



310 N. Marion, PO Box 1130, Olathe, Kansas 66051 USA
P: +1-913-782-0012 | F: +1-913-782-0562

TERMS & CONDITIONS OF PURCHASE

1.0 PACKING

No charge shall be made for cartons, wrapping, packing, boxing, crating, delivery, drayage or other costs, unless authority for such charge is expressly incorporated in this order. Suppliers are to take steps to reduce the overall number of boxes that shipments are sent by combining orders with identical delivery dates.

2.0 TERMS

All accounts are PAID Net 30 following the date of invoice, except that invoices cannot be paid until shipment is received and cleared through our receiving records. Buyer may request accounting department to place invoices on hold when there are issues regarding non-conforming materials.

3.0 CONFIDENTIALITY

The seller shall not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that the Seller has furnished or has contracted to furnish to Buyer, the articles herein mentioned. The Seller shall not disclose any of the details connected with this order to any third party, except as herein specified. The Seller agrees to be responsible to safeguard any all Secret, Confidential, Restricted or Proprietary information, including intellectual property, that may be disclosed or that may be developed in connection with the work under this order, and are required to convey this requirement to all sub-tier contractors and agents of the Seller to whom any work or duty relating to this order is assigned. Seller shall make all efforts to secure hardcopy and digital information from access by outside entities or unauthorized personnel.

4.0 PATENT PROTECTION

By accepting this order Seller agrees to indemnify and hold harmless and protect Buyer, its successors, assigns, customers and the users of its products, from and against all loss, damages, liability, claims, demands, and suits at law or equity, for actual or alleged infringement of any united States patent, trademarks or corresponding rights by the materials or articles called for by this purchase order.

5.0 ENGINEERING INFORMATION, TOOLS, ETC.

All designs, tools, equipment, patterns, drawings or any other information supplied by Buyer to the Seller for use in the manufacture of the articles or materials contracted for are to be considered as the sole property of Buyer. Seller agrees to safeguard from loss or damage of said items and will notify Buyer if any issue arises where replacement, rework or reimbursement for costs associated with these items is to be incurred. Buyer will provide written notification of actions to be taken to remedy such situation. By accepting this order, seller expressly agrees that it will not use any of them in the production, manufacture or design of any other articles or materials for any other entity besides Buyer, or for the production or manufacture of larger quantities than those specified herein, without first obtaining the express consent and license in writing of Buyer. At the termination of the Purchase Order Contract they shall be returned to Buyer, together with all spoiled and surplus materials, unless Buyer specified otherwise.

6.0 TAXES

In the event the materials and or supplies specified by this order are designated herein for use as materials in the manufacture or production of, or for use as a component part of an article to be manufactured or produced for the united States Government, said materials and or articles



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shall not be subject to any Federal, State, or local tax under which said supplies are exempt. Except as otherwise provided herein, the Seller agrees to pay any Federal, State or local Sales, Tax, Use Tax, or other similar excise tax which may be imposed upon the articles and supplies ordered.

7.0 QUALITY ASSURANCE

All articles or materials or purchased herein will comply with Buyer's Quality Management Systems specifically as follows:

- 7.1** All articles or materials manufactured for Buyer will meet Buyer's Quality Management System requirements regarding requirements for packing slips from supplier to reflect Buyer part number including revision level, Seller part number, Purchase Order reference, and Certificates of Conformance to accompany all shipments. All sub-tier suppliers are additionally required to supply relevant information regarding raw material specifications and special process certifications upon request of Buyer.
- 7.2** Buyer requires that all design, test, inspection, verification (including production process verification), use of statistical techniques for product acceptance, related instructions for acceptance by the organization, applicable critical items including key characteristics must be approved by Buyer prior to production if required. This will be stated on the purchase order directing such evidence to be provided.
- 7.3** All test specimens for design approval, inspection, verification, investigation or auditing must be approved in writing by Buyer prior to full production.
- 7.4** Supplier must notify Buyer of non-conforming product and obtain Buyer's approval of non-conforming product, or approval for non-conforming product disposition. The Supplier must also notify Buyer in changes of product and/or process, changes of suppliers, changes of manufacturing location and obtain Buyer's approval for said changes if required. Supplier must also flow down to the supply chain to all sub-tier suppliers the applicable requirements including Buyer's requirements.
- 7.5** All records pertaining to the production of any articles or materials must be retained and available for Buyer's inspection for 11 years.
- 7.6** Supplier will provide right of access by Buyer, 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.
- 7.7** All sub-tier processors used in special processes regarding plating activities or passivation of manufactured product will be NADCAP certified. These processing activities will be required to have Buyer approval before production is to be started regarding these activities.

8.0 ASSIGNMENT

This contract may not be assigned to any other entity without the written consent of the Buyer.

9.0 RIGHT TO CANCEL

Buyer reserves the right to cancel this order if material is not shipped within specified time, or if the quality of the articles is not as specified herein, but neither party shall be liable, and this order will not be cancelled for delays in delivery or in the performance of this contract due to causes beyond his control and without his fault or negligence, including but not restricted to acts of God or of the public enemy, acts of Government, fires, floods, sabotage, strikes, and labor disputes. Buyer may cancel the Purchase Order contract with reasonable notice and any costs related to raw materials, WIP, and finished materials will be negotiated to Buyers acceptance.



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10.0 WARRANTY OF MATERIALS

The Seller by acceptance of this order and by furnishing goods hereunder warrants the articles provided to be free from defects in labor, materials or fabrication. This warranty shall run to the Buyer, its successors, customers, and the user of said products. All warranties shall be construed as conditions of sale and will be provided to Buyer in writing if such requirement is deemed appropriate and necessary.

11.0 COD SHIPMENTS

Any shipments sent on C.O.D terms by the Seller without written consent of Buyer will not be accepted and will be at Sellers risk.

12.0 PRICE INCREASES

In the event prices on this Purchase Contract are subject to increase by the Seller after acknowledgement of Purchase Order, Buyer retains the right to cancel the balance of the contract at no charge to Buyer at the time Seller increases the prices.

13.0 CONFLICT MINERALS

Seller shall identify and provide notice of same to buyer prior to or upon signature or amendment of this Contract all Items containing Conflict Minerals (“3G”), which currently includes gold, tin, tungsten and tantalum, as defined in 77 FR 56273, 17 CFR PARTS 240, 249 and 249b, Section 13(p) to the Securities Exchange Act of 1934 and Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Conflict Minerals Regulations”). For each Item(s) so identified, Seller shall provide to Buyer: (i) the name of each Item, by part number, which contains a CM, including identification of the CM and the percentage by weight thereof in the Item and in any subcomponent thereof; (ii) country of origin for each Item(s) and related CM identified; (iii) supplier name of each Item(s) and CM identified; and (iv) any other information required by Buyer to ensure compliance with Conflict Minerals Regulations. If no Item supplied hereunder contains a CM, Seller shall confirm same in writing to Buyer. Seller represents and warrants that the Item(s), its supply, its use, including its incorporation into other products, either (i) does not contain CM or (ii) any CM contained in Item(s) supplied hereunder are “DRC Conflict Free” as defined in the Conflict Minerals Regulations. Seller shall complete Buyer’s annual CMRT survey no later than five (5) days from receipt of the survey and certify the content contained therein.

14.0 U.S. EXPORT CONTROL LAWS AND REGULATIONS

The recipient of information and property under this Order acknowledges its obligations to control access to technical data, samples and equipment under the U.S. Export Laws and Regulations and agrees to adhere to such Laws and Regulations and any license(s) issued thereunder. Seller shall be responsible for obtaining required export licenses or other approvals from the government of the country of origin. Should any government deny a license or approval necessary for the performance of this Order or any Purchase Order for reasons beyond the control of Seller, this Order or any Purchase Order may be canceled in accordance with Article 10 herein. In the event any government agency levies any penalties, fines or charges against Buyer due to Seller’s failure to provide any necessary Item(s) information for import or export documentation, Seller shall reimburse Buyer for all such charges.

15.0 ITAR

In the event Supplier is supplying an Item(s) that is controlled under the International Traffic in Arms Regulations and classified on the United States Munitions List (USML), Supplier shall

provide confirmation in writing to Buyer that Seller is currently registered with the Directorate of Defense Trade Controls (ITAR 22 C.F.R. 122.1). Inability to provide this required information may be considered a failure to deliver in conformity with this Order and Buyer may, in its sole discretion and at Seller's expense, reject the Item(s) at the point of receipt.

16.0 COUNTERFEIT ITEMS

A "Counterfeit" item is an item, or any component thereof, produced, altered or otherwise misrepresented to resemble another item, or any part thereof, without authority or right to do so; including but not limited to, any item that is produced or altered to result in Buyer being misled or defrauded through the presentation to Buyer of such item as original, new, genuine or otherwise from a source other than the actual source of such item.

16.1 Seller represents and warrants to Buyer that Seller has in place, and will maintain in place throughout the duration of this Contract, Agreement or Order, written policies and procedures which will adequately preclude, detect and remove, Counterfeit items and components from any shipment to Buyer. These policies shall include, without limitation, Seller's oversight and auditing of Seller's suppliers. Seller further represents and warrants that it will provide Buyer only with items and components that have been sourced from the Original Component Manufacturer (OCM) or the OCM's authorized distributor, unless Buyer has previously authorized a different source, in writing. Within ten (10) days after Seller's receipt of a request from Buyer, Seller shall provide Buyer with written documentation setting forth such policies, procedures and authorizations. Additionally, within five (5) days after Seller's receipt of a request from Buyer, Seller shall provide accurate and complete records regarding the sources and history of production and distribution of all such items and components sold to Buyer.

16.2 If Buyer, in its sole discretion, determines that any items or components received from Seller are, or may be, Counterfeit ("Suspected Counterfeit Parts"), Buyer shall notify Seller in writing of such determination. Seller agrees that Buyer shall have no obligation to return, or pay for, any such Suspected Counterfeit Parts. If payment has been made, Seller agrees that within ten (10) days after receipt of such notice, those payments made from Buyer shall be refunded without any additional fees. Seller further agrees that it shall indemnify, defend, and hold harmless Buyer from and against any claims, actions, proceedings, judgments, penalties, fines and/or other losses of any kind arising out of or in connection with any such Suspected Counterfeit Parts. Prior to Seller's acquisition of any items, or components thereof, that will be included in any transaction between Seller and Buyer, Seller shall flow down the requirements of this Article to all sub-tier entities from which it receives such items, or components thereof, and shall be fully liable to Buyer for all such entities' compliance with such requirements and provide written evidence of such upon request.

16.3 SELLER SHALL WARRANT THAT ITEMS SUPPLIED BY SELLER ARE NEW UNLESS SPECIFICALLY APPROVED BY BUYER IN WRITING. ITEMS SHALL NOT BE SURPLUS, RECONDITIONED, RECOVERED OR RE-MANUFACTURED UNLESS APPROVED BY BUYER IN WRITING.

16.4 Seller shall reimburse Buyer for all consequential damages and expenses associated with correction of any defect, failure, authenticity and conformance of the Item(s) including field support, logistics, repair, refurbishment, exchange and any other consequential costs associated with correcting the defect, failure, authenticity and conformance at either Buyer's location or at Buyer's Customer location(s).



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17.0 BUSINESS PRACTICES

Hisonic is committed to conducting business transactions ethically and in compliance with all industry and governmental laws and regulations. We expect our suppliers and sub-tier suppliers to:

- 17.1** Ensure that all of their employees are aware of appropriate business ethical behavior and to refrain from engaging in illegal, unfair or deceptive practices.
- 17.2** Inform all employees of their contribution to product safety and conformity as it applies to items being produced or distributed for Hisonic.
- 17.3** Ensure that all personnel are appropriately trained and competent to perform work associated with supplying items and services to Hisonic.
- 17.4** Obtain and maintain all required permits, licenses, or certifications that may be required in their jurisdiction in connection with operation of their business.