



## AS9100 Terms & Conditions for Suppliers

Form 101, Rev 004

These Terms and Conditions apply to all materials Supplier sells to Velatron Technologies, its subsidiaries or affiliates.

### 1. DEFINITIONS

In this Agreement, the following terms shall have the following meanings unless the context otherwise requires:

**“Counterfeit Part”** means an unauthorized copy, imitation, substitute, or modified part (e.g., material, part, component), which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer.

**“First Article Inspection”** means a planned, complete, independent, and documented inspection and verification process to ensure that prescribed production processes have produced an item conforming to engineering drawings, DPD, planning, purchase order, engineering specifications, and/or other applicable design documents.

**“Foreign Object Debris/Damage”** means a substance, debris or article alien to the product which would potentially cause damage (“Foreign Object Damage”), being any damage attributed to a foreign object that can be expressed in physical or economic terms that may or may not degrade the product’s required safety and/or performance characteristics.

**“Product(s)”** means all goods and/or services detailed on the purchase order.

**“Purchase Order”** means the commercial document issued by SG Smallwood Inc. to the Supplier indicating the types, quantities and agreed prices sent either by e-mail, facsimile or mail or delivered by hand and any listed attachments including but not limited to Velatron Technologies’ AS9100 Terms and Conditions which together make up the contract between Velatron Technologies and the Supplier.

**“Quality Record”** means a document that provides evidence of conformity with contractual requirements and demonstrates the effective operation of a supplier’s quality management system including but not limited to documentation accompanying the product, material certification, shelf-life certificate, special process certification, test reports, certificate of conformity, inspection and test documentation, statistical documentation, process control documentation, results of production process verification and any other quality assurance document as reasonably requested by Velatron Technologies.

**“Supplier”** means the person or company on whom the purchase order is placed.

**“Sub-tier Supplier”** means all entities that perform manufacturing, assembly, testing and inspection work for a Seller, including, but not limited to, sub-tier suppliers at all levels, subcontractors, special processors and other Seller manufacturing sites, partners, etc.

### 2. GENERAL

2.1 A commitment by Velatron Technologies to purchase from the Supplier shall only arise when Velatron Technologies transmits a purchase order to the Supplier. Such purchase order is accepted once receipt is acknowledged by the Supplier.

2.2 The Supplier shall flow down to its Sub-tier Suppliers in its supply chain all applicable requirements of the Purchase Order and these AS9100 Terms and Conditions.

2.3 The Supplier shall use customer-designated or approved Sub-tier Suppliers, including process



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sources, upon reasonable request by Velatron Technologies (e.g., special processes).

- 2.4 If any provision of this Agreement and any Purchase Order is held to be invalid, illegal or unenforceable by a Court, then such provision shall be deemed modified to the extent necessary to make such provision enforceable by such Court. The invalidity in whole or in part shall not impair or affect the validity or enforceability of the remaining provisions of such Agreement or Purchase Order.
- 2.5 This Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada without regard to conflict of law principles. The parties consent to attorn to the jurisdiction of the courts in City of Waterloo, in the Province of Ontario and agree that the proper exclusive venue for any dispute concerning this Agreement shall be in such Courts.

### 3. QUALITY

- 3.1 Supplier shall establish and maintain quality records to demonstrate compliance with contractual requirements and to demonstrate effective operation of Supplier's quality management system.
- 3.2 All Quality Records shall be kept for a minimum of ten (10) years and shall be made available upon request to Velatron Technologies, its clients, or regulatory authorities.
- 3.3 Upon request, the Supplier shall provide its procedure(s) for managing relevant Quality Records to Velatron Technologies for review.
- 3.4 Supplier shall notify Velatron Technologies immediately if a nonconforming product(s) or service(s) is discovered. The Supplier shall also notify Velatron Technologies of relevant organizational changes and or changes in key personnel.
- 3.5 Suppliers shall notify Velatron Technologies about any ambiguity in drawings or specifications as soon as they become aware of it.
- 3.6 Suppliers shall retain evidence of Velatron Technologies' approval for supplier's nonconforming product. The Supplier shall take action to determine the root cause(s) and eliminate such root cause(s) of nonconformities to prevent recurrence. Upon request, the Supplier shall provide evidence that corrective actions have been successfully implemented.
- 3.7 If any non-conforming product is released to Velatron Technologies, the Supplier must notify Velatron Technologies within twenty-four (24) hours of becoming aware of such release, and Velatron Technologies shall be entitled without prejudice to reject such product.
- 3.8 Supplier shall notify Velatron Technologies of any changes in the manufacturing/service processes (including material changes) and, unless approved by Velatron Technologies in writing, Velatron Technologies shall be entitled without prejudice to any other remedy to reject such product which has been subject to said changes.
- 3.9 Supplier shall ensure that minimum lifecycle remaining on products sold to Velatron Technologies is no less than or equal to 75%.



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### 4. COUNTERFEIT

- 4.1 The Supplier shall ensure that the counterfeit part is not delivered to Velatron Technologies. In fulfilling its obligations under the Purchase Order, the Supplier shall only purchase products from the company that is the original source for the manufacturing of lawful components or equipment to be delivered or included as product to Velatron Technologies. Product shall not be acquired from distributors that are independent from the originating organization's authorized distribution chain, without written consent from Velatron Technologies.
- 4.2 If the Supplier becomes aware or suspects that it has acquired a counterfeit part, the Supplier must notify Velatron Technologies as soon as possible. Upon request by Velatron Technologies, the Supplier shall provide documentation that authenticates traceability of the affected products to the organization that is the originating source for the production of legitimate components, goods, or equipment.
- 4.3 In the event that product delivered under the Purchase Order constitute or includes counterfeit part, the Supplier shall, at its own expense promptly replace such counterfeit part with genuine product conforming to the requirements of the purchase order. Notwithstanding any other provision in the Purchase Order, the Supplier shall be liable for all costs relating to the removal and replacement of counterfeit part, including without limitation Velatron Technologies' costs of removing counterfeit part, of reinserting replacement product and of any testing necessitated by the reinstallation of product after counterfeit part has been exchanged.

### 5. ACCESS, AUDIT AND INSPECTION

Velatron Technologies, its customers and regulatory authorities, shall have access to the Supplier and Sub-tier Supplier facilities at all reasonable times for any purpose in connection with the performance by the Supplier under the Purchase Order. The Supplier shall secure the same rights of access to the premises of its Sub-tier Suppliers.

- 5.2 All products under the Purchase Order are subject to incoming quality inspection by Velatron Technologies, its customers and regulatory authorities. Velatron Technologies shall be entitled to audit the Supplier's quality management system.
- 5.3 The Supplier shall provide advance notification to Velatron Technologies no less than seven (7) business days prior to any product being available for an incoming quality inspection as may be requested by Velatron Technologies from time to time.
- 5.4 Upon request by Velatron Technologies, the Supplier shall provide evidence to demonstrate that their personnel are aware of:
  - 5.4.1 Their contribution to product conformity.
  - 5.4.2 Their contribution to product safety.
  - 5.4.3 The importance of competency, qualification, and ethical behavior of their employees
- 5.5 In addition to the Quality Records, the Supplier shall provide the most up to date, First Article Inspection documentation to AS9102 Standard. The Supplier must identify the object of the First Article Inspection as such. The Supplier must carry out a First Article Inspection before supplying a product to Velatron Technologies in case of (a) changes to process, or (b) movement of machines or if the Supplier has not supplied a product to Velatron Technologies for a period of more than two (2) years.



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- 5.6 Unless the Supplier is the original manufacturer of the materials, parts, components, or similar items supplied to Velatron Technologies, the Supplier shall retain records necessary to demonstrate origin, traceability, conformity, and compliance with applicable purchase order, customer, statutory, regulatory, and contractual requirements.

The Supplier shall retain such records for a minimum of ten (10) years, unless a longer retention period is required by Velatron Technologies, its customer, statutory, regulatory, or contractual requirements. Where a longer retention period applies, the Supplier shall comply with the longer specified requirement. Records shall be made available to Velatron Technologies upon reasonable request.

- 5.7 Supplier shall maintain Foreign Object Debris/Damage ("FOD") prevention program including:
- 5.7.1 A review of manufacturing processes to identify and eliminate foreign object debris;
  - 5.7.2 SG Smallwood Inc.'s right to perform FOD prevention program audits;
  - 5.7.3 Periodic self-audits of the Supplier's internal FOD prevention practices; and
  - 5.7.4 Provision of periodic FOD training to the Supplier's employees

## 6. PACKAGING AND SHIPPING

- 6.1 Unless otherwise specified, each package shall be numbered and labeled with purchase order number, stock number, contents, and weight, and shall contain an itemized packing slip, material and test certifications, quality certifications including a Certificate of Conformity, specifications and other applicable documents as required by the terms of the purchase order.
- 6.2 No charges will be allowed for packing, crating, or handling unless explicitly stated in the Purchase Order. For all shipments under the Purchase Order, Velatron Technologies will use its designated courier account to arrange transportation of raw materials. The supplier is responsible for proper packaging to ensure safe transit and compliance with all applicable regulations and industry standards. If hazardous materials are involved, packaging must conform to all relevant legal and regulatory requirements. The supplier must coordinate with Velatron Technologies' logistics team to ensure timely pickup and proper documentation. The Purchase Order, along with its listed attachments, forms the binding agreement governing these shipping terms.

## 7. DELIVERY

- 7.1 Deliveries shall be in accordance with the Purchase Order schedule and in exact quantities unless specified. If Supplier deliveries will not meet schedule, Velatron Technologies may request Supplier to ship using alternative routes necessary to meet schedule or recover time lost by non-delivery on schedule; the difference between revised routing and order routing costs shall be paid by the Supplier. Failure of Supplier to complete the delivery within the time specified shall, in addition to Velatron Technologies' other rights and remedies, relieve Velatron Technologies of the obligation to accept and pay for material or work.

## 8. WARRANTIES

Supplier warrants:

- 8.1 All items delivered under this order will be free of defects in material and workmanship, will conform to all applicable specifications and drawings and, to the extent such items are not manufactured pursuant to detailed designs furnished by Velatron Technologies, will be free from defects in design and suitable for the intended purpose.



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- 8.2 Unless otherwise stated in the Purchase Order, all items delivered under PO(s) are new, have not been previously used and are not former Government or surplus property.
- 8.3 All materials herein described, and the sale thereof do not, and the use of the same for their intended purposes will not constitute infringement or contributory infringement of any patent, copyright or trademark, or violation of any trade secret.
- 8.4 In the performance of Purchase Orders, Supplier has complied or will comply with all applicable Federal, State and local laws and ordinances and all lawful orders, rules and regulations there under. These warranties are in addition to and shall not be construed as restricting or limiting any warranties of Supplier, expressed or operation of law. The warranties of Supplier and those flowed-up to the Supplier, together with its service warranties and guarantees, if any, shall run to Velatron Technologies and its customers.
- 8.5 Supplier agrees that Velatron Technologies shall have the right, without incurring any liability to the Supplier, to withhold payment of any invoices, should Supplier fail to materially comply with the applicable Federal, State, or local laws, regulations, ordinances, rules and regulations or the terms and conditions contained within.

### 9. PROPRIETARY INFORMATION

- 9.1 Unless otherwise expressly provided in this Purchase Order, all drawings, blueprints, dies, patterns, tools, printing plates, and other items used in connection with the manufacture of the Goods, which are prepared or constructed by the Supplier in fulfilling this purchase order, or which are provided by Velatron Technologies for the specific use by the Supplier against this Purchase Order, shall be the property of the Velatron Technologies, and shall be held in confidence by the Supplier.
- 9.2 All such property shall be identified and marked appropriately as Velatron Technologies' proprietary property, shall only be used by the Supplier for this Purchase Order, and shall be insured by the Supplier in Velatron Technologies' name in the amount of its full replacement value as determined by Velatron Technologies.
- 9.3 Supplier shall not reproduce, use, or disclose any of Velatron Technologies' proprietary property except as necessary in the performance of this Purchase Order or as otherwise agreed in writing by Velatron Technologies. Velatron Technologies shall be considered the person for whom the work was prepared for the purpose of authorship in any copyrightable work created by the Supplier pursuant to this Purchase Order.
- 9.4 Any information which the Supplier may disclose to Velatron Technologies with respect to the design, manufacture, sale, or use of the Goods shall be deemed to have been disclosed by the Supplier as part of the consideration paid by Velatron Technologies against this Purchase Order, and the Supplier shall not assert any claim against Velatron Technologies by reason of Velatron Technologies' use or disclosure thereof.

### 10. CONFLICT MINERALS DISCLOSURE

- 10.1 The Supplier agrees to support Velatron Technologies regarding compliance with sourcing obligations to certain customers including the requirements to report sourcing of tin, tantalum, tungsten, and gold ("Conflict Minerals") from certain countries in the African subcontinent.



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- 10.2 The Supplier shall have due diligence processes in place to make reasonable inquiries, including with its supply chain, into the country of origin of Conflict Minerals included in the Goods sold to Velatron Technologies.
- 10.3 Supplier shall include in any quotation or proposal notice of any actual or proposed sourcing of Conflict Minerals to be included in the Goods. Where no formal quotation or proposal was generated by Supplier, upon receipt of any Velatron Technologies purchase order and prior to Supplier's acceptance of such Purchase Order, Supplier shall disclose to Velatron Technologies the existence of Goods containing Conflict Minerals. Supplier shall report such data as may be required by Velatron Technologies to fulfil Velatron Technologies' obligations to its customers regarding sourcing of Conflict Minerals.