

	ABX Purchasing Terms & Conditions	
	QMS Form #: PU-02-002	Revision: A-2
	Date Effective: March 25 th , 2016	
Process Owner: Silvia DeLeon	Approved By: David J Coombes	

The following describes ABX Engineering, Inc’s Purchasing Terms & Conditions (Ts&Cs) for all products and services purchased.

For any questions regarding this document, please email the following: Sivlia@abxengineering.com

These Ts&Cs are located on the ABX Engineering web site @ www.abxengineering.com/aboutus/purchasing.

ABX Engineering, Inc. is a Contract Manufacturer, responsible for building Printed Circuit Board Assemblies, Electro-Mechanical Assemblies and Functional Testing. Our scope of supply covers Medical, Automotive, Defense, Aerospace, Avionics and other industry sectors.

The origin of the ABX Engineering, Inc. Purchasing Ts&Cs are from a combination of Flow Down requirements from our customers as well as 3rd party requirements such as ISO 9001, ISO 13485 and AS9100 together with applicable regulatory requirements. Additional requirements may also be specified within the “Special Handling Instructions” for the specific Purchase Order (P.O.), such as Workmanship Standards, RoHS, First Article Inspection Reports, AS9102, Test Reports, Certificate of Conformance, Material Certificates, Test Reports, etc.

Agreement by the Seller identified on the ABX Engineering, Inc. Purchase Order (“Seller”) to furnish the goods or services specified in whole or in part, shall constitute acceptance by the Seller of the (P.O.) subject to the following terms and conditions. Any terms and conditions proposed by the Seller inconsistent with or in addition to these terms and conditions are expressly rejected and shall be void and of no effect unless agreed to be ABX Engineering, Inc. (“Buyer”) in writing.



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1. **DEFINITIONS:** “Buyer” is defined as ABX Engineering, Inc. “Seller” is defined as the entity that is supplying the materials, parts, products and services specified on the P.O.
2. **NON-TAXABLE:** This P.O. is for resale and therefore non-taxable – reference ABX Engineering, Inc’s Seller Permit Number: SR BH 99962720.
3. **CONFIDENTIALITY:** All specifications, drawings, samples, and other data furnished by Buyer will be treated by Seller as confidential information, will remain Buyer’s property, and will be returned to Buyer on request. This P.O. does not supersede the terms of any Non-Disclosure Agreement (NDA) between the Buyer and Seller.
4. **RIGHT OF ACCESS:** ABX Engineering, Inc. and its customers reserve the right to request Seller to arrange for timely access to their facility for the purpose of auditing, survey of their facility and to witness inspection, tests and manufacturing operations of product supplied or manufactured by Seller, or its sub-tier suppliers.
5. **ASSIGNMENTS:** No right of obligation under this P.O. (including the right to receive monies due) may be assigned by the Seller without the prior written consent of the Buyer, and any purported assignment without such consent will be void. Buyer may assign this P.O. at any time if such assignment is considered necessary by Buyer in connection with a sale of Buyer’s assets or a transfer of its obligations.
6. **REQUIREMENTS OF THE P.O.:** Specific requirements such as Regulatory Requirements, National / International Standards, Customer Specifications, Workmanship Standards, Acceptance Criteria, etc. are specified within the supplied documentation, such as Drawings, Gerber Files, Assembly or Test Instructions, etc. All referenced documents are mandatory requirements. It is the Seller’s responsibility to ensure that they have the correct copies of referenced documentation and comply with all referenced documentation and requirements.
7. **FLOW DOWN TO SUB-TIERS:** Seller shall flow down to sub-tiers / suppliers all applicable requirements from the ABX Engineering, Inc. P.O, including key characteristics, critical dimensions and regulatory requirements.
8. **QUALIFICATION OF PERSONNEL:** All personnel employed by Seller and its Sub-tiers shall be appropriately qualified for the processes used to fulfill this P.O.
9. **PROCESS CHANGES:** Seller is responsible for notifying and obtaining approval from Buyer for changes in the items being supplied, changes to the manufacturing process(es), changes of sub-tier suppliers, changes to manufacturing locations and changes within the senior management of the organization.
10. **NON-CONFORMING PRODUCT & CONCESSIONS:** Seller shall request approval from Buyer for any instances where product in support of this P.O. is identified as Non-Conforming. Seller shall not use dispositions such as “Use as Is” or “Repair unless specifically authorized by Buyer. All such requests shall be in writing and must be approved by Seller prior to shipment of any Non-Conforming material.
11. **COUNTERFEIT PARTS/ITEMS:**



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- a. Counterfeit means any material, product, component, device, module, assembly, subassembly, or the like sold or delivered by Seller to Buyer either as Goods or as a constituent part of a Goods. "Counterfeit Part" means a Part that is
 - i. an unauthorized copy or substitute that has been identified, marked, and/or altered by a source other than the Part's legally authorized source and has been misrepresented to be an authorized item of the legally authorized source, and/or
 - ii. previously used parts provided or represented as "new." A Part is a "Suspect Counterfeit Part" if visual inspection, testing, or other information provide reason to believe that the Part may be a Counterfeit Part.
 - iii. As used herein, "authentic" means
 1. genuine,
 2. from the legitimate source claimed or implied by the marking and design of the Part offered, and
 3. manufactured by, or at the behest and to the standards of, the manufacturer that has lawfully applied its name and trademark for that model/version of the Part.
- b. Seller represents and warrants that only new and authentic Parts and materials are used in Goods required to be delivered to Buyer and that such Goods contain no Counterfeit Parts. No other Part other than a new and authentic Part shall be used unless approved in advance in writing by Buyer's duly authorized representative.
- c. Seller shall maintain a documented system (policy, procedure, or other documented approach) that is consistent with applicable industry standards including, as a minimum, AS5553 for the detection and avoidance of Counterfeit Parts and Suspect Counterfeit Parts, including policies and procedures for training personnel, designing and maintaining systems to mitigate risks associated with parts obsolescence, making sourcing decisions, prioritizing mission critical and sensitive components, ensuring traceability of Parts, developing lists of trusted and non-trusted suppliers, flowing down requirements to subcontractors and suppliers, inspecting and testing parts, reporting and quarantining Counterfeit Parts and Suspect Counterfeit Parts, and taking corrective action.
- d. Seller shall flow the requirements of this Section to its subcontractors and suppliers at any tier for the performance of Buyer's Order.
- e. Should Seller become aware of a confirmed or suspect Counterfeit Part that, by any means, has been delivered to Buyer, or acquired for Buyer's Order whether or not delivered to Buyer, Seller shall notify Buyer in writing as soon as possible but not later than five (5) days of such discovery. Seller shall verify receipt of this notification by Buyer. This requirement shall survive expiration or completion of Buyer's Order.



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- f. Seller shall be liable for cost of Counterfeit Parts and Suspect Counterfeit Parts and the cost of rework or corrective action that may be required by Buyer to remedy the use or inclusion of such Parts.
- g. Seller shall quarantine suspect counterfeit electronic parts and counterfeit electronic parts, and make them available for investigation by appropriate government authorities.

12. WARRANTIES:

- a. All warranties of Seller, whether created expressly by law or in fact, are incorporated herein by reference, and shall include and are supplemented by the following express warranties. For a period of twelve (12) months from receipt or acceptance, or such other period as may be agreed by the Parties in writing, the Goods and/or Services shall:
 - i. comply with any and all specifications, drawings, samples, or other descriptions referenced in and/or furnished with Buyer's Order, and
 - ii. be merchantable, of good design, material, and workmanship, free from defects.
- b. Seller warrants that all Goods and Services:
 - i. do not infringe upon or violate the legal or equitable rights of any person, corporation, or partnership arising out of any license or franchise, or out of any patent, trademark, or other proprietary right, now or hereafter in effect (except in the case of Goods for which Buyer furnishes detailed manufacturing drawings), and
 - ii. shall be free from any and all liens or other encumbrances.
- c. All obligations of Seller hereunder shall survive acceptance of and/or payment for the Goods. Seller shall indemnify and hold Buyer harmless from and against all liability, loss, consequential and incidental damages, and expenses resulting from the breach of any warranty, or resulting from any other act or omission by Seller, its agents, or employees, while in the performance hereof.
- d. If Buyer determines there is a defect in the Goods at any time during the warranty period, Seller, at a minimum shall, at its sole expense and without delay, repair or replace the defective Goods or refund to Buyer the price of the defective Goods. Any and all repaired or replaced Goods shall be covered by this warranty for a period equal to the original warranty period. Seller may be held liable for any consequential damages incurred by Buyer, and/or its customers.
- e. In addition, if required by Buyer, Seller shall provide Buyer a report identifying the cause of failure any additional Goods that may be affected by the defect and/or the repair action to be taken.

13. **CERTIFICATE OF CONFORMANCE (CofC) & PACKING SLIPS:** CofCs and Packing Slips are required for all deliveries. Seller shall certify that materials and processes provided are in accordance with all P.O. requirements and applicable specifications and drawings; Seller shall provide raw material specifications and test reports. Date Code, and/or Lot Code, and/or Manufacturer Code shall be included on the Packing Slip and/or the CofC. Wherever possible, a single date code shall be used to fulfill an order –



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this may also be specified as a specific requirement if required within the P.O. Objective Evidence including Raw Material records, Manufacturing, Inspection & Test Records shall be maintained on file and available for review by ABX, or its customers.

14. **ON TIME DELIVERY (OTD):** On Time Delivery is defined as up to three (3) days before the Request Date to zero (0) days after. Any items delivered early than 3 days before the Request Date can be subject to rejection and return to Seller at their cost.
15. **INSPECTION AND ACCEPTANCE:** All goods and services shall be subject to Inspection and Acceptance at Buyer's location within a reasonable time after delivery. Any items found to be defective in material or workmanship, or otherwise found to be non-conforming with the stated requirements of this P.O. will be subject to rejection. Buyer will notify Seller of the reason for rejection and the required actions, such as Return to Vendor (RTV) for replacement at Seller's cost, scrap at Buyer's location (Seller to provide replacement at Seller's cost or provide full refund). Where Seller fails to replace or repair non-conforming items, Buyer may elect to replace or correct such items and charge Seller accordingly. Any items repaired by Seller will be subject to Inspection and Acceptance by Buyer.
16. **QUALITY & DELIVERY:** Seller shall participate when requested in regular quality and delivery performance reviews.
17. **RETURN MATERIAL AUTHORIZATION – RMA:** In the event that Buyer receives Non-Conforming material from Seller, Seller is responsible for a timely response (within 2 business days) for an RMA.
18. **CORRECTIVE ACTIONS:** Seller is responsible for a timely (within 20 business days unless otherwise stated) response to ABX Supplier Corrective Action Requests (SCAR). Replies are to be made by completing the submitted SCAR and responding by email addressing all applicable sections of the SCAR.
19. **RECORD RETENTION:** Unless otherwise specified on the P.O, all Quality Records including Receiving, First Article, and Manufacturing Inspection & Test shall be kept on file and available for review for a minimum period of seven (7) years.
20. **FOREIGN OBJECT DEBRIS / DAMAGE (FOD):** Seller shall implement and maintain a FOD Prevention program that at a minimum requires inspection of the items delivered to ensure that no entrapped foreign objects are present that would impact the functionality of the items supplied in support of this P.O, or result in FOD at Buyer.
21. **PACKING AND SHIPMENT:** All electronic components shall be packaged in accordance with Electro Static Device packaging criteria. All such packaging shall at a minimum meet the requirements of ANSI/ESD 20.20 – Protection of Electrical and Electronic Parts, Assemblies and Equipment at the current revision. All items shall be packaged in such a manner as to prevent damage to the items being shipped to Buyer.
22. **MOISTURE SENSITIVE ITEMS:** All bare Printed Circuit Boards and any other items defined as "Moisture Sensitive" shall be packaged accordingly in a Moisture Sensitive bag that contains Silica Gel and a Humidity Indicator Label and is vacuum sealed and labeled with instructions for usage and any pre-baking requirements.



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- 23. AGE SENSITIVE MATERIALS / SHELF LIFE ITEMS:** All age sensitive materials that have a limited shelf life shall be identified as such and marked with the useful shelf life remaining and any special storage conditions necessary to achieve the stated life. If less than 75% of the original shelf life remains, Seller must obtain Buyer's approval prior to shipping.
- 24. CONFLICT MINERALS:** ABX Engineering is required to submit a Conflict Minerals Reporting Template (CMRT) on an annual basis to customers that are publicly owned companies. Accordingly, Seller will not knowingly purchase materials that contain conflict minerals and that directly or indirectly finance or benefit armed groups, as required by the Dodd-Frank Wall Street reform and Consumer Protection Act of 2010. Seller shall take steps to identify and assess risks in its supply chain and will make continued efforts to ensure that Conflict Minerals are not used in products sold or supplied to Buyer. Upon request, Buyer is to complete and return a CMRT to identify smelters used in the products sold or supplied to Buyer. – refer to <http://www.conflictreesourcing.org/conflict-minerals-reporting-template/>
- 25. GENERAL:** All P.O.s will be governed by the laws of the State of California without reference to conflicts of law principles. Seller agrees to comply with all applicable Laws, Executive Orders, or regulations. Seller agrees to hold harmless and indemnify Buyer against any loss, cost, liability or damage by reason of Seller's violation of an applicable Laws, Executive Orders, or regulations.
- 26. DISPUTE RESOLUTION:** Any controversy or claim arising out of or relating to this P.O. shall be settled by arbitration in the city of San Mateo, State of California in accordance with the commercial rule of the American arbitration Association, by arbitrator appointed in accordance with those rules. The determination of the Arbitrator shall be enforceable in any court of competent jurisdiction. Each party shall bear their own attorney's fees and costs and the Arbitrator shall have no authority to make such award.



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