

1. Applicability:
  - 1.1. These purchasing terms and conditions apply to all present and future transactions between Compatible Manufacturing Inc. (CMI), and its suppliers. Supplier's terms and conditions, which are not expressly recognized on us, do not impose any obligations on us, even if we have not expressly repudiated them. The acceptance of the goods and services and payment therefore do not count as any recognition of the supplier's terms and conditions of sale.
2. Quotations
  - 2.1. The supplier should formulate their quotation in accordance with our inquiry. In the event of deviations there from, the supplier is expressly to draw attention thereto in their quotation. Any documents, drawing or other material supplied by CMI to assist in the preparation of the quotation are to be returned with it. The supplier will be bound by its quotation for a minimum of twelve weeks.
  - 2.2. Unless otherwise expressly agreed, estimates are binding and are to be submitted free of charge to us.
3. Confirmation of Order
  - 3.1. Orders are to be confirmed in writing via fax or e-mail, giving a binding delivery date and our order number and all other order details. If we do not receive the confirmation within ten days, the order will be deemed to have been accepted at the prices and on the condition specified by CMI.
  - 3.2. If the confirmation of the order is at variance with the order, the anomalies must be expressly listed. These will be deemed to be a constituent part of the contract only if confirmed by CMI in writing.
4. Delivery Period
  - 4.1. Goods must be available on the agreed delivery date or within the agreed delivery period of fulfillment.
  - 4.2. As soon as the supplier is given reason to believe that the delivery date will be subject to change, he must notify us to this effect immediately on being made aware thereof, giving reasons therefore and a new delivery date. Any losses arising out of a breach of this duty are to be borne by the supplier.
  - 4.3. In the event that goods are delivered before the specified delivery date, we will be entitled to refuse them and to return them to the supplier on his account and at this risk or to charge him for any additional costs incurred or to date the invoice as at the agreed delivery date.
  - 4.4. After the delivery date or delivery period has expired, the supplier will be in default without any reminder to that effect.
  - 4.5. If the supplier defaults, he will be liable for the consequences from the delayed delivery, at least in the sum of 1.5% per week of the value of the goods, without this requiring any proof of loss on our part. The supplier will be free to prove that we have suffered a lesser loss. After the expiry of a reasonable extension of time, we will also be entitled to decline the fulfillment of the customer's undertaking and to demand compensatory damages instead, in particular to place hedging orders at the supplier's expense. This will also apply in respect of part deliveries. Even if the supplier is not responsible for his failure to meet the specified delivery date, we will be entitled to withdraw from the contract, either wholly or in part, after the expiry of an extension of time with no result.
  - 4.6. The supplier may only complain of our failure to supply essential documents if he has urged us to supply the said documents and does not receive them immediately.
5. Delivery
  - 5.1. The supplier will only be entitled to make part deliveries if the goods are called off in part quantities from him.
  - 5.2. Surpluses will only be permitted with our prior written approval.
6. Packing, transport, transfer of risk
  - 6.1. Seller will package goods in accordance with good commercial practice. Each shipping container, shall be clearly and permanently marked as follows: (a) Seller's name and address; (b) Consignee's name, address and purchase order or purchase change order number; (c) Container number and total number of container, e.g., box 1 of 4 boxes; and (d) Number of the container bearing the packing slip
  - 6.2. The costs of packing and transport of the goods to the place of fulfillment are to be borne by the supplier, unless otherwise agreed upon. This will also apply to the return of goods. If a separate charge for the packing materials is agreed, this is to be credited to us in full when they are returned carriage paid.
  - 6.3. The risk of the goods in transit is to be borne by the supplier. The risk will only pass to us with the acceptance of the goods at the place of fulfillment. We will not accept the costs of insurance in transit.
  - 6.4. Hazardous materials are to be marked as such, in a manner appropriate to the end user. The corresponding safety data sheets are to be delivered at the same time.
7. Prices
  - 7.1. Agreed prices are fixed prices, unless otherwise agreed upon. Price increases require our written agreement. If market prices fall, an abatement clause will be deemed to apply.
8. Invoices, terms of payment
  - 8.1. Invoices must bear our order number and all the other order details, the designation of individual prices and the number and date of the delivery.
  - 8.2. Payments will be made after receipt of all the goods or the completed service and receipt of invoice, in accordance with the agreed terms and conditions. Payment will be made subject to the reservation that the invoice will be checked.
9. Transfer of debt
  - 9.1. Debts may only be transferred to a third party with our written agreement.
10. Quality
  - 10.1. The supplier is to guarantee that goods and services comply with the statutory regulations governing safety, health and safety at work and the prevention of accidents, other statutory provisions, the latest recognized technological regulations, our order documents (including drawings, plans, sample, specifications, etc.) and the characteristics which are not only guaranteed by the supplied but are also customarily incorporated and are necessary for the intended purpose. In addition, the supplier is to guarantee that the goods are from current production and are not excessively old.
  - 10.2. The supplier is to apply a Quality Management System of a suitable type and scope that documents results in a suitable form and kept with the Supplier for a reasonable period of time or a minimum of ten years.
  - 10.3. If so requested, the supplier is to make test documents available, together with mixing ratios for the materials used.
  - 10.4. Provide the identification and revision status of the specifications, drawings, process requirements, inspection/verification instructions and other relevant technical data.
  - 10.5. Where applicable requirements for design, test, inspection, verification (including production process verification), use of statistical techniques for product acceptance, and related instructions for acceptance by the organization, and as applicable critical items including key characteristics.

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- 10.6. It is required for the supplier to notify the organization of nonconforming product and obtain Compatible's approval for nonconforming product disposition.
  - 10.7. Notify Compatible of any changes in product and/or process, (i.e., change of suppliers, change of manufacturing facility location) to obtain organizations approval.
11. Supplier Records
- 11.1. All suppliers of CMI must maintain the following records of Product Conformity with supporting retention time (10 years Minimum) for each document. Fracture Critical Material / Processing records shall be held for minimum of 20 years. CMI at random intervals will request copies of such documents to verify product compliance.
    - 11.1.1. Job Traveler / Router / Work Order
    - 11.1.2. Inspection Records
    - 11.1.3. Certificate of Compliance (CofC)
    - 11.1.4. 3<sup>rd</sup> party CofC for raw material
    - 11.1.5. Equipment Calibration
  - 11.2. CMI reserves the right at any time to request quality documents and records.
  - 11.3. *Requirements to grant CMI or CMI customer access to the supplier facilities, including regulatory authorities to review processes and records.*
12. Guarantee
- 12.1. We will check goods and services on receipt for completeness and quality within the framework of our capabilities and in a reasonable scope. For complaints of obvious defects, a period of 28 days after receipt by us or (in the case of direct business) by our customer will be deemed to have been agreed.
  - 12.2. For complaints of concealed defects, a period of 28 days will apply after the discovery of the defect on our premises or after the receipt of the notification of the defect by our customer to us.
  - 12.3. If a consignment or service is defective, we will be entitled, at our discretion, to demand repairs or a fee replacement consignment and, without exception, to a refund of the costs associated with the delayed completion of our order. After the expiry of an extension of time without result, we will be entitled to rectify the defect or to have it rectified, at the supplier's expense or to withdraw from the contract or to reduce the purchase price.
  - 12.4. In case of breaches of duty attributable to the supplier or breaches of duty arising from the transfer of a guarantee or from the risk entailed in a procurement by the supplier, we will be entitled to demand compensatory damages, also compensatory damages instead of the completion of the order after the expiry of a reasonable extension of time without result.
  - 12.5. If no provision is made for a longer period by law or the usual market code of practice, claims arising out of breaches of duty will be barred by the statute of limitations after 36 months. In the case of a replacement consignment, the period of limitations will start anew from the time of the fulfillment of our claims. In the case of repairs, this will be confined to those parts of the consignment, which have been repaired.
  - 12.6. The supplier will assign to us, by way of fulfillment, all the debts owing to him by his subcontractor arising in connection with the breach of duty. If necessary, he is to hand over to us all the documents necessary to enforce the said debts.
  - 12.7. The supplier is expressly to waive any plea of a delayed complaint. Payment of the invoice by us does not constitute any recognition of the freedom from defects of the delivered article.
13. Liability
- 13.1. If, on the basis of statutory provisions, a breach of official safety regulations, an infringement of the protected rights of third parties or for any other reason, we are made liable, we will be entitled to demand repayment from the supplier of the loss incurred by us if the supplier's consignment or service was the original cause of the loss incurred. This will also apply, in particular, to the costs arising in connection with any prosecution or recall action whatsoever.
14. Production materials supplied by us.
- 14.1. Production materials supplied by us or made for us (illustrations, drawings, models, tools, samples, gauges, working documents, etc.) may only be used for the purpose of compiling the quotation. They may not be made accessible to third parties without our written agreement, must be kept until recalled or for three years at the most after they were last used, free of charge and in good condition. They must be insured, by the supplier, against destruction or loss. If necessary, their usability and value retention are to be assured by appropriate maintenance.
  - 14.2. The acceptance or takeover of production material does not mean that we waive claims under the guarantee or for compensatory damages, or that we accept the liability for dimensional discrepancies, faults of infringements of patents, or licenses or other third party rights.
  - 14.3. The supplier is to keep our production material in ready-to-use condition for a period of ten years from the date of the last mass production operation in order to cover spare parts needs. At our request, he is to supply us with goods made with these production materials.
15. Secrecy
- 15.1. All inquiries, orders, papers, packages, and any other correspondence, together with material supplied for the preparation of the quotation or completion of the order are to be considered as business secrets and treated with confidentiality. This also applies to anonymous transfers. Subcontractors are to be placed under a corresponding obligation.
  - 15.2. The supplier may only make use of his business connection with us in publicity with our prior written agreement.
16. General Provisions
- 16.1. The place of fulfillment for deliveries or services in Kalispell, MT or a delivery address specified by us. The place of fulfillment for payments is Kalispell, MT.
  - 16.2. The legal venue will be 3154 HWY 2 East, Kalispell, MT. the location of the supplier's registered office or the fulfillment, whichever we choose.
  - 16.3. If any of the individual provisions of these General Terms and Conditions of Business is or becomes invalid, this will not affect the legal validity of the other provisions. The parties to the contract have a duty to replace the invalid provision by another provision, which most closely approaches it in its commercial effect.
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