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Quality Requirements and Terms/Conditions

For the purposes of this document, the Seller is also referred to as the Supplier, the Vendor, and Distributor. Torotel Products, Inc., also herein referred to as Torotel or Torotel Products, is the Buyer. Additional requirements are contained within the Torotel Supplier Guidelines and Supplier Shipping Guidelines, available on the Torotel Products website, or by contacting the Purchasing department.

1.0 Certification of Conformance, Documents, and Reports

The supplier is required to provide documented certification(s) that the material supplied against this order meets all applicable and most recent drawings, specifications, test, and purchase order requirements. Repeated failure to provide this documentation to coincide with material arrival is subject to a corrective action request (CAR) (see Section 12.0).

If material has been reworked or replacement material has been sent to rectify the previous delivery of non-conforming material, a new certificate of conformance must be supplied with the replacement material. The packing list and/or Certificate of Conformance (C of C) shall contain Torotel's purchase order number and part number for ease of identification (see section 9.0 for additional requirements). The invoice shall also contain Torotel's purchase order number and part number for ease of identification.

- 1.1 If the supplier is not the Original Equipment Manufacturer (OEM) (distributor, and similar), in addition to the supplier certification requirements listed above, each shipment shall also include certifications from the manufacturer, including
 - a. date/lot codes and a copy of the
 - b. C of C referencing the purchase order on which the parts were supplied, must be provided in the shipment to Torotel,
 - c. including each subsequent purchase/ change of hands of the material.
 - d. a signed statement from a representative of an authorized distributor certifying that the material was obtained directly from the OEM may be provided on certain materials as noted on the purchase order in lieu of items a, b, and c.
- 1.2 The C of C shall list all material descriptions and requirements as listed on the Torotel purchase order, including (where applicable)
 - a. material grade,
 - b. military/industry specifications met including type, class, and grade as applicable (most recent revision in effect on the date of the Purchase Order if none is specified),
 - c. print owner part number and revision level,
 - d. color/ size requirements, etc.(see Section 9.0 for additional requirements).
- 1.3 Any shipments made against a print owned by Torotel or owned by Torotel's customer shall include C of C on all raw materials or components, with unbroken C of C traceability by heat number back to the mill for metallic raw material. (see Section 22.0 for additional requirements)

When in conflict, requirements listed on the Purchase Order shall take precedence over those listed on the print. Arriving shipments that do not meet the paperwork requirements listed above shall be placed on hold and quarantined until the required paperwork is received to complete the verification process. Torotel reserves the right to delay payment commensurate with the delay in receiving correct documentation. If accurate, unbroken chain of custody documentation cannot be provided by the supplier for the material, it shall be considered suspect and potentially counterfeit and quarantined/ returned to the vendor depending on the severity per Torotel SP20.5.6 Counterfeit Prevention Plan.

2.0 Change in Approved Processes

Supplier is prohibited from making changes to any drawing, process, tooling, material, or procedure originally subject to Torotel Products' approval without express written consent from Torotel. Supplier will be required to resubmit samples along with a First Article Inspection Report (FAIR) report if manufacturing of the item is discontinued for twelve (12) months (see

Section 22.0 for further information on the FAIR requirements.) Supplier shall notify Torotel in writing in advance of any changes in ownership or top management personnel, as well as any and all mergers or acquisitions.

Additionally:

- (i) Work shall not be moved from the original location of manufacture to another location of manufacture, within a production facility, or to any other production facility.
- (ii) When FAIR is a requirement, work shall not be moved from the original location where the work was produced at the time of FAIR acceptance.
- (iii) Work shall not be subcontracted, all or in part, to another supplier or division without express written permission from Torotel, at which time a FAIR, production samples, source inspection/ approval, or other requirements may be in effect.

3.0 Counterfeit Parts

Supplier shall implement and maintain a Counterfeit Item risk mitigation process internally and with sub-tier suppliers in accordance with the latest revision of AS5553 and AS6174 as applicable. Authorized distributors shall comply with AS6081. Supplier is contractually required to deliver products to Torotel that are:

- (i) New (Not used, refurbished, or reclaimed);
- (ii) Obtained either from OEMs or authorized OEM resellers or distributors;
- (iii) Authentic (not counterfeit) and
- (iv) Marked with OEM labels and other markings.

Any items identified by Supplier as potentially counterfeit must be removed from shipments to Torotel. At any time if Torotel has reasonable cause to believe Supplier has provided counterfeit material, whether material remains in Torotel inventory, raw material, work in process (WIP), or in the form of finished goods, Supplier will be responsible for all costs deemed necessary and reasonable to investigate and replace counterfeit materials, including higher tier customer's costs. These costs include, but may not be limited to, travel expense, legal expenses, shipping costs, fines or penalties, labor, replacement materials, administrative expenses, and the like.

In the event that a Supplier identifies a counterfeit part has entered the supply chain, notification shall be made to Torotel within five (5) business days, as well as any and all applicable reporting outlets, including Government Industry Data Exchange Program (GIDEP) and Electronic Resellers Association International (ERAI).

4.0 Inspection and Calibration

Any physical inspections, dimensional verification, or other examination of material and any calibration of tools and/or equipment shall be performed by a designated, trained inspector. Annual vision exams (Snellen 20/30 or equivalent) and a color perception test (one time) shall be required for inspectors with records of the exam results kept on file for eleven (11) years. Corrective lenses shall be worn during inspection activities as prescribed by a licensed medical professional as a result of the annual exam. Supplier must retain documented information that provides evidence of monitoring and measurement equipment calibration. Supplier's calibration system shall be in accordance with ISO/IEC 17025.

5.0 Non-conformances

Supplier does not have authority (via their Material Review Board, Standard Repair Procedures, or other means) to repair, "use as is" or ship to Torotel any item which fails to conform to all drawing, specification and/or purchase order requirements. Supplier deviation requests must be approved by Torotel in writing. Any repair or "use as is" disposition applies only to the requested action. Any recurrence requires resubmittal of a new Supplier Deviation Request. Suppliers shall have less than two quality escapes on shipments to Torotel within a twelve (12) month rolling period. Defect rates that exceed these limits will require a CAR for the first occurrence. A second occurrence may result in Supplier losing preferred status. Additionally, supplier is required to notify Torotel within 24 hours of any suspected nonconforming product or product that may be subject to a recall/ warning alert/ GIDEP alert, if discovered after product has shipped from supplier's facility. Additionally, the supplier shall notify Torotel if any product delivered is reasonably suspected to have concerns regarding product authenticity, quality, safety, process integrity, and/ or specification compliance. Torotel will determine final disposition of nonconforming material.

All materials furnished must conform to contractual and design requirements. If fault is found with the material, Torotel reserves the right to withhold payment. Material not meeting requirements shall also be subject to reject and/ or return at the risk and expense of the supplier. The supplier is responsible for costs associated with delivery of non-conforming product, which may include shipping costs for returns/ replacements, rework/ sorting costs incurred at Torotel, costs charged back to Torotel by Torotel's customer for replacement/ rework.

6.0 Access to Supplier's Facility

Torotel reserves the right of access (at any reasonable time) to any location, and applicable records, where work is performed under this purchase order, including sub-tier suppliers and/or special processors, and such right shall be extended to Torotel's customer and/or cognizant government representatives. Any records requested by Torotel or Torotel's customer and/or cognizant government representatives shall be made available within 48 hours, or two business days, of the request for access.

7.0 Preservation, Packaging, and Identification

Supplier is responsible for maintaining adequate control of packaging to ensure the quality of the products is maintained and that damage, deterioration, substitution, and loss in transit are prevented. Foreign object debris/damage (FOD) shall not be introduced to material during packaging and shipping activities (see section 11.0), including the use of Styrofoam peanuts, sawdust (or similar), or any other material or method that may deteriorate in transit or otherwise cause FOD. Damaged goods received at Torotel shall be rejected as the supplier's responsibility. Shipments that are visibly damaged will be refused by Torotel's receiving department and returned to origin for evaluation and repackaging.

Supplier is to mark the smallest packaging unit with supplier's name, address, cage code (if available), Torotel's purchase order and part number for ease of identification. Shipments consisting of multiple containers shall have each container identified (e.g., 1 of 3, 2 of 3, 3 of 3, etc.). All shipping documents, certifications, test records, packing slips, etc. shall be placed in box #1 or an attached envelope. Packing slips, Certificates of Compliance, and all other shipping documents shall reference the Torotel part number and Purchase Order number. All shipments of production material require a Certificate of Conformance to be included in the package unless expressly exempted on the Purchase Order.

8.0 Foreign Object Damage

Supplier shall develop and maintain a foreign object debris/damage (FOD) prevention program for manufacturing areas. The introduction of FOD into any item delivered may result in a non-conformance. The selection of packaging material shall be addressed in the **FOD prevention program, per section 7.0.**

9.0 Corrective Action Request

Supplier agrees to provide a formal response to any corrective action request (CAR) within the timeframe indicated on the CAR. If additional time is needed to close a CAR, Supplier is required to notify Torotel as soon as possible. Failure to provide a formal response to a CAR within the established due date will adversely affect Supplier's approval status for future procurements.

10.0 Shelf Life of Material

Supplier shall deliver materials with maximum remaining shelf life available. Any material to be delivered with less than 75% of its shelf life by the dock date must be submitted for written approval by Torotel. Any material that is delivered that has not met this requirement is subject to be rejected upon Receiving Inspection to be returned to the Supplier and replaced with conforming material or prorated pricing put into effect based on remaining shelf life at the discretion of the Torotel buyer. All material with a finite shelf life shall be delivered with documentation of the date of manufacture and shelf life on both the packing slip and on the smallest container size.

Supplier shall utilize first-in, first-out (FIFO) procedures standard in the industry. Supplier shall not deliver a lot of material whose date of manufacture is earlier than a lot previously delivered to Torotel without written consent.

11.0 Supplier Evaluation

Torotel evaluates supplier performance on a monthly basis for quality and delivery. Failure to implement processes to improve supplier performance may result in the removal of the supplier from Torotel's Approved Supplier list and/or change in the Supplier's approval status or scope.

Suppliers are also evaluated based on survey results, site audits (if any), and Quality Management System (QMS) certifications.

12.0 Order Review

The supplier shall have a contract review process that requires a cross-function team (e.g. Engineer, Materials, Production, Quality, Sales, etc.) to ensure the requirements of the Purchase Order, and any accompanying prints, statements of work, or other documentation can be met before acknowledging the order. This review process shall also include reviewing price, fees/ additional charges, and delivery for verification. Any discrepancies or changes that are not brought to Torotel's attention at the time of the order placement may not be put into effect after the order has been filled.

13.0 Record Retention and Control

Records of materials, processing, and tests must be maintained for eleven (11) years minimum after completion of the purchase order, unless otherwise specified on the PO/ print. Records must be stored in an area which meets all local Fire and Safety Codes that prevents loss, damage, or deterioration. Retention requirement includes training documentation, vendor C of C, certifications and test reports provided to Torotel, test coupons, audit records, and any supporting documentation relating to the production, inspection, storage, and transit of material to Torotel. Records shall be in the English language or translated into the English language by the vendor at Torotel's request. Electronic imaging (microfilm,

scan, and similar) of records in lieu of storing hard copies is permissible. All records shall be retained, retrievable, and legible on storage media capable of maintaining the data integrity for the full retention period.

Corrections to work instructions or documents shall be recorded, dated, and traceable to the person making the change. Quality documents shall be in permanent ink.

14.0 Special Processes and Approved Sources

Special processes will be defined in the Torotel specification, purchase order, or other control document provided to the Supplier. Special processes must be performed exclusively by Nadcap accredited Torotel-approved sources unless otherwise noted on the Purchase Order. Supplier must contact Torotel Directors of Quality or Purchasing for list of approved sources. If a sub-tier supplier is utilized to perform a special process, to maintain traceability, the Supplier is required to send with each shipment a Certificate of Compliance from the sub-tier supplier which references the Torotel part number and revision level (or print owner part number and revision level as applicable). Additionally, Torotel may require the Supplier purchase raw material and/or subcomponents from approved sources. Supplier must contact Torotel at the issuance of a new purchase order for the current list of approved sub-tier suppliers and distributors.

- (i) Soldering – The applicable requirements of ANSI/J-STD-001, Class 3 (latest revision) are required, except for the procurement of off-the-shelf (catalog) items.
- (ii) Plating/ Coating, Painting, Etching, and Passivation – Must be performed by Nadcap-certified facility when specific suppliers are not specified. Nadcap certification must be listed on the Certificate of Compliance, as well as the expiration date for the certification. The supplier shall contact the special-process supplier and confirm that current Nadcap approval is held in the specific Type, Class, Method, etc. as listed on the print and PO requirements and does not expire during the contract period prior to placing an order with that sub-tier supplier.
- (iii) Printed Wiring Boards and Circuit Card Assemblies – Inspectors shall have valid IPC certification (IPC-A-600 for PWBs, and IPC-A-610 for CCAs). Unless otherwise specified on the print or purchase order, construction shall be in accordance with IPC D-275, Amendment 1, or IPS-2221.

15.0 Single Lot/Date Code

Each scheduled delivery shall consist of parts with one lot/date code produced by the Supplier. Torotel must pre-approve in writing any Supplier requested deviation from this requirement. Supplier shall mark the smallest packaging unit with the date of manufacture, as well as an identifying lot code. The lot code shall be referenced on either the packing slip or Certificate of Compliance as well. Distributors shall list the manufacturer's lot code on each line of the packing list and that lot code shall be present on the OEM C of C or Packing List. Suppliers who are manufacturing parts to a Torotel or Torotel customer print shall list the lot number of the raw material used on the C of C, as well as the lot code/ date code/ job number of the parts produced.

The lot must be homogeneous and produced under essentially the same conditions at the same time. If not, the items shall be treated as a separate lot.

16.0 Supplier Quality Control System

The Supplier is required to maintain a quality control program which assures that all supplies, processes, and services furnished to Torotel conform to contractual requirements. Torotel's preference is that a supplier of material has a QMS that is certified to the most recent revision of AS 9100 (AS9120 for distributors). In some cases, a QMS certified to ISO 9001MIL-I-45208A will be acceptable. A supplier not having a QMS that is certified to AS 9100 or ISO 9001 shall be placed on restricted status pending an evaluation of the quality system currently in place. Calibration laboratories that are not the OEM shall be accredited to ISO 17025. When the supplier utilizes a distribution location for shipments to Torotel, the subordinate location must be within the supplier's organizational control and must comply with all of the QMS policies and procedures of the main/ administrative location.

17.0 Statistical Process Control

When required on the purchase order, the Supplier shall utilize statistical process control (SPC) techniques as a preferred methodology to ensure production quality and conformity. SPC shall be used to measure, analyze, and eliminate sources of variation detrimental to product quality. SPC shall be administered by the Supplier in the areas of highest potential benefit. Supplier shall prepare an SPC program which will be utilized during the production of items ordered by Torotel.

18.0 Acceptance Test Procedures

The Supplier shall prepare separate test procedures for work-in-process (WIP) and final acceptance as noted on the Torotel print and/ or purchase order. Any item which requires acceptance testing shall be covered by and Acceptance Test Plan (ATP). WIP and final ATP's must be approved by Torotel prior to the delivery of the first units. Subsequent changes are subject to approval by Torotel prior to incorporation.

19.0 Test Reports

As required by the purchase order, functional test reports shall be presented to Torotel for review and approval. The report shall contain the Torotel purchase order number, Supplier's name and address, part number, part name, serial number (as applicable), any in-process or final tests conducted, actual results of tests, and approval signature of the Supplier's authorized representative. Test reports are to be retained by Supplier for a period of eleven (11) years for the time period as defined in 17.0 Record Retention and Control from the date of final payment, unless specified otherwise in the purchase order.

Magnet wire purchased to specifications issued and controlled by the National Electrical Manufacturers Association (NEMA) shall adhere to all requirements of that specification, including any and all periodic tests of the wire (i.e. Dielectric Withstanding voltage, dimensions, packaging, heat shock, spring back, Thermoplastic Flow and Thermal Endurance, scrape resistance, DCR requirements). Records of these test shall be kept on file for the full time period as defined in Section 17.0 of this document, and copies made available to Torotel within two business days of request.

20.0 Corrective Action Board

The Supplier is required to conduct Corrective Action Board meetings as needed to identify actions to remedy non-conformances and methods of evaluating the effectiveness of corrective action plans. Objective evidence of this process is to be documented and available for review by Torotel.

21.0 ESD Policy

All material shipped to Torotel is to be packaged in containers that will prevent damage during the shipping and receiving process. To prevent damage related to electro-static discharge (ESD), ESD- sensitive parts must be packaged using antistatic materials or in an approved static shielding bag that is clearly marked as such; and, it is preferred that non-ESD sensitive parts be packaged using antistatic materials. Electronic component and hardware packaging should be sealed or closed in such a way to preserve the integrity of ESD-sensitive material. The supplier shall have an electrostatic discharge control program per ANSI/ESD S20.20. or JESD625, or MIL-STD-1686 if ESD-sensitive parts are manufactured.

22.0 First Article Requirements

When specified on the purchase order, the Supplier shall be required to submit a First Article Inspection Report (FAIR) that meets AS9102 standards. The FAIR and accompanying documentation (including, but not limited to: sub-tier supplier certifications, test data, special process certifications, raw material origin records) shall be submitted with the first delivered samples or material.

Per AS9100 requirements, the Supplier shall also be required to complete a full FAIR to be kept on file if there is a lapse of production of twelve months or greater or a partial or Delta FAIR for any material or process changes (including a change or modification of a fixture critical to the process), even if a copy is not requested with the shipment to Torotel. FAI reports are to be kept on file for a minimum of eleven (11) years, unless otherwise stated on the purchase order/ print.

In the event that a change in the Supplier's source or sub-tier is warranted after the initial submission and approval of the FAIR, the Supplier shall submit a Delta FAI documenting the change and submit to Torotel prior to shipment for review and approval. Other activities that shall result in the submission if a Delta FAI include:

- (i) The addition or change of a fixture.
- (ii) The addition or removal of a value-added step from the work instructions.

23.0 Torotel-Supplied Material

When Torotel supplies all or part of the material to the supplier to complete a purchase order, the supplier shall keep the material segregated from other material and clearly marked as belonging to Torotel. In the event that material is damaged, scrapped, or utilized for reworks, Torotel shall allow 0.5% for these activities without penalty, unless otherwise stated on the purchase order or print. If additional material is required beyond the 0.5% allowed, Torotel reserves the right to charge a fee in order to recoup the cost of the scrapped material as necessary. The Supplier shall return any and all excess material not used with the last shipment of the purchase order, unless directed otherwise in writing.

Torotel-supplied tooling and gauges are to be used exclusively on Torotel orders. These items shall not be altered, reworked, or modified without written permission from Torotel. The Supplier shall utilize a preventative maintenance schedule for these items, and calibration at regular intervals. The Supplier shall return any and all tooling and gauges to Torotel within ten (10) business days when requested, or if the company is going out of business.

24.0 Cancelled Specification

In the event that a print or purchase order lists a cancelled industry, military, or federal specification, the cancellation notice shall be reviewed. Notices with "shall" or "superseded" provide a firm requirement to use the alternate standard/ specification in place of the cancelled standard/ specification. In the event that this language is not included in the notice, the supplier shall contact Torotel for direction prior to starting any work.

25.0 Import/ Export Controls

If the supplier is a U.S. company that manufactures or exports defense products or services, the supplier hereby certifies by acceptance of the purchase order that it has registered with the U.S. Department of State Directorate of Defense Trade Controls and will comply with U.S. export and import controls laws and regulations. Torotel shall be notified by the supplier prior to shipment if any products or materials are restricted by export-control laws. Supplier shall control the disclosure of and access to technical data, information, and other items received under the Purchase Order in accordance with these regulations.

26.0 FAR and DFARS Clauses

The following clauses set forth in the FAR and DFARS as in effect on the date of the Purchase Order, unless otherwise noted, are incorporated herein by reference. If any clauses do not apply to a particular order, such clauses are considered to be self-deleting. Additional clauses may be specified within the Purchase Order. All clauses are to be communicated with the vendor's sub-tier suppliers, as detailed in Section 4.0.

DFARS :

252.203-7000,	252.211-7007,	252.225-7040,	252.239-7018,	252.246-7007,
252.203-7002,	252.215-7004,	252.225-7048,	252.239-7018,	252.246-7008,
252.203-7004,	252.217-7012,	252.227-7013,	252.243-7002,	252.247-7023,
252.204-7010,	252.217-7027,	252.227-7015,	252.244-7000,	252.247-7024
252.204-7012,	252.223-7008,	252.227-7037,	252.245-7001,	
252.204-7015,	252.225-7008,	252.234-7004,	252.245-7004,	
252.211-7003,	252.225-7009,	252.237-7010,	252.246-7000,	
252.211-7005,	252.225-7028,	252.239-7010,	252.246-7003,	

FAR :

52.208-8,	52.232-40,	52.245-9,	52.219-8,	52.222-55,
52.216-5,	52.237-7,	52.203-7,	52.222-21,	52.222-62,
52.216-6,	52.244-6,	52.203-12,	52.222-26,	52.223-7,
52.216-16,	52.246-7,	52.203-17,	52.222-35,	52.224-3,
52.216-17,	52.246-8,	52.203-18,	52.222-36,	52.225-1,
52.229-8,	52.246-9,	52.203-19,	52.222-37,	52.226-26,
52.229-9,	52.246-15,	52.204-10,	52.222-40,	52.232-40,
52.222-51,	52.203-8,	52.204-21,	52.222-41,	52.244-6,
52.222-53,	52.232-17,	52.209-6,	52.209-5,	52.247-64
52.225-19,	52.247-68,	52.213-22,	52.222-50,	
52.227-13,	52.232-39,	52.213-23,	52.222-54,	

27.0 Tool Life

Any tooling, molds, fixtures, and similar that have been purchased by Torotel for the exclusive use of Torotel or Torotel's customer, either through NRE fee, amortized unit price, or other method, shall be maintained in good condition by the supplier unless express permission is granted in writing that the tool can be discarded, at which time the tool shall be rendered unusable by the supplier. During the life of the tool, the supplier shall institute a preventative maintenance plan for the tool. Statistical process control shall be used on the tool, per section 17.0. Variations in SPC data shall be recorded and kept on file for tracking potential trends in tool performance and conformity and available to Torotel upon request. The supplier shall alert Torotel of any trends indicating tool wear and tear or trends to the limits of print requirements immediately. Torotel shall be notified by the supplier at minimum six months prior to the tool end-of-life.

28.0 Flow Down to Supply Chain

Supplier is required to ensure its subcontractors or sub-tier suppliers adhere to any contractual, regulatory, statutory, or material flow down requirements as may be communicated to Supplier by purchase order, specification, or other written notification from Torotel. Examples may be (but are not limited to) Federal Acquisition Regulation (FAR), Defense Federal Acquisition Regulation Supplement (DFARS), International Traffic in Arms Regulations (ITAR), Export Administration Regulations (EAR), Defense Priorities and Allocations System (DPAS) ratings, or other regulatory and/ or statutory requirements, test reports, special processes, and so forth.

29.0 Supplier's Responsibility and Final Acceptance

Neither surveillance, source inspection, nor tests performed by Torotel or its customer at the supplier's facility, shall necessarily constitute final approval or acceptance of the items on this order. All items are subject to final inspection, tests, etc. at Torotel, notwithstanding prior payments or inspections, final acceptance shall be determined by Torotel's Receiving Inspection.

30.0 Delivery

Supplier shall deliver goods to Torotel's dock no sooner than five (5) days prior to the contractual dock date (indicated as the line item or release due date in the Torotel purchase order), and no later than zero days after. Torotel reserves the right to either delay payment by the number of days shipment arrives ahead of the allowable delivery window, return at the supplier's risk and expense, or other method. Supplier shall notify Torotel in writing immediately of any actual or potential delay to the performance of the Purchase order.

Supplier may not utilize another shipping method or carrier other than that designated on the purchase order without advance approval from Torotel. No additional charges will be allowed for transportation, storage, insurance, boxing, packing, or crating unless specified on the Purchase Order or agreed to in advance in writing by Torotel. When using Torotel's collect shipping account, the supplier shall not declare any value or add insurance unless otherwise expressly instructed by Torotel in writing. Any additional charges incurred by Torotel from failure to comply shall be charged back to the supplier. The supplier shall list the Torotel Purchase Order number and the line number(s) of the PO contained in the shipment in the "Reference Number(s)" field when setting up a shipment via UPS.

30.0 Purchase Order Acknowledgement

The issuance of a purchase order to Seller constitutes an offer expressly limited to the terms contained on the purchase order and herein. Supplier's acceptance is expressly made conditional on assent to the terms hereof. Any addition, change, or deletion in these terms by Seller in Seller's acknowledgment form or otherwise communicated to Buyer shall be deemed a material alteration and is expressly objected to and rejected by Buyer. The supplier may not fill the order under alternate terms, unless agreed to by Torotel at the time the order is placed, before any work is undertaken or shipments are made, and expressly noted on the Torotel Purchase Order.

The supplier shall notify the Buyer within one business day of order placement if any of the requirements listed on the Purchase Order are incorrect or cannot be met, including price, quantity, requested dock date, configuration/ version of part, etc. If no notification of required change is made in that timeframe, the Purchase Order shall be filled as written and no deviations on price, quantity, dock date, or configuration/version shall be accepted.

31.0 Shipment Quantities

The quantity listed on the purchase order for each line and release shall be strictly adhered to. In the case where the Supplier's yield is greater than or less than the quantity listed on the purchase order, the Supplier may apply to ship the overage or underage, but the discrepancy must be approved in writing by Torotel prior to shipping, or the shipment may be considered non-conforming upon receipt and subject to Non-conformance procedures. Magnet wire purchased by the spool and priced by the pound is exempt from this requirement, provided the received amount is within 10% of the quantity requested on the Purchase Order. Torotel reserves the right to return unauthorized overage at the supplier's risk and expense and/ or other actions as necessary.

The quantities listed on the packing list as the shipment arrives at Torotel shall be considered accurate and binding. If a count discrepancy between the material shipped and the quantity on the packing list is discovered, the supplier shall immediately issue a credit on the original invoice in full and provide a recovery plan for rectifying the discrepancy.

32.0 Access to Registration Data

The supplier is responsible to provide Torotel with notification of any changes in the certification / registration / accreditation or major audit findings within two (2) business days of receiving notification of the change or finding. Examples of changes in registration include new certification, suspension, or expiration. This applies to AS/EN/JISQ 9100, ISO9000, and Nadcap accreditation.

33.0 Quality Management Systems Tracking

Suppliers certified to AS9100 (AS9120) shall permit level 2 access to all supplier's data in OASIS upon request. Torotel reserves the right to input significant and/or frequent escape data and major audit findings regarding suppliers into the relevant OASIS data base records for those Suppliers.

34.0 Systems Securities

Suppliers and their sub-tier suppliers shall comply with Defense Federal Acquisition Regulation Supplement (DFARS) 252, 204-7012 in regard to the storage, communication, and transmitting of sensitive data, including, but not limited to, technical data, contract numbers, part numbers, parts lists, supplier lists, and performance data. Any suspected incidents shall immediately be reported to both the Government and Torotel Products to be communicated with the prime contractor.

The supplier shall maintain processes to control malware, viruses, malicious code, or other software code or routine designed to damage, destroy, or alter any software or hardware; reveal, damage, destroy, or alter any data; disable any computer program; or permit unauthorized access to any software or hardware. Commercially available anti-virus software shall be used to protect the supplier's information systems.

Data submissions of export-controlled or other sensitive documents shall be conducted via servers within the US and further encryption or password -protection undertaken to ensure the security of the submission.

35.0 Business Continuity

The supplier shall document a Continuity plan to mitigate any disruptions due to natural disasters, labor disputes, law/regulation changes, and similar. The supplier shall require similar mitigation plans for its sub-tiers. This plan must be immediately available upon request. The supplier shall notify Torotel within twenty-four (24) hours of the incident if the ability to provide material or services to Torotel is impacted.

36.0 Prohibited Materials

Shipments to Torotel shall not include any mercury and shall be free of mercury contamination. Other prohibited materials include: Asbestos, Cadmium, Polychlorinated Biphenyls (PCB), Polyvinyl Chloride (PVC), Freon solvents, Radioactive materials, Magnesium and base alloys, and brass-coated and copper-coated threaded fasteners. Any material that is lead-free shall be clearly labelled as such on the accompanying paperwork (either "lead-free" or "RoHS compliant" are acceptable).

37.0 Recalls

The supplier is liable for all costs or damages associated with any voluntary or involuntary recall of defective or potentially defective parts or products.

38.0 Discontinuation or Obsolescence

Supplier is required to provide written notification to Torotel at least twelve (12) months prior to discontinuation or obsolescence of material so that a lifetime buy and/ or other mitigating actions can be taken. Supplier agrees to maintain the tooling, facilities, etc. required to manufacture the component(s) for at least 5 years following the end of production to meet part service requirements in the supply chain.

Statement of Policy and Program of Affirmative Action - Equal Employment Program

Torotel firmly rejects any employer practices which violate Equal Employment Standards. Torotel's policy is to insure the promotion of equal opportunity for all persons employed or seeking employment, without regard to race, color, creed, national origin, sex, age or handicap. It shall be the policy of all Suppliers to provide equal opportunity to all applicants for employment and to administer all personnel practices such as recruitment, selection, training, promotions, terminations, transfers, layoffs, compensation, benefits and other terms, conditions and privileges of employment in a manner which does not discriminate on the basis of race, color, creed, age, sex, national origin or handicap. It is the policy of Torotel that Suppliers ensure:

1. No practice, activity, policy or decision which discriminates against an individual or group on the basis of race, color, age, nationality, creed, sex or handicap shall be allowed to stand.
2. Affirmative action will be taken to identify the areas where minorities and women are underutilized, and a vigorous effort will be made to correct employment imbalances. All decisions in regard to recruitment, hiring, promotion, training, compensation and terminations will be made in a manner in which they will further the principles of equal employment opportunity and the achievement of the established affirmative action goals.
3. These policies shall be applied to all aspects of recruiting, hiring, training, compensation, benefits, upgrading, promotion, retention, transfer, and working conditions of all employees.
4. Goals will be established in all categories of employment to achieve minority employment balance that reflects the availability of minorities in the labor market. Supervisory and management personnel will be evaluated on their compliance with this program and their ability to achieve the established goals. The purpose of Torotel's commitment to such goals as to minority employment balance is to meet its affirmative action obligations under the equal opportunity clause of its grant contract with the Federal Transit Administration. This commitment is not intended and shall not be used to discriminate against any qualified applicant or employee.
5. Race, color, creed, nationality, age, sex or handicap shall not be criteria on how transit service is provided to the public. Service shall be provided in a non-discriminatory manner.
6. Management will evaluate and monitor the Equal Employment Opportunity Program and adhere to the administration of the policy and program. Supplier's program shall be action oriented and will be reevaluated and revised when necessary.

Conflict Minerals Policy Statement

Torotel supports ending the violence and human rights violations in the mining of certain minerals from a location described as the "Conflict Region", which is situated in the eastern portion of the Democratic Republic of the Congo (DRC) and surrounding countries. As a result, the U.S. Securities and Exchange Commission ("SEC") adopted final rules to implement reporting and disclosure requirements related to "conflict minerals," as directed by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The rules require manufacturers who file certain reports with the SEC to disclose whether the

products they manufacture or contract to manufacture contain "conflict minerals" that are "necessary to the functionality or production" of those products.

The definition of "conflict minerals" refers to gold, as well as tin, tantalum, and tungsten, the derivatives of cassiterite, columbite-tantalite, and wolframite, regardless of where they are sourced, processed or sold. The U.S. Secretary of State may designate other minerals in the future. Torotel supports these requirements to further the humanitarian goal of ending violent conflict in the Democratic Republic of the Congo (DRC) and in surrounding countries, which has been partially financed by the exploitation and trade of "conflict minerals".

OUR COMMITMENT:

1. Support the aims and objectives of the U.S. legislation on the supply of "conflict minerals".
2. Do not knowingly procure specified metals that originate from facilities in the "Conflict Region" that are not certified as "conflict free".
3. Ensure compliance with these requirements, and ask our suppliers to undertake reasonable due diligence with their supply chains to assure that specified metals are being sourced only from:
 - Mines and smelters outside the "Conflict Region"; or
 - Mines and smelters which have been certified by an independent third party as "conflict free" if sourced within the "Conflict Region".

This due diligence includes having suppliers provide written evidence documenting that raw materials used to produce gold, tin, tantalum and tungsten, used in the materials to manufacture products supplied to Torotel, originate from outside the "Conflict Region" or if they originate from within the "Conflict Region", that the mines or smelters be certified as "conflict free" by an independent third party. The aim is to ensure that only "conflict free" materials are used in products that we procure.

If Torotel discovers the use of these minerals produced in facilities that are considered to be "non-conflict free", in any material or parts we procure, we will take appropriate actions to transition product to be "conflict free".

Statement of Principles and Standards

Torotel Products is committed to maintaining its role as a positive contributing member in a global society. To assist in this goal, suppliers and sub-tier suppliers are required to:

- Eliminate all illegal or forced labor.
- Comply with all local labor laws in regard to paid wage, working hours, and working conditions.
- Adherence to all laws and regulations regarding bribery, extortion, and corruption.
- Be cognizant and reasonably avoid any conflicts of interest, perceived or actual.
- Engage in earth-friendly "green" practices whenever possible, including waste minimization, emission reduction, recycling, and others.
- Be proactive regarding employees' good health, improving on-the-job safety, minimization of workplace risk, in addition to overall health outside the workplace.
- Periodically evaluate products made for opportunities to eliminate materials or procedures that are hazardous to the environment, health, and safety.
- Ensure that employees are aware of their contribution to product/service conformity and product safety, and the importance of ethical behavior.

Statement to Prevent Transactions with Denied Persons/Debarred Parties/SDN:

To ensure compliance of U.S. export laws, Torotel will not conduct any business transaction with any person or entity that is named on the "Denied Persons List" published by the U.S. Department of Commerce, the "Denied Parties List" published by the Department of State, and the "Specially Designated Nationals List" published by the Department of Treasury, Foreign Assets Control. Torotel expects all suppliers and subcontractors to comply with these laws as well.

Supplier agrees to include this requirement in lower-tier Purchase Orders and/or subcontracts. (You may view the U.S. Government web sites for each of the Agencies noted above to access their lists).

Statement on Accounting Practices

Torotel Products provides goods to Department of Defense (DoD) and U.S. aerospace sub-contractors, as well as the federal government, and as such, adheres to the payment practices standard within the industry. Torotel reserves the right to extend payment cycles to 60 days as an extension of our customer's practices without interruption of shipments or service.

Date	Change Description	Initials							
		Human Resources	Production Support	General Manager	Engineering	Manufacturing	Sales	Materials	QA
10-16-2020	Initial release							LGC	HJS