



# L&E TUBING, LLC PURCHASE ORDER TERMS AND CONDITIONS

1. **GENERAL:** Unless superseded by any other mutually binding legal agreement for goods and/or services ("Product"), these terms apply to all Purchase Orders issued by L&E Tubing LLC, dba Lafarge & Egge, dba Clackamas Welding ("Buyer") to the entity to which the Purchase Order is issued ("Supplier") for Product specifically stated in the Purchase Order. These Terms and Conditions should be considered in addition to any terms specifically stated on each Purchase Order. Purchase Orders will be deemed accepted either by written acknowledgement of the Supplier or commencement of work to provide Product as described in the Purchase Order. Buyer rejects any additional or contradictory terms issued by Supplier. No changes may be made to these terms and conditions unless approved in writing by an authorized Procurement Agent of the Buyer.
2. **PACKAGING:** Supplier will prepare all product for shipment by appropriately packing product to prevent damage in transit to Buyer. Any damage to product resulting from improper or insufficient packaging will be charged to Supplier. Purchase Order line items must be packaged together whenever possible, or containers should be clearly marked ("1 of 2", etc.)
3. **SHIPMENT:** Unless shipment terms and carrier are specifically stated on the Purchase Order, Supplier will make every effort package and ship product to secure lowest rates possible. If premium or expedited shipping methods are necessary to meet Buyer's stated delivery date for any reason other than fault of buyer, Supplier will bear the cost of premium or expedited shipment in order to meet the stated Purchase Order delivery date.
4. **TITLE/RISK OF LOSS:** Title and risk of loss shall pass to Buyer upon delivery of Product to Buyer at the destination stated on Purchase Order. Delivery of product does not relieve Supplier of any unseen damages at time of delivery and all Product is subject to final inspection before being deemed accepted.
5. **EXPORT COMPLIANCE AND TAXES:** Supplier is responsible for providing accurate commercial invoices necessary for export. Supplier is responsible for all sales, use, VAT, and excise taxes, duties or export fees associated with shipment of Product. Supplier is responsible for all EAR and ITAR compliance necessary for shipment of Product/Manufacturing process.
6. **CHANGES:** An authorized agent of the Buyer may, in writing, make changes to drawings, designs, specifications, packaging or shipment instructions, quantities, and delivery dates. Supplier may not make changes to these items without express written authorization of the Buyer. Further, Supplier may not make changes to material, manufacturing or special process locations, or method of manufacturing or special process without express written authorization of the Buyer. Supplier may not assign any part of process or services to a subcontractor without Buyer approval.
7. **CUSTOMER FURNISHED MATERIAL ("CFM") AND TOOLING:**



- a. All Product (material, work in process, or completed parts) provided to Supplier by Buyer for manufacturing or special process is considered to be CFM. While CFM is in the possession of Supplier, it is the responsibility of the Supplier to ensure that CFM is kept together in designated lots, handled in such a manner as to prevent damage, and stored in such a manner as to prevent damage. Any damage incurred to CFM while in the possession of the Supplier shall be the responsibility of the Supplier and billable by the Buyer. Amounts billable shall include material cost, costs for manufacturing or processing performed prior to issuance of CFM to Supplier by Buyer, packaging and transportation costs, and any additional reasonable costs required to replace CFM.
  - b. All fixtures, tooling, or technical data supplied by or paid for by Buyer (“Tooling”) for the purpose of manufacturing or special processing of Product is the property of Buyer. Supplier shall, when in possession of such Tooling:
    - i. Ensure the proper care, handling, and storage of Tooling, and maintain that it is in useable and acceptable condition
    - ii. Properly label all Tooling as property of Buyer
    - iii. Acknowledge that title to Tooling is held by Buyer
    - iv. Assume risk of loss or damage to Tooling
    - v. Maintain records for Tooling
    - vi. Not remove Tooling from any location without the written approval of an authorized agent of Buyer
    - vii. Ensure Buyer Tooling is used exclusively to fulfill Buyer Purchase Orders
    - viii. Have Tooling accessible for inspection by Buyer at Supplier’s location immediately upon Buyer’s request
    - ix. Have Tooling accessible for removal from Supplier’s location at Buyer’s request, or return Tooling to Buyer immediately upon Buyer’s request
8. **LATE DELIVERY:** Unless agreed to in writing by an authorized procurement agent of the Buyer or caused by the Buyer, delivery of Product after the date on the issued Purchase Order will entitle the Buyer to the following remedies:
- a. For Product delivered up to five (5) days after the date designated on the Purchase Order, Buyer will deduct one percent (1%) from the purchase price of the Product. Buyer shall deduct an additional one percent (1%) from the purchase price of the Product for each additional day of delay in delivery. Total deduction of the purchase price shall not exceed twenty five percent (25%).
  - b. For delays exceeding twenty five (25) days from the date designated on the Purchase Order, buyer may cancel the order in whole or in part with no liability to the Supplier except for product already delivered and deemed accepted by the Buyer.
9. **INSPECTION AND NONCONFORMING PRODUCT:** Buyer has the right to inspect Product upon receipt at Buyer’s facility or on the premises of Supplier. If inspection or testing is performed on premises of Supplier, Supplier will provide all facilities and assistance necessary for inspection or testing at no charge to Buyer. In the event that Product is found to be nonconforming to terms or specifications of Purchase Order, Buyer shall have the right to:
- a. Make determination to accept or reject any or all of shipment where any number of Product has been found to be nonconforming.



- b. Perform rework of the nonconforming product, the cost of which will be invoiced to Supplier.
- c. Reject nonconforming product and return Product to Supplier at Supplier's sole expense for credit, rework, or replacement as directed by Buyer. Title and Risk of Loss will revert to Supplier in the event that Product is returned to Supplier.

**10. QUALITY ASSURANCE:**

- a. The Supplier will grant Buyer, Buyer's customer(s), and/or any regulatory agency right of access and inspection as related to Product in Purchase Order.
- b. Supplier will maintain all designated Quality System certifications as designated in Purchase Order.
- c. Supplier will maintain all records (including but not limited to manufacturer certifications, testing reports, work orders, inspection reports, etc.) for a minimum period of 10 years from date of manufacture or special process of Product.
- d. Supplier maintains that all personnel involved with manufacture or special process of Product holds any current certifications required on the Purchase Order to perform work requested.

**11. DATA:** All data and information (specifications, technical data, drawings, etc.) are to be used by the Supplier for the sole purpose of fulfilling Purchase Orders issued by Buyer. No data is to be shared with any third party by Supplier and is to be returned to Buyer once Purchase Order has been fulfilled unless otherwise approved by buyer.

**12. WARRANTY:** Supplier warrants that any Product will be free from defect in material and workmanship and that the Product will meet the specifications, requirements, and processes specified in the Purchase Order. Buyer's inspection and approval of Product at receipt shall not waive or exclude this warranty requirement. Buyer may require Supplier, at Supplier's expense, to replace, repair, or correct any Product found to not meet this warranty requirement. Product removal, reinstallation, or testing costs necessary to fulfill this warranty requirement shall be borne by the Supplier.

**13. INSURANCE:** Supplier shall, at all times while fulfilling the obligations of the Buyer's Purchase Order maintain the following:

- a. Worker's Compensation insurance satisfactory to state requirements
- b. Employer's Liability Insurance
- c. Commercial General Liability Insurance, each occurrence \$1,000,000 and General Aggregate \$2,000,000
- d. Product Liability Insurance, each occurrence \$10,000,000 and General Aggregate \$10,000,000

**14. ADDITIONAL REQUIREMENTS:** Supplier is expected to meet any additional requirements for responsible operations and manufacturing as required by Buyer's customer, including (but not limited to) environmental, safety, conflict minerals, fair labor standards, and affirmative action. Supplier is expected to promote health and safety, environmental stewardship, pollution prevention, and enforce the importance of ethical behavior.

**15. INVOICING AND PAYMENT:** No earlier than the date of Product shipment, and no later than fifteen (15) days from Product shipment, Supplier shall provide a detailed invoice including quantity, part number, description, price each, and Buyer's Purchase Order. Any additional charges must be accepted in writing by an authorized agent of the Buyer and will require a revised or separate Purchase Order to be considered for payment. Invoices must be issued in USD. Payment terms are net 45 from date of invoice. Invoices sent by Supplier later than fifteen (15) days after Product shipment are subject to delayed payment without penalty to Buyer.

**16. PO TYPE SPECIFIC REQUIREMENTS:**



P-1 Supplier personnel that are required to be certified for a process must have current certifications at the time the work called out on the purchase order is performed.

P-2 This purchase order requires that the supplier be approved by the Buyer's customer at the time the work called out on the purchase order is performed.

P-3 Supplier's "C of C" to be furnished with each shipment. The certification must list the revision for the specifications(s) that the process was performed per. The certification will also reference the Buyer's Purchase Order number. The supplier must notify the Buyer if the process is a different revision than the one specified on the PO.

M-1 Parts supplied on this purchase order must be to the latest revision of the specification(s).

M-2 Supplier's and manufacturer's "C of C" to be furnished with each shipment and suppliers cert must reference the Buyer's Purchase Order. Actual chemical and mechanical test reports to be furnished with each shipment of raw material.

M-3 Material supplied on the purchase order must be manufactured in the United States or Canada.

M-4 Material supplied on this purchase order must be per DFAR 252.225-7014.

M-5 Shelf life material purchased on this PO must have at least 80 % of its shelf life remaining when received by the Buyer.

S-1 Calibration must be performed in accordance with ANSI/NCSL Z540-1 and all standards used in the calibration process must be traceable to NIST. These standards must also be stated on the supplier certification.

S-2 Supplier must be listed as an approved laboratory in EMCM-001.

S-3 Calibration certification must list the results of the measurements made during calibration.

S-4 Test reports must list all the results of the test.

