

**Pioneer Machine & Tool Co., Inc.**  
**SUPPLIER PURCHASE ORDER TERMS AND CONDITIONS**

**1. ACCEPTANCE:** Seller has read and understands this order and agrees that Seller's written acceptance or commencement of any work or service under this order shall constitute Seller's acceptance of these terms and conditions only. All terms and conditions proposed by Seller which are different from or in addition to this order are unacceptable to Pioneer Machine & Tool Co., Inc. ("Buyer"), are expressly rejected by Buyer, and shall not become a part of this order. Any modifications to this order shall be made in accordance to Paragraph 22. **Seller must use only the approved or accepted data indicated on the Purchase Order.**

**2. SHIPPING, BILLING AND FLSA CERTIFICATION:** Seller agrees (a) to properly pack, mark, and ship goods in accordance with the requirements of Buyer and involved carriers in a manner to secure lowest transportation cost; (b) to route shipments in accordance with instructions from Buyer's Traffic Department; (c) to make no charge for handling, packaging, storage, transportation or drayage of goods unless otherwise stated in this order; (d) to provide with each shipment packing slips with Buyer's order number marked thereon; (e) to properly mark each package with this order number, the factory, plant or dock number, and where multiple packages comprise a single shipment to consecutively number each package; and (f) to promptly forward the original bill of lading or other shipping receipt for each shipment in accordance with Buyer's instructions. Seller will include on bills of lading or other shipping receipts correct classification identification of the goods shipped in accordance with Buyer's instructions and carrier's requirements. The marks on each package and identification of the goods on packing slips, bills of lading and invoices shall be sufficient to enable Buyer to easily identify the goods purchased. Seller further agrees: (a) to promptly render, after delivery of goods or performance of services, correct and complete invoices to Buyer; and (b) to accept payment by check or, at Buyer's discretion, other cash equivalent (including electronic transfer of funds). Seller's invoice must include a certification that all goods were produced in compliance with the applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and regulations and orders of the United States Department of Labor issued in connection therewith. The payment terms are set forth on the face side of this order, or if not stated, shall be 30 days following Buyer's receipt of a proper invoice. Time for payment shall not begin until correct and complete invoices are received, and Seller's cash discount privileges to Buyer shall be extended until such time as payment is due. Buyer may withhold payment pending receipt of evidence, in such form and detail as Buyer may direct, of the absence of any liens, encumbrances and claims on the goods or services provided under this order.

**3. DELIVERY SCHEDULES:** Deliveries shall be made both in quantities and at times specified in Buyer's Schedules. Buyer shall not be required to make payments for goods delivered to Buyer which are in excess of quantities specified in Buyer's delivery schedules. Buyer may change the rate of scheduled shipments or direct temporary suspension of scheduled shipments, neither of which shall entitle Seller to a modification of the price for goods or services covered by this order. For orders of goods where quantities and/or delivery schedules are not specified, Seller shall deliver goods in such quantities and times as Buyer may direct in subsequent releases. If a specific time for delivery is provided, time shall be of the essence, and, in the event of failure to deliver goods on time and in acceptable condition, Pioneer Machine & Tool Co., Inc. may terminate this order in part or in entirety.

**4. PREMIUM SHIPMENTS:** If Seller's acts or omissions result in Seller's failure to meet Buyer's delivery requirements and Buyer requires a more expeditious method of transportation for the goods or services covered by this order to meet Buyer's delivery requirements, Seller shall, at Buyer's option, (i) promptly reimburse Buyer the difference in cost between the more expeditious method and the original method, (ii) allow Buyer to reduce its payment of Seller's invoices by such differences, or (iii) ship the goods as expeditiously at Seller's expense and invoice Buyer for the amount which buyer would have paid for normal shipment.

**5. CHANGES:** Buyer reserves the right at any time to direct changes, or cause Seller to make changes, to drawings and specifications of the goods or to otherwise change the scope of the work covered by this order, including work with respect to such matters as inspection, testing or quality control, and Seller agrees to promptly make such changes; any difference in price or time for performance resulting from such changes shall be equitably adjusted by Buyer after receipt of documentation in such form and detail as Buyer may direct. Any changes to this order shall be made in accordance to Paragraph 22. **Seller must notify Pioneer Machine & Tool Co., Inc. of any changes in product and/or process and must obtain Pioneer Machine & Tool Co., Inc. written approval.**

**6. INSPECTION:** Seller agrees that Buyer shall have the right to enter Seller's facility at reasonable times to inspect the facility, goods, materials and any property of Buyer covered by this order. Buyer's inspection of the goods, whether during manufacture, prior to delivery or within a reasonable time after delivery, shall not constitute acceptance of any work-in-process or finished goods. This order is subject to any and all rights of the U.S. Government or its authorized representative as to access to Seller's plant, facilities and records. **Pioneer Machine & Tool Co., Inc. and Pioneer Machine & Tool Co., Inc. customers, or regulatory agencies reserve the right to inspect the sellers or the seller's sub-tier vendor's premises, processes and records related to the product provided to Pioneer Machine & Tool Co., Inc.**

**7. NONCONFORMING GOODS:** To the extent Buyer rejects goods as nonconforming, the quantities under this order will automatically be reduced unless Buyer otherwise notified Seller. Seller will not replace quantities so reduced without a new order or schedule from Buyer. Nonconforming goods will be held by Buyer for disposition in accordance with Seller's instructions within ten (10) days, or such shortened period as may be commercially reasonable under the circumstances., Failure to provide such instructions within such periods after notice of nonconformity shall entitle Buyer, at Buyer's option, to charge Seller for storage and handling, or to dispose of the goods without liability to Seller. Payment for nonconforming goods shall not constitute an acceptance thereof, limit or impair Buyer's right to assert any legal or equitable remedy, or relieve Seller's responsibilities for latent defects. **The Seller must notify Buyer's Quality Control Manager and Purchasing Department immediately (not to exceed 24 hours or next business day) of suspected nonconforming product in process or delivered to Buyer. Any determination of acceptability of nonconforming product, requires acceptance in writing, by Buyer Quality Control Manager.**

**8. FORCE MAJEURE:** Any delay or failure of either party to perform its obligations hereunder shall be excused if, and to the extent that it is caused by an event or occurrence beyond the reasonable control of the party and without its fault or negligence, such as, by way of example and not by way of limitations, acts of God, actions by government authority (whether valid or invalid), fires, floods, windstorms, explosions, riots, natural disasters, wars, sabotage, labor problems (including lockouts, strikes and slowdowns), inability to obtain power, material, labor, equipment or transportation, or court injunction or order; provided that written notice of such delay or failure to perform by Seller, Buyer, at its option, may purchase goods from other sources and reduce its schedules to Seller by such quantities, without liability to Seller or have Seller provide the goods from other sources in quantities and at times requested by Buyer and at the price set forth in this order. If requested by the Buyer, Seller shall within ten (10) days of such request, provide adequate assurances that the delay shall not exceed thirty (30) days or if the Seller does not provide adequate assurance that the delay will cease in thirty (30) days, Buyer may immediately cancel the order without liability.

**9. WARRANTY:** Seller expressly warrants that all goods or services covered by this order will conform to the specifications, drawings, samples, or descriptions furnished to or by Buyer, and will be merchantable, of good material and workmanship and free from defect. In addition, Seller acknowledges that Seller knows of Buyer's intended use and expressly warrants that all goods covered by this order which have been selected, designed, manufactured, or assembled by Seller, based upon Buyer's stated use, will be fit and sufficient for the particular purposes intended by Buyer. **All goods received are subject to inspection and rejection at the Buyer's facility within 30 days of receipt.**

**10. INGREDIENTS DISCLOSURE AND SPECIAL WARNINGS AND INSTRUCTIONS:** If requested by Buyer, Seller shall promptly furnish to Buyer in such form and detail as Buyer may direct; (a) a list of all ingredients in the goods purchased hereunder; (b) the amount of one or more ingredients; and (c) information concerning any changes in or additions to such ingredients. Prior to and with the shipment of the goods purchased hereunder, seller agrees to furnish to Buyer sufficient warning and notice in writing (including appropriate labels on goods, containers and packing) of any hazardous material which is an ingredient or a part of any of the goods together with such special handling instructions as may be necessary to advise carriers, Buyer, and their respective employees of how to exercise that measure of care and precaution which will best prevent bodily injury or property damage in the handling, transportation, processing, use or disposal of the goods, containers and packing shipped to Buyer.

**11. CANCELLATION FOR BREACH:** Buyer reserves the right to cancel all or any part of this order, without liability to Seller, if Seller (a) repudiates or breaches any of the terms of this order, including Seller's warranties; (b) Fails to perform services or deliver goods as specified by Buyer; (c) fails to make progress so as to endanger timely and proper completion of services or delivery of goods; and (d) does not correct such failure or breach within ten (10) days (or shorter period of time if commercially reasonable under the circumstances) after receipt of written notice from Buyer specifying such failure or breach.

**12. TERMINATION:** In addition to any other rights of Buyer to cancel or terminate this order, Buyer may at its option immediately terminate all or any part of this order, at any time and for any reason, by giving written notice to Seller. Upon such termination, Buyer shall pay to Seller the following amounts without duplication: (a) the order price for all goods or services which have been completed in accordance with this order and not previously paid for; and (b) the actual costs of work-in-process and raw materials incurred by Seller in furnishing the goods or services under this order to the extent such costs are reasonable in amount and are properly allocable or appropriate under generally accepted accounting principles to the terminated portion of this order; less, however the reasonable value or cost (whichever is higher) of any goods or materials used or sold by Seller with Buyer's written consent, and the cost of any damaged or destroyed goods or material. Buyer will make no payments for finished goods, work-in-process or raw materials fabricated or procured by Seller in amounts excess of those authorized in delivery releases nor for any goods which are in Seller's standard stock or which they are readily marketable. Payments made under this Paragraph shall not exceed the aggregate price payable by Buyer for finished goods which would be produced by Seller under delivery or release schedules outstanding at the date of termination. Except as provided in this Paragraph, Buyer shall not be liable for and shall not be required to make payments to Seller directly or on account of claims by Seller's subcontractors, for the loss of anticipated profit, unabsorbed overhead, interest on claims, product development and engineering costs, facilities and equipment rearrangement

costs, or rental, unamortized depreciation costs, and general and administration burden charges from termination of this order. Within sixty (60) days from the effective date of termination, Seller shall submit a comprehensive termination claim to Buyer, with sufficient supporting data to permit Buyer's audit, and shall thereafter promptly furnish such supplemental and supporting information as Buyer shall request. Buyer, or its agents, shall have the right to review and examine all books, records, facilities, work, material, inventories, and other items relating to any termination claim of Seller.

**13. INTELLECTUAL PROPERTY:** Seller agrees: (a) to defend, hold harmless and indemnify Buyer, its successors and customers against all claims, demands, losses, suits, damages, liability and expenses (including reasonable attorney fees) arising out of any suit, claim or action for actual or alleged direct or contributory infringement of, or inducement to infringe, any United States or foreign patent, trademark, copyright or mask work right by reason manufacture, use or sale of the goods or services ordered, including infringement arising out of compliance with specifications furnished by the Buyer, or for actual or alleged misuse or misappropriation of a trade secret resulting directly or indirectly from Seller's actions; (b) to waive any claim against Buyer under the Uniform Commercial Code or otherwise, including any hold harmless or similar claim, in any way related to a claim asserted against Seller or Buyer for patent, trademark, copyright or mask work right infringement or the like, including claims arising out of compliance with specifications furnished by Buyer; and (c) to grant Buyer a worldwide, nonexclusive, royalty-free, irrevocable license to repair and have repaired, to reconstruct and have reconstructed the goods ordered hereunder. Seller assigns to Buyer all right, title and interest in and to all trademarks, copyrights and mask work rights in any material created for Buyer under this order.

**14. INDEMNIFICATION:** If Seller performs any work on Buyer's premises or utilizes the property of Buyer, whether on or off Buyer's premises, Seller shall indemnify and hold Buyer harmless from and against any liability, claims, demands or expenses (including reasonable attorney fees) for damages to the property of or injuries (including death) to Buyer, its employees or any other person arising from or in connection with Seller's performance of such work or use of Buyer's property, except for such liability, claim, or demand arising out of the sole negligence of Buyer.

**15. INSURANCE:** Seller shall maintain insurance coverage in amounts not less than the following: (a) Worker's Compensation – Statutory Limits for the state or states in which this order is to be performed (or evidence of authority to self-insure); (b) Employer's Liability - \$250,000; (c) Comprehensive General Liability (including Products/Completed Operations and Blanket Contractual Liability) - \$1,000,000 per person, \$1,000,000 per occurrence Personal Injury, and \$1,000,000 per occurrence Property Damage, or \$1,000,000 per occurrence Personal Injury and Property Damage combined single limit; and (d) Automobile Liability (including owned, non-owned and hired vehicles) - \$1,000,000 per person, \$1,000,000 per occurrence Personal Injury and \$1,000,000 per occurrence Property Damage, or \$1,000,000 Personal Injury and Property Damaged combined single limit. At Buyer's request, Seller shall furnish to Buyer certificates of insurance setting forth the amount(s) of coverage, policy number(s) and date(s) of expiration for insurance maintained by Seller and, if further requested by Buyer, such certificates will provide that Buyer shall receive thirty (30) day's prior notification of any termination or reduction in the amount or scope of coverage's. Seller's purchase of appropriate insurance coverage or the furnishing of certificates of insurance shall not release Seller of its obligations or liabilities under this order. In the event of Seller's breach of this provision, Buyer shall have the right to cancel the undelivered portion of any goods or services covered by this order and shall not be required to make further payments except for conforming goods delivered or services rendered prior to cancellation.

**16. BAILED PROPERTY:** All supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment and other items furnished by Buyer, either directly or indirectly, to Seller to perform this order, or for which the Seller has been reimbursed by the Buyer, shall be and remain the property of Buyer. Seller shall bear the risk of loss of and damage to Buyer's property. Buyer's property shall at all times be properly housed and maintained by Seller; shall not be used by Seller for any purpose other than the performance of this order; shall be deemed to be personalty; shall be conspicuously marked "Property of Pioneer Machine & Tool Co., Inc." by Seller; shall not be commingled with the property of the Seller or with that of a third person; and shall not be moved from Seller's premises without Buyer's prior written approval. Upon the request of Buyer, such property shall be immediately released to Buyer or delivered by Seller to Buyer, either (i) FOB transport equipment at Seller's plant, properly packed and marked in accordance with the carrier selected by Buyer to transport such property; or (ii) to any location designated by Buyer, in which event Buyer shall pay Seller the reasonable cost of delivering such property to such location. Buyer shall have the right to enter onto the Seller's premises at all reasonable times to inspect such property and Seller's records with respect thereto.

**17. TAXES:** The prices stated herein include all Federal, State and Local taxes and duties in effect and applicable to this order. To the extent that the transactions or property covered by this order are entitled to tax or duty exemptions, or both, such exemptions shall be excluded from the prices stated herein. Exemption certificates shall be provided by the Buyer.

**18. ADVERTISING:** Seller shall not, without first obtaining the written consent of Buyer, in any manner advertise or publish the fact that Seller has contracted to furnish Buyer the goods or services herein ordered, or use any trademarks or trade names of Buyer in Seller's advertising or promotional materials. In the event of Seller's breach of this provision, Buyer shall have the right to cancel the

undelivered portion of any goods or services covered by this order and shall not be required to make further payments except for conforming goods delivered or services rendered prior to cancellation.

**19. GOVERNMENT COMPLIANCE:** Seller agrees to comply with all federal, state and local laws, executive orders, rules, regulations and ordinances which may be applicable to Seller's performance of its obligations under this order.

**20. RELATIONSHIP OF PARTIES:** Seller and Buyer are independent contracting parties and nothing in this order shall make either party the agent or legal representative of the other for any purpose what so ever, nor does it grant either party any obligation on behalf of or in the name of the other.

**21. ENTIRE AGREEMENT:** This order, together with the attachments, exhibits, or supplements, specifically referenced in this order, constitutes the entire agreement between Seller and Buyer with respect to the matter contained herein and supersedes all prior oral or written representations. This order may only be modified by a purchase order amendment/alteration issued by Buyer.

**22. Flow Down: Primary vendors (those contracting with Pioneer Machine & Tool Co., Inc.) are required to flow down to sub-tier vendors any applicable requirements indicated on this Purchase Order.**

**23. Records: Copies of all records relating to product/service herein shall be retained for a minimum of (10) years. These records must be available for review by Pioneer Machine & Tool Co., Inc. and/or their customers, if requested.**

**24. Special Processes: Use of special process (e.g. Heat Treat, Impregnation, etc.) by seller or sub-tier vendors must be in conformance with Pioneer Machine & Tool Co., Inc.**

#### **TERMS APPLICABLE TO GOVERNMENT AND DEPARTMENT OF DEFENSE CONTRACTS:**

**25. EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION:** This order incorporates by reference; (a) all provisions of 41 C.F.R. 60-1, 4, as amended, pertaining to the equal opportunity clause in government contracts; (b) all provisions of 41 C.F.R. 60-250, as amended pertaining to affirmative action for disabled veterans of the Vietnam Era; and (c) all provisions of 41 C.F.R. 60-741, as amended, pertaining to affirmative action for handicapped workers. Seller certifies that it is in compliance with applicable provisions of 41 C.F.R. 60-1, including but not limited to; (a) developing and presently having in full force and effect a written affirmative action compliance program for each of its establishments as required by 41 C.F.R. 60-1, 40, as amended; (b) filing EEO-1 Reports as required by 41 C.F.R. 60-1, 7, as amended; and (c) neither maintain segregated facilities nor permit its employees to perform services at segregated facilities as prohibited by 41 C.F.R.60-1,8, as amended. In connection with the performance of work under this order, the Seller undertakes and agrees to comply with Executive Order 10925 and the Equal Employment Opportunity Regulations issued by the President's Committee on Equal Employment, the non-discrimination provisions of which are incorporated herein by reference with the same force and effect as if included and set forth in this clause.

**26. EXAMINATION OF RECORDS:** The Seller agrees that if this order exceeds \$2500 or does not relate to public utility service at rates established for uniform application to the general public that the Department named in the prime contract and the Comptroller General of the United States or any of their duly authorized representatives shall, until the expiration of 3 years after final payment under this order have access to and the right to examine any directly pertinent books, documents, papers, and records of the Seller involving transactions related to this order. The Seller shall include a similar clause in all of his subcontracts hereunder.

**27. ARMED SERVICES PROCUREMENT REGULATION PROVISIONS:** The following clauses set forth or referred to in the Armed Services Procurement Regulation in effect on the date of this order are hereby incorporated by reference, (6-104.5) Buy American Act, (7-103.13), Renegotiation; (7-103.19), Officials not to Benefit; (7-103.20), Covenant Against Contingent Fees; (7-104.16), Gratuities; (7-104.4), Notice to the Government of Labor Disputes; (7-104.11), Excess Profits; (7-104.12), Military Security Requirements; (12-203), Convict Labor; (12-303.1), Eight-Hour Law of 1912; (12-604), Walsh-Healey Public Contracts Act; (7-104.19), Priorities, Allocations, and Allotments. Where necessary to make the context of these clauses applicable to this order, the term "Government" and equivalent phrases shall mean Buyer, the term "Contractor" shall mean the Seller, and the term "Contract" shall mean this order.

**28. TERMINATION FOR CONVENIENCE:** Work or performance under this order may be terminated in whole or, from time to time, in part by Buyer in accordance with the Subcontract Termination Clause, set forth in Section 8-706 of Armed Services Procurement Regulation as in effect on the date hereof. Any payments due or payable to the Seller shall be subject to the advanced written approval of the Government. ASPR 6-706 is incorporated herein by reference.

## **29. UTILIZATION OF SMALL BUSINESS CONCERNS (INCLUDING SMALL BUSINESS SUB-CONTRACTING PROGRAMS) AND**

**UTILIZATION OF CONCERNS IN LABOR SURPLUS AREAS:** It is the declared policy of the Government to utilize small business concerns to provide for fair consideration of small business in subcontracting programs and to utilize concerns in labor surplus areas, in conformity with such policies and requirements the clauses found in ASPRs 1-707.3; 1-707.4, 1-707.5 and 1-805.3 are incorporated herein by reference and made a part hereof. In order to make the context of these clauses applicable to this order the term "Contractor" shall mean the Seller and the language, to the extent otherwise necessary, shall be deemed revised to insure compliance by the Seller and all other lower tier suppliers affected.

**30. Ethics Statement:** Pioneer Machine & Tool Co., Inc. values relationships that are grounded in a shared commitment to performing in accordance with the highest standards of professional business conduct and encourages all suppliers to implement an effective ethics program. In performance of this Contract, both parties are expected to conduct themselves in a manner consistent with the principles expressed therein. Should you have any questions, wish to use our training materials, or observe conduct contrary to the principles set forth in Setting the Standard, please do not hesitate to call the Pioneer Machine & Tool Co., Inc.

**31. Sustainability Statement:** Pioneer Machine & Tool Co., Inc. values sustainability as part of our business model. It allows us to operate more efficiently while trying to minimize our impact on the environment. Our full sustainability statement is located on our website at [www.pioneermachine.net](http://www.pioneermachine.net).

**32. Code of Conduct:** Pioneer Machine & Tool Co., Inc. has developed a code of conduct which outlines the expected behavior for all employees. Our full Code of Conduct statement is located on our website at [www.pioneermachine.net](http://www.pioneermachine.net).

### ***Quality Assurance Purchase Order Clauses***

#### ***QA Clauses Are Mandatory and Applicable to All Purchase Order***

#### **QA1 – PREFERENCE FOR DOMESTIC SPECIALTY METALS**

The seller agrees to incorporate into any articles to be delivered under this purchase order specialty metals melted in the United State, its possessions, or a qualifying country. Specialty metals are defined in **Defense Federal Acquisition Regulation Supplement DFAR 252.225-7014 and its Alternate 1 and Qualifying Countries are listed in DFAR 225.872-1(a)**.

In addition to information related to this purchase order, and as a minimum, certification for specialty metals shall include the following:

1. **Raw Materials Suppliers:**
  - a. Material Specification
  - b. Origin or name and location of melting facility
  - c. Lot, heat or batch number

#### **QA2 - CERTIFICATE OF CONFORMANCE**

Each shipment shall be accompanied by a legible and reproducible copy of a certificate of Conformance. The certificate must include, at a minimum, the following:

1. Suppliers name and address
2. Pioneer Machine & Tool Co.,Inc. purchase order number
3. Quantity shipped
4. Pioneer Machine & Tool's part number and vendor part number (if applicable).
5. Serial Numbers, Batch Numbers, Cert Numbers, Heat numbers or Cure dates as applicable.
6. Signature and Title of Authorized Representative.
7. The Certificate of Conformance must contain a statement that all inspections, processing and tests have been performed as required by the drawing requirements and/or purchase order.
8. Products controlled by heat numbers, cert. numbers, batch numbers or cure dates must be linked to the certificate of conformance by the controlling number.
9. Each shipment also must be accompanied by **legible and reproducible** copies of all raw material, processing, test and hardware certifications needed to produce the part in accordance with the engineering drawing and/or purchase order requirements.
10. A signed Certificate of Conformance with the title of the authorized Representative must be submitted with each shipment.

### **QA3 - RIGHT OF ENTRY**

It is agreed, that in the execution of this purchase order, Pioneer Machine & Tool Co., Inc. and/or its prime contractor, including Regulatory Agencies, will be permitted on site to review supplier facilities and procedures, as deemed necessary.

### **QA4 – RECORD RETENTION**

In addition to the requirements of the certifications included in the Pioneer Machine & Tool Co., Inc. Purchase Order, any additional records relating to work performed for Pioneer Machine & Tool Co., Inc. maintained by the supplier must be kept complete and available to Pioneer Machine & Tool Co., Inc. at the suppliers' facility, including without limitation, all records, reports, data and other information necessary to assure compliance with purchase order requirements. The records maintained at the suppliers facility must be maintained for a **minimum** of 10 years, unless otherwise specified.

### **QA5 – UNAUTHORIZED USE OF NONCONVENTIONAL MANUFACTURING METHODS**

Unless otherwise specified on the engineering drawing, specification or purchase order, supplier or sub tiers shall not use any non-conventional manufacturing or processing methods, such as electrical discharge machining (EDM), electro chemical machining(ECM), laser or abrasive water jet cutting, flame spray coatings, etc. without proper written authorization from Pioneer Machine & Tool Co.,Inc.

### **QA6- Counterfeit Part Prevention Policy**

This Counterfeit Parts Prevention Policy is required for all Purchase Orders awarded by Pioneer Machine & Tool Co. Inc. This policy overrides and takes precedence over any conflicting terms of any such document or any other document referenced therein.

As used herein, the term "**Seller**" refers to the person or entity selling goods or services to Pioneer, and the term "**Pioneer**" refers to Pioneer Machine & Tool Co. Inc. and any of its subsidiaries or affiliates.

#### **Requirements**

1. Seller represents and warrants each of the following to Pioneer:
  - a. That only new and Authentic materials are used in goods delivered to Pioneer;
  - b. That the goods or services delivered or sold to Pioneer contain no Counterfeit Items;
  - c. That Seller shall only purchase materials or goods for resale to Pioneer from Authorized Sources.

These representations and warranties shall apply regardless of the source of such goods or materials and irrespective of whether Pioneer has approved such source in advance.

2. Seller agrees to provide Pioneer with notice in writing prior to acceptance of an order from Pioneer if Seller is not an original or franchised source for any item listed on such order.
3. Pioneer shall have the right to inspect and test all goods sold or otherwise provided to Pioneer, at all times and places before or after acceptance.
4. Seller agrees at all times to maintain, and make available to Pioneer upon request, a documented system, policy, procedure, or other documented approach that is intended to prevent counterfeit parts from reaching Pioneer. At a minimum, such approach must require prior written approval from Pioneer prior to the procurement of any good intended for resale to Pioneer from a source other than the original manufacturer or such manufacturer's authorized distributors.
5. Seller agrees, upon request for up to 7 years from Pioneers' receipt of a good from Seller, to promptly provide Pioneer with documentation authenticating traceability of all goods sold to Pioneer to the applicable original manufacturer.
6. If Seller sells or otherwise furnishes Pioneer with any Counterfeit Item, Pioneer shall have the right to impound such items, and Seller shall promptly replace such items with items acceptable to Pioneer. In such case, Seller shall be

liable to Pioneer for all costs relating to impoundment, removal, replacement and proof of physical destruction. Pioneer may withhold payment for any Counterfeit Items and may turn such items over to governmental authorities for investigation.

7. Seller acknowledges that any willful act to falsify, conceal or alter a material fact, or any false, fraudulent or fictitious statement or representation in connection with goods or services provided to Pioneer may be punishable in accordance with applicable law and, in some circumstances, could result in criminal penalties.
8. Each of the rights and remedies reserved by Pioneer in this Policy shall be cumulative and additional to any other or further remedies provided in law or equity or in any contract between Seller and Pioneer. A waiver of a breach of any provision hereof shall not constitute a waiver of any other breach.
9. Seller agrees to include the requirements of this CPP Policy in any subcontract at any tier for the performance of the document incorporating this Policy.

### **Definitions**

For purposes of this CPP Policy, the following terms shall have the meanings given to them below:

**“Authentic”** shall mean (i) genuine, (ii) from the legitimate source claimed or implied by the marking and design of the product offered; and (iii) 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 material or good.

**“Authorized Source”** means (i) the original manufacturer, (ii) the original manufacturer’s authorized distributor, or (iii) any other source where Pioneer has approved of such source in writing and in advance of Seller’s purchase from such source.

**“Counterfeit Item”** shall mean a good, component, part, module, or assembly whose origin, material, source of manufacture, performance, or characteristics are misrepresented. This term includes but is not limited to, (i) items which have been (re)marked to disguise them or falsely represent the identity of the manufacturer, (ii) defective parts and/or surplus material scrapped by the original manufacturer, and (iii) previously used parts pulled or reclaimed and provided as “new”.