

**Index**

1. **Definitions**
2. **General**
3. **Variations**
4. **Force Majeure**
5. **Passing of property**
6. **Delivery and packaging**
7. **Damage in loss or transit**
8. **Guarantee**
9. **Confidentiality, Security, Publicity.**  
**Information Security**  
**Cyber Security**
10. **Designs, Drawings, Patterns etc.**
11. **Statutory Requirements.**
12. **Infringement of patents.**
13. **Indemnity and Insurance.**
14. **Payment.**
15. **Compliance with Laws, Regulations and requirements**
  - 15.1 **Environmental, Health and Safety and REACH.**
  - 15.2 **Bribery Act 2010.**
  - 15.3 **Human Trafficking – Modern Slavery Act 2015.**
  - 15.4 **Conflict Minerals.**
  - 15.5 **Export Controls**
16. **Continuity of supply.**
17. **Supplier Development Programme.**
18. **Governing Law.**
19. **Quality Conditions.**
  - 19.1 **Inspection and Testing.**
  - 19.2 **Quality Conditions and description.**
  - 19.3 **Counterfeit Goods avoidance.**
  - 19.4 **Rejection.**
  - 19.5 **Corrective actions.**
  - 19.6 **Assignment and subcontracting.**
  - 19.7 **Electrostatic Discharge (ESD) protection.**
  - 19.8 **Advice and Release Certificates.**
  - 19.9 **Critical items and Key characteristics.**
  - 19.10 **Awareness**
  - 19.11 **Supplier Performance.**

1. **Definitions.** In these Conditions the following expressions have the following meanings:-
- |  |   |
|--|---|
| "the Order"                                      | the purchase order of which particulars are set out overleaf  |
| "Axis Electronics" "the Company" "the Purchaser" | Axis Electronics Ltd  |
| "the Seller" "the Supplier"                      | the person, firm or company to whom the Order is addressed  |
| "the Goods" "the Supplies"                       | means the articles described in the Order   |
| "the Specification"                              | means any technical descriptions, drawings, samples or other matter relating to the Goods and contained or referred to in or sent with the Order. |

2. **General.**

This order:

- (a) constitutes an offer by Axis Electronics to purchase the Goods upon the conditions and at the price stated herein and overleaf, and
- (b) is conditional upon receipt by Axis Electronics of the Seller's unconditional written acceptance within 10 days of the Order date.

In the event of delivery by the Seller of Goods specified in the Order (whether or not such written acceptance is received), these Conditions of Purchase shall be deemed to apply to the sale and purchase of the Goods, to the exclusion of all other terms and conditions contained or referred to in any other document. It is expressly understood that no other verbal or written form of acceptance will be valid or binding upon Axis Electronics.

3. **Variations.**

No variation, modification, alteration or extension of or addition to the Order or the Specification of these Conditions shall be valid unless agreed by both parties in writing and signed on their behalf.

4. **Force Majeure.**

If at any time after the date of the Order but before the delivery of the Goods is completed the business of Axis Electronics is stopped, interrupted or restricted as a result of war, strike, lockout, riot, civil commotion, epidemic, unusual inclemency of weather, fire, accident, governmental act or any other cause whatsoever or wheresoever beyond the reasonable control of Axis Electronics, Axis Electronics shall have the right to require the Seller in writing to suspend delivery of the Goods in part or in whole and for such period as may in the circumstances be necessary. In the event of any of the above Seller shall, within 14 days of his first notice of likely delay, advise Buyer in writing of reasons for delay and efforts made by seller to remedy the delay.

5. **Passing of Property.**

The property in the Goods shall pass to Axis Electronics on delivery to its address at Bedford or to any other address stipulated in the Order, but without prejudice to any right of rejection available to Axis Electronics under these Conditions or otherwise.

6. **Delivery and Packaging.**

- (i) The Seller shall deliver the Goods at the time or times specified in the Order. If as a result of industrial disputes or any other causes outside the Seller's control the Seller is unable to deliver the Goods within the specified time, then provided that Axis Electronics shall have received written notice on or before the specified date of such inability to deliver Axis Electronics shall at its option either grant to the Seller such extension of time for delivery as may be reasonable or cancel this Order by written notice to the Seller whereupon this Order shall terminate without any liability of either party to the other.
- (ii) If the Goods or any part thereof are not delivered within the time or times specified in the Order or any extension of such time or times granted by Axis Electronics, Axis Electronics shall be entitled by notice in writing to the Seller to cancel the Order in respect of the goods undelivered as aforesaid and of any other goods already delivered under the Order which cannot be effectively or commercially used by reason of the non-delivery of the Goods undelivered as aforesaid and in that event:-
  - (a) Axis Electronics shall return to the Seller at the risk and expense of the Seller any of the Goods already delivered but which cannot be effectively and commercially used as aforesaid and the Seller shall repay to Axis Electronics any moneys paid by Axis Electronics to the Seller in respect of such Goods; and
  - (b) the Seller shall pay to Axis Electronics any additional expenditure reasonably incurred by Axis Electronics in obtaining other goods in replacement of those in respect of which the Order has been canceled.
- (iii) To assist Axis Electronics in fulfilling its obligations under Health and safety legislation to its direct employees and service providers, we require the Seller to identify any deliveries where the weight exceeds 25kg.
- (iv) All Supplies must be properly and securely packed in accordance with relevant health and safety and national shipping regulations as to reach their destination in an undamaged condition, ESD guidelines in accordance with Quality conditions shall apply for all deliveries.

7. **Damage or Loss in Transit.**

The Seller shall repair or replace, free of charge, any goods damaged or lost in transit provided that Axis Electronics shall give to the Seller written notice of such damage or loss within a reasonable time.

8. **Guarantee.**

- (i) If within a period of twelve months after delivery Axis Electronics gives notice in writing to the Seller of any defect in any of the Goods which shall arise under proper use from faulty design (other than a design made, furnished or specified by Axis Electronics from which the Seller has in writing disclaimed responsibility), materials or workmanship, then the Seller shall with all possible speed replace or repair the goods concerned so as to remedy the defects without cost to Axis Electronics.

- (ii) Axis Electronics shall, as soon as practicable after discovery any such defect or failure, return the defective Goods or parts thereof to the Seller and at the Seller's risk and expense unless it has been agreed between the parties that the necessary replacement or repair shall be carried out by the Seller on Axis Electronics' premises.
- (iii) The rights given to Axis Electronics by this Condition shall be in addition and without prejudice to any other rights available to Axis Electronics under these Conditions or the general law.

**9. Confidentiality, Security and Publicity.**

- (i) Any information disclosed by either the Purchaser or the Supplier to the other (which is marked as confidential at the time of disclosure or which (if oral or visually disclosed) is described as confidential at the time of disclosure under the Order and is confirmed as such by the disclosing party to the receiving party within 30 days of such disclosure) ("Confidential Information") shall at all times be treated by the receiving party under the Order as confidential and (save as is necessary for use by the Purchaser and any end customer of the Purchaser) shall not be disclosed to any third party without the disclosing party's prior written consent and shall only be disclosed to the receiving party's own employees on a need to know basis. The obligations of confidentiality shall not apply in respect of information which:-
  - (a) Is in the receiving party's unrestricted possession at the date of disclosure under this Order;
  - (b) Is in or enters into the public domain without breach of these Conditions by the receiving party; or
  - (c) The receiving party can prove to have been developed by it independently of the Intellectual Property disclosed under the Order.

- (ii) The Supplier shall not disclose the Order or the subject matter of the Order, the Purchaser's name, the name of the Purchaser's customer, the name of any project or programme, or any other Intellectual Property or information acquired through its dealings with the Purchaser for any reason whatsoever including for publicity or marketing purposes without the prior written consent of the Purchaser.

**(iii) Information Security**

Any design data, including electronic data files, drawings and other documents given to the Supplier by the Purchaser shall remain the absolute property of the Purchaser and shall be returned to the Purchaser on request. It is a condition of the relationship between the Supplier and the Purchaser that all design data is retained and stored in line with the prevailing security guidelines, such as ISO27001.

In the event of a non compliance with the protection of design data and information security requirements, the Supplier shall inform Axis Electronics immediately. The Supplier shall provide as much detail as possible and shall rectify the non-compliance within 7 days.

**(iv) Cyber Security**

Supplier Information Technology (IT) systems;

- a) Shall have an IT security policy in place, based on risk assessment, to ensure appropriate controls are in place to protect their IT infrastructure and data supplied in support of this purchase order. This shall include (but not limited to) - physical security (e.g. firewalls and personnel access), staff awareness and data backup controls.
- b) For MOD identifiable information, data or other design data supplied by the Purchaser e.g. Official / Official Sensitive, the Supplier shall have an IT system in place that is compliant to Defence Cyber Protection partnership 'Cyber Essentials'

- (iv) In the conduct of the Supplier's dealings with the Purchaser, neither the Purchaser nor the Supplier shall remove from the other's premises any items including (without limitation) drawings, specifications, documents, or data belonging to the other without the other's prior written consent.

- (v) The Purchaser's site to which the Supplier may have access during its performance of the Order may be subject to national security requirements. It is a condition of the Order that in all the Supplier's dealings with the Purchaser the provisions of the Official Secrets Act 1911 to 1989 and any amendment thereto shall apply to information / data supplied that is identified with security restriction and the Supplier shall procure that any of its employees, agents, or sub-contractors (to whom information shall only be given in support of the preparation or furtherance of the Order) are made aware of this provision, are notified of the security classification of any information and accept that they are subject to the security procedures notified on the Order or in operation at the Purchaser's site.

- (vi) The Supplier acknowledges that the Confidentiality, Security and publicity conditions defined here apply from the date of the Order and shall continue to apply after completion or early termination of the Order. The Supplier shall ensure that any of its employees, agents or sub-contractors that may have a need to visit the Purchaser's site or have access to any Intellectual Property, arising out of the Supplier's dealings with the Purchaser, have notice that the above mentioned provisions apply equally to them.

- (vii) The receiving party shall be entitled to make disclosure of the Disclosing Party's confidential Information required by court order or government or regulatory requirement subject to notifying the disclosing party as soon as possible of such requirement.

**10. Designs, Drawings, Patterns, etc.**

- (i) All designs, drawings, specifications, information, patterns, dies, moulds, or other tooling supplied by Axis Electronics or prepared or obtained by the Seller for and at the cost of Axis Electronics shall be and remain the property of Axis Electronics.
- (ii) The Seller shall maintain all such items in good order and condition and insure them against all risks whilst in his custody and on delivery of the Goods or on earlier request by Axis Electronics shall return them to Axis Electronics in good order and condition. Should the Seller fail so to return them Axis Electronics may (without prejudice to any other remedies available to it) either withhold payment until they are so returned or withhold such part of the payment due as may be required to replace them or to restore them to good order and condition, whichever may be the less expensive.
- (iii) The Seller shall not use such items or authorise or knowingly permit others to use them for or in connection with any purpose other than the supply of the goods to Axis Electronics unless such use is expressly authorised by Axis Electronics in writing.

**11. Statutory Requirements.**

The Seller warrants that the design, construction and quality of the Goods shall comply in all respects with all statutory and other legal requirements which may be in force at the time when the same are supplied.

**12. Infringement of Patents.**

- (i) The Seller shall fully indemnify Axis Electronics against all actions claims demands costs charges and expenses arising from or incurred by reason of any infringement or alleged infringement of any Letters Patent, registered designs, trade marks, trade names or copyright Provided always that this indemnity shall not apply to any infringement which is due to the Seller having followed a design or instruction furnished by Axis Electronics or to the use of the Goods in a manner or for a purpose not reasonably to be inferred by the Seller.
- (ii) In the event of any claim being made or action brought against Axis Electronics arising out of the matters referred to in (i) the Seller shall promptly be notified thereof and may at his own expense conduct all negotiations for the settlement of the same and any litigation that may arise therefrom. Axis Electronics shall not unless and until the Seller shall have failed to take over the conduct of the negotiations or litigation, make any admission which might be prejudicial thereto. The conduct of the Seller of such negotiations or litigation shall be conditional upon the Seller having first given to Axis Electronics such reasonable security as shall from time to time be required by Axis Electronics to cover the amount ascertained or agreed or estimated as the case may be of any compensation damages expenses and costs for which Axis Electronics may become liable. Axis Electronics shall, at the request of the Seller, afford all available assistance for any such purpose and shall be repaid any expenses incurred in so doing.
- (iii) Axis Electronics on his part warrants that any design or instruction furnished or given by him shall not be such as will cause the Seller to infringe any Letters patent, registered design, trade mark, or trade name in carrying out this Order.

**13. Indemnity & Insurance.**

The Seller shall indemnify Axis Electronics against all actions, claims, demand, losses, damages or expenses (including injury or loss to any person or to any property wherever and whenever arising) from or occasioned by the Goods supplied by the Seller pursuant to the Order.

- (i) The Supplier shall be liable to the Purchaser for all losses, liabilities, actions, claims, costs and expenses (including legal costs and expenses) of whatever nature suffered by the Purchaser resulting from the negligence, breach of contract or breach of statutory duty caused by the acts or omissions of the Supplier, its Employees, sub-contractors or agents.
- (ii) If the Supplier's employees, agents or sub-contractors are present on the sites of the Purchaser or such other sites as the Order requires, the Supplier shall effect legal liability insurance of not less than Ten million pounds (£10,000,000) per event or series of events in respect of loss of or damage to property of the Purchaser or death or injury to persons resulting from performance of the Order.
- (iii) The Supplier shall effect and maintain General Third Party Products Liability insurance in respect of any Supplies that are to be incorporated into the Purchaser's products for onward sale. Such Product Liability Insurance must be commensurate with the exposure potential of the Supplies when incorporated into the Purchaser's onward sale product and shall be not less than One million pounds (£1,000,000).
- (iv) On request by the Purchaser, the Supplier shall provide the Purchaser with a certificate of insurance or such other evidence reasonably satisfactory to the Purchaser that the above insurances are in full force and effect in respect of the Supplier's obligations under the Order.

**14. Payment.** Unless the Order provides otherwise, or an existing alternative agreement is in place, payment of goods received in accordance with the Order will be made 60 days after the invoice date or the goods are received whichever is the later.

## 15. Compliance with Laws, Regulations and other requirements

### 15.1 - Environmental, Health and Safety, and REACH

- (i) The Seller shall have in place processes for the management of Environmental matters in accordance with regulatory requirements and preferably ISO14001. These shall include the management of waste, energy, water and chemicals, and an appropriate recycling policy.
- (ii) The Seller shall have in place process for the management of Health and Safety in accordance with regulatory requirements and preferably ISO18001.
- (iii) The Seller shall have in place appropriate processes to address the management of REACH in line with current regulatory requirements and to inform Axis Electronics in writing of any circumstances that prevent the Seller meeting its regulatory obligations under an Axis Electronics Purchase order.

### 15.2 - Bribery Act 2010.

The Company is committed to the highest standards of ethical conduct and integrity in its business activities in the UK and overseas. This policy outlines the Company's position on preventing and prohibiting bribery, in accordance with the Bribery Act 2010. The Company will not tolerate any form of bribery by, or of, its employees, agents or consultants or any person or body acting on its behalf. Senior management is committed to implementing effective measures to prevent, monitor and eliminate bribery

The Supplier shall neither:-

- (i) Induce an employee of the Purchaser to make any concession to the Supplier, issue the Order or alter any of the requirements of the Order in return for any gift, money or other inducement; nor
- (ii) Pay money or give any other benefit to any third party (either directly or indirectly) in connection with the negotiation and/or issue of the Order; nor
- (iii) Encourage an employee of the Purchaser to commit any act of dishonesty against the Purchaser which may benefit the employee or be a detriment to the Purchaser, or both.

### 15.3 - Human Trafficking – Modern Slavery Act 2015

The Company is committed to the highest standards of ethical conduct and integrity in its business activities in the UK and overseas.. The Company will not tolerate any form of Human Trafficking or Slavery by, or of, its employees, agents or consultants or any person or body acting on its behalf. The Supplier shall perform all necessary due diligence to ensure that the Supplier and their supply chains are free of Human Tracking or Slavery.

### 15.4 - Conflict minerals

The SUPPLIER acknowledges that the PURCHASER may be required to provide to the customer certain information regarding any tin, tantalum, tungsten and gold (collectively, "Conflict Minerals") that may be contained in the Goods sold by the PURCHASER

- (i) Upon PURCHASER's request, the SUPPLIER shall promptly provide such written certifications concerning Conflict Minerals contained in GOODS sold by the SUPPLIER to the PURCHASER (including components, parts and materials thereof) as the PURCHASER may request from time to time (hereinafter "Certifications").
- (ii) The SUPPLIER represents and warrants that it has adopted and will maintain adequate measures to enable such due diligence as to the source and chain of custody of Conflict Minerals as is necessary to determine whether the products, components, parts or materials supplied to the PURCHASER contain Conflict Minerals and, if so;
  - whether in the case of each of those Conflict Minerals, that Conflict Mineral is:
    - derived from recycled or scrap materials; or
    - originates (or the SUPPLIER reasonably believes that those Conflict Minerals may originate) from the Democratic Republic of the Congo or an adjoining country (Angola, Burundi, Central Africa Republic, Congo Republic, Rwanda, Sudan, Tanzania, Uganda, Zambia (collectively the "Covered Countries")).
- (iii) Where the SUPPLIER determines that there may exist Conflict Minerals falling under clause 15.4 (ii) above, the SUPPLIER shall perform the necessary due diligence and make every effort to identify:
  - the facilities used to process those Conflict Minerals; and
  - the location of each mine or the location of origin of those Conflict Minerals with the greatest possible specificity.
- (iv) The SUPPLIER warrants that any information contained within the Certifications provided to the PURCHASER pursuant to condition 15.4, shall be an accurate reflection of the outcome of the SUPPLIER's due diligence.
- (v) For the purpose of condition 15.4 (iv), "adequate measures" shall mean any process which effectively incorporates a nationally or internationally recognised due diligence framework (e.g. due diligence guidance approved by the Organisation for Economic Cooperation and Development (OECD)).

### 15.5 - Export Control

The GOODS or SERVICES may be exported or re-exported by the PURCHASER or Purchaser customer.

- (i) The SUPPLIER warrants that it has obtained all necessary export approvals for the provision of the GOODS and SERVICES to the PURCHASER, its customer and end user customer.
- (ii) The SUPPLIER agrees to notify the PURCHASER if any GOOD or SERVICE deliverable under the CONTRACT contains delivery or payment, whichever comes first. Notification shall include details of the Export Control regulations including Commodity Jurisdiction and Export Control Classification Number.

- (iii) The SUPPLIER further agrees to comply with all applicable U.S. export control laws and regulations, specifically including but not limited to the requirements of the Arms Export Control Act, 22 USC.2751-2794, the International Traffic in Arms Regulations (ITAR), 22 CFR 120 et seq., and the Export Administration Regulations, 15 CFR. 730-774; including the requirement for obtaining any export license or agreement, if applicable. Without limiting the foregoing, the SUPPLIER agrees that it will not transfer any export controlled item, data, or services, to include transfer to foreign persons employed by or associated with, or under contract to SUPPLIER or SUPPLIER's lower tier Suppliers, without the authority of an export license, agreement, or applicable exemption or exception.
- (iv) The SUPPLIER shall provide the PURCHASER with copies of Export Licenses, or sufficient information extracted from Export Licenses to ensure that the PURCHASER can comply with any Export Control conditions.
- (vi) For each delivery, SUPPLIER shall notify the PURCHASER of the Country of Origin of the GOODS or SERVICES and the relevant Commodity Jurisdiction. For items/goods supplied which contain material which is subject to United States Export Administration Regulations (EAR), the relevant Export Control Classification Numbers (ECCNs) shall be documented on accompanying documentation. For GOODS supplied which contain material subject to US ITAR control the SUPPLIER shall ensure that a statement to this effect is recorded on the advice note/Certificate of Conformance/despatch documentation.
- (vii) In the absence of notification or marking on accompanying documentation, the SUPPLIER warrants that no restriction exists in respect of any Export Regulation, including but not limited to the US ITAR or US EAR or any other US or non-US Government Regulations preventing such export or re-export by the PURCHASER.
- (viii) The SUPPLIER shall immediately notify the PURCHASER procurement representative if the SUPPLIER is or becomes listed in any denied parties list or if the SUPPLIER's export privileges are otherwise denied, suspended or revoked in whole or in part by any government entity or agency.
- (ix) Where the SUPPLIER is a signatory to a United States export license or export agreement (e.g., TAA, MLA, WDA), the SUPPLIER shall provide prompt notification to the PURCHASER procurement representative in the event of changed circumstances including, but not limited to, ineligibility, a violation or potential violation of the ITAR, and the initiation or existence of a U.S. government investigation, that could affect the SUPPLIER's performance under the CONTRACT.
- (x) The SUPPLIER shall be responsible for all losses, costs, claims, causes of action, damages, liabilities and expense, including legal fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of the SUPPLIER, its officers, employees, agents, Suppliers, or subcontractors at any tier, in the performance of any of its obligations under this Condition.

**16. Continuity of Supply.**

The Supplier shall not unreasonably refuse to provide Supplies under an Axis Electronics Purchase order.

It is expected that the Supplier has in place and regularly reviews a robust and effective Business Continuity plan to mitigate risk of supply due to unforeseen circumstances.

In addition, prior to any action to discontinue the provision of any Supplies under this Order, the Supplier shall provide Purchaser with a "Last Time Buy Notice" at least twelve (12) months prior to any such action. This provision survives the delivery of items under this Order. It is a requirement of Axis Electronics Limited and Our End Customers to be informed of any operational Changes which may have an effect on the quality of the delivered product or service. This may include plant relocation, personnel change, process change and or suspension on a quality system

**17. Supplier Development Programme (SDP).**

To enable the Supplier to achieve the expected standards of operational performance whilst engaging with the Purchaser, the Purchaser has available a Supplier development Programme. This can be requested at any time and its Intellectual Property is protected by these Terms and Conditions.

**18. Governing Law.** These Conditions and the Order shall in all respects be governed by and construed according to English law.

**19. Quality Conditions**

**19.1 - Inspection and Testing.**

- (i) Before dispatching the Goods the Seller shall carefully inspect and test them for compliance with the Order and the Specification. The Seller shall, if requested by Axis Electronics give to Axis Electronics reasonable notice of such tests and Axis Electronics shall be entitled to be represented thereat. The Seller shall also, at the request of Axis Electronics, supply to Axis Electronics a certified copy of the Seller's test sheets.
- (ii) Axis Electronics shall be entitled to inspect and test the Goods during manufacture, processing and storage and in that event the Seller shall provide or shall procure the provision of all such facilities as may be reasonably required by Axis Electronics therefor.
- (iii) If as a result of any inspection or test under paragraphs (i) or (ii) of this Condition Axis Electronics' representative is of the reasonable opinion that the Goods do not comply with the Order, or are unlikely on completion of manufacture or processing so to comply, Axis Electronics shall inform the Seller accordingly in writing and the Seller shall take such steps as may be necessary to ensure such compliance.
- (iv) Where AS9102 First Article Inspection is required for an item of supply - the Supplier shall complete AS9102 FAIRs in accordance with Axis Electronics AS9102 FAIR guide, including the need for supplementary or new FAIRs as indicated in the guide, any deviations to purchase order or drawing requirements must be reviewed with and accepted by Axis QA prior to delivery of items – the Supplier is responsible for ensuring that any certificate of conformity from sub tier Suppliers is valid and conforms to the drawing requirements.

- (v) Where items supplied are manufactured to Axis Electronics supplied design data and there is no requirement for AS9102 FAIR identified, a first off inspection report shall be supplied detailing measurements achieved and confirmation of completion of all data pack requirements.

### 19.2 - Quality Conditions and Description.

The Seller warrants that the Goods shall:-

- (i) Conform as to quantity, quality, standard of performance and description with the particulars stated in the Order and the Specification; inclusive of all clauses which apply to presentation and delivery. This includes, where specified on the purchase order – completion of any first article activities required, the use only of approved special process sources indicated by the purchase order or related specification, the flow down of any quality conditions as appropriate to Suppliers.
- (ii) be of sound materials and workmanship.
- (iii) The Supplier warrants that the fulfillment of the purchase order has been completed by appropriately qualified and trained personnel, with due skill, care and diligence and to such standard of quality as it is reasonable for Axis Electronics to expect in all the circumstances and will comply with all applicable regulations and other legal requirements concerning the fulfillment of the order.

The Seller shall ensure that:-

- (iv) Quotations identify any deviations from the requirement within the supplied request for quotation – the quote response shall detail any requirements that differ from / or are not in compliance with the RFQ details.
- (v) Quotations for commercial of the shelf items (COTs), including electronic components shall include confirmation of; Axis part number, manufacturer name, manufacturer part number, export control classification for items.
- (vi) Quotations for items of supply that are to be produced from Axis supplied design data shall clearly detail the configuration status of the items to be supplied and any proposed deviations to defined materials or data pack requirements.
- (vii) Contract reviews are performed on receipt of purchase orders to confirm that the conditions of the purchase order can be fully met, this includes ability to meet required delivery date. On completion of contract review the seller shall forward an order acknowledgement to the Axis electronics buyer, confirming that all the conditions of the purchase order can be met. Where any condition cannot be met this shall be identified to the buyer, the conditions shall be agreed by the Axis buyer prior to supply of items. Identification of non compliant requirements in the quotation shall not be basis of acceptance by Axis Electronics unless explicitly identified within the purchase order.
- (viii) Records relating to traceability of product and original release certification for parts or materials are retained for at least 15 years after the final delivery associated with the Axis Electronics purchase order after the final delivery associated with the Axis Electronics purchase order. Records to be retained for manufactured bespoke items must additionally include batch build traveler, process control, inspection and test measurements and results. Before these records are destroyed they Axis Electronics QA should be provided with adequate notice of intention to dispose of such records. The Supplier maybe required to deliver such designated records to Axis Electronics for custody and further controlled retention requested
- (ix) Non conforming material is notified to Axis QA and is not shipped without prior approval of Axis QA, the use of Suppliers own internal concession (or similar) acceptance is not accepted without Axis QA approval.
- (x) Axis QA (via Axis Electronics) shall be informed immediately if non-conforming material has been identified, this includes where the non conformance applies to goods that may have already been supplied.
- (xi) Deviations from the design data - goods must not be released without the prior agreement of Axis Electronics buyer.
- (xii) Axis Electronics, Axis Electronics customers and regulatory authorities have the right of access to applicable areas of all facilities, including any level of the supply chain and all applicable records involved in fulfillment of the purchase order. This includes the right to perform audit of current premises, processes, records and historical records.
- (xiii) Where the Goods supplied are manufactured to Axis Electronics supplied design data - changes in product and/or process, change of Suppliers, change of manufacturing facility location shall be notified to Axis Electronics. Where required specifically by purchaser order text, drawing requirement or referenced flow down specifications approval of any such changes shall be sought from Axis Electronics
- (xiv) The Order shall be carried out in conformity with the quality requirements of the Suppliers ISO 9001 and or AS/EN9100 (AS9120) or other equivalent Quality Systems and in line with the scope of any such approval held by the Supplier. The Supplier shall immediately inform Axis Electronics of any withdrawal of and/or changes to Supplier's accreditation status or scope of approval.
- (xv) The Supplier shall establish, document and maintain a program to control and eliminate Foreign Object Damage (FOD) and/or contamination during the Supplier's manufacturing, assembly, test, inspection and packing operations. When applicable, the Supplier's FOD control program shall include controls to preclude FOD or contamination at the Supplier's sub-tier sources.
- (xvi) The Supplier employs appropriate processes and housekeeping practices to ensure timely removal of all debris/residue generated. The Suppliers FOD programme shall be proportional to the sensitivity of the design as well as the FOD generating potential of the manufacturing processes.

### 19.3. Counterfeit Goods Avoidance

For the purposes of this Condition:

"SUSPECT COUNTERFEIT GOODS" means material, component, part, assembly, sub-assembly, product and any other item forming part of the GOODS (together referred to as "ITEMS" and separately as "ITEM") in which there is an indication by

visual inspection, testing, or other information that it may have been misrepresented by the SUPPLIER or manufacturer and may meet the definition of COUNTERFEIT GOODS below;

“COUNTERFEIT GOODS” means SUSPECT COUNTERFEIT GOODS that is a copy or substitute made without legal right or authority or one whose material, performance, IDENTITY (as defined below) or characteristics are misrepresented by a Supplier in the SUPPLIER’s supply chain; and

“IDENTITY” means information including but not limited to the original manufacturer, trademark or other intellectual property, part number, date code, lot number, applied testing methods and the results, inspection performed, documentation, warranty, origin, alterations, tampering, salvage, recycling, ownership history, packaging, physical condition and previous use or rejection.

- (i) The Supplier warrants that Counterfeit Goods shall not be supplied to the Purchaser or installed in the Purchaser’s products by the Supplier.
- (ii) The Supplier warrants that only new, unused and authentic items shall form part of the Goods supplied to the Purchaser.
- (iii) The Supplier (including component distributors) and their supply chain shall implement and maintain counterfeit material avoidance processes to actively plan and manage counterfeit avoidance, suppliers shall use UK MoD Def Stan 05-135 for guidance. Axis Electronics expects Suppliers to be working towards compliance with Def Stan 05-135 as a requirement to supply product in furtherance of MoD contracts.  
Electronic component distributors and electronic assembly suppliers shall implement and maintain counterfeit material avoidance processes in accordance with AS5553 "Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition".
- (iv) Unless otherwise indicated on the Axis Electronics Purchase order, the Goods supplied to the order will be from a fully traceable supply chain with appropriate evidence, such as original Manufacturers Certificate of Conformity.
- (v) Where the Supplier is providing electronic components/devices , the following conditions apply:
  - a) Acceptance of this Contract constitutes confirmation by the Seller that it is either the Original Equipment Manufacturer (OEM), Original Component Manufacturer (OCM), or a franchised or authorized distributor (or aftermarket manufacturer) approved by of the OEM/OCM for the Goods being procured. SELLER further warrants that OEM/OCM acquisition documentation that authenticates traceability of the components to that applicable OEM is available upon request.
  - b) If the Supplier is not the OEM/OCM or a franchised or authorized distributor, the Supplier shall comply in all respects to the inspection, testing, reporting and certification requirements indicated on the purchase order.
- (vi) If COUNTERFEIT GOODS or SUSPECT COUNTERFEIT GOODS are supplied such GOODS shall be impounded. The Supplier shall promptly replace such GOODS with GOODS acceptable to the Purchaser and the Supplier shall be liable for all costs relating to impoundment, removal and replacement. The Purchaser may notify and turn COUNTERFEIT GOODS over to Government authorities for investigation and the Purchaser reserves the right to withhold the goods and payment pending the results of the investigation.

**19.4 Rejection.**

- (i) Axis Electronics may by notice in writing to the Seller reject the Goods if the Seller fails to comply with his obligations under Condition 1 above and may also by notice in writing to the Seller given within 28 days after delivery reject any Goods which are found not to be in accordance with these Conditions.
- (ii) Axis Electronics shall when giving notice of rejection in accordance with (i) specify the reasons for rejection and shall thereafter as soon as possible return the rejected goods to the Seller at the Seller’s risk and expense. Axis Electronics may at its election treat the Order as repudiated by the Seller and in that event Axis Electronics shall be entitled to terminate without liability any arrangements regarding future delivery without prejudice to Axis Electronics’ rights to claim damages or to enforce any other remedy provided by law. Alternatively, Axis Electronics may require the Seller to replace the rejected goods within a specified time with goods which are in all respects in accordance with these Conditions.
- (iii) Any moneys paid by Axis Electronics to the Seller in respect of any rejected goods not replaced by the Seller within the specified time (if any) together with any additional expenditure reasonably incurred by Axis Electronics in obtaining other goods in replacement (including in particular but without prejudice to the generality of the foregoing the difference between the price of the Goods and the price (if greater) paid by Axis Electronics for such replacement goods) shall be paid by the Seller to Axis Electronics.

**19.5 Corrective action.**

- (i) The seller shall instigate all necessary investigations, corrective and preventative actions to ensure any non conformance in product or service are prevented from recurring. Investigation shall include the containment of any on conforming material still on the sellers premises or goods that may have already been supplied.
- (ii) Where requested by Axis Electronics, the seller shall supply a completed corrective action report to the Axis buyer or QA contact, this may be in sellers own format or Axis Electronics CAR but shall follow ‘8D’ principles.
- (iii) The expected time for completion of any SCAR/ CAR is within 30 days of request for corrective action.
- (iv) The expected time for completion of response for additional information or supporting details for queries on received material is within 48 hours of request.



**19.6. Assignment and Sub-Contracting.**

- (i) The Seller shall not without the consent in writing of Axis Electronics assign or transfer the whole or any part of the Order, except where the makers of the Goods are named in the Order, or the Specification.
- (ii) The Seller shall not without the consent in writing of Axis Electronics sub-contract all or any substantial part of the Order (except where the makers of the Goods are named in the Order, or the Specification).

**19.7. Electrostatic discharge protection (ESD)**

- (i) For the supply of electronic components the seller shall have in place processes for ESD control in compliance with ANSI/ESD-S-20.20 / ISO BS-EN 61340-5-1, or MIL-STD-1686
- (ii) For the supply of all materials and components the seller shall ensure that the material used for product packaging (intimate packaging), for all products, does not present an ESD risk when received at Axis Electronics.

**19.8. Advice and Release Certificates**

Delivery shall be made to the address detailed on the purchase order.

On delivery of each consignment of the Supplies, the Supplier shall deliver to the Purchaser such documents (which shall include, without limitation, advice notes, certificates of conformity and civil approved certificates) as required by the Axis Electronics Purchase Order. If the Supplier is not the original manufacturer of the Supplies, it shall provide with the delivery of each consignment of Supplies, copies of the original manufacturer's certificate of conformity where requested by the Purchaser or required as part of the specification detailed on the order. All Suppliers/Manufacturers shall notify Axis Electronics of any import/export restrictions including and not limiting to ITAR, EAR, ECCN, RoHS, REACH, Conflict Minerals and UK export compliance

**19.9 Critical items and key characteristics**

Where critical items or key characteristics are identified on the Axis purchase order or within Axis supplied design data - The supplier shall ensure that the control and monitoring requirements of such characteristics are agreed with Axis QA, unless explicitly identified on Axis purchase order or within the design data supplied.

**19.10. Awareness**

The supplier shall ensure that personal are aware of the importance of ethical behavior and the individual contribution to product / service conformity and safety by ensuring compliance with all company processes and practices.

**19.11. Supplier Performance.**

- (i) Axis Electronics monitor Supplier performance and expect that Suppliers are able to monitor their own on time delivery and delivered product quality performance as a minimum.
- (ii) Where Axis Electronics provides performance data to the Supplier, the Supplier shall engage in agreement of the presented data and where performance is below expected performance levels the Supplier shall instigate necessary actions to ensure improvement and achievement of required performance.  
More guidance is provided in Axis Electronics Supplier development programme.
- (iii) The supplier shall have in place appropriate continuous improvement activities to ensure that actions are implemented to improve process performance, product quality and delivery performance. Relevant key performance indicators shall be in place to ensure continuous improvement of business performance to reduce cost and lead time and improve process yields. Axis Electronics encourages suppliers to take up membership of appropriate trade organisations to encourage identification of opportunities for improvement including best practice process and service realisation.

Changes at latest issue (7<sup>th</sup> Mar 2019) – sections 19.2 (iv) – (vii) inserted, 19.5 (iii) and (iv) inserted, 19.11 (iii) added.