

MASTERS AND YOUNG PTY. LTD.

TERMS AND CONDITION OF PURCHASE

1. DEFINITIONS

In this agreement, the following definitions apply unless otherwise specifically stated:

"Buyer" means Masters and Young Pty. Ltd

"Seller" and "Goods" are as identified in the Buyer's Order.

"Conditions" means these terms and conditions (including any amendments made between the parties).

"Contract" means the contract between the Buyer and the Seller for the supply of the Goods specified in the Order and including these Terms & Conditions.

"Order" means the Buyer's written order for the Goods.

2. ACCEPTANCE OF ORDER

The Seller's acknowledgement of the Order shall constitute acceptance of these Conditions and shall create the Contract between the Seller and the Buyer, to the exclusion of all other terms and conditions.

3. QUALITY & DESCRIPTION

All Goods must:

- i) fully comply with the particulars in the Order and with any specification, samples or patterns comprised in the Contract.
- ii) be of good commercial quality, comprise only new materials and be fit for the purposes for which they are supplied.
- iii) comply with all applicable laws, regulations, and standards.

4. INSPECTION & AUDIT

The Buyer shall be given access to the Seller's works to enable the Buyer to inspect and attend Audit of the Goods during manufacture or assembly. Inspection will not constitute acceptance of any Goods by the Buyer.

5. DELIVERY

- i) All Goods shall be delivered in accordance with the details specified in the Order.
- ii) Unless otherwise specified in the Order, all Goods shall be delivered to the Buyer's premises. The Seller shall ensure that all Goods are adequately packaged to avoid any damage or loss in transit. A detailed consignment note shall accompany every delivery of Goods. Reasonable advance notice of every delivery shall be given in writing by the Seller to the Buyer.
- iii) Delivery shall not be effective until the Goods have been inspected by the Buyer's representative at the Buyer's premises. Inspection shall not constitute acceptance of any defect in any Goods or relieve the Seller of any of its obligations.

6. REJECTION

- i) The Buyer may reject any Goods which are not in accordance with the Contract or Order.
- ii) The Buyer may cancel the Contract with respect to rejected Goods or, at its option, require the Seller to replace any rejected Goods to the Buyer's satisfaction. Failure to

replace shall entitle the Buyer to cancel the Contract and recover its losses from the Seller.

7. WARRANTY

The Seller shall promptly, at the Buyer's request, replace or repair (to the Buyer's satisfaction) all Goods in which any defect appears within [12] months from delivery or [12] months from the date Goods are put into service by the Buyer, whichever is later. Any replacement or repair work shall be guaranteed for a further [12] months.

8. PAYMENT

- i) Terms of payment shall be as stated in the Order and unless otherwise specified:
 - a) an invoice shall be submitted to the Buyer upon delivery of Goods and payment shall be due 30 days EOM from receipt of the Seller's invoice. Unless agreed otherwise.
 - b) each invoice must clearly identify the Order and the relevant Goods (and include a tax invoice acceptable to the Buyer for tax purposes where applicable).
- ii) All prices shall be deemed to include packing, insurance, and carriage of Goods to the Buyer's address specified in the Order (unless otherwise stated in the Order).
- iii) All payments shall be made in the currency specified in the Order.

9. VARIATIONS

- i) The Buyer may request the Seller to vary any particulars in the Order by written notice. The Seller shall within three working days of receipt of the variation provide the Buyer with an estimate of the cost of complying with the notice and the effect, if any, which the request is likely to have on the delivery date(s).
- ii) The Seller shall use its best endeavours to minimise any adverse time and cost effect of every variation.
- iii) The Buyer may, within 10 days of receipt of the Seller's estimate, withdraw the variation request or accept the Seller's estimate. Alternatively, the Buyer may confirm the variation should proceed on the basis that the price is disputed but will be resolved under clause 15 below.

10. INSTALLATION & SERVICES

- i) To the extent that the Seller is responsible for the installation of Goods or provision of services at the Buyer's premises, the Seller is deemed to have satisfied itself as to the nature of the working conditions and to have allowed for the same in its price.
- ii) The Seller shall be responsible for the safety and security of all its operations and comply with the Buyer's instructions at the Buyer's premises or other nominated site.
- iii) Only suitably qualified and skilled personnel shall be engaged by the Seller, and all installation and other services shall be performed with proper skill and care and in accordance with the Buyer's requirements.

11. RISK & PROPERTY

Ownership of Goods shall pass to the Buyer upon

delivery to the Buyer premises as indicated on the Order.

12. INTELLECTUAL PROPERTY INDEMNITY

The Seller shall protect the Buyer and keep the Buyer indemnified against all claims, costs and losses due to:

- i) infringement or alleged infringement of any patent, copyright or other proprietary information.
- ii) any breach of any of these terms and conditions by the Seller, its personnel or subcontractors; and
- iii) any damage to property or injury to any person for which the Seller is responsible.

13. FORCE MAJEURE

The Buyer shall not have any liability to the Seller if it is prevented from performing the Contract on account of force majeure, i.e. circumstances beyond its control, which includes, but is not limited to, extreme weather conditions, act of God, fire, flood, war, terrorism, strike, cancellation of a contract by a third party for reasons not attributable to the Buyer or insolvency of a customer. In any of these circumstances, the Buyer reserves the right to cancel (or, at its option, suspend) the Contract.

14. MISCELLANEOUS

- i) Notice shall be effective under these Conditions if sent by email to rod@masters-young.com.au or delivered by hand to the address of the recipient shown on the Order. Notice shall be effective upon delivery at the recipient's premises.
- ii) These Conditions cannot be amended except in writing signed by authorised representatives of the Buyer and Seller.
- iii) The failure by a party to enforce any provision of these Conditions shall not be treated as a waiver of that provision, nor shall it affect the right of that party subsequently to enforce that provision.

15. GOVERNING LAW & DISPUTES

The laws of the State of Queensland shall apply to the Terms and Conditions, and the parties submit to the exclusive jurisdiction of the courts of Queensland.

16. ELECTROSTATIC DISCHARGE (ESD) CONTROL

The Supplier will determine if any goods ordered by Buyer are electrostatic discharge (ESD) sensitive, if so, will comply with the following requirements.

- i) Supplier will use ESD commercial control practices at all related sites.
- ii) Supplies supplied to Buyer that are susceptible to ESD damage as delivered will be properly handled and packaged to prevent ESD Damage.
- iii) Packages containing ESD sensitive items will be marked with an appropriate label.

17. REQUIRED RECORD KEEPING

- i) The supplier must retain all records related to Masters & Young's purchase orders indefinitely and obtain approval from Masters & Young prior to any disposal.
- ii) Records will include Shop Travelers and

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inspection records, material traceability (CofC's), Test results when applicable, and drawings given to the supplier from Masters and Young.

18. MATERIAL/PRODUCT IDENTIFICATION & TRACEABILITY

- i) The Supplier shall have an established system for traceability during manufacturing or for services performed.
- ii) All materials and/or product must be traceable to records of inspection acceptance at all stages, including receipt of materials and/or product, storage, production, and delivery.

19. SHELF-LIFE CONTROL

- i) Materials that are sensitive to age and temperature shall include, with each shipment, the date of manufacture and/or the manufacturers recommended shelf life.
- ii) All shelf-life materials shall be shipped to Masters and Young with a minimum of 75% of the materials' remaining shelf life.

20. NON-CONFORMING MATERIAL

- i) When nonconforming material/items are shipped to the Buyer without authorization, acceptance of the material/items at Masters and Young does not relieve the Supplier from their responsibility to comply with the drawing, specification, or purchase order requirements.
- ii) These items may be returned to the Supplier for rework, replacement, or cost reimbursement along with the Supplier Corrective Action Report (SCAR).
- iii) The Supplier shall investigate the non-conformance and return the completed SCAR with Root Cause and Corrective / Preventive actions to avoid the recurrence.

21. QUALITY ESCAPES

The supplier must immediately notify the Buyer of any quality escapes from their production line of Buyer's PO's. Notification shall be done by email, or phone call to the Buyers Quality Manager. The supplier must have a process in place to correct such quality escapes.

22. SUPPLIER COMPLIANCE

- i) The Supplier must comply with all relevant legislative requirements in Australia and not limited to Right to Work and Human Rights Conditions and to Masters and Young policies and procedures.
- ii) The Supplier shall have a documented Quality Management System that complies to AS9100D / ISO 9001 international quality standard. The Buyer shall be entitled to audit the Supplier's Quality Management System.

23. ASSIGNMENT & SUBCONTRACTING

- i) The Seller shall not assign or subcontract any of its rights or obligations relating to the Contract or Order without the prior written consent of the Buyer. Subcontracting shall not relieve the Seller of any of its obligations to the Buyer.
- ii) All requirements of the original purchase order shall flow down to all sub-tier suppliers along the supply chain.

- iii) To ensure requirements are met. Suppliers shall apply appropriate controls to direct and sub-tier suppliers.

24. DESIGN AND DEVELOPMENT CONTROL

Buyer reserves the right to approve or specify any designs, tests, inspection plans, verifications, criteria for design and development required by Buyer from a Supplier (as applicable).

25. COUNTERFEIT PARTS PREVENTION

- i) Supplier must represent and warrants that counterfeit Parts are not contained in Goods delivered to Buyer.
- ii) Supplier shall procure parts directly from the Original Equipment Manufacturer (OEM) or Original Component Manufacturer (OCM).
- iii) Procurement through independent distributor or broker is not authorised without notification to the Buyer.
- iv) If Counterfeits parts are identified at Buyer's end the seller shall replace all the counterfeit part at their expense.

26. SPECIAL PROCESSES

- i) Special processes shall be defined as Painting, Anodizing, Plating, Chemical Finishing, soldering, gluing etc.
- ii) The Suppliers who perform Special Processing for the Buyer shall ensure that the required special processes are conducted in accordance with the drawing and/or specification requirements and that competent qualified personnel perform all special processes.
- iii) The supplier shall provide a Certificate of Conformity (CofC's) with every order certifying that the parts were processed in accordance with the drawing and/or specification requirements.

27. SPECIAL REQUIREMENTS, CRITICAL ITEMS, OR KEY CHARACTERISTICS

- i) Products and/or services provided by suppliers must be at the highest level of quality.
- ii) When drawing, specification, and/or Purchase Order include "key characteristic" requirements the Supplier shall utilize Variation Management to ensure key characteristic integrity.
- iii) The Supplier shall develop control plans for applicable key characteristics.

28. CONTRIBUTION TO PRODUCT/SERVICE CONFORMITY

Supplier shall ensure that it, as well as its employees, agents and subcontractors, are aware of their contribution to product or service conformity.

29. ETHICAL BEHAVIOR

It is necessary to understand the importance of ethical behaviour in your business operations and treat all personnel in an ethical and fair manner while doing business with the buyer.

30. PRODUCT SAFETY

You are to support Product Safety by ensuring robust management of special requirements,

critical items, and key characteristics as addressed within this document and as defined by AS9100D.

31. CHANGES IN PRODUCTS, PROCESS, AND FACILITY LOCATION

The supplier is responsible to notify the buyer of any changes in product and/or process, and changes of manufacturing facility location, including supplier change and receive approval of such change.

32. VERIFICATION & STATISTICAL PRODUCT ACCEPTANCE

- i) Supplier shall have a verification plan in place for the verification of product/service (including incoming/in-process/final).
- ii) Acceptance criteria for the sampling and verification conducted by the supplier shall be adequate to assure that fabricated parts meet appropriate specification(s) and appropriate statistical quality control criteria as a condition for their approval and release.
- iii) The statistical quality control criteria shall include appropriate acceptance levels and/or appropriate rejection levels.

33. SUPPLIER FIRST ARTICLE INSPECTION

- i) When requested by Masters and Young on PO or via email, the Supplier shall perform a First Article Inspection on each part number which the Supplier fabricates for the first time.
- ii) This shall include design revision changes when the changes are of a physical nature, and a documented FAIR report shall be supplied with the shipment along with CofC's and material/test reports (as applicable).
- iii) Seller shall supply prototype / sample for first article inspection to supplier (as applicable).

34. CERTIFICATE OF CONFORMANCE

- i) The Supplier shall provide a Certificate of Conformance (CofC) with custom build parts/materials supplied.
- ii) The certification shall attest to the conformance with the applicable supplied drawing(s) and/or specification requirements issued with the relevant PO. One copy of the certification shall be included with each shipment.

35. RAW MATERIAL TEST REPORT

Sellers who supply custom build parts / material to the Buyer shall furnish test reports/material certificates (as applicable) that show compliance to standard specification and/or drawing requirements with each shipment and shall be identifiable and traceable to the material submitted.

36. FOREIGN OBJECT DEBRIS PREVENTION

- i) Supplier shall maintain an FOD prevention Program. FOD program shall include the review of manufacturing processes that identify and eliminate FOD entrapment areas through which foreign objects can migrate.
- ii) Supplier shall ensure work is accomplished in a manner to prevent FOD in deliverable items.