



Purchase Order Terms and Provisions

This document is uncontrolled outside of Optical Engines' Quality System

5201RA

NOTE: This Optical Engines, Inc. (OE) procedure is for use in conjunction with standard purchase orders and can be obtained from the company website.

The following terms and conditions are in addition to any listed purchase order requirements. Your acceptance of our purchase order and processing of the work constitutes acceptance of these terms and conditions:

1. All suppliers must operate under the guidelines of a quality management system.
2. All suppliers must notify OE of any nonconforming product and deviations. Written approval must be obtained from OE before changing any approved designs and/or processes or shipping any nonconforming product.
3. All suppliers and their employees contribute strongly to the conformity and safety of products and services delivered by OE. Seller agrees that this responsibility and the importance of ethical behavior is communicated effectively to all employees of the organization.
4. The supplier must notify and receive approval from OE of changes to processes, products, or services, including changes in external providers or location of manufacture.
5. All work on this order is subject to inspection, test, review, and verification. Suppliers must allow access to facilities and/ or records by OE, OE's customer, or regulatory authorities.
6. All externally-provided calibration services must be completed with NIST-traceable equipment and require a calibration certificate with the traceable equipment identified.
7. The supplier is to flow down to sub tier suppliers the applicable requirements in the purchasing documents. The supplier must use customer designated or approved external providers, when applicable.
8. **ITAR**- For all blueprints supplied that reference ITAR, suppliers must process parts in compliance with ITAR 122.1.
9. **Cyber Security Controls** - Due to the possibility of Federal Contract Information (FCI) and/or Covered Defense Information (CDI) being transmitted to the supplier or generated by the supplier, by accepting and performing under this Purchase Order unless the Purchase Order is solely for COTS items, the supplier affirms, for all U.S. Government procurements, that it complies with the following Federal Regulations, in effect on the date of this procurement award: FAR 52.204-21 and DFARS 252.204-7012
10. **DPAS Rating/ Rated Orders**- If a DPAS Rating appears on this order, this Rating shall apply only in the event that the price of this order exceeds \$75,000, unless, for orders of \$74,999 or less, delivery cannot be obtained in a timely fashion without the application of this DPAS Rating. When this is a Rated order certified for national defense use, you are required to follow all provisions of the Defense Priorities and Allocations System Regulation (15 CFR 700).
11. For all purchase orders that reference **DFARS**, supplier must process parts in accordance with the following:
 - a. This line item includes DFARS 252.225-7009 (OCT 2014). Paragraphs (c)(6) and (d) are hereby deleted. Unless specially exempted through notation of this line item, the requirements of DFARS 252.225-7009 (OCT 2014) apply to this line item and take precedence over any other specialty metal requirements, including but not limited to the Specialty Metals clause contained in any terms and conditions, or any purchase

order notes. Upon Seller notification of noncompliance with the terms of this clause and provision of specific information related to the source of the noncompliance, Buyer will facilitate management of the allowance for up to 2% otherwise noncompliant specialty metal content in the end product. The 2% minimal content exception does not apply to and cannot be used to exempt specialty metals contained in high performance magnets. Upon review of Seller's information, Buyer will advise of the availability of the allowance.

12. **Electronic Part Sources and Counterfeit Part Detection and Avoidance System** – Due to the possibility of the materials delineated on this Purchase Order being utilized for a United States Government Contract and regardless of whether a Government Contract Number is listed on this Purchase Order, the following Federal Regulations, in effect on the date of this procurement award, shall apply to his procurement: DFARS 252.246-7007 subparagraphs (a) to (e) and DFARS 252.246-7008.
13. Acceptance of purchase order and processing of parts implies a **certificate of compliance**. Actual certifications are not required unless listed. All processing may include but is not limited to heat treatment, applied finishes, or other similar inspections. Military/government and industry specifications, standards and documents referenced shall be to the latest revision level in effect on the date of this purchase order unless otherwise specified.
14. **Supplier Data/Record Retention:**
 - a. Supplier will retain all quality records including inspection, test and Certificate of Conformance for at least 10 years after completion of purchase order. Supplier will furnish copies of quality records to OE, upon request.
 - b. Supplier will retain all contract review documents for at least 10 years after completion of purchase order. Supplier will furnish copies of records to OE, upon request.
 - c. Supplier will retain all purchasing documents for at least 10 years after completion of purchase order or as per the contract. Supplier will furnish copies of records to OE, upon request.
 - d. Supplier will retain all travelers, routings, process sheets, or work instructions used to manufacture OE product for at least 10 years after completion of purchase order. Supplier will furnish copies of records to OE, upon request.
15. **Supplier Code of Conduct:** The following sets out the standards of behavior we expect of all suppliers doing business with Optical Engines. We expect our suppliers to adhere to our business principles, as set out in this Code, and to share our commitment to sound and ethical business conduct.
 - a. **Compliance with laws and regulations:** All suppliers and their employees must, as a minimum standard, comply with all applicable laws and regulations of the countries in which they operate. Suppliers must not engage in anti-competitive behavior, bribery or corruption, nor must they permit anyone acting on their behalf to engage in such activities. Suppliers must ensure that all products, services and shipments for OE adhere to all applicable international trade compliance and export laws, rules and regulations.
 - b. **Employees:** Suppliers are expected to provide an inclusive working environment in which their employees should feel respected and valued, and in which they are able to make the best use of their skills, free from discrimination and harassment. Suppliers must:

- i. Employ only workers who meet the minimum applicable legal age requirement. Suppliers must comply with all applicable child labor laws and, irrespective of local practice, must not employ any person under the age of 16.
 - ii. Set employees' working hours and pay in compliance with all applicable laws. Employees should be paid at least the minimum legal wage or a wage which reflects local industry standards, whichever is greater.
 - iii. Not engage in or support the use of forced or compulsory labor. Suppliers must not procure work or service from any person under the threat of any menace. Suppliers' employees must be free to leave their employment with reasonable notice, and they must not be required to surrender any passports or work permits as a condition of employment.
 - iv. Not discriminate against employees on the grounds of race, nationality, gender, sexual orientation, marital status, religion, political belief, disability or age.
 - v. Treat their employees with dignity and respect, and not display behavior which offends, humiliates or threatens others.
- c. **Health and safety:** Suppliers are expected to:
- i. As a minimum, comply with all applicable health and safety laws, regulations and standards, and any additional health and safety requirements stipulated by OE as a condition of supply.
 - ii. Ensure a safe work environment and minimize physical and chemical hazards through proper design, engineering, and process controls, preventative maintenance and safe work procedures.
 - iii. Provide employees with appropriate personal protective equipment and adequate training.
- d. **Environment:** Suppliers are expected to:
- i. At a minimum, comply with all applicable environmental laws, regulations and standards, and maintain all required environmental permits and licenses.
 - ii. Control pollution, consume resources effectively and use materials that minimize the environmental impact of operations
 - iii. Endeavor to reduce or eliminate solid waste, wastewater and air emissions by implementing appropriate conservation measures in their production and facility processes.
- e. **Ethics:** Suppliers are expected to commit to the highest standards of ethical behavior when dealing with their employees, their own suppliers and their customers:
- i. Prohibit all forms of fraud, deception, corruption and extortion by their employees, officers, director or agents
 - ii. Adhere to standards of fair business and competition
 - iii. Accurately report information regarding their business activities and performance in accordance with all applicable laws and regulations
 - iv. Respect intellectual property rights and safeguard third parties' confidential information
 - v. Uphold all internationally recognized human rights wherever their operations are based

- vi. Ensure their products do not incorporate “conflict minerals” (minerals mined in conditions of armed conflict and human rights abuses, and which are sold or traded by armed groups, most predominantly in the Democratic Republic of Congo and adjoining countries), and perform sufficient due diligence on their own supply chains to ensure that any materials sold to OE containing tin, tantalum, tungsten or gold are sourced from conflict free smelters.
- f. **Anti-corruption:** Optical Engines is committed to complying with all anti-corruption laws that prohibit bribes, kickbacks, and other corrupt actions to obtain or retain business, or obtain any improper advantage. Suppliers must:
 - i. Comply with all applicable local and US anti-corruption laws.
 - ii. Not, directly or indirectly, accept or offer any form of bribe, kickback, or other corrupt payment from or to any person or organization, including government agencies, private companies and their respective employees.
 - iii. Ensure any gifts or hospitality offered to OE’s employees are customary and reasonable in terms of value and frequency, and not intended to improperly influence a business decision or impair independence or judgment
 - iv. Ensure any third parties who provide goods or services on their behalf operate at all times in accordance with these standards.
- 16. **Right of Entry:** Acceptance of the purchase order affirms that the selling organization has right of entry to the facility in which the goods or services are manufactured and provided. Seller also certifies that Optical Engines and any relevant regulatory authorities will be granted timely access to the aforementioned facility and applicable documented information upon request.