services contracted by the Purchase Order.

Authorized Purchasing Agent refers to the Laktronics representative whose name appears on the Purchase Order.

QPL refers to a Qualified Product List.

• **ACCEPTANCE OF CONTRACT/TERMS AND CONDITIONS:** Supplier's acknowledgement, acceptance of payment, or commencement of performance shall constitute Supplier's unqualified acceptance of Laktronics Terms and Conditions. Failure to meet terms and conditions of Purchase Order may result in delayed payment of invoice, cancellation of order, return of merchandise at Supplier's expense, or reduction in future orders. Supplier is required to flow down to sub-tier Suppliers all applicable requirements of this Purchase Order, including key characteristics where required.

• **RIGHT OF ACCESS:** Acceptance of this Purchase Order by the Supplier grants representatives from Laktronics, Laktronics' customers (only if needed or authorized by Laktronics), and regulatory agencies the right of entry to the Supplier's premises and right of access to Supplier's records for the purpose of verifying that purchased materials or processes conform to specified requirements.

• **COMPLIANCE WITH LAWS AND REGULATIONS:** Supplier warrants that he has been duly authorized to do business in the jurisdiction in which the work is to be performed; that he has obtained at no cost to Laktronics or Laktronics' customer(s) all necessary and required licenses and permits required in connection this Purchase Order, and that he will comply fully with all pertinent laws, decrees, regulations, and labor standards of such country or countries during the performance of this Purchase Order.

• **QUALITY SYSTEM:** The Supplier must maintain a documented Quality System (manual). This documented Quality System must include provisions for the Supplier to manage the competence, awareness, and training of all personnel. Laktronics reserves the right to request evidence of a documented quality system of the Supplier and applicable sub-tier Suppliers.

• **WORKMANSHIP:** All components must be manufactured, inspected, and tested in a documented and controlled process that meets or exceeds the IPC-A-620 class3 and/or IPC-A-610, Class 3. Objective evidence of workmanship instructions, Inspection records, and training records shall be retained and available by the supplier for Laktronics review upon request. Where applicable, statistical methods for product acceptance may be used should the supplier demonstrate appropriate justification for these methods. Special Instructions for product acceptance, Special requirements, critical items, or key characteristics will be stated on the purchase order where appropriate.

• **SOLDERING REQUIREMENTS IPC J-STD-001:** Any components requiring solder operations shall comply with IPC J-STD-001E, Class 3. Inspection and training records shall be retained for a minimum of 7 years and made available at Laktronics request. All associated documents in IPC J-STD-001E

are applicable.

•**ESD PROTECTION:** Any components that are ESD sensitive shall be manufactured and handled in accordance with ANSI/ESD-S20.20.

•**PRODUCTION PROCESS VERIFICATION:** When specified on the Purchase Order, Supplier shall provide a copy of the First Article Inspection compliant to AS9102. Documentation to be provided with shipment is as follows: AS9102 compliant Form 1 with approval, Form 2 with all material certificates, form 3 including any testing and inspection data performed with accompanying balloon drawing. Should First Article Inspection be required to be approved by Laketronics prior to shipment, this requirement will be clearly stated on the Purchase Order.

•**DESIGNATED SOURCES:** When Sources or Special Processes are defined on the Purchase Order, suppliers shall use Laketronics designated sources, including process sources. Evidence of source and/or special process supplied shall accompany product with shipment. Failure to comply with the Purchase Order may cause product or process to be rejected at the dock and returned to the Supplier freight collect.

•**FOREIGN OBJECT DEBRIS (FOD) PROGRAM:** Suppliers shall have procedure implemented to prevent foreign objects or material in purchased components. Laketronics suppliers shall maintain handling, in process protection, housekeeping, work area accountability, parts, and byproducts in a manner to prevent the risk of FOD occurrences. The suppliers FOD Program shall be subject to audit and to Laketronics or their customers review and approval.

• **SUBSTITUTIONS:** No substitutions allowed whatsoever. The product shipped to Laketronics must exactly match those shown on the Laketronics Purchase Order. To ship an alternate or “better than” product, a Supplier must receive prior written authorization from Laketronics (formal change order to the Purchase Order). Product deviations from the Purchase Order may be rejected at the dock and returned to the Supplier freight collect.

• **SHELF LIFE:** In cases of materials with expiration dates, at least **85%** of shelf life is required upon delivery unless otherwise agreed upon or specified.

• **NONCONFORMANCE OF PRODUCT:** If at any time Supplier becomes aware that shipped material is nonconforming product, Supplier must immediately notify buyer to negotiate arrangements for disposition. Laketronics does not accept nonconforming material, and no oral agreement or action of any kind may alter this provision without specific written agreement by Laketronics.

• **COUNTERFEIT MATERIAL AVOIDANCE:** Suppliers shall maintain a counterfeit material avoidance and mitigation process using AS5553 as a guide and be able to produce for review by Laketronics. If supplier does find counterfeit components in the process of supplying components to Laketronics, supplier will immediately notify Laketronics. Supplier shall purchase components directly from OEM, OCM, or from authorized distributors and have traceability records, test data to support documentation. Suppliers are not authorized to deliver any components from any other than those noted above without written consent from Laketronics.

• **CHANGE IN PRODUCT AND/OR PROCESSES:** Any change in the product and/or process definition and/or site of manufacture must be made known in advance of shipment to Laketronics for authorization/approval. (Also includes changes in ownership, change in quality control procedure and any change in the QPL.)

• **OVER SHIPMENTS:** No over shipments will be accepted without prior written authorization from Laketronics (formal change order to the Purchase Order). The quantity set forth in the Purchase Order is the contract quantity. Without authorization, the overage portion of your shipment may be returned to you freight collect which will require you to re-deliver/re-invoice consistent with the quantity or pricing specified in the Purchase Order.

• **UNDER SHIPMENTS:** Exact quantity on Purchase Order is required. No under shipments allowed. If quantity cannot be met, then Laketronics must be notified in writing prior to order fulfillment. This

notification must include the cause for the quantity discrepancy. Laketronics will choose at that time whether to allow the Purchase Order to be amended to reflect the new approved quantity or whether the Purchase Order needs to be cancelled.

• **PARTIAL SHIPMENTS:** Partial shipments may be authorized if Laketronics is contacted by the Supplier prior to shipment and subject to Laketronics' agreement that a partial order will be allowed. Partial shipments are only authorized in cases where the Supplier gives a verified Purchase Order fulfillment date to Laketronics. If the Partial Shipment is not fulfilled by the verified Purchase Order fulfillment date, the Laketronics reserves the right to return the already delivered product at the Supplier's expense for a full refund. Partial shipments are never allowed in cases where the Purchase Order states that "Partial shipments will not be accepted".

• **SUPPLIER REQUIREMENT TO NOTIFY BUYER:** Supplier shall immediately notify Laketronics in writing whenever a verbal or written change request has been received from a representative of Laketronics other than the Authorized Purchasing Agent. This includes any change request that affects any aspect of the current Purchase Order including – but not limited to – existing terms and conditions, costs, items ordered, specifications on the items ordered, or schedule of delivery. Only the Authorized Purchasing Agent has the authority to make a change to the Purchase Order via a formal change order.

• **IDENTIFICATION AND TRACEABILITY:** Laketronics requires that all purchased products – including raw materials and packaging – are clearly identified by part number, trade name, or chemical name – and that lot numbers and/or batch numbers are clearly designated on the delivery paperwork. Date of Manufacture and Shelf Life/Expiration Date must also be clearly labeled on all products that have a shelf life as well as on corresponding paperwork.

• **DELIVERY PAPERWORK:** Delivery paperwork at a minimum must include a packing slip and any other paperwork designated on the Purchase Order. All raw materials must be accompanied by a written Certificate of Analysis and Material Safety Data Sheet regardless of whether the Purchase Order specifies these documents. All written paperwork must be received in order for a Purchase Order to be considered fulfilled. Failure to submit required paperwork – i.e. MSDS, CoA – to Laketronics within 24 hours of delivery may result in payment being held. If such paperwork does not exist, a written statement must be supplied to that effect with each order and sent via fax or e-mail to Laketronics or attached with the packaging paperwork. Laketronics may return products at the Supplier's cost if acceptable required documentation is not received within 3 business days after delivery. Failure to provide the required paperwork will jeopardize the Supplier's performance rating.

• **CERTIFICATE OF CONFORMANCE:** Laketronics suppliers shall include a Certificate of Conformance with each shipment. The certificate shall contain at a minimum the following, if applicable;

1. Original manufacturers and distributors name and address
2. Laketronics PO number, line item and revision
3. Part number, revision and quantity
4. Drawing or specification number and revision
5. Serial numbers, date codes, or batch number
6. Statement of conformance to requirements
7. Authorized agents signature, title and date

• **TIME OF THE ESSENCE; NO WAIVER:** Time is of the essence with respect to every term and condition. No acceptance of partial performance on the part of Laketronics shall constitute a waiver of any term or condition without prior express written authorization from Laketronics.

• **RECORDS RETENTION:** All records, including certification as required under the terms of this purchase order and which document the quality of the items provided, shall be retained for a minimum of 15 years after the final shipment unless otherwise specified in the purchase order or contract.

• **FLOW DOWN REQUIREMENTS:** Suppliers shall flow down to their sub-tier suppliers any applicable Laketronics requirements as defined in the purchasing documents (PO, Terms and Conditions, etc.)

• **SUPPLIER PERFORMANCE:** Suppliers providing products and services to Laketronics will be continuously evaluated by Laketronics based on the suppliers on time delivery and quality performance.

• **PRODUCT SERVICE CONFORMITY, SAFETY, AND ETHICAL BEHAVIOR:** By acceptance of this purchase order, the supplier acknowledges their awareness of their contributions to product and service conformity, product safety and ethical behavior listed in A) B) & C) below and shall communicate this information and requirements to all employees within the organization that have an impact on product conformity.

- A) The materials supplied under this purchase order will be used in aerospace products.
- B) The materials supplied under this purchase order have safety impacts on the final products produced.
- C) The materials supplied under this purchase order must be produced at the highest possible standards of responsible, sustainable and socially aware business practice.

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