

# GDC Technics, LLC. - PURCHASE ORDER TERMS & CONDITIONS

The terms and conditions contained herein shall be the only terms applicable to procurement of the Works detailed in Purchase Orders ("POs") issued by **GDC Technics, LLC and all of its US subsidiaries & affiliates**, as such entity shall be more specifically identified on the face of this PO (generally "**Purchaser**").

## Section 1 – Definitions.

Additional definitions may be found within certain Sections.

- (a) **Contract Papers** – Any plans, specifications, project-specific conditions issued by Purchaser, or other documents or manuals that are attached to or referenced in this PO. References to "this PO" shall include the Contract Papers.
- (b) **Contract Time** – The period of time, including any authorized adjustments agreed in writing, for provision of the Works. Contract Time may be broken into scheduled subsets or Milestones, all as set forth in the PO.
- (c) **Data** - Any and all information and materials, including but not limited to notes, reports, memoranda, drawings, designs, schematics, tangible and intangible property, including but not limited to tools, whether furnished by Purchaser or developed in connection herewith.
- (d) **Day** – A calendar day.
- (e) **Excusable Delay** – Delays that are outside the reasonable control of the party thereby affected, including delays generally recognized as events of Force Majeure, squawks resulting from the Works that are other than routine or not originally identified in the Contract Papers, failure of a party to provide notice, approvals or submittals required by the Contract Papers within the time specified therein, and delays directly caused by any applicable government agency or regulatory authority. The affected party shall notify the other party in writing of any actual or anticipated Excusable Delay in accordance with the Reporting requirements herein.
- (f) **Goods** – The product supplied by Vendor, including all components, raw materials, and assemblies thereof.
- (g) **Indemnified Party** – Purchaser and all of its directors, officers, employees, agents, representatives, and Purchaser's Customer.
- (h) **Purchaser's Customer** – Includes Purchaser's end customer and any prime contractor with whom Purchaser has contracted.
- (i) **Services** – Labor, supervision, and related duties to be provided by Vendor.
- (j) **Tax** – Any tax, fee or cost not based on net income, including but not limited to sales, use, excise, value added, withholding, or any fees, penalties, or interest associated with any of the preceding.
- (k) **Vendor** – The party contracting directly with Purchaser for performance of the Works.
- (l) **Vendor Acceptance** – Vendor's Acceptance of this PO shall be determined by either written acknowledgment of or partial performance of this PO, whichever occurs first. Such acknowledgment or performance shall constitute acceptance of this PO as written. Any attempt by Vendor to vary these terms that is not specifically incorporated into this PO by Purchaser is hereby rejected. Such attempt, including variations to description, quantity, price, or delivery schedule shall not be deemed a rejection of this PO.
- (m) **Works** – Collectively, the Goods and Services to be provided by Vendor as detailed in this PO. Works include but are not limited to furnishing of all materials, tools, equipment, labor, superintendence and facilities, excepting however, any items which are to be provided by Purchaser as stated in the Contract Papers, if applicable.

## Section 2 – Time of Essence & Liquidated Damages.

Time is of the essence. Vendor's Acceptance of this PO constitutes Vendor's Acknowledgment that the Contract Time is reasonable for performance of the Works. Vendor shall perform the Works expeditiously with adequate resources and shall achieve completion of this PO within the Contract Time. As the result of an agreed Excusable Delay, the delivery date and other specified components may be revised by written agreement of the parties, but in no event shall such revision be greater than Day for Day. Failure to complete the Works as detailed in this PO and within the Contract Time shall be a material breach of contract and Purchaser reserves the right to invoke all of its rights and remedies at law, in equity, or otherwise. Alternatively, with regard to certain components of this PO, e.g., late delivery or failure to produce required reporting on a timely basis, Purchaser may impose Liquidated Damages, as defined herein below, if such Liquidated Damages are specified in the Contract Documents. Vendor acknowledges that if Vendor fails to meet the agreed delivery date or other specified components, Purchaser may suffer significant financial loss and other damages that are difficult, or even impossible, to accurately calculate. Vendor also acknowledges the delays and expense involved in proving the actual loss suffered by Purchaser. Accordingly, rather than requiring such proof, Vendor shall pay to Purchaser as Liquidated Damages ("**Liquidated Damages**") (but not as a penalty) those Liquidated Damages which are specified in the Contract Documents. In the event of imposition of Liquidated Damages, Vendor's payment thereof shall be Purchaser's sole and exclusive remedy for late delivery or other specified components. In the event that Vendor fails to pay Purchaser's invoice for Liquidated Damages within the time specified in Purchaser's invoice, Purchaser shall deduct the amount from any future payment owed to Vendor or, if no such future payments are due or anticipated, invoke the Set Off provisions herein. If no Set Off is available to Purchaser, Purchaser reserves its right to seek any other remedies at law, in equity, or otherwise.

## Section 3 – Reports & Records.

- (a) **Reports.** Vendor shall issue progress reports as often as specified in the Contract Papers showing (i) status of Works being produced or performed with anticipated delivery or completion schedule; and (ii) any known or anticipated difficulties or delays which may affect the Works, detailing the type, along with any cost or schedule impact, and a proposed recovery action plan, which is subject to prior approval by Purchaser at Purchaser's sole discretion. Vendor's failure to obtain Purchaser's prior written approval for any such proposed recovery plan commenced by Vendor shall be at Vendor's sole risk and expense.

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- (b) **Records.** Vendor shall maintain complete and accurate records, along with complete support for all invoices issued by Vendor hereunder, at Vendor's facility where the Works are performed or generated from, on a per PO basis, lending such records to ease in review and audit by Purchaser and its customer. Vendor's records retention period shall be as required by FAA regulation or a minimum of ten (10) years, whichever is longer.

### Section 4 – Warranties & Representations.

Vendor represents that the Compensation and Contract Time specified in this PO is based on its review of this PO and related Contract Papers which are sufficient to establish the nature and complexity of the Works. *Vendor expressly waives any claim or defense that late or incomplete performance arises out of a misunderstanding regarding the scope, nature or complexity of the Works.* Vendor further represents that it holds and shall maintain all required authorizations, is qualified and financially capable of providing the Works within the Contract Time and in accordance with all provisions of this PO. Vendor warrants that the Works are of best quality, new (unless otherwise specified in the Contract Papers), fit for their intended purpose, free from defects, and in strict compliance with this PO and the Contract Papers for a period of twenty-four (24) months from Purchaser's acceptance. In the event the Works are to be incorporated into an aircraft or components or systems thereof, the warranty period shall begin at Purchaser's redelivery of the aircraft to Purchaser's Customer, despite any such earlier acceptance by Purchaser. Purchaser shall notify Vendor in writing of such actual redelivery date. In the event of a warranty defect, Vendor shall, at Purchaser's discretion, repair or replace the Works at no cost to Purchaser or Purchaser's Customer. Notwithstanding the warranties stated herein, expressed or otherwise, with respect to Goods purchased from Vendor, Vendor shall reimburse Purchaser or Purchaser's Customer, as applicable, for labor and material cost including General and Administrative (G&A) expense reasonably incurred by Purchaser or Purchaser's Customer associated with (i) unscheduled removal and/or replacement of such Goods or components thereof from a higher level assembly due to failure of such Goods to conform with the requirements of this PO and the associated Contract Papers or defective material, workmanship, design, failure by Vendor to incorporate required changes, or failure by Vendor to comply with all warranties and representations made by Vendor hereunder including compliance with all applicable laws, rules, and regulations; or (ii) any such removal performed by Purchaser or Purchaser's Customer at Vendor's request. These remedies are not exclusive and shall not be in lieu of any other remedy available at law, in equity, or otherwise. All warranties provided by Vendor herein shall be assigned to Purchaser's Customer upon Purchaser's written notice to Vendor.

### Section 5 – Quality & Inspection.

- (a) **Program Approval.** Vendor shall maintain quality control, inspection and process control systems and programs acceptable to Purchaser and Purchaser's Customer. Vendor shall provide Purchaser with a copy of its quality program documentation, including but not limited to Vendor's procedures, instructions, practices and processes, and other related documents, all as may be reasonably requested by Purchaser from time to time.
- (b) **Test & Inspection.** Vendor shall perform all inspections necessary to ensure the Work conforms to PO requirements, including any associated drawings, specifications, or processes. Vendor shall, at Purchaser's request, provide test specimens for design approval, inspection, investigation or audit. Test specimens shall be supported by production method, number, identification markings, and storage conditions. The Works, including engineering and design/development Services, shall be subject to inspection and test by Purchaser and/or Purchaser's Customer at all times and places. Regardless of the location of the inspection and test, the party supporting the facility shall provide, without additional charge, all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties. Such inspections and tests shall be performed in a manner that shall not unduly delay provision of the Works. Purchaser's failure to inspect the Works shall not relieve Vendor of its obligations hereunder.
- (c) **Deviations and Defects.** Vendor shall notify Purchaser within twenty-four (24) hours of discovery of any deviation implemented by Vendor from Vendor's approved quality program, any quality escapes, or other defects discovered by Vendor, itemizing all Goods delivered or Services rendered impacted by such deviation or defect. Further, Vendor shall detail any actual or potential impact of such deviation or defect on the Works and, if Purchaser deems it necessary, provide a proposed resolution. Vendor shall absorb all costs of any resolution accepted by Purchaser. In the event that it is shown that such deviation or defect caused such Works to be non-compliant with the requirements of this PO, and Vendor is not willing or able to rectify such non-compliance within an agreed period, Purchaser shall engage a third party of its choosing for rectification at Vendor's sole cost and expense. These remedies are not exclusive and shall not be in lieu of any other remedy available at law, in equity, or otherwise.
- (d) **Changes.** Purchaser must approve in writing, and in advance, any changes to the configuration of the Works, including but not limited to engineering design, materials, and fabrication processes. Purchaser reserves the right to reject any Works subject to such changes. Vendor's failure to obtain such prior written approval shall subject Vendor to resolution of any defective or non-conforming issues at Vendor's sole cost and expense.
- (e) **Flow Down to Subcontractors and Sub-Tier Suppliers.** Vendor shall ensure that all requirements, specifications and quality standards required by Purchaser, Purchaser's Customer, and applicable government entities or regulatory authorities are provided to its subcontractors and sub-tier suppliers.
- (f) **Certification of Compliance.** From time to time, at Purchaser's request, Vendor shall provide certifications to Purchaser in form and substance acceptable to Purchaser relating to the requirements of this Section, *Quality and Inspection*. Vendor shall permit Purchaser or its representatives, including Purchaser's Customer, and applicable governmental agencies or regulatory authorities to have reasonable access to the site where the Works are performed to assess (i) Vendor's quality and compliance with Purchaser's specifications; and (ii) Vendor's compliance with its representations, warranties, and certifications hereunder.

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### Section 6 – Delivery of Goods.

- (a) **Transport.** Supplier will deliver Goods FCA (INCOTERMS 2010) Buyers facility if located within the continental U.S. and DDP (INCOTERMS) unless otherwise defined in the Contract Papers. Purchaser shall insure all Goods for risk of loss in transit; therefore, Vendor shall not declare any insurance value on such Goods. All shipments shall comply with IATA and DOT shipping regulations.
- (b) **Notification.** If supplier for any reason anticipates difficulty in complying with the required delivery date or in meeting any of the other requirements on the PO Supplier shall promptly notify Buyer in writing. If Supplier does not comply with the stated delivery schedules, Buyer may, in addition to any other right Buyer may have, require the Supplier to make delivery by fastest way with the full cost of such a deliver absorbed by the supplier.
- (c) **Failure to Deliver.** In the event of non-delivery in accordance with the Contract Time, breach, or any other default by Vendor, Purchaser may invoke any available remedies in this PO, at law, in equity, or otherwise.
- (d) **Delivery Scheduling and Excess Material Commitments.** Purchaser may request Vendor to implement bin stocking and/or kitting for the Goods. Vendor shall immediately notify Purchaser if Vendor is unable to comply. Unless otherwise requested by Purchaser, Vendor shall not make excess material commitments or production arrangements in advance of the time necessary to meet firm delivery schedules. Such excess material commitments or advance production arrangements made without Purchaser's approval shall be at Vendor's sole risk and expense. Purchaser reserves the right to reject such Goods delivered early and related invoices.

### Section 7 – Packaging, Inspection, & Acceptance.

- (a) Supplier shall prepare and package the Goods to prevent damage or deterioration and shall use best commercial practice for packing and packaging of items to be delivered under this PO, unless otherwise specified in the PO;
- (b) A complete packing list shall be enclosed with all shipments. Supplier shall mark containers or packages with necessary lifting, loading, and shipping information, including Buyer's PO, or contract number, item number, dates of shipment, and the names and addresses of consignor and consignee. Bills of lading shall include this Agreement number. All Goods shall strictly comply with all applicable specifications and shall be subject to inspection and test by Buyer and Buyer Customer at all times and places. If any inspection or test is made on the premises of Supplier or its vendor, Supplier, without additional charge, shall provide all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties. All inspections and tests on the premises of Supplier or its vendor shall be performed in such a manner as not to unduly delay the delivery of Goods.
- (c) Buyer reserves the right to reject any Goods which are damaged or defective in material or workmanship, are nonconforming or is, or are suspected to be, counterfeit item, Supplier shall bear all risk of loss or damage to rejected Goods.
- (d) All decisions regarding the serviceable condition of repaired Components shall be at the sole discretion of Buyer, based on current Buyer Goods limits. If Goods fail Buyer inspection due to apparent transit damage which is due to improper packaging by Supplier, Goods shall be returned to Supplier, and Supplier shall pay all shipping costs, file all claims, and perform all repairs for rework at no cost to Buyer. If Goods fail Buyer inspection due to Supplier quality issues, Goods shall be returned to Supplier for repair or replacement at Supplier's sole expense and Supplier shall pay all shipping costs to deliver conforming Goods.
- (e) At any time during the manufacture or repair of the Goods until final acceptance of Goods by Buyer, Buyer shall have the right under all circumstances to witness and inspect all manufacturing, tests and corrections of a material nature carried out by Supplier and to verify specifications. Accordingly, if Buyer exercises its right to witness inspection hereunder, Supplier shall inform Buyer in advance of the date on which such tests or corrections are to be performed. Any deficiencies in manufacturing repair or engineering which result in the Good's failure to conform to Buyer's specification shall be corrected by Supplier promptly and without additional cost to Buyer.
- (f) ANY GOODS REJECTED SHALL BE CONSIDERED AS 'NOT DELIVERED'.
- (g) Buyer's approval of Supplier drawings, procedures, and or manuals, furnished by Supplier shall in no way change Supplier's obligation to deliver Goods in accordance with the requirements and specifications referenced in the PO, applicable laws and regulations, including, but not limited to FAA regulations.
- (h) Buyer's failure to inspect the Goods shall neither relieve Supplier from responsibility for such Goods which are not in accordance with the PO requirements and specification nor impose liabilities on Buyer therefor. The inspection or test of any Goods by Buyer shall not relieve Supplier from any responsibility regarding defects or other failures to meet PO requirements and specifications, which may be discovered subsequently.  
Buyer may, at its sole discretion, reject all or any part of Goods not conforming to the requirements/specifications stated in this PO.

### Section 8 – Counterfeit Goods & Counterfeit Electronic Parts.

- a) Definitions: The following definitions apply to this Section:
  - 1. "Counterfeit electronic part" means an unlawful or unauthorized reproduction, substitution, or alteration that has been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified electronic part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used electronic parts represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.
  - 2. "Counterfeit Goods" means Goods, including any Counterfeit Electronic Parts, that is or contains unlawful or unauthorized reproductions, substitutions, or alterations that have been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized

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substitution includes used Goods represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.

3. "Electronic part" means an integrated circuit, a discrete electronic component (including, but not limited to, a transistor, capacitor, resistor, or diode), or a circuit assembly.
  4. "Suspect Counterfeit Electronic Part of Goods" means Electronic Parts or Goods for which credible evidence (including, but not limited to, visual inspection or testing) provides reasonable doubt that the part is authentic.
  5. "Obsolete item" means any part, component, sub-component or other deliverable hereunder, that is no longer in production by the OCM/OEM or an aftermarket manufacturer that has been provided express written authorization from the current design activity or original manufacturer.
- b) Supplier shall not deliver Counterfeit Goods, Counterfeit Electronic Parts, or Suspect Counterfeit Goods to Buyer under this Contract.
  - c) Supplier shall only purchase products to be delivered or incorporated as Goods to Buyer directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain or other source with the express written authority of the OCM/OEM. Supplier may only use another source if (i) the foregoing sources are unavailable, (ii) Supplier's inspection and other counterfeit detection and avoidance risk mitigation processes will be employed to ensure the authenticity of the Goods, and (iii) Supplier obtains the advance written approval of Buyer.
  - d) Supplier shall establish and maintain an acceptable counterfeit goods and electronic parts detection and avoidance system in accordance with industry recognized standards and with any other specific requirements identified in this Agreement. If the Goods or Electronic Parts being delivered to Buyer are in relations to a US government contract, the system in place must conform to the requirements stipulated in DFARS 252.246-7007 and 252.246-7008.
  - e) Supplier shall immediately notify Buyer with the pertinent facts if Supplier becomes aware that it has delivered Counterfeit Goods, Counterfeit Electronic Parts, or Suspect Counterfeit Goods. When requested by Buyer, Supplier shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM. Supplier, at its expense, shall provide reasonable cooperation to Buyer in conducting any investigation regarding the delivery of Counterfeit Goods, Counterfeit Electronic Parts, or Suspect Counterfeit Goods under this Agreement.
  - f) This Article applies in addition to, and is not altered, changed, or superseded by any quality provision, specification, statement of Good, regulatory flowdown, or other provision included in this Agreement addressing the authenticity of Goods.
  - g) In the event that Goods or Electronic Parts delivered under this Agreement constitutes or includes Counterfeit Goods, Supplier will, at its sole expense, promptly replace such Counterfeit Goods with genuine Goods or Electronic Parts conforming to the requirements of this Agreement. Notwithstanding any other provision in this Agreement, Supplier shall be liable for all costs relating to the remediation of Counterfeit Goods, including without limitation BUYER's costs of removing Counterfeit Goods of installing replacement Goods and of any testing necessitated by the reinstallation of Goods after Counterfeit Goods has been exchanged. The remedies contained in this paragraph are in addition to any remedies Buyer may have at law, equity or under other provisions of this Agreement.
  - h) Supplier shall include paragraphs (a) through (f) and this paragraph (h) of this Article or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as Goods to Buyer.

### Section 9 – Payment Terms, Taxes, & Set-Off.

- (a) **Payment Terms.** Purchaser shall compensate Vendor in the manner and in the amount specified in this PO. Vendor shall submit invoices to Purchaser on the schedule and at the location provided in this PO. Such invoices shall be supported by proper receipts, bills of lading, time clock cards, or other similar records signed by employees performing the Works. Unless scheduled payments associated with certain Milestones ("**Progress Payments**") are otherwise agreed and stated on the face of this PO, Vendor shall invoice Purchaser on a monthly basis. Unless otherwise stated in this PO: (i) all such invoices and payments shall be issued in United States Dollars; and (ii) payments shall be made only to the Vendor named in this PO. Purchaser shall pay all undisputed invoiced amounts within sixty (60) days of receipt of Vendor's correct invoice. Purchaser shall notify Vendor in writing of any disputed amounts within thirty (30) days of receipt of such invoice. Such disputes shall be resolved in accordance with the provisions in Section 18(j), *Dispute Resolution*. Vendor shall not stop or postpone performance due to a disputed invoice. Both invoicing and payment may be paperless and in a format acceptable to Purchaser. If paperless, Vendor shall provide Purchaser with appropriate banking information to establish electronic funds transfer (US vendors) or wire transfer (non-US vendors).
- (b) **Taxes.** At the time of issuance of this PO, Purchaser shall advise Vendor of any tax exemption Purchaser may have authority to utilize in order to purchase tangible personal property without payment of Tax. Vendor shall include all applicable Tax in its invoice. Purchaser shall pay such cost to Vendor. Vendor shall pay Tax on all items directly to the appropriate taxing authority. Vendor shall not be compensated for federal, state, social security, workers' compensation insurance, or other similar payments due on Vendor's net income. Vendor agrees to report as income and pay all such required Tax and insurances.
- (c) **Set Off.** Vendor agrees that Purchaser shall be entitled to set off any amount Vendor owes Purchaser under this PO by deducting the amount from any payment Purchaser or any of Purchaser's affiliates or subsidiaries owes to Vendor.

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### Section 10 – Indemnification.

- (a) **General Representations and Performance.** In the event that Purchaser determines any of Vendor's representations, warranties or certifications made hereunder are untrue or Vendor has breached any provision herein, Purchaser may terminate this PO without further compensation to Vendor. Vendor shall protect, release, defend, indemnify and hold harmless the Indemnified Party from and against all claims, losses, loss of use, diminution of value of property or equipment, damages, attorney's fees, actions, liability, demands, judgments, costs and expenses arising from Vendor's: (i) untrue representations, warranties or certifications; (ii) negligent acts or omissions in the Works or performance of the Works; or (iii) failure to otherwise comply with all terms of this PO. An Indemnified Party shall have the right to participate in the selection of counsel and Vendor shall not enter into any form of settlement agreement that contains any admission of liability on the part of Purchaser. All rights of Purchaser and obligations of Vendor stated in this Subsection shall apply to all Subsections herein below, as if copied *in extenso*. In all cases, Vendor's obligation shall extend to the Indemnified Party.
- (b) **Patents.** Vendor shall protect, release, defend, indemnify, and hold harmless the Indemnified Party from and against any expense or liability, including costs, fees and damages, arising out of any claim, suit or proceeding stating that any aspect of the Works provided hereunder, or the use, sale or resale of such Works (without modification or further combination) constitutes infringement of any patent, trade secret or copyright. If an injunction should be issued, Vendor shall: (i) procure for Purchaser and Purchaser's Customer the right to continue using said Works; (ii) modify the Works in a manner acceptable to Purchaser and Purchaser's Customer so they become non-infringing; or (iii) with the written approval of Purchaser and Purchaser's Customer, remove said Works and refund the purchase price.
- (c) **Delivery of Goods.** Vendor shall protect, release, defend, indemnify, and hold harmless the Indemnified Party for any damages, fines or violations imposed which arise from Vendor's non-compliance with the delivery and transportation provisions provided in this PO.
- (d) **Taxes.** Vendor shall protect, release, defend, indemnify and hold harmless the Indemnified Party against any claims arising from Vendor's failure to pay any Tax which shall become due or other required payments, including interest and penalties thereon as further provided in this PO.
- (e) **Environmental.** Vendor shall protect, release, defend, indemnify and hold harmless the Indemnified Party against any and all claims for liability arising from Vendor's failure to comply with the environmental provisions as further provided in this PO, including but not limited to (i) death or injury to any person; (ii) damage to any property, real or personal; (iii) any and all pre-existing conditions of any real or personal property of Vendor; or (iv) any failure by Vendor to comply with any federal (including FAR clauses), state or local environmental, health, or safety requirements.
- (f) **Compliance.** The parties shall protect, release, defend, indemnify and hold each other harmless from any claims, judgments, demands, damages, costs, fines, penalties, attorneys' fees, expenses and all other legal actions which may be taken against the party arising out of the indemnifying party's failure to comply with the FCPA, UK Bribery Act, or any other applicable anti-corruption and bribery laws as further provided in this PO.
- (g) **Export Compliance.** The parties shall protect, release, defend, indemnify and hold each other harmless from any claims, judgments, demands, damages, costs, fines, penalties, attorneys' fees, expenses and all other legal actions which may be taken against the party arising out of the indemnifying party's failure to comply with EAR, ITAR, or any other applicable export compliance laws or as further provided in this PO.

### Section 11 – Intellectual Property.

- (a) **Ownership.** Unless otherwise agreed in writing, Purchaser shall retain control and ownership of all inventions, designs and processes, or other intellectual property owned, controlled or possessed by Purchaser prior to issuance of this PO. Additionally, in consideration for the compensation to be paid herein, Purchaser shall become the sole owner of all Data, which shall not be used, disclosed to others or reproduced by Vendor for any purpose without the written consent of Purchaser; provided, however, Vendor may provide Data to Vendor's subcontractors and sub-tier suppliers for the sole purpose provided herein and on condition that Vendor's subcontractors and sub-tier suppliers agree in writing to the provisions of this Section. *Intellectual Property*. Vendor shall promptly notify Purchaser in writing of any such Data and shall surrender such Data at delivery of the Works or such earlier time as may be required pursuant to the Termination provisions herein.
- (b) **License.** Purchaser hereby grants Vendor a license to use the Data furnished or paid for by Purchaser hereunder for the sole purpose of performing the Works for Purchaser. This license is not assignable, and is terminable by Purchaser at any time, with or without cause. In the event of termination of this license, Vendor shall deliver such Data as directed by Purchaser at Vendor's expense.
- (c) **Legends.** All such Data is considered proprietary to Purchaser whether or not it is marked with any restrictive legend; however, such Data, and whenever practical each individual item thereof, shall be plainly marked or otherwise adequately identified by Vendor as being the property of Purchaser or Purchaser's designee. Such Data shall be safely stored separate and apart from Vendor's own property. While in Vendor's sole care, custody and control, such Data shall be held at Vendor's risk and shall be insured by Vendor for replacement cost with Purchaser named as loss payee. In the event that the Goods are patented, Vendor shall mark such Goods with patent numbers or other markings designated by Purchaser, including any updates thereto.

### Section 12 – Confidentiality.

This PO is subject to a separate non-disclosure agreement. Notwithstanding the foregoing, and in the event that such an agreement does not exist on the date of issuance of this PO, Vendor agrees to treat as strictly confidential all provisions of this PO and any information provided to Vendor hereunder. Vendor is prohibited from disclosing such information to any third party, unless otherwise agreed herein, and with

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execution of a non-disclosure agreement with the receiving party. Consent shall not be withheld for disclosure required for investigation by a governmental authority or other mandatory legal process. Vendor further agrees not to use any information provided by Purchaser to independently develop, reverse engineer or produce a product which is similar to products which are the subject of the information, or otherwise use the information for its own benefit or the benefit of others.

### Section 13 – Insurance.

In support of the indemnifications, representations, certifications, and other terms agreed by Vendor hereunder, Vendor shall maintain in full force and effect the following insurances (*as applicable*) with insurers satisfactory to Purchaser and with at least the prescribed minimum limits of liability covering Vendor's activities, those of all subcontractors or sub-tier suppliers, or anyone directly related or indirectly employed by any of them, or by anyone for whose acts any of them may be liable.

- (a) **Aviation Liability** including Premises, Products, Completed Operations and Contractual Liability: \$50,000,000 per occurrence/annual aggregate for products/completed operations.
- (b) **Commercial General Liability** \$1,000,000 each occurrence; \$2,000,000 general aggregate with dedicated limits per project site; \$2,000,000 products and completed operations aggregate.
- (c) **Automobile Liability** \$1,000,000 combined single limit each accident.
- (d) **Workers' Compensation** Statutory Limit.
- (e) **Employer's Liability** \$1,000,000 bodily injury for each accident.
- (f) **Umbrella/Excess Liability** \$5,000,000 combined single limit and annual aggregate.
- (g) **Contractor's Pollution Liability** \$5,000,000 each occurrence and annual aggregate.
- (h) **Professional Liability** \$1,000,000 each claim and annual aggregate.

Prior to commencement of the Works, Vendor shall provide to Purchaser a certificate of insurance evidencing that: (i) at least the minimum coverage limits are in effect; (ii) the coverages are written on an occurrence form; and (iii) the coverages shall not be canceled, non-renewed, or materially changed by endorsement or through issuance of other policy(ies) without sixty (60) days prior written notice to Purchaser. Purchaser's failure to demand such certificate shall not be construed as a waiver of Vendor's obligation to maintain such insurance. Until such compliant certificate has been provided to Purchaser, Purchaser may prohibit Vendor or any subcontractor or sub-tier level supplier of Vendor from: (i) entering Purchaser's premises or the project site with the intent to perform the Works; or (ii) beginning performance of the Works, whether performance is conducted at Purchaser's facility or any other location, including but not limited to Vendor's facility. Vendor's failure to obtain such coverages is specifically not to be construed as an Excusable Delay. All policies shall: (i) be primary over any insurance or self-insurance program carried by Purchaser; (ii) with the exception of Professional liability (if applicable) and Workers' Compensation, name Purchaser as additional insured for the Works to be provided herein; and (iii) provide a waiver of all rights of recovery, under subrogation or otherwise, against Purchaser. Vendor shall cause each subcontractor or sub-tier supplier engaged by Vendor to purchase and maintain insurance of the types and with the specifications defined herein, as applicable. If Vendor fails to maintain the coverages set forth herein, Purchaser shall have the right to purchase such insurance at Vendor's expense. Any such payments made by Purchaser shall be invoiced to Vendor for immediate payment. In the event that Vendor fails to pay such invoice, such amounts shall be credited to Purchaser's account and deducted from Vendor's invoice(s) or, alternatively, Purchaser may invoke the set off provisions hereunder.

### Section 14 – Termination.

- (a) **For Convenience.** Purchaser shall have the right, at any time, upon written notice to Vendor, to terminate all or any portion this PO. Upon receipt of such notice, Vendor shall cease performance of the terminated Works and turn over to Purchaser all completed Works and work in process, including but not limited to all Data. Purchaser shall compensate Vendor for all Works completed to date in accordance with the compensation terms of this PO. In the event Purchaser wrongfully terminates this PO for default, in whole or in part, such termination shall become a termination for convenience. Vendor shall diligently continue performance of this PO to the extent not terminated.
- (b) **For Default.** Without further obligation or liability to Vendor, except with respect to payment for Works previously completed and accepted by Purchaser (unless otherwise provided herein), Purchaser shall have the right to terminate the whole or a portion of this PO by providing written notice to Vendor in the event that Vendor (i) fails to perform all or any portion of the Works within the Contract Time and/or allotted Milestones; or (ii) fails to perform any of the other provisions of this PO; or (iii) is found to have made untrue or misleading representations, certifications or statements; or (iv) fails to make progress as to endanger performance of any PO issued by this Purchaser or any other Purchaser in accordance with the terms of that PO, or (v) has filed against it or files a petition in bankruptcy; (vi) makes an assignment for the benefit of creditors; or (vii) any other insolvency proceeding is commenced against Vendor, and in any of these circumstances does not cure such failure or circumstance within a period of thirty (30) Days after receipt of Purchaser's written notice or such longer period as Purchaser may authorize in writing. Upon such termination, Vendor shall diligently continue performance of this PO to the extent not terminated. Purchaser may procure from a third party of its choosing, upon such terms as it may then deem appropriate, Works similar to those terminated, in which case Vendor shall be liable to Purchaser for all excess costs for Purchaser's procurement of such similar Works. In lieu of termination for default, Purchaser, at its sole discretion, may elect to: (i) extend the schedule; (ii) invoke any Liquidated Damages provisions stated in this PO; and/or (iii) waive deficiencies in Vendor's performance, in which case an equitable reduction in this PO price shall be negotiated. Except with respect to the Liquidated Damages provisions, the rights and remedies of Purchaser as provided herein shall not be exclusive and shall not be in lieu of any other remedy available at law, in equity, or otherwise.

**Section 15 – Work on Purchaser's Premises.**

If Vendor's performance involves operations on the premises of Purchaser or Purchaser's Customer, Vendor shall comply with: (i) Purchaser's and/or Purchaser's Customer's, as applicable, safety and security policies and procedures; and (ii) all applicable federal, state or local anti-drug/alcohol abuse and/or drug testing statutes or regulations. Vendor shall provide to Purchaser, on request, copy of Vendor's drug/alcohol misuse/prevention policy. Vendor shall flow down this Section, *Work on Purchaser's Premises*, to any subcontractor or sub-tier supplier that may perform a portion of the Works on Purchaser's or Purchaser's Customer's premises. Purchaser may terminate this PO for default without further compensation to Vendor if Vendor fails to comply with the provisions stated herein.

**Section 16 – Security.**

Vendor shall take all necessary precautions to ensure the Works shall be protected against theft, destruction, or unauthorized disclosure. Vendor shall have and proactively maintain a security and crisis management policy, which Vendor shall provide to Purchaser on request. Vendor shall revise the policy as requested by Purchaser, if necessary, in order to address security and crisis risks relevant to Purchaser's business that are applicable to this PO. Purchaser may conduct on-site audits of Vendor's facility and practices to determine whether Vendor's implementation of the policy is sufficient to protect Purchaser's interests. If Purchaser reasonably determines that Vendor's policy and/or its implementation are insufficient, Purchaser may give Vendor written notice of such determination. Vendor shall have thirty (30) days thereafter to make the policy changes and install all actions reasonably requested by Purchaser. Purchaser may terminate this PO for default without further compensation to Vendor if Vendor fails to complete such installments within the specified time.

**Section 17 – Environmental.**

- (a) **Hazardous Substances.** Vendor shall advise Purchaser of any Goods provided which contain chemical substances which are defined as "hazardous substances" under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). Vendor shall provide Purchaser and all subcontractors and sub-tier suppliers engaged by Vendor with all required Material Safety and Data Sheets, and, where applicable, comply with the OSHA Hazard Communications Standard, 29 CFR 1910.1200 ("HAZCOM"). Identification shall reference the stock or part number of the item. For purposes of this Section, *Environmental*, hazardous substances include materials embedded within a Good in such a manner as to present a potential for personal injury or harm or property damage in the course of normal use, repair, accidents or disposal.
- (b) **Waste Management.** Vendor represents and warrants that it shall prevent accidental releases of hazardous substances as well as minimize risk of endangerment to human health or the environment from any manufacturing process. Vendor shall be directly responsible for managing all wastes associated with processes it applies to perform the Works and shall manage all such waste in compliance with applicable federal, state and local laws, ordinances, and regulations. Vendor shall maintain detailed records certifying proper disposal of all wastes associated with its operations, including wastes generated from the remediation or cleanup of any releases, leaks, or spills. Such records shall include the names and addresses of any treatment, storage or disposal facility receiving such wastes, the amount of waste received, and the dates of shipment and receipt. Vendor shall notify Purchaser within seventy-two (72) hours, with all pertinent particulars, of any event which may affect Vendor's ability to comply with its obligations under this PO, including but not limited to any spill, leak, or release to the environment which also requires notification to a state or federal agency. Except as may otherwise be provided herein, prior to delivery to Purchaser, ownership of all raw materials, wastes and work-in-process shall remain the property of Vendor.
- (c) **Use of Asbestos, Cadmium, and Ozone Depleting Substances (OSDs).** Vendor shall obtain Purchaser's written consent prior to use of asbestos. Unless specifically defined as a requirement of Purchaser's engineering drawings or specifications, Vendor is prohibited from using cadmium plating or nickel cadmium plating in the manufacture of Goods provided under this PO. Vendor is further prohibited from use of cadmium plating or nickel cadmium plating on tooling, fixtures, and test equipment used for manufacturing, assembly, test, or material handling without Purchaser's prior written consent. Approval shall not be granted where there is a potential for cadmium to come into contact with titanium. Vendor shall comply with the U.S. Clean Air Act Amendments of 1990, as regulated by the Environmental Protection Agency, regarding warning statements on products manufactured with or containing OSDs and any storage medium containing OSDs. Use of Class I OSDs is subject to evaluation and approval of Purchaser or the US Government, as applicable. For Goods to be supplied to the US Government, Vendor shall also comply with any labeling requirements provided pursuant to the Federal Acquisition Regulations ("FAR").
- (d) **Flow Down.** Vendor shall flow down this Section, *Environmental*, to all subcontractors and sub-tier suppliers.
- (e) **No Further Obligation.** Purchaser may terminate this PO for default without further compensation to Vendor if Vendor fails to comply with the provisions of this Section, *Environmental*.

**Section 18 – Business Conduct.**

The Vendor shall be committed to the highest standards of ethics and business conduct. The Vendor shall comply with the law, honor commitments, act in good faith, and be accountable. The Vendor shall avoid involvement in activities that may be perceived as a conflict-of-interest. Vendor and Purchaser shall comply with all corruption and anti-bribery laws, including the United States Foreign Corrupt Practices Act ("FCPA") and the UK Bribery Act of 2010 ("UK Bribery Act"). Neither party shall, directly or indirectly, offer, give or promise to give anything of value to any government official, political party or official, or candidate for such offices, or any employee of a commercial enterprise for the purpose of influencing any act or decisions of such person in order to obtain or retain business or to gain an improper advantage relating to this PO. The Vendor shall respect the legitimate proprietary rights and intellectual property rights of customers and

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Vendors and take proper care to protect sensitive information, including confidential, proprietary and personal information. The Vendor shall support product safety by ensuring robust management of special requirements, critical items, and key characteristics. If there are concerns with respect to product safety, the Vendor shall communicate them to Purchaser. If there is a concern at the Vendor's premises with respect to safety during the manufacture of the product, the Vendor shall notify its own employees of the concern and whenever possible, mitigate the concern. The Vendor shall ensure that employees and people working on its behalf are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior. Purchaser may terminate this PO for default without further compensation to Vendor if Vendor fails to comply with the provisions of this Section, *Business Conduct*.

### Section 19 – Export Compliance.

Unless otherwise noted in the Contract Papers, Vendor shall be the importer/exporter of record. Vendor shall be responsible for obtaining all necessary import/export licenses, permits and other required authorizations. All items for delivery (**including technical data**) shall at all times be subject to US Export Administration Regulations (EAR), US International Traffic in Arms Regulations (ITAR), and applicable US Customs Regulations. Vendor shall not dispose of USA-origin items furnished by Purchaser (**including technical data**) other than in and to the country of ultimate destination specified in this PO, government license(s), and authorization(s), except as law and regulation permit. Purchaser may terminate this PO for default without further compensation to Vendor if Vendor fails to comply with the provisions of this Section, *Export Compliance*.

### Section 20 – General.

- (a) **Labor Standards (US Vendors Only).** Vendor certifies that it has verified that only US citizens, permanent resident aliens or those aliens authorized to be employed in the US, as indicated by preserved records as required by the US Immigration and Naturalization Service, shall be permitted to perform this PO. Vendor must notify Purchaser in writing prior to disclosure of technical data to non-US persons in order to enable Purchaser to review the scope and assure any necessary export authorizations are in place. If this PO requires US citizenship because of national security or exposure to classified information, Purchaser shall advise Vendor of such requirement. Vendor further certifies that Works to be furnished hereunder shall be produced in compliance with the Fair Labor Standards Act of 1938, as amended. Vendor shall comply with Executive Order 11246 and the EEO clause defined in 41 CFR 60-1.4(a) by not discriminating against any employee or applicant because of race, religion, color, sex, age, or national origin. Vendor shall further comply with 41 CFR 60-250 and 41 CFR 60-741 by not discriminating against any employee or applicant because of physical or mental handicap or because he or she is a disabled veteran. Works procured pursuant to this PO may be exported worldwide, including countries that prohibit importation of goods manufactured with child labor or forced, indentured or convict labor. Vendor certifies that no Works performed hereunder used forced, indentured or convict labor, or violated the minimum working age or minimum wage laws of the country of manufacture.
- (b) **Security Interests.** If the compensation terms of this PO include Progress Payments, Vendor grants Purchaser a security interest in machinery, equipment, contract rights, inventory, goods, merchandise, and raw material, whether now existing or hereafter arising, and accessories thereto or thereon provided by Vendor to be used by Vendor in manufacturing Goods ordered by Purchaser. Vendor shall not dispose of any such items without Purchaser's prior written consent and shall execute all documents requested by Purchaser to perfect Purchaser's security interest.
- (c) **English Language.** This PO and all related Data, notices, shipping invoices, correspondence and other writings shall be provided in the English language. In the event of any inconsistency between the terms of this PO and any translation provided by either party, the English language meaning shall prevail.
- (d) **Releases and Publicity.** Vendor shall obtain Purchaser's prior written approval for any public release of information regarding this PO.
- (e) **Independent Contractor.** Vendor is an independent contractor and shall not, for any purpose, be construed as an employee, partner, or agent of Purchaser. Vendor shall not hold itself out as having authority to assume or create any obligation, express or implied, on Purchaser or bind Purchaser in any way.
- (f) **Subcontracting.** Vendor shall not subcontract any of its obligations or duties under this PO without Purchaser's prior written consent, which shall not be unreasonably withheld.
- (g) **Amendments, Waivers, and Notices.** Such instruments shall be made in writing, addressed to the party named in this PO, and signed by authorized representatives of the parties where required. No waiver of any breach of the terms of this PO shall be extended to any subsequent breach. Notices shall be sent via registered prepaid post, fax, e-mail, or personally delivered.
- (h) **Severability and Interpretation.** These terms are severable. In the event that any such term is declared by a court of competent jurisdiction to be unenforceable, the remaining terms shall not be affected. Headings are used herein for convenience and shall not be used in interpretation. Use of the singular includes the plural and vice versa. Use of one gender includes all genders.
- (i) **Governing Law.** This PO is governed by the laws of the State of Texas without reference to its conflict of law provisions. The parties hereby consent to the exclusive venue of the courts of San Antonio, Bexar County, Texas.
- (j) **Dispute Resolution.** The parties intend to avoid litigation and resolve disputes related to this PO with finality exclusively in accordance with the process defined herein. In the event that either party: (i) has filed against it or files a petition in bankruptcy; (ii) makes an assignment for the benefit of creditors; or (iii) any other insolvency proceeding is commenced against a party, this Subsection, *Dispute Resolution*, shall remain in effect. Invoking this Subsection shall not relieve either party of its obligations, rights or duties of performance under this PO. Controversies and disputes made hereunder shall be referred to a senior management representative from each of the parties for good faith conference in an attempt to resolve the matter. The Parties, by mutual agreement in writing, may elect to attempt to resolve any disputes through non-binding Alternative Dispute Resolution (“ADR”) and under the



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terms of this Clause. If the Parties each elect to submit a dispute to ADR, the ADR proceeding described below will be conducted in accordance with section 151.001 et seq. of the Texas Civil Practice and Remedies Code. Each Party shall provide a written statement to the other Party stating the specific facts which give rise to the dispute, the legal basis, to support the claim for damages or relief, the relief such Party is seeking and a correct address, phone number and, if available, a facsimile number and email address at which the Party can be reached (each, a "Notice"). Each Party shall have a period of forty-five (45) days in which to deliver to the other Party with a written response to the applicable Notice commencing the ADR, stating the specific facts which are asserted as a defense to the facts set forth in such Notice and any facts which such Party asserts that support a counter-claim, if any, against the other Party.

Within sixty (60) days of the commencement of the ADR process, the Parties shall mutually agree on one person to act as the decision maker. If the Parties are not able to agree, then each Party shall name a decision maker, and those two decision makers shall name a third decision maker. Each decision maker shall meet all of the qualifications of the section 151.003 of the Texas Civil Practices and Remedies Code, including that of being a former or retired judge. ADR hearing shall be conducted at a time and place in Fort Worth, Tarrant County, Texas, agreed to by each of the Parties and the decision makers. Decision maker's fees and expenses and the expenses for the facility at which the arbitration hearing is held, shall be paid equally by the Parties. Each party shall bear its own expenses. The ADR process, discovery and the hearing shall be conducted in compliance with the Texas Rules of Civil Procedure and the Texas Rules of Evidence. The decision of two of the three arbitrators shall be the decision of the decision makers, who shall enter their ruling, in writing, and shall, upon request of either Party, prepare and submit findings of fact and conclusions of law to both Parties. An award or ruling by the decision makers shall not be binding on the Parties. Both Parties recognize and agree that litigation is expensive and prolonged and that both Parties may benefit from the ADR procedure. The ADR proceeding is a settlement process, and any decision of the decision makers shall not be admissible in any court proceeding. Further, this Subsection shall not apply to and shall not bar litigation regarding either party's proprietary data or intellectual property rights.

- (k) **Assignment.** Assignment to a third party without the prior written consent of the other party is specifically prohibited. In the event of Vendor's change of control or ownership, Vendor shall give notice of such offer to Purchaser as early as commercially practical. In the event that Purchaser objects to the offer, and the change in ownership or control occurs anyway, Purchaser reserves the right to terminate this PO pursuant to the Termination for Default provisions herein without further obligation of Purchaser. Vendor shall fully cooperate with Purchaser in order to minimize disruption to Purchaser. In lieu of termination, Purchaser may require Vendor to provide adequate assurances of performance in form and substance acceptable to Purchaser.
- (l) **Entire Agreement.** This PO, including these terms and conditions, and the Contract Papers constitute the entire agreement between the parties and supersede all previous communications, whether oral or written, including terms issued by Vendor in any format. In the event of a conflict or inconsistency between this PO and the Contract Papers, the provisions of this PO shall prevail.
- (m) **Survivability.** Sections entitled *Reports and Records, Warranties and Representations, Insurance, Indemnification, Confidentiality, Intellectual Property* and any corresponding provisions herein shall survive any termination or expiration of this PO.

### Section 21 – Non-US Suppliers.

If Vendor is located outside the United States, the following Subsections are amended, as stated below. All other provisions of such Sections or Subsections, as applicable, shall remain in effect.

- (a) **Section 18(a), Labor Standards.** Vendors shall comply with all labor regulations in Vendor's country.
- (b) **Section 18(j), Dispute Resolution.** Except as otherwise provided, the United Nations Convention on Contracts for the International Sale of Goods is not applicable. Disputes shall be finally settled under the rules of conciliation and arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with said rules. Arbitration shall be held in one of the following U.S. locations as may be agreed between the parties: San Antonio, Texas; New York, New York; or Washington DC.