

Survival Systems International Procurement Terms and Conditions

1. **ACCEPTANCE OF ORDER.** Any acknowledgment of this order which contains terms and conditions inconsistent with or in addition to the terms and conditions herein set forth shall be void and of no effect, unless, and to the extent, expressly accepted by Buyer in writing. Buyer shall not be bound by this order until Seller executes and returns to Buyer the acknowledgement copy of this order. Seller shall be bound by this order and its terms and conditions when it executes and returns the acknowledgement copy of this order or when it delivers to Buyer any of the items ordered, or renders for Buyer any of the services ordered herein, or accepts payment for items delivered or services rendered.

2. **CHANGES.** Buyer shall have the right to make changes in this order which shall be binding when a written Change Order is issued by Buyer's Purchasing Department. Seller shall proceed without delay in the performance of this order as changed. If such changes affect the cost of or time required for, performance of this order, an adjustment in the contract price and or delivery schedule may be negotiated. Sellers claim for such adjustment shall be deemed waived unless Buyer receives written notice thereof within thirty (30) days of Seller's receipt of the Change Order.

3. **PAYMENT.** Payment is contingent upon Buyer's approval of items delivered or services rendered in accordance with this order, but payment is not evidence of Buyer's final acceptance of such items or services. Any items ordered hereunder which do not comply with Seller's warranty and or which are otherwise defective, or damaged at the F.O.B. point, may be returned by Buyer at Seller's cost and Buyer shall be entitled, at Buyer's option, either to replacement items or a refund of any amount paid therefor.

4. **DELIVERY.** Except as specifically provided herein, delivery shall be strictly in accordance with the delivery schedule, and any deviation therefore must be approved in writing by Buyer. Unless otherwise specified by Buyer in writing, Buyer will not be responsible or liable for payment for items delivered or services performed in advance of schedule or in excess of quantities or type as specified in this order. Buyer reserves the right to return any such items at Seller's expense. Time is of the essence in this order, and if delivery of items or rendering of services is not completed by the scheduled delivery date, Buyer reserves the right without liability and in addition to its other rights and remedies, at Buyer's option, either to terminate this order or to purchase elsewhere and hold Seller liable therefor. Any provisions herein for delivery of items or the rendering of services by installments shall not be construed as making the obligations of Seller severable.

5. **PACKING AND SHIPPING.** Packing shall be suitable for protection against damage in shipment and storage, securing the lowest transportation rates and meeting common carrier classification requirements. Packing lists showing Buyer's order number shall accompany each shipment. Buyers count or weight shall be deemed conclusive on all shipments. Seller will not declare a value for such items which results in additional shipping charges. Unless otherwise specified by Buyer in writing, the price or prices as set forth in this order shall include all charges for Seller's usual domestic packing and crating and for cartage to F.O.B. point.

6. **RESPONSIBILITY FOR SUPPLIES AND RISK OF LOSS.** Title to items under this order passes from Seller to Buyer at the F.O.B. point designated. However, regardless of the passage of title, loss or damage discovered after transfer of title determined to be a result of faulty packaging or handling by Seller shall be Seller's responsibility.

7. **WARRANTY.** Seller hereby certifies that he is aware of the intended use of the items listed on the face of this order. Seller expressly warrants that all items delivered hereunder will be fit for their intended use, free from defects in materials and workmanship, and will conform to applicable specifications, drawings and samples whether set forth in this order or in Seller's sales literature. Said warranties shall not be deemed to limit any warranties of additional scope given to Buyer by Seller, nor to limit Buyer's rights or Seller's obligations under any other provision of this order, at law or in equity. No warranties are waived by Buyer's supplying or approving plans, specifications or data or inspecting or accepting or paying for the goods. Seller

warrants that all items delivered hereunder shall be free and clear of all securing interests, liens or other encumbrances or claims of any kind.

8. **LABOR AGREEMENTS.** If Seller is a party to any labor agreement the expiration of which might reasonably be anticipated to cause a delay in performance hereunder, Seller shall give Buyer as much advance written notice as is practicable of the date of expiration of such agreement and Seller's expectations with respect thereto. Seller shall also advise Buyer as promptly as practicable of any strike or other difference with employees which might reasonably be anticipated to cause a delay in performance hereunder, and shall keep Buyer seasonably advised of all developments relating thereto.

9. **PRICES.** Seller represents that the prices specified in this order are based on current pricing data and do not exceed the last price quoted or charged, or currently being quoted for the same or substantially similar articles to any other purchaser, taking into account the quantity and schedule under consideration, and that such prices include all applicable federal, state, and local taxes in effect on the date of this order, except any sales or use tax payable at source.

10. **USE OF DESIGNS, DATA, EQUIPMENT, MATERIALS, ETC.** Any equipment, drawings, specifications, data, technical or proprietary information furnished by Buyer is the property of Buyer. No other use, disclosure, or reproduction of any part thereof may be made; except by written authorization of Buyer. Upon completion or termination of this order, or upon Buyer's request, Seller shall promptly return all equipment, drawings, specifications, data and information to Buyer.

11. **CANCELLATION.** Buyer may at any time cancel this order in its entirety or in part if Seller breaches any of the terms and conditions of this order or if Buyer is prevented from performing hereunder by causes beyond its control.

12. **SELLER'S INDEMNIFICATION.** Seller hereby agrees to defend, indemnify, and hold harmless Buyer, its affiliates, and the officers, directors, agents and employees of each of them, from and against any and all damages, losses, expenses, costs, claims, judgments and liabilities including, without limitation, reasonable attorneys' fees, incurred by Buyer (unless caused by the negligence of Buyer; arising from or in connection with (i) claims that Buyer's possession, use or sale of the items ordered hereunder constitutes the infringement of any invention or invasion of the proprietary rights of any person including, without limitation, the infringement of any trademarks, trade names, trade secrets, patents or the violation of any copyright laws or any other applicable federal, state, or local laws, rules or regulations; (ii) any bodily injury or property damage caused by the use or possession of the items; (iii) the negligence of Seller; (iv) a recall of the items; and (v) the breach of any representation or warranty of Seller contained herein,

13. **ADVERTISING.** Seller shall not advertise, publish or in any manner disclose the existence of this order or any other matter relating thereto without prior written consent of Buyer.

14. **SET OFF.** Buyer shall be entitled at all times to set off any amount owing at any time from Seller to Buyer or any of its affiliated companies against any amount payable at any time by Buyer or any of its affiliated companies to Seller.

15. **ASSIGNMENT.** Any assignment of this order or any interest therein or any payment due or to become due hereunder, without the written consent of Buyer, shall be void.

16. **DISPUTES.** Any controversy or claim relating to this order shall be settled by arbitration in Los Angeles, California in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction.

17. **EQUAL OPPORTUNITY.** Title 17 of the Civil Rights Act of 1964 as amended and Executive Order 11246, as amended, which relate to equal employment

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opportunities and implementing rules and regulations of the Secretary 01 Labor are incorporated herein by reference.

18. APPLICABLE LAWS. Seller agrees to comply with all applicable federal, state and local laws, rules and regulations. This order shall be subject to the laws of the State of California regardless of its place of execution or performance.

19. HASCOM REPORTING. If any of the items ordered herein constitute or contain "hazardous or toxic chemicals" as defined by any applicable Federal, State or local law, rule or regulation, Seller shall provide at the time of delivery all required notices and information, including without limitation all Material Safety Data Sheets ("MSDS") in approved form. Seller agrees to maintain such information current and shall provide Buyer with any amended, altered or revised information on a timely basis. When this Order or the specifications referred to herein, requires documentation or certification, this requirement is a material requirement of this Order; Seller's failure to provide such information prior to or at the time of delivery may result in withholding of payment until such is provided.

20. GENERAL PROVISIONS. This instrument contains the entire and only agreement between the parties respecting the purchase and sale specified in this order and supersedes all pre-existing agreements or arrangements between the parties. No subsequently delivered invoice, purchase order, acknowledgment, confirmation, standard terms and conditions, or similar document containing terms inconsistent with this order shall be effective to waive, modify, alter or delete such inconsistent terms unless such document expressly states the intention to so waive, modify, & alter or delete and is signed by both of the parties hereto. The invalidity in whole or in part of any provision of this order shall not affect the validity of other provisions.

21. TAXES. Unless prohibited by law, the Seller shall pay all federal, state or local tax, transportation tax, or other tax which is required to be imposed upon the items ordered hereunder, or by reason of their sale or delivery; the Order price shall be deemed to include such taxes.

23. TERMINATION BY BUYER. Buyer shall have the right for and at its convenience to terminate this Order in whole or in part at any time, and from time to time, by written or telegraphic notice effective upon receipt by Seller, even though Seller is not in breach of any obligation hereunder. Upon receipt of notice of termination, Seller shall immediately discontinue performance and shall comply with Buyer's instructions concerning disposition of completed and partially completed items, work in progress and materials acquired pursuant to this Order. In the event of such termination, Seller shall be paid an amount in settlement to be mutually agreed upon by the parties which shall cover Seller's reasonable costs of performance incurred prior to termination in connection with the items for which this Order is terminated plus a reasonable profit based upon such costs. However, said payment shall not exceed the price specified herein for such items. In no event shall the Seller be entitled to recover incidental or consequential damages. Seller shall advise the Buyer, in writing, of Seller's claim, if any, for termination costs within ten (10) days after receipt of the notice of termination.

22. REJECTIONS. If any of the goods and/or services furnished hereunder are found at any time to be defective in material or workmanship or otherwise not in conformity with the requirements of this Order, Buyer, in addition to any other rights which it may have under all applicable warranties or otherwise, may at its option correct or have corrected the nonconformity at Seller's expense, or reject and return such goods and/or discontinue such services at Seller's expense. Such goods and/or services shall not be replaced or continued without written authorization from Buyer. Buyer may accept, without prejudice, a portion of any shipment, and, at its option, have Seller repair or replace any non-conforming portion of the shipment, at Seller's expense. Items rejected shall be removed promptly by the Seller at its expense and at its risk. Final acceptance shall not be conclusive with respect to latent defects, fraud or such gross mistakes as amount to fraud or with respect to the Buyer's rights under the "Warranty" clause. Seller has 10 days to return a filled-in Material Review Report (MRR) or Corrective Action Request (CAR), as applicable. Buyer may

withhold payments to Seller until the completed document is returned.

24. APPROVED SUPPLIERS. The seller shall maintain a register of approved suppliers that includes the scope of the approval. The seller shall periodically review supplier performance; records of these reviews shall be used as a basis for establishing the level of controls to be implemented. The seller shall define the necessary actions to take when dealing with suppliers that do not meet requirements, and ensure where required that both the organization and all suppliers use customer-approved special process sources, and ensure that the function having responsibility for approving supplier quality systems has the authority to disapprove the use of sources.

25. SUBCONTRACT SUPPLIERS. All materials owned by Buyer must be used for the sole purpose for Buyer-related orders. The following requirements shall be implemented.

- a. Cleanliness and good housekeeping practices shall be maintained in storage areas at all times.
- b. Material and equipment shall be stored in such a way as to prevent damage or deterioration from corrosion, contamination, or any other form of physical damage.
- c. Controls shall be implemented to prevent cross contamination between carbon and stainless steel material and equipment.
- d. Material and equipment shall be segregated as required to maintain identification and/or traceability.
- e. If material is damaged at any time, Seller must notify Buyer immediately.

26. QUALITY SYSTEM REQUIREMENTS:

- a. Prior to shipment, Seller shall notify Buyer of nonconforming processes, products, or services and make arrangements for Buyer approval of the nonconforming material, as applicable. Seller shall obtain SSI approval for nonconforming processes, products, or services disposition.
- b. Seller shall notify Buyer of changes in to processes, products, or services, changes of suppliers, changes of manufacturing facility location and where required, obtain SSI approval.
- c. Buyer reserves the Right of Access by SSI, its customer, and regulatory authorities to all facilities involved in the order and to all applicable records at any level of the supply chain.
- d. Seller shall flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics, where required.
- e. Seller shall use customer-approved special process sources, where required
- f. Seller shall retain records of materials and processes relating to the manufacture of products for a period of 7 years unless otherwise stipulated by the purchase order.
- g. ITAR & EAR Regulations: Seller is required to meet and to flow-down to their sub-tiers the requirements of ITAR (International Traffic in Arms Regulations) and EAR (Export Administration Regulations) where required.
- h. Rated Order: If this is a rated order as indicated on the PO, "CERTIFIED FOR NATIONAL DEFENSE USE UNDER DPAS" (Defense Priorities and Allocations System), Seller is required to follow all the provisions of the Defense Priorities and Allocations System regulation (15 CFR part 700).
- i. If required, Seller will perform First Article Inspection (FAI) for the end item, details and subassemblies constituting the end item in accordance with AS/EN/SJAC 9102, Aerospace First Article Inspection Requirement, where required.
- j. If required, Seller shall include with each shipment a certification attesting that material, processes including applicable inspection processes and finished items were controlled and tested in accordance with requirements of this contract and applicable specifications and that such records are on file or that materials used were supplied by Buyer.
- k. Seller shall use and certify their processes to the current revision of industry specifications, unless otherwise noted.

27. Control of Suspect or Counterfeit Product:

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Control of Suspect or Counterfeit Product – Supplier shall establish a program to eliminate the risk of introducing both counterfeit electronic parts as well as non-electronic parts and materials. This includes:

- a. Identification, mitigation, detection, and avoidance techniques, and reporting of suspect or confirmed counterfeit parts, assemblies, and/or materials;
- b. Training for the detection and prevention of counterfeit parts.

For guidance, the supplier may refer to:

- AS5553 – Counterfeit Electrical, Electronic, and Electromechanical (EE) Parts; Avoidance, Detection, Mitigation, and Disposition;
- AS6174 – Counterfeit Materiel; Assuring Acquisition of Authentic and Conforming Material.

28. Suppliers' employee awareness and training:

Employee Awareness and Training – Suppliers shall ensure that their employees are aware of:

- their contribution to product or service conformity;
- their contribution to product safety;
- the importance of ethical behavior.

29. Control of Foreign Object Debris (FOD):

Control of Foreign Object Debris (FOD) – Supplier shall establish a program for the prevention, detection, and removal of foreign objects.

30. Obsolescence:

Obsolescence – Supplier shall be aware and proactively monitor all items and material used in the manufacture of Survival Systems International orders for impending obsolescence issues. If obsolescence issues are identified, the supplier shall provide notification to Survival Systems International buyer and impacted personnel, describing the obsolete item, reason for obsolescence, estimated date the product will no longer be available, and any proposed alternatives. Timely notification is imperative to allow sufficient time to identify alternates for the affected parts, and perform any necessary certifications, which may involve regulatory agencies.

The Supplier shall procure or will maintain, during the performance of Survival Systems International's orders, sufficient components and materials necessary to perform the orders, including obtaining commitments from its suppliers required to meet all requirements.

The Supplier shall flow down and manage this requirement with its suppliers to ensure they can meet the Supplier's obligations.

The Supplier agrees to maintain an obsolescence policy/procedure adequate to ensure that the Supplier and its suppliers can provide Survival Systems International adequate notice that components and material necessary to supply additional new-order quantities can be purchased through the Supplier by placing on order within 90 days of receiving said notice. Further, the Supplier agrees to supply Survival Systems International with such additional products or components of which are due to be discontinued subject to Survival Systems International agreeing to compensate the Supplier for its reasonable cost plus profit for such additional orders.