

Custom Interconnect Limited

Conditions of Purchase

Definitions:

- 1.1 "the Company" Custom Interconnect Limited together with any subsidiary and associated companies.
- 1.2 "the Supplier" the company, firm or individual on whom the Company places an order for Goods or services
- 1.3 "the Order" the contract formed by the Supplier's acceptance of the Company's order in accordance with these Conditions
- 1.4 "the Goods" shall mean the Goods and/or services specified in the Company's order existence and scope of orders

Conditions:

- 2.1 The Company will have no liability in connection with any orders except only such as are made on the Company's order form in accordance with these conditions which represent the only conditions upon which the Company is prepared to purchase the Goods and/or Services from the Supplier. No amendment or variation of the Order or these conditions shall be effective unless agreed by the Company in writing by authorised official. It is expressly agreed that time shall be of the essence, in accordance with the agreed lead-times.
- 2.2 Any commencement of work or written acknowledgement (whether or not referring to conditions inconsistent with these conditions unless clearly stated on its face to be a counter-offer), in connection with any order given by the Company for the Goods and/or Services, shall constitute an unconditional acceptance of the order and these conditions.
- 2.3 Except as specifically agreed by the Company in writing the Order shall exclude all terms or conditions contained or referred to in any quotation given by the Supplier or elsewhere and all previous negotiations but shall not affect any statement or representation (written or oral) made by or on behalf of the Supplier in connection with the Order.

Prices:

- 3.1 Unless otherwise agreed in writing by the Company, prices are fixed and firm for the duration of the Order inclusive of all charges including packaging, carriage, insurance, and delivery but exclusive of any applicable Value Added Tax.

Payment:

- 4.1 The Supplier's invoices shall clearly state the Company's order numbers, the Supplier's part/identity numbers, and the description, quantity and delivery locations of the Goods and/or Services and a separate invoice must be rendered for each individual consignment. Invoices not in accordance with these requirements will be rejected.
- 4.2 Statements of account must be received monthly by the 5th working day after the month of delivery.
- 4.3 Subject to conditions 4.1 and 4.2, unless otherwise agreed in writing, payments by the Company will be made ninety-one (91) days following the end of the month of delivery.
- 4.4 The Company shall be entitled at any time to set off against any amounts owing to the Supplier under the Order any sums which have or may become due from the Supplier to the Company whether under the Order or on any other account whatsoever and whether or not any demand has been made for the payment of any such sums.

Conditions of Purchase

Quality and condition:

- 5.1 The Supplier warrants as separate conditions of the Order that all Goods supplied or to be supplied under the Order shall be new and unused, free from defects in design, materials and workmanship, of satisfactory quality and fit for the purpose for which they are intended and shall comply with all specifications, drawings, samples or other descriptions furnished or specified by the Company and in the case of services those services shall be performed with reasonable skill and care. These warranties are in addition to any obligations implied by law, trade usage or otherwise.
- 5.2 In any event the Supplier warrants for a period not less than 24 months from the date of delivery any Goods becoming defective. Such Goods will either be replaced by the Supplier or returned to the Supplier, at Supplier's cost, this at the sole discretion of the Company.
- 5.3 The company shall reserve the right of access to the supplier's premises and to bring with it representative(s) of the end user or the regulatory authorities. This shall be to ensure that the products, goods or services specified on the purchase order, or agreed within the drawing and associated files is being conducted with reasonable skill and care. The level of access shall be granted at any level of the supply chain who are involved with the execution of the order, and shall include access to all documentation associated with the order.

Delivery and performance:

- 6.1 Unless otherwise agreed in writing by the Company, the Supplier shall not deliver, manufacture, or purchase any Goods or materials except as specified in the Order. The Company shall have no responsibility or liability to pay for Goods and/or Services, or materials not covered in the Company's Order.
- 6.2 The Supplier shall promptly advise of any difficulty or delay actual or expected in performance of the Order and its proposed remedial action.
- 6.3 The Goods shall be delivered not earlier or later than the times (which shall be of the essence of the Order) and at the places stated in the Order or in the Company's delivery schedules.
- 6.4 The Goods shall be adequately packed and protected against damage or deterioration in transit or storage.
- 6.5 Each delivery shall also be accompanied by an advice note which shall contain the Company's order number, the Supplier's part/identity number and the description, quantity and delivery location of the Goods. All heavy items in excess of 10Kg must be clearly identified and weight stated.
- 6.6 If the Company requires special arrangements to be made because of failure by the Supplier to make deliveries in accordance with the Order, the Supplier shall conform to such requirements at its own expense. The Supplier shall also be responsible for any expenses incurred to deliver any incorrectly delivered items to the correct delivery location or to return any items delivered in excess of the quantities specified in the Order or any delivery schedules.

Inspection, testing and quality assurance:

- 7.1 All Goods although assumed to have been properly inspected and tested by the Supplier prior to delivery are subject to inspection and test by the Company, at its discretion.
- 7.2 The Supplier shall observe such quality and specification control procedures including testing, inspection, documentation and certification as the Company requests.
- 7.3 The Supplier shall, at the Company's request, permit or procure permission for representatives of the Company, its customers and other organisations to carry out such inspections and assessments (including the taking of samples) as they request in connection with any Goods and any processes carried out in relation to them including quality assurance systems and procedures.

Conditions of Purchase

- 7.4 The Company's right to reject any Goods shall not be affected by the carrying out or any failure to carry out any inspection or testing of the Goods or any approval given by or on behalf of the Company or by any payment being made for them.

Rejection and other rights:

- 8.1 Without prejudice to any other of its rights, in case of any early, late, partial, excessive, defective or otherwise incorrect delivery or performance or any failure by the Supplier to comply with the Order and these conditions the Company shall be entitled, at its discretion, to exercise some, all or any or the following rights, namely:
- 8.1.1 to reject such delivery or performance and, where any Goods so rejected are the same as other Goods supplied by the Supplier which are held by the Company at any location, to reject those Goods also;
 - 8.1.2 to require the Supplier at its expense to immediately supply in substitution for any Goods, which the Company notifies the Supplier do not conform to the Order or those conditions, Goods and/or Services which do so conform or, at the Company's option, to carry out repairs or remedial work;
 - 8.1.3 at the Supplier's expense, to carry out or have carried out any work which the Company considers necessary to conform any Goods to the Order;
 - 8.1.4 in any event to return any Goods within 90 days of purchase for full refund should the Company no longer require such Goods
- 8.2 The Supplier shall compensate and indemnify the Company against any loss or damage (including any handling, labour or administration charges and the cost of carrying out any work) arising from any failure by the Supplier to comply with the Order or other instructions given by the Company.
- 8.3 Goods rejected by the Company shall be collected by the Supplier within thirty days of notice of rejection being despatched by the Company. Pending collection the Goods shall be held at the expense and risk of the Supplier who shall also pay all expenses incurred by the Company in packing, handling and sorting rejected Goods. If the Supplier fails to collect the rejected Goods within thirty days of notice of rejection being despatched by the Company the Company reserves the right, at the Supplier's expense, to destroy or otherwise dispose of the rejected Goods in any manner it thinks fit without liability to the Supplier.

Passing of title and risk:

- 9.1 Title and risk in the Goods shall pass to the Company on delivery at the location stated in the Order.

Company's property, drawings, etc:

- 10.1 In connection with all tools, jigs, dies, fixtures, moulds, patterns, software, circuit board masters, plant and/or equipment or other items to be supplied or paid for in whole or in part by the Company or its customer(s) in relation to any Order ("Tooling") the Supplier agrees that such Tooling shall be and remain the Company's property and the Supplier shall, at its expense, maintain it in good condition and immediately replace any items which are lost or destroyed or become worn out.
- 10.2 The Supplier in relation to any Goods or materials to which the Order requires the Supplier to carry out any processing, repairing or other service and any drawings, specifications, technical data, computer software (including source codes and similar material) to be prepared by the Supplier under or in connection with any Order and Tooling ("Company's Property") shall:
- 10.2:1 bear all risks of loss of or damage to and adequately insure the Company's Property whilst in the Supplier's possession or control;
 - 10.2:2 ensure that the Company's Property is marked with such indications of ownership as the Company directs and is kept in good condition;
 - 10.2:3 not permit the Company's Property to be removed from the Supplier's premises;

Conditions of Purchase

- 10.2:4 not use or permit the use of the Company's Property except for the purposes of the Order;
- 10.2:5 permit or procure permission for the Company or its representatives to enter at any reasonable time any premises where the Company's Property is located for the purpose of inspecting it;
- 10.2:6 immediately return the Company's Property on demand in good condition and permit or procure permission for the Company to take possession of the same;
- 10.2:7 pay to the Company on demand the full value (or, where the Company's Property consists of Tooling less than the full cost of which has been contributed by the Company, the proportion of such value which the Company's contribution bears to its cost) of any of the Company's Property which is not returned in good condition or accounted for to the Company's satisfaction, and
- 10.2:8 waive any lien which the Supplier might otherwise have (whether at the date of the Order or subsequently) on any of the Company's Property for work done thereon or otherwise.
- 10.3 The Supplier shall treat as confidential (and, in particular, not use except for the purposes of the Order or disclose to any third party) any drawings, specifications, technical data, computer software (including source codes or similar material) or the like prepared by the Supplier or made available by the Company in connection with the Order.
- 10.4 The ownership of any patent, design, copyright or other industrial property rights in connection with any Goods and all drawings, specifications, technical data, computer software (including source codes and similar material) or the like prepared by or on behalf of the Company in relation to the Goods shall be and remain vested in the Company.
- 10.5 The Supplier shall be responsible for any errors or omissions in any particulars supplied by it, whether or not approved by the Company, except only to the extent that such errors or omissions are due to inaccurate information supplied in writing by the Company and such information was not supplied subject to confirmation by the Supplier.

Indemnity and insurance:

- 11.1 The Supplier shall forthwith upon demand indemnify the Company against any loss, damage or injury to the Company and from and against any claim in respect of loss, damage or injury made against the Company by any third party or parties and any costs and expenses arising in connection therewith which result from the Supplier's performance or purported performance of or failure to perform the Order whether negligent or otherwise and, in particular, but without prejudice to the generality of the foregoing which result from any defect in the Goods or their materials, construction, workmanship or (except to the extent that the Company is responsible for design) design.
- 11.2 The Supplier shall at all times insure and keep itself adequately insured with a reputable insurance company against all insurable liability under the Order and, in particular its liabilities under condition 11.1, and shall, on request, provide the Company with evidence as to the existence and sufficiency of such insurance.
- 11.3 The Supplier shall provide all facilities, assistance and advice required by the Company or its insurers for the purpose of contesting or dealing with any action, claim or demand arising out of the Supplier's performance or purported performance of or failure to perform the Order.

Customer service:

- 12.1 Where in response to any claims under the terms of any warranty given by it for any of its products, the company makes good, repairs or replaces any Goods which are proved to the Company's satisfaction by the person making the claim to have been, at the time of their delivery by the Supplier, defective in materials, workmanship or (except solely to the extent that the Company is responsible for design) design or otherwise not in conformity with the Order or these conditions or the Company in its discretion undertakes the recall of any products incorporating such Goods then the Company shall be entitled at its option to credit or compensation for or the recall, making good, replacement, or repair free of charge of such Goods by the Supplier, without prejudice to any other rights of the Company, including, without limitation, the

Custom Interconnect Limited

Conditions of Purchase

reimbursement of any losses or any labour or other costs incurred by the Company. Where the Goods or product are determined by the Supplier to require repair rather than the replacement, then the supplier shall contact CIL in writing with details of the intended work, and must have approval in writing before conducting the repair. Failure to do so may render the Supplier liable for all the costs and any damages incurred.

- 12.2 Any Goods replaced under condition 12.1 will be returned to the Supplier upon its written request and at its expense (and where the Goods or the product containing the same have been consigned to a destination outside the United Kingdom mainland such request shall be accompanied by full payment in advance of the carriage and any other charges) and if such request is not made within 28 days of the Company's giving the Supplier written notice of such warranty claim the Company may, at its discretion, destroy or otherwise dispose of the defective Goods without liability to the Supplier.
- 12.3 The supplier will keep records of all purchasing information which describes the product to be purchased, including, record retention requirements and the right of access by the organization, including their customer and regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to applicable records, for a period no less than 5 years. Where there are additional requirements for the retention of records as laid down either within a Customers contract or a regulatory requirement for the retention of such records, this shall either be stated directly upon the purchase order or as an attachment such as a 'Statement of Work'.
- 12.4 The supplier shall be held accountable for additional costs if it is proven that the items manufactured or supplied are not to either the drawing, costed addition(s), written instructions or to a file supplied. In this instance any monies that have been incurred by the company whether in rectification of the defect by a third party, liquidated damages imposed by a customer, and / or lost revenue, whether in whole or in part by the company will be claimed back.

Patents and other rights:

- 13.1 The Supplier shall indemnify the Company against all actions, claims, demands, costs, charges and expenses incurred by the Company in connection with any infringement or alleged infringement in any country of the rights of any third party claimed under or in connection with any patent, registered design, trade mark, copyright, design right, breach of confidence or other industrial property right arising from the sale or use of any Goods provided by the Supplier except only to the extent that such infringement results exclusively from a design or written instruction given by the Company and shall, at the Company's request, defend or assist in defending, at the Supplier's expense, any action against the Company or any person to whom the Goods (or products incorporating them) have been supplied.

Termination at option of company:

- 14.1 Performance of any Order may be terminated by the Company, at its option, in whole or in part, at any time by written notice to the Supplier (notwithstanding the existence with respect to the Supplier of any force majeure circumstances). In such event the Company's liability shall in no circumstances exceed the price of the Goods delivered and accepted by the Company plus the reasonable cost of materials purchased by the Supplier with the written authorisation of the Company to the extent, in each case, not previously paid for, provided that no payment for any such materials shall be made unless the Company has satisfied itself as to its condition, quality and conformity with the Company's purchase authorisation and the Supplier has, if the Company so requires, delivered such materials to the Company.

Termination for default or insolvency of supplier:

- 15.1 The Company may at its discretion, without prejudice to any other remedy, terminate or suspend its performance of the Order in whole or in part by written notice to the Supplier at any time if the Supplier:

Custom Interconnect Limited

Conditions of Purchase

- 15.1:1 fails to comply with any provision of the Order or delivery schedule or of any other agreement with the Company or fails to make progress so as in the reasonable opinion of the Company to endanger the performance of the Order and in either of such cases such failure is irremediable or if remediable the Supplier does not remedy the same to the Company's satisfaction within a period of ten (10) days after the date on which the Company has given the Supplier written notice thereof; or
- 15.1:2 becomes insolvent, has a receiver, manager, administrative receiver, administrator or trustee in bankruptcy appointed in respect of any of its undertaking, assets or income, is the subject of any bankruptcy order or has any petition presented to any court or resolution passed for its winding up, whether compulsorily or voluntarily, or is dissolved, has any distraint or execution levied on any of its assets, enters into any composition or arrangement with its creditors or suffers any similar action in consequence of debt under the laws of any jurisdiction, or the Company bona fide believes that any of the foregoing events may occur.
- 15.2 No failure or delay by the Company to exercise its rights in respect of any default under the Order by the Supplier shall prejudice the Company's rights in connection with the same or any subsequent or other default.

Obsolete parts:

- 16.1 Prior to the termination of the production of any components for use as original equipment the Supplier shall agree to a defined and given period which shall not be less than 10 years during which it will maintain the supply of obsolete and non-current parts to the Company.

Force majeure:

- 17.1 Neither party shall be responsible to the other by reason of failure to perform under an Order arising from causes beyond the control of the party concerned including fire, explosion, breakdown, labour dispute or acts or omissions of any authority or governmental agency provided that the Company shall be entitled to obtain elsewhere Goods or services covered by the Order for so long as such circumstances prevail and to reduce to that extent without liability to the Supplier its purchases under the Order.

Modifications:

- 18.1 The Company reserves the right, at any time by thirty (30) days written notice to make changes in the specifications applicable to the Goods, the method of packing or the times or places for delivery or performance and if any such changes affect the cost or performance of the Order, the Company may make such adjustment as it considers equitable in the purchase price or the delivery schedule or both.

Statutory requirements:

- 19.1 The Supplier undertakes that the Goods are safe and without risk to health when properly used and comply in all respects with all relevant statutes regulations by-laws and standards in force at the date of delivery. The Supplier shall, in particular, supply in respect of the Goods full information about their use and proper evidence of all tests and examinations and research relating to them.

Assignment and sub-contracting:

- 20.1 The Supplier shall not without the prior written consent of the Company assign or sub-contract any of its obligations under the Order in whole or in part.
- 20.2 If the Company consents to any such assignment or sub-contract the Supplier shall nevertheless continue to be responsible to the Company for all the Supplier's obligations under the Order; and
- 20.3 In the case of any subcontract to which the Company has so consented the Supplier shall include in its conditions consistent with those of the Order (in particular those relating to compliance with quality standards) for the benefit of and enforceable directly by the Company and furnish the Company on demand with details of any such subcontract.

Conditions of Purchase

Confidentiality:

- 21.1 The Supplier undertakes not to disclose any information, drawings, design or specifications provided by the Company to any third party whatsoever, unless so consented by the Company or as directed by a Court of Law.

Publicity:

- 22.1 Neither the Order nor any details thereof or the Company's name or its customer's name shall be used by the Supplier for advertisement or publicity purposes without the Company's prior written consent.

Notices:

- 23.1 Any notice given by either party to the other under these conditions shall be in writing addressed to that other party at its registered office or principal place of business.

Law and jurisdiction:

- 24.1 The law applicable to the Order shall be English law and the Supplier consents to the jurisdiction of the English courts in all matters relating to the Order.

Custom Interconnect Limited

Conditions of Purchase

Annex A SUPPLIERS RETURN PROCESS

Custom Interconnect Ltd (CIL) is committed to working with our suppliers to ensure a mutually beneficial working relationship and continual improvement for both parties. To help us achieve this we have introduced a number of changes to our supplier returns process. This document outlines the new process and its requirements.

Non-conformances are one of the main contributors to scrap and wasted resources. It is therefore in the best interest of all involved to minimise and where possible to remove the occurrence of non-conformities and their effects. When non-conformances are identified at CIL it will be investigated to find the reason of the non-conformance. If it is discovered and agreed that it is the fault of the supplier the returns process will be instigated.

External Reject Report

When a supplier non-conformance is identified an External Reject Report (ERR) will be raised, the ERR number will be used as our reference in all communications regarding the non-conformance.

Once the ERR process has been initiated, the supplier will be contacted by CIL's purchasing department to acquire return materials authorisation (RMA) and collection details.

If replacement parts are required a purchase order (PO) will be raised against the supplier for the value and quantity of the returned goods. The PO will allow CIL to book the goods into stock upon receipt from the supplier whilst maintaining full traceability. Please ensure that delivery paperwork references this PO when being returned to CIL.

When an RMA has been acknowledged CIL's finance department will raise a debit note against the supplier for the value of the goods.

Upon receipt of the repaired or replaced goods, CIL will settle the PO.

CIL may decide that corrective actions are required from the supplier. If this is deemed as necessary the quality department will issue a Supplier Corrective Action Report (SCAR).

Supplier Corrective Action Report

Where non-conformances of supplied parts are identified a SCAR will be raised. The SCAR may accompany an ERR but this is not required.

Section 1 of the SCAR will be filled in by the CIL quality department outlining the non-conformance and any associated information. Following completion of section 1 the SCAR will be communicated with the supplier contact.

The supplier is expected to complete sections 2, 3 and 4 of the SCAR. Section 2 requires the supplier to identify and document the root cause of the non-conformance. Section 3 is used to outline the immediate measures that are to be carried out by the supplier to correct the identified non-conformance. Section 4 will require the supplier to document any measures that are put in place to prevent a recurrence of the non-conformance, this should be considered as a long term fix.

Any additional documents used by the supplier in this process can be attached and returned with the SCAR.

The supplier should return the completed SCAR to a quality or purchasing contact within CIL. A response is required within working 5 days of receipt of the SCAR. It is the intention of CIL to use SCAR and ERR responsiveness as a measurable for supplier performance.