



Terms and Conditions

Terms and conditions detailed form part of all Cleeve Technology Inc purchase orders and service orders
Acceptance of a purchase/service order implies acceptance of these terms and conditions

1. Definitions

"Contract" shall mean any contract resulting from this order

"Order" shall mean this purchase order

"Buyer" shall mean Cleeve Technology Inc

"Seller" and/or "Supplier" shall mean the person on whom this order is placed

"Goods" shall mean the supplies to be delivered under the contract and shall be deemed to include any service(s)

2. Statistical Techniques for Acceptance

Where the supplier determines the use of statistical techniques for product acceptance, the statistical techniques must be statistically valid and based on a known standard such as Mil Standard 105 for sampling inspection etc. In addition the instructions for acceptance shall be defined.

This purchase order constitutes buyer's offer to seller, and is a binding contract on the terms and conditions set forth herein when it is accepted by seller either by the acknowledgement or the commencement of performance hereunder. No condition stated by the seller in accepting or acknowledging this order shall be binding upon buyer if in conflict with, inconsistent with, or in addition to the terms and conditions contained herein unless accepted by buyers written approval.

3. Revisions

No revision of this order of any of the terms and conditions hereof shall be valid unless in writing and signed by an authorised representative of buyer's purchasing department.

4. Delivery

4.1 Delivery shall be strictly in accordance with the delivery schedule set out in this order. Notwithstanding this provision, the seller shall not be liable for delays or defaults due to causes beyond its control and without its fault or negligence, provided however, that if the seller has reason to believe that deliveries will not be made as required, due to such cases, written notice setting forth the cause of any anticipated delays shall be given immediately to buyer.

4.2 The supplier shall complete and deliver the goods at the time or times specified in the order and in this respect time shall be of the essence.

4.3 The buyer may at any time or times by notice in writing to the seller postpone the date(s) of delivery of any goods without thereby incurring any liability and the seller shall deliver such goods on the revised date(s) so notified and shall not make any claim for adjustment in price or otherwise in respect of any such postponement unless otherwise agreed in writing by the buyer.

5. Deliveries Made

5.1 If the supplier delivers quantities in excess of the quantity due the purchaser shall have the right to accept or reject the quantity in excess of that due.

5.2 The buyer shall not be obliged to accept delivery of any goods prior to the delivery date and if the seller shall do so:

a) the buyer shall be entitled to charge storage to the supplier and



Terms and Conditions

b) the date for payment shall be calculated according to the due delivery date

6. Termination

Failure to comply with the specification, terms and conditions of this order, or to deliver material in accordance with seller's promise shall be grounds for cancellation without penalty to buyer.

7. Test, Inspection and Verification

All articles will be subject to final inspection and acceptance by buyer within a reasonable time after receipt at the designated destination, irrespective of prior payment. Buyer may reject any article which contains defective material or workmanship or does not conform to specifications, samples or warranties. Any article so rejected may be returned to seller at seller's risk and expense, and at full invoice price plus applicable transportation charges both ways. No defective article or material shall be replaced unless requested by buyer.

7.1 Certificate of Conformance (Required for Goods Intended for Aircraft Applications and for Goods where Required on the Relevant Drawing or Order)

A MANUFACTURER'S CERTIFICATE OF CONFORMANCE IS REQUESTED WITH ALL SHIPMENTS AND THE FOLLOWING CONDITIONS APPLY.

1. All items supplied on this order must be certified to meet the military specification and or as specified within the Cleeve drawing. The material supplied shall be new and conform to the latest issue of the applicable drawing, specification and/or part number that is in effect on the date of contract. All documentation pertaining to this order must remain at your facility for no less than ten (10) years. These documents can be requested at any time by CLEEVE TECHNOLOGY. After 10 years the supplier is to release all corresponding documentation to CLEEVE TECHNOLOGY to file accordingly.
2. Parts supplied must be in factory new or new condition with full traceability to the OEM (original equipment manufacturer) or an approved manufacturer unless written approval from CLEEVE TECHNOLOGY has been received with this purchase order.
3. Substitution of items/Part Numbers ordered is prohibited unless CLEEVE TECHNOLOGY provides written approval, including an amended PO for the part number to be supplied.
4. Any markings required by ITAR including exceptions, exemptions, destination control statements and license numbers.
5. All key characteristics, special requirements, and critical items outlined in the supplemental shall be flowed down to sub-tier suppliers.
6. Supplier is to provide CTI with notification of non-conformance products.
7. Supplier must provide written notification for CLEEVE TECHNOLOGY approval to changes in product and/ or process definition and where.

SUPPORTING DOCUMENTATION REQUIREMENTS: Our PO MUST be shown on ALL documents and packages. ALL DOCUMENTS MUST BE IN TWO COPIES, with the ORIGINAL in a sealed envelope attached to the OUTSIDE of the shipment package, and one copy in an envelope inside the shipment package. For invoices, see instructions at the top of this order.



Terms and Conditions

PACKAGING AND LABELING: The following Packaging and Labeling requirements are MANDATORY:

1. PO number must appear on all correspondence relating to this order including any shipping documentation, such as the commercial / pro forma invoice, packing list, bill of lading or other required documentation accompanying any shipment to CLEEVE TECHNOLOGY or its customer.
2. Packages containing materials having limited shelf life are to be marked with the Production Lot Number. Failure to comply will result in rejection and return at your expense. Shelf-life items must have a minimum of 75% shelf life remaining upon receipt at CLEEVE TECHNOLOGY.
3. Any and all ESD sensitive devices ordered herein are to be shipped in ESD protective packaging & labelled accordingly. Failure to comply will result in rejection and return at your expense.
4. Imports to Canada from the United States of products which contain or were manufactured using class 1 or 2 ozone depleting substances must carry a warning label which conspicuously states "This product contains (name of substance), a substance which harms the environment by depleting ozone in the upper atmosphere". The United States Environment Protection Agency can be contacted for information on your products.
5. **Safety Data Sheets (SDS)** must be supplied with all hazardous materials.
6. The supplier shall ensure competency requirements including those required for the qualification of personnel in relation to purchasing activities and supplying product conforming to Cleeve purchase order requirements.

MISHAP INVESTIGATION CLAUSE: All subcontractors shall cooperate and assist in aviation specific mishap investigation. Seller grants the Buyer or his authorized representative the right to examine those books, records, documents and other supporting data, which will assist in an investigation. This right may be exercised at any time after an incident.

TEST SPECIMENS: Shall meet the specifications provided via Cleeve drawing. Cleeve sample parts are to be returned upon completion of testing /inspection or request.

7.2 First Article Inspection

Cleeve Technology Inc requires all first deliveries of parts to include a full first article inspection report, filled out by the manufacturer. The sample, on which the FAI was performed shall be clearly marked, both on the sample and the FAI report. Where the drawing has been updated and there is a change in the form, fit or function of the part, then an FAI must be submitted for the change/update only.

The FAI should confirm that all processes, materials and dimensions are met. In the case of raw material or process i.e. paint, chromate, proof of acceptability shall be made available either through records or attached certificates. Drawing notes should be referenced and their acceptance confirmed.

Any discrepancies detected by the manufacturer during the FAI shall be notified to Cleeve Technology Inc and a deviation should be sought in advance of any parts being shipped to Cleeve Technology Inc. Under no circumstances shall a nonconforming part be sent to Cleeve Technology Inc without their approved deviation. Failure to comply with the above requirements will result in Cleeve Technology Inc rejecting the product.



Terms and Conditions

7.3 **Record Retention**

In addition to contractual requirements the supplier shall retain verifiable objective evidence of inspection and tests performed. Quality records shall be made available for evaluation for a contractually agreed upon period. Unless otherwise specified, this period shall be a minimum of 10 Years. These records shall be maintained in a manner that allows for easy accessibility, and maintains the legibility.

7.4 **Notification of Non-Conforming Product and Process Change**

The supplier to notify the organization of changes in product and/or process definition and, where required, obtain organization approval.

7.5 **Right of Access by Cleeve Technology Inc, Their Customer and Regulatory Authorities**

In accordance with contractual agreements, right of access by Cleeve Technology Inc, their customer, and regulatory authorities shall be afforded to all facilities involved in the order and to all applicable records. In addition Cleeve may require further verification or validation activities which it intends to perform at the supplier's premises and shall be afforded the applicable access as needed to the supplier's facilities.

7.6 **Special Requirements, Critical Items or Key Characteristic**

Where Identified within the specification, drawing and/or purchase order the supplier shall flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics, critical items, and/or special requirements where required.

8 **Foreign Object Debris**

All product supplied to Cleeve Technology Incorporated must be FOD free. Suppliers are required to implement a system for the elimination of FOD.

9 **Counterfeit Work/Parts**

The following stated requirements are applicable to all work consisting of parts delivered to the lowest level of identifiable items:

- Suppliers/Subcontractors shall ensure counterfeit work/parts are not delivered to Cleeve Technology Inc.
- Suppliers/Subcontractors shall flow down requirements to lower tier subcontractors.
- Suppliers/Subcontractors shall notify Cleeve Technology immediately with any and all pertinent facts and details, upon awareness or suspicion of counterfeit work/parts.
- Suppliers/Subcontractors are responsible in rectifying any counterfeit work/parts delivered under contract (Purchase Order) at their expense and ensure replacement work conforms to the requirements.
- These requirements are in addition to any quality provisions, specifications, statement of work, or other provision included in the contract addressing authenticity of work/parts.
- Counterfeit Parts: Vendors and sub tier vendors who buy and sell parts shall implement a Counterfeit Parts Control Program, plan or process that mitigate risk, provide for control and disposition of suspect and/or counterfeit parts.

10 **Conflict Minerals**

On August 22nd, 2012, the U.S. Securities and Exchange Commission ("SEC") published regulations implementing Section 1502 of the Dodd Frank Wall Street Reform and Consumer Protection Act ("Act") governing Conflict Minerals. The Act requires companies to perform due diligence on the source and chain of custody of Conflict Minerals contained in their products.

The "seller" complies with Section 1502 of the Dodd Frank Wall Street Reform and Consumer Protection Act, and its implementing regulations, and any other applicable country laws relating to "Conflict Minerals" mined in the Democratic Republic of Congo or adjacent territories; and the "seller" has established an effective program to



Terms and Conditions

ensure that any suppliers it utilizes to provide any goods or services that will be incorporated into products or services supplied under the Purchase Agreement will be in conformance with these requirements.

11 **Ethical Behavior**

All suppliers are required to be in compliance with Cleeve CTI-186 Ethics Policy available on our website:
www.cleevetechology.ca

12 **Awareness of Product or Service Conformity**

Supplier shall ensure that personnel can demonstrate their contribution to product or service conformity.

13 **Awareness to Product Safety**

Supplier personnel must be able to demonstrate their contribution towards product safety and ensuring a safe work environment is being maintained.

14 **Supplier Performance**

Suppliers to Cleeve Technology shall be provided feedback with regards to their performance. Any issues of late delivery or product quality shall be communicated to ensure supplier development.