

AG Machining & Industries, Inc.  
Purchasing Standard Terms & Conditions Agreement

General: The Terms & Conditions herein established by AG Machining & Ind., Inc. (“us”, “we”, “our”) apply to all AG Machining & Industries, Inc Purchase Orders unless otherwise noted.

1. Our organization reserves the right of final approval of product, procedures, processes and equipment.
2. All special processes must be performed by qualified personnel.
3. Our organization reserves the right to review and approve our suppliers’ Quality Management System. Standard QMS Requirements Include:
  - a. Suppliers providing special processing must maintain a system for validating the processes.

Suppliers performing calibration services shall meet the applicable requirements of AS9100C:2008 / ISO13485E:2003 including those of clause 7.6 and maintain records of such.

Suppliers performing NDT, plating, paint, and all other special processes shall meet the applicable requirements of AS9100C:2008 / ISO13485E:2003 including those of clause 7.5.2 and maintain records of such.
  - b. Suppliers initially approved for use via Certification must notify our organization of any changes to that certification. Suppliers initially approved via QMS must notify us when major changes or revisions to their QMS / Manual are incorporated.
4. The supplier shall maintain the proper identification and revision status of specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data.
5. Our organization reserves the right to approve or specify any tests, inspection plans, verifications, use of statistical techniques for product acceptance, and any applicable critical items including key characteristics.
6. Our organization reserves the right to designate requirements for inspection/verification, investigation or auditing.
7. The supplier is required to:
  - a. Notify our organization of nonconforming product.
  - b. Obtain our organization approval for nonconforming product disposition.
  - c. Notify our organization of changes in product and/or process, changes of suppliers, changes of manufacturing facility locations and where required, flow down to the supply chain the applicable requirements including customer requirements.
8. When supplying shelf-life product, the supplier is required to supply product that has a remaining shelf life of at least 75% of original life as of the date of shipment.
9. The supplier is required to retain all records associated with the Purchase Order for 15 (fifteen) years unless otherwise specified by purchase order.
10. Right of access by our organization, our 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.
11. Unless otherwise specified on the purchase order, all specifications listed apply to the latest revision level and must be certified at that level.
12. Mandatory FAR and DFAR Clauses are hereby invoked as applicable.
13. ITAR conformance is required when stated as such on purchase order or accompanying documentation.
14. Any disputes arising out of any Contract issued pursuant to the Terms and Conditions shall be interpreted in accordance with and governed by the Laws of the State of Colorado, USA.
15. If the counterfeit parts program requirement is stipulated on the purchase order, the supplier shall participate in a counterfeit parts prevention program similar to the requirements set forth in AS5553 including mitigation. The supplier shall be an authorized

or franchised distributor and capable of supplying documentation indicating so. The supplier shall also be capable of providing traceability documents showing chain of ownership back to the OCM / OEM. Certificate of conformance shall, at a minimum, include a)Manufacturer's name and address, b)manufacturer's and / or supplier's part number, c)as applicable, batch identification such as date codes, lot codes, serialization, or other id, and d)signature or stamp with title of the supplier's authorized personnel.

16. A FOD prevention plan shall be implemented and flowed down.

17. All provisions of the Defense Priorities and Allocation System regulation 15CFR700 apply and must be followed for all DO or DX rated jobs as identified on the purchase order.

18. The following Supplier Conflict Materials Agreement applies:

Conflict minerals are minerals that are mined in areas of armed conflict and human rights abuses in the eastern provinces of the Democratic Republic of the Congo and adjoining countries. Conflict metals are refined from the minerals columbite-tantalite (tantalum), cassiterite (tin), and wolframite (tungsten). The profits from the mining of these minerals are used to fund continued fighting in the Second Congo war. To counter the trade in conflict minerals, language was added to the Dodd-Frank Wall Street Reform and Consumer Protection Act to require companies that use "conflict minerals/metals" to determine and disclose their sources of tin, tungsten, tantalum, and gold, with the intent to discourage companies from using minerals/metals that are mined/smelted from conflict areas of the DRC and adjoining countries.

As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Securities and Exchange Commission requires all publicly traded companies to submit conflict mineral reports. The companies not directly regulated by the SEC will also be impacted because conflict minerals traceability will be pushed down through the entire supply chain.

AG Machining & Industries requests that all suppliers supplying raw material or product which includes elements of tin, tantalum, tungsten, or gold to follow a conflict-free sourcing policy, provide conflict free metals, and monitor their supply chain. In addition, suppliers are required to:

- Demonstrate due diligence in the procurement of conflict metals.
- Show corrective action if conflict metals are traced to the conflict region of the DRC or adjoining countries.

Due diligence includes the quest to trace tin, tantalum, tungsten or gold supplied in raw material or product to a certified conflict-free smelter. The goal is to prevent the use of conflict metals that originate from mines/smelters whose profits support armed groups and human rights abuses in the DRC and adjoining countries while supporting legitimate mining in this region.

This policy statement reflects AG Machining & Industries' commitment to social responsibility in effort to ensure we do not directly or indirectly engage with suppliers where a reasonable risk exists that they are sourcing from, or linked to, any party committing human rights or related abuses.

AG Machining & Industries is also committed to promoting environmental awareness in an effort to minimize residual footprints and maximize future generations' access to clean air, clean water, and natural resources and requests such of its suppliers.