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**Thaler Machine Company LLC SQAR Preface**

This manual contains requirements that are applicable when invoked by Thaler Machine Company LLC Purchase Orders. Requirements include the mandatory use of this manual for Contract Review and Quality Planning activities. The Thaler Machine Company LLC SQAR Manual is controlled in electronic format as presented on the Thaler Machine Company LLC website. Paper copies, and electronic copies downloaded and saved to a local hard drive are Uncontrolled.

Suppliers shall visit the manual online to check for changes that may be identified electronically. If the Supplier (or any sub-tier) is working to a Purchase Order pre-dating the most current Thaler Machine Company LLC SQAR Manual release date, the Supplier may request authorization to work to the most current SQAR by requesting a Purchase Order revision from the Thaler Machine Company LLC Buyer.

Descriptive headings used in this Contract are for convenience of reference only and shall not be considered in its construction.

**Applicability**

The Thaler Machine Company LLC Purchase Order is the official binding contract in the order of precedence described in the Terms & Conditions of Purchase. Requirements are specified on the Purchase Order by group or specific SQAR number(s) and/or text. If conflicts between flow down documents and the Purchase Order are detected, the Supplier shall immediately notify the Thaler

Machine Company LLC Buyer. Handwritten, lined-out or initialed changes to purchase orders are not allowed. Verbal and/or email authorizations are not permitted.

## General Terms and Conditions

### 1. Contract Direction

The Thaler Machine Company LLC Buyer is the only person authorized by Thaler Machine Company LLC to administer the Contract and is the only person with authority to modify its terms.

Request for changes, drawing clarification, use of an alternate method and/or submittal of Process Control Plans, First Article Inspection Reports (FAIRs), sampling plans, etc. should be communicated to the Thaler Machine Company LLC Buyer listed on the PO in writing. These requests can only be answered or approved by the Thaler Machine Company LLC Buyer in writing.

Occasionally Thaler Machine Company LLC's technical personnel may provide assistance or technical advice, or exchange information with Supplier's personnel concerning the Work. Such actions shall not be deemed a change under the Changes clause of the Contract and shall not provide a basis for an Equitable Adjustment. If Supplier is in doubt as to whether it has received direction it is obligated to follow, it must promptly confirm with the Buyer in writing whether a change was intended. If Supplier proceeds absent confirmation from the Buyer, Supplier waives any right to request an Equitable Adjustment and is at risk of noncompliance with Contract requirements.

Unless the Contract provides otherwise, all notices to be furnished by Supplier shall be sent to the Buyer, including notices of delays, and bankruptcy or insolvency.

### 2. Non-disclosure Agreement

Prior to the process of exchanging Thaler Machine Company LLC proprietary information, controlled documents, hardware, processes, records, etc., a non-disclosure agreement must be on file at Thaler Machine Company LLC.

In cases where the Supplier (or any sub tier) reserve certain proprietary rights of controlled documents, hardware, processes, records, etc., the Supplier must submit a written list of such items to the Buyer with their quote. The Supplier (or any sub tier) will provide their best effort to fulfill the requirements of the audit without divulging any Supplier related proprietary information. In the event Supplier proprietary information is shared, it is covered by the Non-disclosure Agreement.

### 3. Order of Precedence

The order of precedence of documents that set out the product requirements imposed upon and agreed to by the Supplier and which are incorporated in the purchase order is listed below. All these items may or may not be included in any single purchase order. All requirements contained in these documents are cumulative if not contradictory.

- a. Purchase order (PO)
- b. Statement of Work (SOW)
- c. Product drawings and specifications, i.e., those documents that define the requirements for the product to be furnished
- d. Federal, military, industrial or technical society material/process specifications and standards
- e. Product data forms
- f. Equipment manufacturers operating procedures

### 4. Purchase Order Requirements and Quality Provision Clauses

Failure to comply or partial compliance with any clause specified by the purchase order and included Quality Clauses shall be cause for rejection and return of the item(s). Verbal agreements or instructions shall under no circumstances be construed as approval or authorization to proceed. Unless otherwise specified, drawings, specifications, standards, and document listings shall be the issue currently in effect on the date of the Purchase Order. Drawings and specifications listed on, or part of this procurement shall have precedence over Quality Clauses. The supplier shall flow down to sub-tier suppliers all applicable requirements in the purchasing documents, including classified characteristics if so identified.

### 5. Flow downs

Thaler Machine Company LLC PO authors (and any sub tier Supplier(s)) shall ensure flow down to, and compliance with, all applicable Purchase Order and Engineering requirements to their sub-tier suppliers, including approved Special Process providers.

## 6. Right of Entry and Inspection

Thaler Machine Company LLC and Thaler Machine Company LLC's customer and/or regulatory agencies, government representatives reserve the right to assign representatives for any purpose including verifying all tests and/or inspections performed as a part of the terms and conditions of this purchase order(s). These representatives may be on an itinerant or resident basis at the Supplier's facility or those of lower-tier suppliers. Suppliers are required to provide Thaler Machine Company LLC representatives and Thaler Machine Company LLC's customer and/or government representatives with reasonable facilities and equipment and access to all areas essential to complete this task throughout all periods of performance under this purchase order(s).

## 7. On Time Delivery (OTD)

Time is of the essence in the performance of this Contract. Supplier shall immediately provide written notice to Thaler Machine Company LLC of all pertinent details regarding any actual or potential cause or event that threatens the timely performance of the Contract.

In the event of any actual or potential delay, Supplier shall promptly notify the Thaler Machine Company LLC Buyer of the actions being taken to overcome or minimize the delay and provide the Buyer with a written recovery schedule. Unless Supplier is excused from timely performance as provided in the Force Majeure or Excusable Delay clause of this Contract, ship via air or other expedited routing, without additional cost to the Company, to avoid or minimize delay to the maximum extent possible.

## 8. Force Majeure or Excusable Delay

Supplier shall not be in default or charged for any liability because of a failure to perform the Contract under its terms, or because of a failure to make progress so as to endanger performance, if the failure arises from causes beyond the control of and without the fault of Supplier; provided, Supplier gives to the Buyer prompt notice in writing as soon as it appears that such cause will delay performance of the Contract. Such causes shall include, without limitation, acts of God, acts or orders of any Governmental authority, natural disasters, unavoidable labor strikes, civil disturbances, acts of terrorism, freight embargoes and unusually severe weather. Correspondingly, the Company shall not be liable for any failure or delay in performance of the Contract due to causes or circumstances beyond its control and without its fault or negligence.

## 9. Assignment

Any assignment of Supplier's Contract rights or delegation of Supplier's duties shall be void unless prior written consent is given by Thaler Machine Company LLC. Nevertheless, Supplier may assign rights to be paid amounts due, or to become due, to a financing institution if Thaler Machine Company LLC is promptly furnished a signed copy of such assignment reasonably in advance of the due date for payment of any such amounts. Amounts assigned shall be subject to setoff or recoupment for any present or future claims of Thaler Machine Company LLC against Supplier. Thaler Machine Company LLC shall have the right to make settlements and/or adjustments in price without notice to any assignee financing institution.

Each purchase order will be binding on the Supplier and its respective permitted successors and assigns. Supplier will not assign any part of this Purchase Order, or any rights or obligations under each purchase order, or subcontract all or any material aspect of the work called for, without the prior written approval of Thaler Machine Company LLC. Any assignment or subcontract without Thaler Machine Company LLC's written approval will be voidable at the option of Thaler Machine Company LLC and Supplier will be responsible for, without limitation, all customer charges; all labor costs, including engineering costs, travel and lodging; all costs to transition to an alternative source of supply; redesign, recertification and/or requalification; and all corrective action costs (e.g., costs of additional inspection or quality-control systems). In the event Supplier does not obtain Thaler Machine Company LLC's prior written approval, Thaler Machine Company LLC may, at its sole option terminate this Contract and elect an alternate supplier at Supplier's expense and in accordance with the Termination provision herein.

No assignment or subcontracting, even if approved by Thaler Machine Company LLC, will relieve or discharge Supplier from any obligation, provision, or liability under this Purchase Order. Supplier will remain fully responsible for the performance of this Purchase Order and for any and all losses resulting from or associated with such an assignment or subcontracting or occurring as its consequence, including, without limitation, costs and charges incurred.

## 10. Change In Control of Seller

Prior to a potential change of control of Supplier and at least thirty (30) days prior to the proposed effectiveness of such change of control, Supplier will promptly notify Thaler Machine Company LLC in writing thereof and provide the identity of the potential new controlling party and information on such party and the transaction as Thaler Machine Company LLC may request, consistent with applicable law and confidentiality restrictions.

## 11. Visitor Security Verification

All visitors must access the Thaler Machine Company LLC building through the front office where they are vetted before permitted access beyond the lobby. All visitors must complete visitor sign in/out sheet, present a valid driver's license, passport or government issued ID with picture to allow Thaler Machine Company LLC to verify the signature and picture by comparing to the person, and verify the person is a US Citizen. Cameras, cell phones and other recording devices may be restricted pending the area of visit. Non-disclosure agreement to be on file for entry beyond the front office lobby.

Unescorted access to Thaler Machine Company LLC facilities regulated by the Department of Homeland Security will require a Personnel Surety Background Check. Upon contract award and prior to performance of work in any restricted areas, Supplier is required to submit background check applications to a third-party vendor for all company associates requiring restricted area access for work performance. Failure to meet these requirements may result in contract termination. Supplier is responsible for the cost of the background check service. The background check will include: a criminal history check, verification, and validation of legal authority to work, and verification and validation of identity. Individual company applicants with unfavorable results shall be denied access to Thaler Machine Company LLC facilities.

## 12. Defense Priorities and Allocations System (DPAS)

The purpose of DPAS is to assure the timely availability of industrial resources to meet current national defense and emergency preparedness program requirements and to provide an operating system to support rapid industrial response in a national emergency. The Defense Production Act of 1950 authorized the President to require preferential treatment of national defense programs. Executive Order 12919 put Department of Commerce in charge of program. 15 CFR 700 provides rules for DPAS program.

A DX rating is assigned to those programs of the highest national priority followed by DO rating. A DX rating takes priority over a DO rating which takes priority over an unrated order. Rated programs are also given a program identifier symbol. Examples are A1 for Aircraft and A3 for ships. The program identifier symbol does not, by itself, indicate any priority.

### Mandatory Acceptance

A contractor, subcontractor, or supplier shall accept a rated order when:

- They make/buy the item
- Normal terms of sale apply
- When they can meet delivery dates required the contract
- A rated order shall be accepted or rejected, in writing, within 15 working days for DO rated orders and 10 days for DX rated orders. Special requirements apply for emergency preparedness rated orders.

### Mandatory Extension

Prime Contractors are responsible for extending the received contract rating to their entire product supply chain to the lowest level in order to obtain items needed to fill rated orders or to obtain replacements of inventoried items.

### Priority Scheduling

Operations, including the acquisition of all needed production items, shall be scheduled to satisfy the delivery requirements of each rated order. In the event there is competition for materials and or resources for equally rated contracts the Supplier and the DCMA Functional Specialist (FS) shall notify the Buying Activities (BA) involved. It is the responsibility of the BA to resolve any scheduling conflicts with the Supplier and provide contract modifications required.

### Customer Notification Requirements

If Supplier has accepted a rated order and subsequently finds that shipment or performance will be delayed, the Supplier must notify the customer immediately, give the reasons for the delay, and advise the customer of a new shipment or performance date. If notification is given verbally, written (hard copy) or electronic confirmation must be provided within one working day of the verbal notice.

## 13. English Language Requirement

The Supplier (or any sub tier) shall submit all required quality data (e.g., supplier quality procedures, certificates, reports, or other similar data required by the Buyer), correspondence, and corrective actions responses in the U.S. English language.

## 14. US Equal Employment Opportunity Regulations

To the extent employment activities of supplier occur in the United States and if otherwise applicable this contractor (and any sub tier) shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) AND 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on the status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, disability, or veteran status.

## 15. Conflict Mineral Compliance

In accordance with applicable "Conflict Minerals" laws, Thaler Machine Company LLC must determine whether its products contain tin, tantalum, tungsten, or gold ("3TG") originating in the democratic Republic of The Congo and adjoining countries. To the extent supplier supplies direct materials containing 3TG to Thaler Machine Company LLC under this PO, Supplier commits to have a supply chain process to ensure and document a reasonable inquiry into country of origin of the 3TG minerals incorporated into



products it supplies to Thaler Machine Company LLC. If requested, Supplier will promptly provide information or representations that Thaler Machine Company LLC reasonably believes are required to meet its conflict minerals compliance obligations. To ensure compliance with US export laws, Thaler Machine Company LLC does not conduct any business transactions with persons or companies on the "Denied Persons List" published by the US Department of Commerce, the "Debarred Parties List" published by the US Department of State and/or the "specially designated nationals" published by the US Department of Treasury, Foreign Assets Control. Thaler Machine Company LLC expects all suppliers (and any sub tiers) to comply with these laws as well.

## 16. Government Furnished Material

Appendix B of Defense Acquisition Regulations (DAR) or Federal Acquisition Regulations (FAR 45), titled, Government Property in Possession of Contractors, is hereby incorporated and made applicable.

## 17. Unauthorized Material and Information Transfer

No supplier (or any sub tier) shall buy, sell, trade, or transfer Thaler Machine Company LLC related drawings, specifications, material, parts, devices, assemblies, or end equipment for purposes other than the performance of Thaler Machine Company LLC business, without prior written approval. Furthermore, no Thaler Machine Company LLC related part numbers, or information related to those part numbers, shall be disclosed to entities other than Thaler Machine Company LLC, without prior written approval. As Thaler Machine Company LLC is typically a make to order entity, approval from Thaler Machine Company LLC's customer is also typically required.

## 18. Improper Material Submittal

Submission of material having known defects/problems to Thaler Machine Company LLC Buyer without prior notification is prohibited. Resubmission of material to Thaler Machine Company LLC Buyer without material being clearly identified as resubmitted material is prohibited.

## 19. Unauthorized Repair

Repairs (by welding, brazing, soldering, or the use of adhesives) of parts damaged or found faulty in the fabrication process; repairing holes in castings, forgings, or other materials by plugging or bushing is prohibited without authorization from Thaler Machine Company LLC's Quality Assurance Organization. As Thaler Machine Company LLC is typically a make to order entity, approval from Thaler Machine Company LLC's customer is also typically required.

## 20. Unauthorized Processing

Addition, revision, or deletion of processes in manufacturing when those processes are subject to specification control by Thaler Machine Company LLC Buyer is prohibited. As Thaler Machine Company LLC is typically a make to order entity, approval from Thaler Machine Company LLC's customer is also typically required.

## 21. Disregard of Approvals

Change in any process or quality control procedure that is subject to specific approval by Thaler Machine Company LLC Buyer without proper notification and re-approval is prohibited. As Thaler Machine Company LLC is typically a make to order entity, approval from Thaler Machine Company LLC's customer is also typically required.

## 22. No Change Policy

Supplier shall maintain strict controls to assure neither the design, material, part process, procedure, tooling, software (if required), or test equipment shall be altered, redesigned, or replaced from the Thaler Machine Company LLC Purchase Order without notification and approval from Thaler Machine Company LLC. Authorization from Thaler Machine Company LLC's customer and/or design authority may be required for Thaler Machine Company LLC approval.

## 23. Evidence of Effective Control

Verification of product by Thaler Machine Company LLC or Thaler Machine Company LLC's Customer shall not be used by the Supplier as evidence of effective control of quality and shall not absolve the Supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by Thaler Machine Company LLC or Thaler Machine Company LLC's Customer chain.

## 24. Thaler Machine Company LLC Quality Assurance Representative

Thaler Machine Company LLC may, at its discretion, provide resident or itinerant quality assurance personnel whose function shall be to survey Supplier operations, assist the Supplier in the resolution of quality problems, and witness at any stage (subject to proprietary considerations) the manufacture, processing, test, and inspection of items being manufactured for Thaler Machine Company LLC. Copies of applicable specifications and documents shall be made available to the Thaler Machine Company LLC's

Quality Assurance Representative. Representatives from Thaler Machine Company LLC's customer chain may accompany the Thaler Machine Company LLC Quality Assurance Representative.

## 25. Seller's Responsibilities for Associates

Thaler Machine Company LLC may require Supplier to remove from its or its customer's premises any employee, agent, or representative of Seller, or any of its subcontractors that Thaler Machine Company LLC reasonably deems incompetent, careless, unsafe, or otherwise objectionable. Seller shall immediately remove such employee, agent, or representative from the Company or its customers' premises. Seller agrees to indemnify, defend, and hold harmless Thaler Machine Company LLC, affiliates, parent, and their customers, successors, assigns, employees, officers, attorneys and agents from and against any and all losses, liabilities, damages, claims, demands, subrogation, suits, actions, proceedings, costs, and expenses, including attorneys' fees and costs of litigation related thereto or incident to establishing the right to indemnification, arising from the Company's reasonable exercise of its rights under this provision.

## 26. Performance Requirements

The core quality requirement is for all features to comply to specifications 100% for all parts produced and shipped. If the process is not capable of meeting 100% yield it is Thaler Machine Company LLC's expectation that all suppliers pursue measurable continuous quality and delivery improvements.

When a supplier does not meet these minimum performance levels, Thaler Machine Company LLC reserves the right to require the supplier to engage in an aggressive improvement project. These projects will be focused on improving the supplier's Business Operating Systems that will result in the sustainable achievement of performance expectation.

## 27. Surveys, Audits and Surveillance

Thaler Machine Company LLC may conduct a survey and/or perform surveillance of the Supplier's quality control system to evaluate the degree of ability to comply with these and other applicable requirements or assist in the resolution of quality problems. As necessary, any tier of a Thaler Machine Company LLC's Customer chain may accompany the Thaler Machine Company LLC's Quality Assurance Representative.

Disapproval of the Supplier's quality program or major portions thereof may be cause for withholding Buyer acceptance of product until cause(s), specific corrective action(s) and preventive corrective action(s) are submitted to and approved by Thaler Machine Company LLC. If significant conditions adverse to Quality are identified, these conditions must be resolved prior to continuing work. When requested, the Supplier must arrange permission for Thaler Machine Company LLC to perform any audits, surveys, and inspections at its sub tiers.

## 28. Supplier Assistance

In the event requirements are not completely clear, or where special assistance is needed, Thaler Machine Company LLC will provide qualified personnel to consult with the Supplier. Requests for assistance shall be made via the Thaler Machine Company LLC's Buyer or Quality Systems Department. If inquiries pertain to quality aspects of supplies or services being procured, Thaler Machine Company LLC's Procurement Quality Assurance Organization may be contacted.

## 29. Concise Business Ethics and Compliance

Supplier agrees to act consistently with the principles set forth in Thaler Machine Company LLC's Supplier Code of Conduct. Supplier agrees that it will not engage in and shall take appropriate steps to reasonably ensure that anyone working on its behalf in connection with performance under this Contract does not engage in activity that would expose Thaler Machine Company LLC to a risk of criminal, civil, or administrative penalties under any applicable laws and regulations, including but not limited to, law and regulations pertaining to corruption, bribery, antitrust, and trafficking in human persons.

### Compliance with laws

Thaler Machine Company LLC and its supply chain will comply with all legal requirements and contractual, federal, or state laws applicable to our business.

FAR 52.203-13 – Contractor Code of Business Ethics and Conduct and additional regulations apply

### Good Faith

Suppliers to conduct all business in good faith, make all required disclosures, and avoid actual or apparent conflicts of interest (whether based on financial interests, family relationships, or any other circumstances).

FAR 52.203-16 – Preventing Personal Conflicts of Interest and additional regulations apply

### Export/Import Control

Suppliers to ensure their business practices are in accordance with all applicable laws and regulations governing the export and import of domestic and foreign origin parts and components and related technical data.

Atomic Energy Act of 1954, Section 38 of the Arms Export Control Act as enumerated in 22 CFR Parts 120-130, The International Traffic in Arms Regulations (ITAR), and/or Export Administration Act of 1979, as amended in 15 CFR Parts 730-774 of the Export Administration Regulations (EAR) and additional regulations apply

## Anti-Corruption

Anyone conducting business on Thaler Machine Company LLC's behalf, including suppliers, shall refrain from offering, making, or providing any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons. Thaler Machine Company LLC strictly prohibits facilitating payments intended to expedite or secure performance of a routine government action like obtaining a visa or customs clearance, even in locations where such activity may not violate local law.

FAR 52.203-13 – Contractor Code of Business Ethics and Conduct and additional regulations apply

## Gifts/Business Courtesies

Thaler Machine Company LLC expects our Suppliers to compete on the merits of their products and services and not to use the exchange of business gifts, meals, or entertainment to gain an unfair competitive advantage. Thaler Machine Company LLC associates who are in any way involved in procurement decisions are subject to strict limitations and may not accept any business courtesy from a supplier with the exception of promotional items.

In any business relationship, our supplier must ensure that the offering or receipt of any gift or business courtesy is permitted by law and regulation, and that these exchanges do not violate the rules and standards of the recipient's organization and are consistent with reasonable marketplace customs and practices.

FAR 52.203-7 -- Anti-Kickback Procedures and additional regulations apply

## Human Trafficking

Suppliers are expected to adhere to regulations prohibiting human trafficking and comply with all applicable local laws in the country or countries in which they operate. Our suppliers must refrain from violating the rights of others and address any adverse human rights impacts on their operations.

FAR 52.222-50 Combating Trafficking in Persons and additional regulations apply

## Conflict Minerals

Suppliers are expected to take steps to determine if their products contain conflict minerals (tin, tantalum, gold, and tungsten) and if so, implement a supply chain due diligence process to identify sources of these minerals and support efforts to eradicate the use of conflict minerals which directly or indirectly benefit armed groups in the Democratic Republic of Congo or adjoining countries.

FAR 52.212-3 -- Offeror Representations and Certifications -- Commercial Items and additional regulations apply

## Harassment

Suppliers are expected to ensure their associates can perform work in an environment free from physical, psychological, and verbal harassment, or other abusive conduct.

Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, (ADEA), and the Americans with Disabilities Act of 1990, (ADA) and additional regulations apply

## Non-Discrimination

Suppliers are expected to provide equal employment opportunity to associates and applicants for employment, without regard to race, ethnicity, religion, color, sex, national origin, age, military veteran status, ancestry, sexual orientation, gender identity or expression, marital status, family structure, genetic information, or mental or physical disability, so long as the essential functions of the job can be competently performed with or without reasonable accommodation.

U.S. Equal Employment Opportunity Commission laws and additional regulations apply

## Safety, Health & Environment

Suppliers are expected to operate in a manner that actively manages risk, conserves natural resources, and protects the environment. We expect our suppliers to comply with all applicable safety, health and environment laws and regulations. Suppliers should protect the health, safety and welfare of their people, visitors, and others who may be affected by their activities.

Occupational Safety and Health Administration and other laws apply

## Quality

Suppliers are expected to take due care to ensure their work product meets our company's quality standards with zero escapes to Thaler Machine Company LLC. Suppliers are expected to regularly review their quality scorecard and take action to achieve and maintain 100% quality performance. Suppliers are expected to have in place quality assurance processes to identify defects and implement corrective actions and to immediately notify Thaler Machine Company LLC if becoming aware of any discrepant hardware that has been delivered to Thaler Machine Company LLC or Thaler Machine Company LLC's customers. Effective processes should be in place to detect counterfeit parts and materials and exclude such from the delivered product and to



immediately notify Thaler Machine Company LLC if becoming aware of any counterfeit part that was used in a product delivered to Thaler Machine Company LLC. Suppliers shall ensure staff are adequately trained and provide evidence of training upon request.

U.S. Department of Labor and other laws apply

#### Confidential/Proprietary Information

Suppliers are expected to properly handle and protect all sensitive information, including confidential, proprietary, and personal information and that contained in information systems which suppliers use to conduct business with Thaler Machine Company LLC. This also includes having the systems and processes in place that will safeguard and protect sensitive information and inform Thaler Machine Company LLC immediately if there is a release of sensitive data.

Unless otherwise published, all Thaler Machine Company LLC records, reports, papers, devices, processes, plans, intellectual property, methods, etc., are considered by Thaler Machine Company LLC to be secret and confidential, and revealing information on such matters is prohibited. In addition, Thaler Machine Company LLC information should not be used for any purpose other than the business purpose for which it was provided.

Economic Espionage Act of 1996 (18 USC 1831-39) and The Freedom of Information Act and additional regulations apply

#### Reporting

Suppliers are expected to provide their associates with avenues for raising legal or ethical issues or concerns without fear of retaliation. Suppliers are expected to take action to prevent, detect, and correct any retaliatory actions. In the event anyone becomes aware of misconduct related to Thaler Machine Company LLC business by any Thaler Machine Company LLC associate, any associate of the Thaler Machine Company LLC supply chain of suppliers or customers, or anyone else, immediate notification of Thaler Machine Company LLC is expected.

U.S. Department of Labor Whistleblowers and other regulations apply

### 30. Prohibition of Gratuities

Supplier warrants that its officers, directors, associates, agents, and representatives have not offered or given, and will not offer or give, any gratuities in the form of entertainment, gifts, or otherwise, to any officer or associate of Thaler Machine Company LLC or its Customer with a view toward

- Securing this or any other Contract issued by Thaler Machine Company LLC
- Any favorable treatment with respect to the awarding or amending of this or any other Contract issued by Thaler Machine Company LLC or
- The making of any determination with respect to Supplier's rights or duties under this or any other Contract issued by Thaler Machine Company LLC.

For any breach of Supplier's warranty under this Clause the Thaler Machine Company LLC shall have, in addition to any other rights provided by this Contract, the right to terminate all Contracts with Supplier for default, and to recover from Supplier the amount of any gratuity paid together with all damages (including the amount of any penalty or fine) that are incurred by Thaler Machine Company LLC as a result of Supplier's breach, plus all reasonable costs (including attorney fees) expended by Thaler Machine Company LLC in seeking such recovery. (Supplier is also advised that, if this Contract is issued under a prime contract or subcontract of the U.S. Government, any gratuity covered by this Clause may also entail further liabilities of Supplier under applicable statutes or other provisions.)

### 31. Publicity

Supplier shall not release any publicity, advertisement, news release, or denial or confirmation of information regarding the Contract or the Work without the prior written approval of Thaler Machine Company LLC, which approval shall not be unreasonably withheld.

### 32. Disputes

Any dispute not settled between the parties may be decided by recourse to an action at law or in equity and will be referred to a court of competent jurisdiction in the state of Ohio. Pending final resolution of any dispute between the parties, Supplier shall diligently proceed with performance of the Contract, as directed by Thaler Machine Company LLC, as though no dispute existed. The Contracts Disputes Act shall have no application to this Contract, and nothing in this Contract grants Supplier a direct claim or cause of action against the Government.

### 33. Rights and Remedies

The rights and remedies of Thaler Machine Company LLC in the Contract are cumulative and in addition to any other rights and remedies that Thaler Machine Company LLC may have at law or in equity. IN NO EVENT SHALL THALER MACHINE COMPANY LLC BE LIABLE FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING WITHOUT LIMITATION LOST PROFITS).

## 34. Supplier Outsourcing Approval

The Supplier shall notify Thaler Machine Company LLC Buyer and request written approval when outsourcing a process, part, assembly, or end item prior to invoking the change unless already expressed on Purchase Order from Thaler Machine Company LLC.

## 35. Pricing and Taxes

Thaler Machine Company LLC will not pay prices for work higher than those prices stated in the PO. Supplier warrants that the prices of the items covered by this PO are not in excess of Supplier's lowest prices in effect on the date of this PO for comparable quantities of similar items. If Supplier reduces prices for this work after formation of the PO, but prior to payment, such price reductions will apply to this PO. Unless otherwise specified, the prices include all charges for packaging, handling, storage, and delivery.

Unless prohibited by law or otherwise specified, Supplier shall pay and has included in the price of the PO any federal, state, or local tax, transportation tax, or other tax which is required to be imposed upon the items ordered hereunder, or by reason of their sale or delivery, except for applicable sales and use taxes that are listed separately on Supplier's invoice.

Prices shall not include any taxes, duties, tariffs, or similar fees for which the Company has furnished a valid exemption certificate or other evidence of exemption.

## 36. Document Legibility

The content of all documentation submitted, including signatures, stamps, and dates, must be permanent, legible, and reproducible. Documents requiring corrections shall comply with the following requirements:

- Each error must be lined through once.
- The correct information must be entered near the error.
- All corrections must be made in ink. No Red Ink (except redlined drawings authorized in writing)
- Each entry must be initialed and/or stamped and dated.
- Use of correction tape/fluid is prohibited

## 37. Record Retention - Standard

Supplier (and any Sub Tier) shall maintain verifiable objective evidence of all inspections and test performed, results obtained and dispositions of non-conforming articles. These records shall be identified to associated articles, including heat and lot number of materials, unit, or lot serialization, and made available to customer and/or government representatives upon request and shall be retained in a safe, accessible location for a period of twenty (20) years. Supplier's records associated with the manufacture of serialized or lot-controlled articles will provide for continued traceability of serial numbers or lot number identification through all phases of manufacture, commencing with the raw material continuing through final acceptance of the end item. Records held for the required retention period of twenty (20) years shall not be destroyed without Thaler Machine Company LLC Buyers written concurrence. Contact buyer for concurrence.

Supplier (and any sub tier) shall keep on file records reflecting that all materials and finished items were controlled and tested in accordance with and met the specifications detailed on the purchase order. Supplier (and any sub tier) shall maintain complete books and records, including inspection records, with respect to all goods and services, which records shall be available to Buyer during performance of this Order and until the later of twenty (20) years after final payment; final resolution of any dispute involving the goods or services delivered hereunder; or the latest time required by applicable law or regulation.

Supplier and its subcontractors shall at any time, and after notice by Buyer,

- Grant to Buyer, Buyer's customers and/or to any applicable regulatory authority, unrestricted access to (or if Buyer so requests, provide to Buyer copies of) such books and records, wherever such books and records may be located (including third-party repositories), and
- Provide Buyer, Buyer's customers and/or any such authority the right to access, and to perform any type of inspection, test, audit or investigation at Supplier's premises, including manufacturing and test locations, for the purpose of enabling Buyer to verify compliance with the requirements of this Order or for any other purpose indicated by Buyer's customers or said authority in certification, manufacture, use and/or connection with the design, development or support of the goods or services.
- Shall furnish all reasonable facilities and assistance for the safe performance of the inspection, test, audit and/or investigation.

Records shall be retained the designated years after final payment unless otherwise stated in PO. Records shall be maintained for the retention period in a manner that prevents damage from fire, moisture, pests, power interruption, or any other deteriorating

effects. Supplier shall notify the Thaler Machine Company LLC buyer if conformance to this requirement cannot be met. In such an instance, copies of records shall be provided to Thaler Machine Company LLC buyer, who shall retain such records for the required record retention period or forward to Thaler Machine Company LLC customer.

Thaler Machine Company LLC buyer shall be notified thirty days prior to destruction of documentation related to Thaler Machine Company LLC buyer orders.

A supplier (and any sub tier) who ceases operations (i.e., goes out of business) shall contact the Buyer to plan for the transfer of all quality records Thaler Machine Company LLC for storage. A supplier (and any sub tier) who discontinues acceptance of Thaler Machine Company LLC purchase orders, but whose business remains intact, shall be responsible for the archival of all quality-related records for the time periods specified on the PO.

Legible and reproducible electronic copies of records are acceptable. If computer generated data is supplied, it shall be the responsibility of the Supplier to provide any cyber records in readable condition utilizing a current, generally accepted method or program. If needed, the supplier shall submit to Thaler Machine Company LLC, an interpreter instruction listing describing test or sequence number versus drawing parameters.

### 38. Electronic Signatures

Electronic signatures and dates on Supplier-submitted documentation are acceptable when the Supplier has a procedure / process to control the use of passwords or programs for the application of electronic signatures.

### 39. Stamps

Acceptance Authority Media (stamps) on Supplier-submitted documentation are acceptable when the Supplier has a procedure / process to control the use of Acceptance Authority Media (stamps). Supplier shall maintain validated stamp samples for each associate. Stamps must only be utilized by the associate to which it is assigned.

### 40. Sampling by Thaler Machine Company LLC

Thaler Machine Company LLC reserves the right to use sampling plans for the acceptance or rejection of material and/or services. If a lot is rejected by the sampling procedure, the entire lot may be returned to the Supplier or the rejected lot may be screened by Thaler Machine Company LLC at the Supplier's expense.

### 41. Final Acceptance

Inspection/test acceptance at the Supplier's facilities by Thaler Machine Company LLC, Thaler Machine Company LLC's Customer or the Government does not guarantee final acceptance. Final acceptance shall occur at Thaler Machine Company LLC's customer facility unless otherwise specified on the Purchase Order.

### 42. Preservation and Packaging

In addition to specific packaging and preservation instructions invoked in the Purchase Order, the following applies:

All material intended for Thaler Machine Company LLC shall be protected against the usual hazards of electrostatic discharge (ESD), corrosion, contamination, deterioration, or other spoilage at the Supplier's facility and in transit.

All material intended for Buyer shall be packed with suitable protection to prevent damage through handling, during storage at the Supplier, in transit, and during storage at Buyer's facility before use.

When multiple items are to be shipped in a package, the items will be individually packed or wrapped in a manner to prevent damage due to contact with other items. Marking, labeling, and identification must be extended to the lowest level of unit packaging and shall be sufficiently clear to identify the contents of the package.

Bare metal material having surface protective treatment such as plating, painting, anodizing, conversion coating, etc., shall be wrapped separately in chemically neutral paper or equivalent to prevent damage to the coating. Handling, protection, or packaging shall not be accomplished using tapes which have glass beads in the tape (i.e., nylon reinforced tape) or on the tape as a separator. This requirement shall be placed in purchase order(s) to any sub tier suppliers.

### 43. Delivery Performance

An expectation of at least 95 percent on-time delivery as measured against the required PO line-item due date. Partial deliveries are counted as delivery failures if the entire quantity ordered is not delivered by the due date on the PO. Percentage is determined by scheduled items received on time divided by scheduled items due.

## 44. Quality Performance

Thaler Machine Company LLC requires that all parts and products purchased meet the full requirements as specified by the Purchase Order, the drawings, specifications, and any Quality Notes therein. This includes expected documentation required upon delivery. Suppliers are expected to maintain at least a 98 percent Quality Rating. Percentage is determined by prime received parts divided by the PO quantity.

## 45. Specification Requirements with Specific Revision

Suppliers (and any sub tier) are required to identify and work to Government, Industry, and specification as directed on the PO. When a specification and revision is listed on a PO, only that specification and revision shall be used. The entire name of the specification is to be listed on the Certificate of Conformance. (Example - ASTM E1417/E1417M 2016 Edition instead of ASTM E1417 2016 Edition)

## 46. Specification Requirements using Current Revision

Suppliers (and any sub tier) are required to identify and work to Government, Industry, and specification as directed on the PO. When no specification revision is listed on an engineering drawing, suppliers are required to identify the current specification and revision and to work to that specification and revision. The entire name of the specification is to be listed on the Certificate of Conformance. (Example - ASTM E1417/E1417M 2016 Edition instead of ASTM E1417 2016 Edition)

## 47. Suspect and Counterfeit Parts Prevention / GIDEP

Supplier represents and warrants that only new and authentic materials are used in products required to be delivered and the work delivered contains no counterfeit parts. Supplier represents and warrants that only new and authentic materials are used in products required to be delivered and that the work delivered contains not counterfeit parts. No material, Part, or component other than a new and authentic part is to be used unless approved in advance in writing by Thaler Machine Company LLC's customer. To further mitigate the possibility of the inadvertent use of counterfeit parts, Supplier shall only purchase authentic parts/components directly from the original equipment manufacturers (OEM's), original component manufacturers (OCM's) or through the OEM's/OCM's authorized dealers. Supplier represents and warrants that all parts/components delivered under this contract are traceable back to the OEM/OCM. Supplier must maintain and make available to Thaler Machine Company LLC, at Thaler Machine Company LLC's request, OEM/OCM documentation that authenticates clear traceability of the parts/components to the applicable OEM/OCM. Purchase of parts/components from non-franchised sources is not authorized unless first approved in writing by Thaler Machine Company LLC's customer. Supplier must present complete and compelling support for its request and include in its request all action to ensure the parts/components thus procured are legitimate parts. Thaler Machine Company LLC's customer approval of supplier request does not relieve supplier's responsibility to comply with all contract requirements, including the representations and warranties in this paragraph.

Supplier (and any sub tier) shall immediately notify Thaler Machine Company LLC with the pertinent facts if the Supplier (and any sub tier) becomes aware that it has furnished Suspect or Counterfeit parts. After such notification, when requested by Thaler Machine Company LLC, Supplier (and any sub tier) shall provide copies of OCM/OEM documentation in its possession that authenticates traceability (up to and including other testing validation methods) of the affected items to the applicable OCM/OEM.

Suspect counterfeit parts and/or materials shall be immediately quarantined to prevent parts/materials from getting back into component/materials supply chain until authenticity validation can be conducted.

If it is determined that counterfeit parts or suspect counterfeit parts were delivered to Thaler Machine Company LLC by Supplier, the suspect counterfeit parts will not be returned to the Supplier. Thaler Machine Company LLC reserves the right to quarantine any and all suspect counterfeit parts it receives and to the notify the Government Industry Data Exchange Program (GIDEP) and other relevant government agencies. Supplier shall promptly reimburse Thaler Machine Company LLC for the full cost of the suspect counterfeit parts and suppliers assumes responsibility and liability for all costs associated with the delivery of suspect counterfeit parts, including but not limited to, cost for identification, testing, and any corrective action required to remove and replace the suspect counterfeit parts. The remedies in this section shall apply regardless of whether the warranty period or guarantee period has ended and are in addition to any remedies available at law or in equity.

Suppliers (and any sub tier) eligible for utilization of the Government-Industry Data Exchange Program (GIDEP) shall utilize the GIDEP process to alert industry of encountered counterfeit parts. Supplier is prohibited from shipping material for which a GIDEP Alert has been issued. The supplier (and any sub tier) agrees to support Thaler Machine Company LLC in GIDEP compliance efforts. Also, the Supplier shall not ship any suspected counterfeit parts as notified by Thaler Machine Company LLC of any alerts or other suspect counterfeit conditions.

Supplier shall maintain a documented system (standard practice, procedure, or other documented approach) that provides for prior notification and Thaler Machine Company LLC approval before parts/components are procured from sources other than OEM's/OCM's or the OEM'S/OCM'S authorized dealers. Supplier shall provide copies of such documentation for its system for Thaler Machine Company LLC's inspection upon its request.

Supplier must maintain a counterfeit detection process that complies with SAE standard AS5553, Counterfeit Electronics Parts, Avoidance, Detection, Mitigation and Disposition, and a detailed process to ensure that excess and nonconforming parts to do not enter the supply chain.

If the procurement of materials under this contract is pursuant to, or in support of, a contract, subcontract or task order for delivery of goods or services to the government, the making of a materially false, fictitious, or fraudulent statement, representation or claim of the falsification or concealment of a material fact in connection with this contract may be punishable, as a federal felony, by up to five years imprisonment and/or substantial monetary fines. In addition, trafficking in counterfeit goods or services, constitutes a federal felony offense, punishable by up to life imprisonment and a fine of fifteen million US dollars.

Supplier shall flow the requirements of this section (Counterfeit Parts Prevention) to its subcontractors and suppliers at any tier for the performance of the contract.

This section and its subsections shall survive termination, expiration or cancellation of this contract.

## 48. Risk Notification

Thaler Machine Company LLC shall be promptly notified whenever Seller becomes aware or reasonably suspects that any product delivered to Thaler Machine Company LLC is, or contains a component that is, subject to a recall notice, warning alert, GIDEP Alert, and/or any other type of notification or concern regarding product authenticity, quality, safety, process integrity, and/or specification compliance.

## 49. Nonconformance

The supplier must focus on preventing nonconformance, reducing variability, and building quality into Buyer products and processes through process characterization and mistake-proofing tools. When issues arise, the supplier must take corrective action measures to get processes back into control.

When a nonconformity occurs, including any arising from complaints, the Supplier shall react to the nonconformity by

- Taking action to control and correct it
- Dealing with the consequences

Supplier shall evaluate the need for action to eliminate the cause(s) of the nonconformity, in order that it does not recur or occur elsewhere, by:

- Reviewing and analyzing the nonconformity.
- Determining the causes of the nonconformity, including, as applicable, those related to human factors.
- Determining if similar nonconformities exist or could potentially occur.

Supplier shall

- Implement any action needed
- Review the effectiveness of any corrective action taken
- Update risks and opportunities determined during planning, if necessary
- Make changes to the quality management system, if necessary
- Flow down corrective action requirements to an external provider when it is determined that the external provider is responsible for the nonconformity
- Take specific actions when timely and effective corrective actions are not achieved.

Any nonconformance detected during incoming inspection, the Supplier shall immediately notify the Thaler Machine Company LLC Buyer for plan of action.

The Supplier shall notify Thaler Machine Company LLC Buyer if there may be a nonconformance to form, fit, function, or issue with usability, or reliability problem with material that has already been delivered.

Supplier shall not knowingly ship non-conforming material without written authorization from Thaler Machine Company LLC. All nonconformance material shall be physically segregated and identified and separated on shipping paperwork.

Rework is considered the return to conformance of a nonconforming feature or item using original instructions and processes. Nonconforming items that result in rework beyond existing instructions, requires written rework instructions and those rework instructions will capture the results of the rework. Rework documentation shall be made available for Thaler Machine Company LLC review upon request. This requirement shall be flowed down to all sub-tier suppliers. Reworked items must be reexamined in accordance with applicable procedures and the original acceptance criteria.

When nonconforming items are identified, including Limited Life items, an evaluation must be performed to determine if any other previously supplied product is affected. If yes, the supplier must promptly notify the Buyer. The Buyer will provide disposition guidance on nonconforming issues.

Under no circumstance shall a repair (the use of different methods, materials, or processes to correct a nonconformance) be permitted without prior Thaler Machine Company LLC approval. As Thaler Machine Company LLC is typically a make to order entity, approval from Thaler Machine Company LLC's customer is also typically required.



The supplier must notify the Buyer when a nonconforming condition is identified with Buyer furnished items. The Buyer will provide direction for disposition of such items.

## 50. Instructions, Procedures and Drawings

Work must be prescribed by, and performed in accordance with, approved and controlled written instructions, procedures, drawings, specifications, other documents, or models that include or reference appropriate acceptance criteria for determining that results have been satisfactorily attained.

Current instructions, procedures, drawings, specifications, other documents, and models must be available to and used by the personnel performing the work.

## 51. Document Control

A written procedure must be established and maintained to control documents, including models and data. Documents must be prepared, reviewed, approved, issued, used, and revised to prescribe processes, specify requirements, or establish design. The process must ensure:

- Identification of controlled documents
- Identification of individuals responsible for the preparation, review, approval, and distribution of controlled documents
- Review of controlled documents for adequacy, completeness, and approval prior to distribution
- Correct documents are available
- Documents specify an effective date

Timely release, distribution, and implementation

## 52. Material Review or Material Review Board (MRB)

Suppliers have the authority to disposition product only as scrap or rework. All other nonconforming dispositions must be coordinated with the Buyer. Nonconforming dispositions must be documented. The Supplier shall not exercise Material Review authority on end items without written approval by Buyer's Quality Assurance Organization. As Thaler Machine Company LLC is typically a make to order entity, approval from Thaler Machine Company LLC's customer is also typically required.

## 53. Corrective Action

The Supplier's quality control system shall provide means for ready detection of discrepancies and for prompt and effective corrective action. Corrective action must prevent reoccurrence, including firm effectivity points by serial number, part number, date, or other agreed methods. Corrective action records and information, such as pertinent data on defects and failures, shall be available.

The Supplier is responsible for initiation of prompt replies to Thaler Machine Company LLC Buyer Nonconforming Material Reports and/or Corrective Action Request, and implementation of required corrective action.

When corrective action is required by Thaler Machine Company LLC for Government source-inspected items, the Supplier shall coordinate such action with the Government source inspector at his plant.

## 54. Oasis Database

Suppliers shall permit Thaler Machine Company LLC access to all data in OASIS and Nadcap special process databases including registration documentation, certification, audit reports, findings, corrective actions, etc. Thaler Machine Company LLC reserves the right to input significant and/or frequent escape data and major audit findings regarding suppliers into the relevant OASIS data base records for those Suppliers.

## 55. INCO Terms

"Incoterms®" is an acronym standing for international commercial terms. "Incoterms®" is a trademark of International Chamber of Commerce (ICC). ICC's Incoterms® 2010 rules are the world's essential terms of trade for the sale of goods. The Incoterms® rules provide specific guidance to individuals participating in the import and export of global trade on a daily basis.

EXW Ex Works\*

"Ex Works" means that the seller delivers when it places the goods at the disposal of the buyer at the seller's premises or at another named place (i.e., works, factory, warehouse, etc.). The seller does not need to load the goods on any collecting vehicle, nor does it need to clear the goods for export, where such clearance is applicable.

FCA Free Carrier\*

“Free Carrier” means that the seller delivers the goods to the carrier, or another person nominated by the buyer at the seller’s premises or another named place. The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point.

**CPT Carriage Paid To**

“Carriage Paid To” means that the seller delivers the goods to the carrier, or another person nominated by the seller at an agreed place (if any such place is agreed between parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination.

**CIP Carriage and Insurance Paid To**

“Carriage and Insurance Paid to” means that the seller delivers the goods to the carrier, or another person nominated by the seller at an agreed place (if any such place is agreed between parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination.

“The seller also contracts for insurance cover against the buyer’s risk of loss of or damage to the goods during the carriage. The buyer should note that under CIP the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.”

**DAT Delivered at Terminal**

“Delivered at Terminal” means that the seller delivers when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named terminal at the named port or place of destination. “Terminal” includes a place, whether covered or not, such as a quay, warehouse, container yard or road, rail, or air cargo terminal. The seller bears all risks involved in bringing the goods to and unloading them at the terminal at the named port or place of destination.

**DAP Delivered at Place**

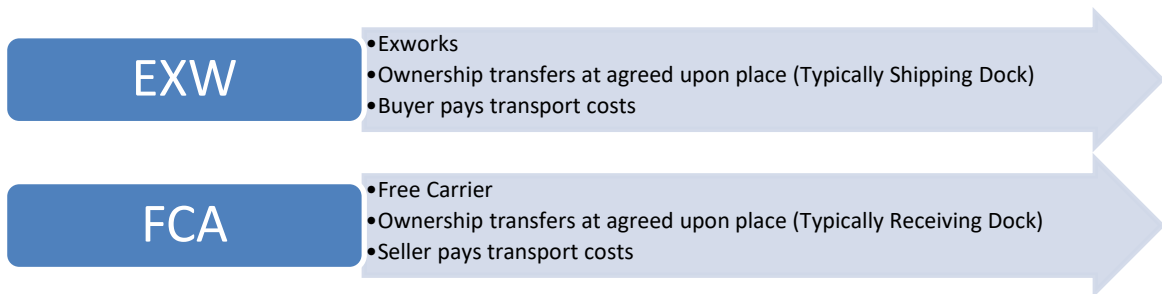
“Delivered at Place” means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination. The seller bears all risks involved in bringing the goods to the named place.

**DDP Delivered Duty Paid**

“Delivered Duty Paid” means that the seller delivers the goods when the goods are placed at the disposal of the buyer, cleared for import on the arriving means of transport ready for unloading at the named place of destination. The seller bears all the costs and risks involved in bringing the goods to the place of destination and has an obligation to clear the goods not only for export but also for import, to pay any duty for both export and import and to carry out all customs formalities.

Refer to <https://iccwbo.org/resources-for-business/incoterms-rules> for additional information

\* Typical Thaler Machine Company LLC Incoterms



## 56. Payment Terms

Typical payment terms are Net 30. Other terms are available upon request.

### Revision History:

Rev.	Date	Description
01	8/13/2019	Original
02	10/29-2021	Added No Change clause and moved SQARs to TMC FORM 1189

TMC Form Review \_\_\_\_\_ Date \_\_\_\_\_

And

TMC Form Authorization \_\_\_\_\_ Date \_\_\_\_\_