

## Crystal Group Inc. Purchase Order Terms and Conditions

1. **Agreement** – The terms of this purchase order (“PO”) shall be deemed accepted by Seller upon written acceptance of the PO or upon shipment of the goods or commencement of the work covered hereby. Any different or additional terms in Seller’s acceptance of the PO are objected to and deemed rejected unless expressly approved by Crystal Group Inc. (“Crystal Group” or “Buyer”) in writing. If a separate written purchase contract executed by both Crystal Group and Seller (“Contract”) exists between the parties regarding the goods or services covered by this PO, the terms and conditions in this PO shall be deemed part of the Contract; provided, however, to the extent there are any inconsistencies between the terms of this PO and the Contract, the terms of the Contract shall prevail. All goods shipped, or work performed hereunder shall be in full compliance with the terms herein. The term “goods” shall include tangible items ordered hereunder.
2. **Order of Precedence** – All documents and provisions in this PO shall be read so as to be consistent to the fullest extent possible. In the event of a conflict or inconsistency between the documents, then Seller shall notify Buyer of the conflict, so that the Buyer can resolve the conflict. b. If the Buyer cannot resolve the conflict, then the documents as incorporated into the PO shall prevail in the order listed below, with the first document listed having the highest precedence: (i) the Contract and attachments; (ii) the PO; (iii) any specifications and statements of work (using the most recently agreed to and issued version); and (iv) all other attachments, exhibits, appendices, and other documents or terms incorporated by reference or as attached.
3. **Labeling Laws** – If the goods ordered require OSHA Material Safety Data Sheet (“MSDS”) or if requested by Buyer, Seller must send an MSDS form with each shipment with a copy to Crystal Purchasing, 855 Metzger Drive, Hiawatha, IA 52233.
4. **Shipping** – Unless otherwise specified herein, all prices shown in this PO are firm prices, exclusive of applicable taxes, and the shipping terms are FOB Destination, Freight Prepaid and Billed at Cost. All transportation shall include inside delivery.
5. **Prices** – Seller represents that the prices and terms of purchase hereunder shall be in full compliance with the Robinson-Patman Act and any analogous state laws. No additional charges of any kind will be allowed unless specifically agreed to in writing in advance. Do not place declared value on shipments. If Seller, its subcontractor, or prospective subcontractor fails to submit accurate, complete and current cost or pricing data, and, as a result of that failure, the Government reduces the price of Buyer’s prime contract, Buyer may recover from Seller an amount equal to the price reduction of the prime contract. If, as a result of Seller’s or its subcontractor’s foregoing conduct, the Government imposes a penalty on or charges Buyer interest, Buyer may recover from Seller the amount of that interest or penalty. For the purposes of the foregoing, if Buyer is a higher tier subcontractor, “Government” means the higher tier contractor and “prime contract” means the higher tier subcontract. d. Seller will not raise as defenses the matters listed in FAR 52.215-10(c)(1) (OCT 1997) or FAR 52.215-11(d)(1) (OCT 1997).
6. **Payments** – Payment will be made in accordance with the Payment article of the Contract.
7. **AS9117 Requirements for Delegation of Product Verification** – If Seller delegates product verification to their suppliers, Seller must follow AS9117 requirements. Buyer reserves the right to conduct surveillance at Seller’s facility to determine that Seller’s quality system conforms to the requirements of AS9117. When delegating product verification, Seller is not relieved of its obligations under this contract.
8. **Overshipments/Substitutions** – Any unauthorized quantity is subject to rejection and return by Crystal Group at Seller’s expense. Overshipments will be held by Crystal Group at Seller’s risk and expense for a reasonable time awaiting shipping instructions.
9. **Validation of Raw Material** - Seller shall periodically validate test reports for raw material accepted on the basis of test reports. That validation shall be accomplished by seller or other independent party through periodic, schedule tests of raw materials samples. Schedules for frequency of tests will be established by Seller on historical performance of the raw material supplier. Seller shall retain test reports provided by the raw materials supplier, as well as Seller’s validation test results as quality records traceable to the conformance of goods.
10. **Material Substitution Prohibition** – There shall be no substitutions of like or similar goods without written authorization by an authorized representative from Crystal Group. Unauthorized material substitution includes any deviation from the engineering definition of a raw material. Engineering definition includes Buyer design drawing and applicable specifications, product specification, form, size, shape, chemistry, melt method, origin, temper/condition, product testing or surface finish. Alternate materials specified in the engineering definition (and often described as approved material substitutions therein) do not constitute unauthorized material substitution. Unless specifically authorized by the engineering definition, conversion of a raw material (i.e. heat treat to change the temper or condition of the material) constitutes material substitution of the condition provided by the manufacturer and shall not be done with authorization from Crystal Group. Buyer’s engineering drawings may refer to obsolete or superseded specifications covering several forms, thicknesses, widths, etc. of the alloy or alloys. The required characteristics of these materials are defined not only by the objective test standards of the specification, but by the processes/methods by which this final form is achieved. These requirements are often captured in the definitions of the required material forms and may not be explicitly called out in the detailed requirements. The raw material certification results from both the process used to make it and the tests to verify basic properties. Seller shall ensure that metallic materials covered by current or obsolete/superseded specifications are produced using the standard industry practices designed strictly for the production

of stock to the specified thickness, diameter, width or cross-sectional area, achieved by thermo-mechanical processing or casting process. Chemical, electrochemical and mechanical methods used for the removal of surface scale or contamination, or the production of the required surface finish, in accordance with the material specification are acceptable. Raw material must not be re-certified with respect to thickness, diameter, width or cross-sectional area or product form. Machining or cutting of thicker product or other product forms shall not be supplied in lieu of specified product unless specifically authorized by Buyer. Raw material certifications for material or parts shall reflect the form and size of the raw material as originally manufactured by the raw material producer. For government specifications and standards canceled after June 1994, Seller and subcontractors at all tiers shall use the last active revision of the canceled specification and standard until an acceptable replacement is included in the requirements of this Contract. Contact the Buyer in the event of any inconsistency in applicable specification or standard. Seller shall not disguise the pedigree of material or chain of ownership by removal of a previous supplier's name, nomenclature or identification.

**11. Inspection** – Upon arrival at destination, Buyer has a right to inspect any item or service ordered before acceptance, irrespective of whether Buyer has already made payment hereunder. After inspection, Buyer may reject or return for cancellation or replacement any item or service ordered that are, in Buyer's judgment, defective or nonconforming. Goods rejected, and goods supplied in excess of quantities called for herein may be returned to Seller at its expense, and, in addition to Buyer's other rights, Buyer may charge Seller all expenses of unpacking, examining, repacking and reshipping such goods. In the event Buyer receives goods whose defect or non-conformity is not apparent on examination, Buyer reserves the right to require replacement, as well as payment of damages. Nothing contained in this PO shall relieve in any way Seller from the obligation of testing, inspection and quality control. Seller assumes all risks in connection with any return, and shall pay all expenses of inspection, handling and transportation both ways. Seller shall not make any replacement without first obtaining consent of and shipping instructions from Buyer. Through acceptance of this purchase order, the seller grants Crystal Group's employees, Crystal Group's customers and regulatory authorities, right of access to the applicable areas of all facilities of both the Seller and the sub-tier supplier's locations involved in this order, including all applicable records.

**12. First Article Inspection** – Seller shall perform First Article Inspections (FAI) in accordance with AS/EN/SJAC 9102, Aerospace First Article Inspection Requirement. FAI is required for unique single run production orders not intended for ongoing production. Buyer reserves the right to conduct surveillance of the Seller's FAI. Supplier shall make available to the Buyer: applicable purchase document, material/process certifications, manufacturing and inspection records, applicable design data, applicable material review actions, applicable acceptance and qualification test results, and all applicable records.

**13. Buyer Approvals** – Seller agrees that any and all Buyer approvals of Seller's technical and quality specifications, drawings, plans, procedures, and reports shall neither relieve Seller from Seller's obligations to perform all of the requirements of this Contract nor be used as conclusive evidence of Seller compliance with such requirements.

**14. Notification of Nonconforming Product** – When a nonconformance is determined to exist or is suspected to exist on goods and/or services provided to Buyer, Seller shall provide written Post Delivery Notification Letter or Letter of Disclosure (Notification of Escapement [NOE]) to Buyer's Authorized Procurement Representative. Seller shall provide the letter and all required NOE information within two (2) business days of when nonconformance was determined. However, if the nonconformance affects safety of flight or is mission critical; Seller shall immediately provide the letter and all available information. The Buyer will provide information to Seller if a specific Purchase Order is for product known to affect safety of flight or is mission critical.

At minimum, Seller shall include the following NOE information:

- Date(s) goods and/or services were shipped under this purchase order
- Buyer's purchase order number and line item number
- Part number(s) and when applicable, the associated serial number(s) and/or lot number(s)
- Quantity
- Date of manufacture and any other pertinent information
- Specific description of nonconformance (i.e., "should be" and "is" condition) with reference to applicable engineering documentation
- Statement declaring whether the nonconformance was determined to exist or suspected to exist
- Preliminary root cause and root cause corrective action
- Name of Seller's Quality personnel involved in the collection and reporting of the NOE information is required to notify the organization of nonconforming product. Disposition will be determined between Buyer and Seller.

**15. Unconfirmed Failure Rejections** – In the event goods delivered on this purchase contract are returned by the Buyer to the Seller and the Seller is unable to confirm the reported failure, the Seller shall hold shipment and provide the following to the Buyer for disposition:

- Purchase contract number, part number, serial number,
- Buyer's reject form number,
- Applicable test procedures, results of special tests performed by Seller, and Seller's certification that test procedure used to verify the failure identified by the Buyer was adequate to detect those failures; Seller to provide number and

revision of test procedure(s) used.

16. **Corrective Action** – Seller shall, on request, on forms designated by Buyer, provide statements of corrective action on nonconformities or failures of Seller's goods or services. Corrective action statements, at Buyer's option, may require approval signature by Buyer and customer quality representatives. All rejected articles resubmitted by Seller to Buyer shall bear adequate identification, including reference to Buyer's rejection document.

17. **Compliance with Laws** – Seller agrees to comply with all applicable United States and state or local laws, rules, regulations, specific orders or ordinances in the performance of work or manufacture, sale or use of products under this PO. Imported goods will carry the certification as acceptable in the United States according to existing electrical and other safety codes in normal United States trade and safety practices. Seller further certifies that with respect to the production of the goods or services covered by this PO, it has fully complied with Sections 6,7,12 and 15 of the Fair Labor Standards Act of 1938, as amended, and of regulations and orders of the US Department of Labor under Section 14 thereof. Seller hereby represents, covenants and warrants that no payments, whether in the form of money, property, services or other forms of consideration, have been made or will be made, by Seller or on behalf of Seller or for the direct or indirect benefit of any employees, buyer, director or agent of Crystal Group, or any of their subsidiaries or affiliates thereof, whether in connection with, arising out of or in any way relating to, the execution by Buyer of this PO, or otherwise.

18. **Equal Employment Opportunity** – As part of Crystal Group's compliance with federal Equal Employment Opportunity and Affirmative Action regulations, we notify Seller that Crystal Group is an equal opportunity employer that makes employment decisions without regard to race, religion, color, national origin, citizenship, sex, veteran's status, age or disability status and that Crystal Group takes affirmative steps to employ and advance in employment qualified protected veterans and qualified individuals with disabilities. Crystal Group further notifies Seller that, as an entity supplying goods and/or services to Crystal Group, your organization may be subject to, and required to take action pursuant to, the following laws and accompanying regulations. The equal employment opportunity clauses within each of the above regulations, as applicable, are:

- Executive Order 11246 (and its implementing regulations at 41 CFR part 60)
- The Vietnam Era Veterans Readjustment Assistance Act of 1974, as amended (and its implementing regulations at 41 CFR. 60-300); and
- Section 503 of the Rehabilitation Act of 1973, as amended (and its implementing regulations at 41 CFR. 60-171); and,
- Executive Order 13496 (and its implementing regulations at 29 CFR. part 471, Appendix A to Subpart A).

19. **Intellectual Property** – Seller agrees to defend, protect and save harmless, Crystal Group, its successors and users of the goods/products against all claims or suits at law or in equity, and from all damages, claims or demands (including attorney fees) for actual or alleged infringement of any United States or foreign intellectual property ("IP") including patent, trademark, trade secret or copyright by reason of use of the goods/products ordered. Seller is and remains the sole owner of its IP in any COTS Item, including any software embedded in or specifically designed for use with such COTS Item or, where not the sole owner, Seller has rights sufficient to grant the following license: Buyer is hereby granted a non-exclusive, worldwide, royalty-free, perpetual, irrevocable license (with rights to sublicense) to use, modify, or improve Seller's IP as necessary to install, integrate, use, test, operate, maintain, reproduce, re-install, perform, exhibit, modify, improve, repair, or support any COTS Item and to translate or distribute all or any part of such COTS Item or Seller's IP to the extent necessary for Buyer's customers and end users. COTS Item means any item (i) customarily stocked or held in quantity by Seller for sale or license on demand by customers or used by, sold or licensed to, or offered for sale or license to, the general public, including via catalog listing, published price list, or another similar form that is regularly maintained by Seller, made available to the general public, and states purchase prices for Items, and (ii) not designed, developed or modified to meet Buyer's requirements in any way.

20. **Insurance** – Seller agrees to indemnify and protect Crystal Group and its customers against all liabilities, claims or demands for injuries or damages (including attorney fees) to any person or property or otherwise arising out of performance of this PO by Seller, its employees, agents or representatives or the products supplied by Seller or any failure of Seller to comply with the provisions of this PO Seller agrees to provide proof to Crystal Group that Seller has workmen's' compensation, commercial liability (including products liability) and property damage insurance coverage to adequately protect Buyer against such damages, liabilities, claims, losses or expenses. Seller shall submit a certificate of insurance evidencing such insurance coverage if requested by Buyer.

21. **Delivery Schedules** – Deliveries are to be made both in the manner and on the date(s) specified in this PO Crystal Group may from time to time change delivery schedule or direct temporary suspension of scheduled shipments. Seller shall notify Crystal Group of any delays.

22. **Material Packaging and Shipping** – All material shall be suitably packed as specified herein and in accordance with the requirements of common carriers in a manner to secure the lowest transportation cost and no additional charge shall be made to Buyer unless otherwise stated herein or by subsequent written authorization by Buyer. Materials will be packaged with contents, plainly marked on the outside of each carton, case and package. A packing slip must accompany all shipments noting this order number. All shipping documents must show this order number. Materials will be packaged to secure safe and complete arrival to the receiving location without damage to the contents or to others. Bar code labeling should be used whenever possible.

23. **Invoices** – All invoices must show the PO number and be sent in duplicate to Crystal Group Inc., A/P Department, 850 Kacena Road, Hiawatha, Iowa 52233 unless otherwise instructed. Invoice description of item or service, quantity/unit should read exactly as the PO reads. A separate invoice should be issued for each shipment. Invoices received and approved during the month are scheduled for payment the following month. Invoices received that offer discounts based on special terms of payment will be considered for special handling at the discretion of the Crystal Group Purchasing and Accounts Payable Departments.

24. **Warranty of Material and Quality** – All parts and materials purchased must be Traceable back to the manufacturer. Seller warrants: (i) the items or service delivered hereunder to be free from all defects in labor, materials and fabrication, (ii) each item or service, whether or not sold under a patent or trade name, is of good and merchantable quality, (iii) if Seller knows or should know the purpose for which Buyer is intending to use the goods purchased hereunder, Seller warrants such goods as fit for the purpose for which they are to be used, and (iv) the goods provided hereunder are in compliance with each and every term and condition of this PO These warranties shall run to Buyer, its affiliates, subsidiaries, successors, subcontractors, assigns and customers. Such warranties, and the time for giving notice of breach thereof, shall extend beyond receipt and inspection until tested in use by the ultimate user. Seller will indemnify and hold Buyer and its customers harmless against all liability and expenses, including attorney fees, arising from any breach of these warranties. This is in addition to any other express warranty or service guarantee given by Seller to Crystal Group or its customer or as otherwise required by law. Hazardous materials and equipment must be plainly marked and safety care and use instructions must be printed on a suitable container, package or equipment according to federal OSHA and individual state OSHA requirements. Electrical devices will carry UCC, FCC or equivalent rating and will conform to the building codes and safety standards of Crystal Group's designated receiving location, unless otherwise specified. Seller shall notify Crystal Group of any non-conforming product and obtain organization approval for non-conforming product disposition. Seller shall notify Crystal Group of any changes in product and/or process, changes of supplies, changes of manufacturing facility location and, where required, obtain organizations approval and flow down to the supply chain the applicable requirements, including customer requirements.

25. **Certificate of Conformance** – All items on this PO require a certificate of conformance ("C of C"). This includes COTS (commercial-off-the-shelf) parts and parts that are manufactured to a Crystal Group print. If Seller is not a manufacturer (or service provider), in addition to the Seller's C of C, the following shall also be included:

- A manufacturer's (or service provider's) C of C
- A Certificate of Conformance and Supply Chain Traceability ("CoCT") - A certificate of conformance that provides evidence that the parts were obtained directly from the Original Component Manufacturer (OCM) or approved manufacturer

The following shall be included on Seller's and/or Manufacturer's C of C and/or shipping document with each shipment:

- Seller's name and address and reference to Buyer's contract number and line item number. (Seller's C of C)
- Manufacturer's (or service provider's) name and address. (Manufacturer's (or service provider's) C of C)
- Signature or stamp with title of Seller's authorized personnel signing the certificate, date of signing, and a statement attesting that Goods provided under this contract conform to all contract requirements. Certificates utilizing secured computer-generated signatures with title of Seller's authorized personnel are acceptable.
- Part number and dash number (as specified by Purchase Contract ("PC")) for each item
- Revision level / version (as specified by PC) to which the Goods were manufactured (or serviced)
- Traceability information, if required, representative of each item - to include the lot trace (e.g., date, batch, heat) or the individual item trace (e.g., serial number)
- When multiple item manufacturers (or service providers) and/or multiple lots are included in one shipment, Seller shall separate and identify respective manufacturer's (or service provider's) lots, and indicate each lot quantity
- If goods are Buyer furnished, so indicate on C of C by part number and quantity
- Additional documentation requirements defined by the item specification as applicable

When applicable, the following shall be included on Seller's CoCT with each shipment:

- Name, address and phone number of the OCM authorized distributor
- Statement that the supplier is an OCM authorized source
- Part number
- Part manufacturer ("OCM")
- Lot code/Date code as applicable
- Quantity
- Supplier Quality Assurance ("QA") manager Signature or stamp with title of Seller's authorized personnel signing the certificate, date of signing, and a statement attesting that Goods provided under this contract conform to all contract requirements. Certificates utilizing secured computer-generated signatures with title of Seller's authorized personnel are acceptable.
- CoCT Date.

26. **Commercial Item Representation** – The Seller represents that all hardware, software, goods and services provided under this contract meet the FAR 2.101 definition of "commercial item" and that all software provided under this contract

also meets the FAR 2.101 definition of “commercial computer software”. If this Commercial Item Representation is not true, the Buyer’s offer is not valid, and the Seller should promptly (i) advise the Buyer that the Commercial Item Representation is not true, and (ii) either (a) reject the Buyer’s offer or (b) request a modification of Buyer’s offer.

27. **Advertising** – Seller shall not, without first obtaining written consent of Buyer, advertise in any manner or use in other sales promotion or conversation that Seller has contracted to furnish the material or services herein ordered.

28. **Cancellation** – Crystal Group reserves the right to cancel without further liability all or any part of the products or work covered by this PO: (i) upon written notice not less than five (5) days prior to the scheduled shipment date; (ii) if Seller does not make deliveries specified in the schedules or fails to make progress as to endanger satisfactory performance of the work or delivery of the product; (iii) if Seller breaches any of the terms hereof, including the warranties of Seller or (iv) upon the filing of bankruptcy by or against Seller or the insolvency of Seller. This may include strike and the threat of a strike preventing the timely and satisfactory delivery of goods or services covered by this PO Seller will bear all costs of alternate storage and shipping fees in the event an anticipated strike or work slowdown preventing delivery that occurs and that causes undue hardship on Buyer.

29. **Discretionary Government Surveillance** – During performance of this contract, Seller and Seller’s Subcontractors quality and manufacturing processes are subject to review, verification, and analysis by authorized Government Quality Representatives. Government inspection or release of goods or services prior to shipment is not required unless Seller is otherwise notified. Seller shall provide a copy of this contract upon receipt to the Government Quality Representative who services Seller’s facility. In the event the Government Quality Representative or DCMA office cannot be located, Seller shall immediately notify Buyer’s Authorized Procurement Representative.

30. **Subcontracting** – Seller shall not subcontract in whole, or substantially in whole, performance of any order without prior written consent of the Buyer. Requests for subcontracting an order shall be made by Seller in writing

31. **Requirements Flowdown** – Seller shall flow down applicable specifications, descriptions, requirements, and all requirements in the Contract and PO to sub-tier suppliers.

32. **Force Majeure** – Neither party shall be liable for damages for delay in performance arising out of causes beyond its reasonable control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy, acts of any government authority, fires, floods, or unusually severe weather. If the delay is caused by the delay of a sub-tier supplier of Seller and if such delay arises out of causes beyond the reasonable control of both Seller and its sub-tier supplier, and without the fault or negligence of either of them, Seller shall not be liable to Buyer in damages unless the Items, components, or services to be furnished by the sub-tier supplier were obtainable from other sources in sufficient time to permit the Seller to meet the completion or delivery due dates. Seller will notify Buyer in writing within twenty-four (24) hours after the beginning of any such force majeure event and provide timely updates to Buyer until resolved.

33. **Assignment** – This PO is not assignable by Seller without Buyer’s prior written consent.

34. **Remedies Cumulative** – Buyer’s remedies shall be cumulative, and any remedies herein specified do not exclude any remedies allowed by law or in equity. Waiver of any breach shall not constitute waiver of any other breach of the same or any other provision. Acceptance of any item or payment therefor shall not waive any breach. If any party hereto incurs legal costs and attorney fees in successfully enforcing its rights under this PO, such party shall be entitled to recover those costs and attorney fees from the other party hereto.

35. **Applicable Law and Jurisdiction** – This PO shall be governed by and construed in accordance with the laws of the State of Iowa. Each party hereby submits to the nonexclusive jurisdiction of the United States District Court for the Northern District of Iowa or the Iowa District Court for Linn County for the purposes of all legal proceedings arising out of or relating to this PO.

36. **Records Retention** – Seller shall maintain on file all quality data/records such as; certificates of material and/or processes, acceptance test reports, inspection records, and other applicable quality control data for a minimum of 15 year from completion of purchase order. Prior to the destruction of any records related to this order, copies of any record not older than 90 years shall be provided to Crystal Group for storage at our facilities.

37. **Calibration Services** – Sellers providing calibration service must be certified to ISO 17025 (or equivalent). All calibration certificates must identify standards used and must be traceable to NIST (National Institute of Standards Technology).

38. **Company Changes** – Crystal Group requires notification on any changes that occur within your business. These changes include ownership, management, location of facilities, or anything that affects your quality management program. Seller must also maintain quality system approval that meet Crystal Group’s system requirements. Upon request, Seller must be able to provide list of delegated suppliers to Crystal Group and/or regulatory agency reviews.

39. **Foreign Object Debris (FOD) Prevention** – Seller is required to establish and maintain a FOD prevention program in compliance with AS9146.

40. **Counterfeit Parts Prevention** – With regard to any electronic parts procured by or on behalf of Seller for the Goods, Seller shall meet the following additional requirements: (i). Seller shall implement a counterfeit electronic parts detection and avoidance system consistent with the requirements of the latest dated version of SAE standard AS5553, as of the effective date of this contract. (ii). Seller shall include the substance of this article, including this flowdown requirement, in all subcontracts awarded by Seller for work under this Contract.

Seller shall not furnish to Buyer any Goods under this Contract that are "Counterfeit Goods," defined as Goods or separately-identifiable items or components of Goods that: (i) are an unauthorized copy or substitute of an Original Equipment Manufacturer or Original Component Manufacturer (collectively, "OEM") item; (ii) are not traceable to an OEM sufficient to ensure authenticity in OEM design and manufacture; (iii) do not contain proper external or internal materials or components required by the OEM or are not constructed in accordance with OEM design; (iv) have been re-worked, re-marked, re-labeled, repaired, refurbished, or otherwise modified from OEM design but not disclosed as such or are represented as OEM authentic or new; or (v) have not passed successfully all OEM required testing, verification, screening, and quality control processes. Notwithstanding the foregoing, Goods or items that contain modifications, repairs, rework, or re-marking as a result of Seller's or its subcontractor's design authority, material review procedures, quality control processes or parts management plans, and that have not been misrepresented or mismarked, shall not be deemed Counterfeit Goods. Counterfeit Goods shall be deemed nonconforming to this Contract.

Seller shall implement an appropriate strategy to ensure that Goods furnished to Buyer under this Contract are not Counterfeit Goods. Seller's strategy shall include, but is not limited to, the direct procurement of items from OEMs or authorized suppliers, conducting approved testing or inspection to ensure the authenticity of items, and, when items are to be procured from non-authorized suppliers, obtaining from such non-authorized suppliers appropriate certificates of conformance that provide one or more of the following: (i) the OEM's original certificate of conformance for the item; (ii) sufficient records providing unbroken supply chain traceability to the OEM; or (iii) test and inspection records demonstrating the item's authenticity.

Seller shall promptly notify Buyer in writing when discrepancies in Seller's process, including any violation of or deviation from Seller's approved inspection/quality control system, or Goods are discovered or suspected regarding Goods delivered or to be delivered under this Contract, including the quantity and specific identity of any impacted Goods. Whenever Seller receives, either before or after shipment of Goods under this Contract, notification that any of the Goods, including any component, part, or material thereof, is the subject of a Government-Industry Data Exchange Program ("GIDEP") alert, Seller shall promptly furnish such information to Buyer. Seller shall participate in GIDEP under the latest revision of GIDEP Requirements Guide, NAVSEA S0300-BUGYD-010.

If Seller becomes aware or suspects that it has furnished Counterfeit Goods to Buyer under this Contract, Seller promptly, but in no case later than thirty (30) days from discovery, shall notify Buyer and replace, at Seller's expense, such Counterfeit Goods with OEM or Buyer-approved Goods that conform to the requirements of this Contract. For confirmed Counterfeit Goods, GIDEP notification shall also be made no later than sixty (60) days after discovery. Seller shall be liable for all costs related to the replacement of Counterfeit Goods and any testing or validation necessitated by the installation of authentic Goods after Counterfeit Goods have been replaced.

Seller bears responsibility for procuring authentic Goods or items from its subcontractors and shall ensure that all such subcontractors comply with the requirements of this article.

**41. Conflict Minerals** – No products or good sold to Buyer contain any Conflict Minerals as defined in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

**42. Ethical Business Conduct** – Seller will ensure that its employees performing under this Contract comply with Buyer's Ethical Business Conduct Guidelines.

**43. Export Regulations** – The Contract and PO, including any attachments or exhibits hereto, may contain information which is subject to the International Traffic in Arms Regulations (ITAR) or Export Administration Regulations (EAR) which may not be released to foreign concerns or foreign persons either inside or outside the United States without first obtaining the proper export authority. Seller shall obtain an export license pursuant to the requirements set forth herein for any items that Seller either manufactures or subcontracts outside the US or before allowing access to any technical data by a foreign person in the United States. If Seller is a "Foreign Person" (as defined by the ITAR, reference 22 CFR Subchapter M), Seller shall, upon request of Buyer and without additional cost, provide such information as may be necessary to support Buyer's application for export license(s) covering any items ordered from Seller hereunder.

The Contract may contain defense related technical data. Buyer has obtained, or will obtain, the approval of the US Government to furnish to Seller the data, and any other items hereunder requiring such approval, which are necessary for Seller to perform this Contract. US Government approval is based upon the following ITAR requirements with which Seller agrees to comply: (1) Seller shall use the technical data furnished by Buyer only in the manufacture of defense articles in accordance with the Contract; (2) Seller shall not disclose or provide technical data furnished by Buyer to any person except authorized US citizen, protected person, permanent resident alien (immigrant alien). If Seller is a "Foreign Person," it may also disclose or provide technical data furnished by Buyer to its employees who are citizens of the same country and qualified subcontractors in the same country which require the data in performance of the subcontracts; (3) Seller shall not disclose or provide technical data furnished by Buyer to any foreign person either in the US or abroad unless obtaining prior authorization directly from the US Department of State Office of Defense Trade Controls (ODTC). ITAR defines a "foreign person" as any person who is not a US citizen, permanent resident alien, or a protected individual as defined by 8 USC 1324B(a)(3). Foreign person also means a foreign corporation (corporation not incorporated in the US),

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foreign government, and any agency or subdivision of foreign governments (i.e. diplomatic mission); (4) Seller shall not acquire any rights in the data furnished by Buyer except to use it in the performance of the Contract. Seller also shall not convey to its qualified subcontractors any greater rights in the data than Seller has. Seller's qualified subcontractors shall only have the right to use the data as required in performance of their subcontracts; (5) Seller shall deliver the defense articles manufactured in accordance with the Contract only to Buyer or to the US Government; (6) Upon completion or termination of the Contract, Seller shall destroy or return to Buyer all technical data furnished to Seller by Buyer pursuant to this Contract. At Buyer's election, Buyer may direct Seller to return or destroy the data and may require Seller to certify in writing that Seller has complied; and (7) Seller shall impose these requirements, (1) through (7), suitably revised to identify the parties properly, on all of its subcontractors to which Seller intends to furnish technical data provided by Buyer for use by the subcontractors in performance of the subcontracts.

**44. Buyer's Use of Data and Information** – Seller agrees that any technical data and computer software furnished to Buyer as a required deliverable under this Contract to Buyer's US Government customer will be free from confidential, proprietary, or restrictive-use markings ("Nonconforming Markings") that are not expressly permitted by applicable FAR, Department of Defense FAR Supplement ("DFARS"), NASA FAR Supplement or other US Government agency FAR supplement clauses incorporated herein. On behalf of Buyer's US Government customer, Buyer's procurement agent may notify Seller of such a Nonconforming Marking, and if Seller fails to remove or correct such marking within sixty (60) days after such notification, Buyer may ignore or, at Seller's expense, remove or obliterate any such Nonconforming Marking as may be on such deliverables. Buyer will protect, in accordance with the **CONFIDENTIAL, PROPRIETARY, AND TRADE SECRET INFORMATION AND MATERIALS** clause of this Contract, any Seller technical data or computer software required to be delivered under this Contract, and will use and disclose such technical data and computer software only as authorized by such clause, by Seller, or as authorized by the US Government under the US Government's license to such technical data and computer software.

**45. Technical Data** – Prior to Seller export of Buyer-provided export-controlled unclassified technical data or technology containing an export jurisdiction neutral marketing, Seller shall request Buyer to provide Seller the specific export jurisdiction classification. If Seller exports Buyer-provided export-controlled unclassified technical data or technology, Seller shall include a statement which identifies the specific export jurisdiction classification, i.e., United States Munitions List (USML) Category of Export Control Classification Number (ECCN) and includes the applicable type(s) of legend(s) as follows: "*EXPORT CONTROLLED – The technical data or software is subject to the International Traffic in Arms Regulations (22 C.F.R. Parts 120-130). Export, re-export or retransfer contrary to U.S. law is prohibited.*" Or "*EXPORT CONTROLLED – The technology of software is subject to the Export Administration Regulations (15 C.F.R. Parts 730-774). Export, re-export of retransfer contrary to U.S. law is prohibited.*"

**46. Deliverable Software** – If Seller is providing Deliverable Software, Seller shall maintain an effective quality management system in accordance with AS9115 to ensure product and process integrity is consistent with these requirements.

**47. Software License Agreement** – Seller agrees that any software provided as part of the purchased goods shall be licensed consistent with the requirements of FAR 12.212, 27.405-3, and 52.227-19. To that end, the Parties agree to the following understandings concerning the licenses involved, notwithstanding any contrary provisions contained in the license or lease agreement, and notwithstanding any words to the contrary that appear on the Seller's proposal or quotation, in the Seller's order acknowledgment, on the computer screen, in the documentation that is furnished with the software, on a website, or elsewhere:

a. Except to the extent expressly stated otherwise in the purchase order, the licensee is the US Government. Utilization of the software under the terms of license by US Government prime contractors and US Government subcontractors in performance of US Government prime contracts or subcontracts is permitted. The license is not limited to a specific department, agency, or instrumentality of the US Government. The licensee is not the individual that loaded the software or clicked an "I Accept" button on any screen or that triggered any purported shrinkwrap, clickwrap, or browsewrap acceptance or agreement mechanism.

b. This is part of every license purchased and shall apply through all renewals or extensions of every license purchased.

c. Indemnities, automatic renewals, and future fees, duties, costs, taxes, penalties, and interest assessments, which constitute an obligation in advance of appropriations in violation the anti-deficiency laws (31 USC 1341 and 41 USC 6301), are void to the extent they violate the law. The license cannot create an obligation to pay for anything other than the price of the license specified in the order. The full price for the licenses being purchased is the price specified in the order.

d. Provisions concerning control over litigation which violate the US Government's Department of Justice's jurisdictional statute (28 USC 516) are void to the extent that they violate the law.

e. Buyer's responsibility for taxes is governed by Federal and state law and the purchase contract or order, not by the license.

f. Governing law, venue, and statute of limitations which is mandated by Federal law will control in the event of a conflict with the license. License provisions which require the license to be governed by foreign law, which require litigation in foreign courts, which require binding arbitration, or which deny jurisdiction to the US District Courts or to the US Court of Claims are void.

- g. License provisions that purport to create rights to injunctions, rights to unilateral termination, rights to make unilateral license modifications or unilateral license changes, rights to unilateral assignment by licensor, and rights to other equitable remedies that are not available against the US Government under Federal statutes are void.
- h. Derivative works do not fall within the definition of commercial item in FAR 12.212 (Acquisition of Commercial Items, Computer Software) and therefore are not within the scope of, or governed by, the license.
- i. In the event of inconsistencies between the Licensor's License Agreement and Federal law, Federal law shall apply.
- j. Copies of this license may be disclosed to third parties by the US Government consistent with the Freedom of Information Act.

**48. FAR/DFAR Requirements** – Seller agrees to follow and flow down all FAR/DFAR requirements as applicable to the goods purchased. Attached at Attachment A, is list of Federal Acquisition Regulations (“FAR”) and Defense Federal Acquisition Regulation Supplement (“DFARS”) clauses, as in effect on the date of this Order, incorporated herein by reference as if the text were fully written herein. In such clauses, unless otherwise specifically stated, the term “Contractor” means Seller except in the term “prime contractor,” “subcontractor” means Seller's subcontractor, “Contract” means this PO, except in the term “prime contract” and both “Contracting Officer” and “Government” mean Buyer except in the terms “Government Property” and “Government-Furnished Property,” or as otherwise indicated. The full text of the clauses can be located at the website <http://farsite.hill.af.mil> for FAR or DFARS clauses.

**49. Confidentiality/Non-Disclosure** – All specifications, documents, and prototype articles delivered by Buyer to Seller are the property of Buyer, delivered solely for the purpose of Seller's performance of this PO and on the express condition that neither they nor the information contained therein shall be disclosed to others nor used for any purpose other than in connection with this PO, without the prior express written consent of Buyer. Such specifications, documents and articles shall be returned to Buyer promptly upon its written request. Such request may be made at any time during or after completion of Seller's performance. The obligations under this clause will survive the cancellation, termination, or completion of this order.

**50. Cyber Security and Incident Reporting** – If DFARS 252.204-7012, Safeguarding Covered Defense Information and Cyber Incident Reporting, is applicable to purchase orders issued by Buyer, Seller shall be responsible for the following in addition to those requirements specified in the above DFARS clause: (a) As defined therein, the Seller shall rapidly report Cyber incidents to the DoD at <http://dibnet.dod.mil> and the Buyer, providing the requisite information required under the clause (b) Without exception, any Cyber incident the Seller encounters shall be reported to Buyer as soon as practicable within 72 hours of discovery of an incident (c) In the event of a data breach, Buyer shall be afforded unfettered access to certain technical information (e.g., logs, packet flow information, etc.). This information will be required to satisfy Buyer's customer information requests. (d) Failure to report or provide these notices will be considered a material breach of this Subcontract In further support of this requirement, should Buyer elect to utilize supplier checklists, representations or certifications of compliance, outside vendor verification, and/or onsite security audits, Seller shall support as required to meet the continuing needs of Buyer's customer. (e) The Contractor shall not award a subcontract or other contractual instrument, that is subject to the implementation of NIST SP 800-171 security requirements, in accordance with DFARS clause 252.204-7012 of this contract, unless the subcontractor has completed, within the last 3 years, at least a Basic NIST SP 800-171 DoD Assessment, as described in [https://www.acq.osd.mil/dpap/pdi/cyber/strategically\\_assessing\\_contractor\\_implementation\\_of\\_NIST\\_SP\\_800-171.html](https://www.acq.osd.mil/dpap/pdi/cyber/strategically_assessing_contractor_implementation_of_NIST_SP_800-171.html), for all covered contractor information systems relevant to its offer that are not part of an information technology service or system operated on behalf of the Government. (f) If a subcontractor does not have summary level scores of a current NIST SP 800-171 DoD Assessment (i.e., not more than 3 years old unless a lesser time is specified in the solicitation) posted in SPRS, the subcontractor may conduct and submit a Basic Assessment, in accordance with the NIST SP 800-171 DoD Assessment Methodology, to [webpmsmh@navy.mil](mailto:webpmsmh@navy.mil) for posting to SPRS along with the information required by paragraph (d) of DFARS 252.204-7020. (g) The Contractor shall insert the substance of this clause in all subcontracts and other contractual instruments, including subcontracts for the acquisition of commercial items (excluding COTS items).

**51. Notices** – Any notices or other communications required or permitted to be given by any party hereto shall be personally delivered or sent by First Class Mail, Certified, to the address shown on the front of this PO or a different address that may have been furnished in writing by a party hereto. Such notice shall be deemed served at the time personally delivered or three (3) days after the date mailed.

**52. Entire Agreement** – This PO and any documents referenced herein or on the face hereof constitute the entire agreement between the parties and supersede any prior understandings or agreements between the parties.



**FAR Clauses** – The following contract clauses are incorporated by reference from the Federal Acquisition Regulation (FAR) and apply to the extent indicated.

52.203-13, Contractor Code of Business Ethics and Conduct (Apr 2010) (41 USC 3509), if the subcontract or purchase order exceeds \$5,000,000 and has a performance period of more than 120 days. All disclosures of violation of the civil False Claims Act or of Federal criminal law shall be directed to the agency Office of the Inspector General, with a copy to the Contracting Officer. Buyer will identify the address to use upon request.

52.203-15, Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009 (JUN 2010) (Section 1553 of Pub. L. 111-5), if the subcontract or purchase order is funded under the Recovery Act.

52.204-24, Representation Regarding Certain Telecommunications and Video Surveillance Services or Equipment

52.204-25 Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment

52.209-6 Protecting the Government's Interests When Subcontracting With Contractors Debarred, Suspended or Proposed for Debarment (OCT 2015), if the subcontract or purchase order exceeds \$35,000 in value. Seller agrees it is not debarred, suspended, or proposed for debarment by the Federal Government. Seller shall disclose to Buyer, in writing, whether as of the time of award of this contract, Seller or its principals is or is not debarred, suspended, or proposed for debarment by the Federal Government. This clause does not apply to contracts where the Seller is providing commercially available off-the shelf items.

52.219-8, Utilization of Small Business Concerns (OCT 2014) (15 USC 637(d)(2) and (3)), if the subcontract or purchase order exceeds \$150,000 and offers further subcontracting opportunities. If the subcontract or purchase order (except subcontracts or purchase orders to small business concerns) exceeds \$650,000 (\$1.5 million for construction of any public facility), the Seller must include 52.219-8 in lower tier subcontracts that offer subcontracting opportunities. This clause does not apply if the subcontract or purchase order, together with all of its subcontracts, will be performed entirely outside of the United States and its outlying areas.

52.222-21, Prohibition of Segregated Facilities (APR 2015), if the order combined with all nonexempt Federal contracts and/or subcontracts during the 12 months preceding the award of this order have an aggregate value in excess of \$10,000. This clause does not apply if the subcontract or purchase order is exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended. This clause does not apply to work performed outside the United States by employees who were not recruited within the United States.

52.222-26, Equal Opportunity (APR 2015) (E.O. 11246), if the order combined with all nonexempt Federal contracts and/or subcontracts during the 12 months preceding the award of this order have an aggregate value in excess of \$10,000. This clause does not apply if subcontract or purchase order is exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended. This clause does not apply to work performed outside the United States by employees who were not recruited within the United States.

52.222-35, Equal Opportunity for Veterans (JUL 2014) (38 USC 4212(a)), if the subcontract exceeds \$99,999.99. This clause does not apply if the subcontract or purchase order is exempted by rules, regulations, or orders of the Secretary of Labor.

52.222-36, Equal Opportunity for Workers with Disabilities (JUL 2014) (29 USC 793), if the subcontract or purchase order exceeds \$15,000. This clause does not apply if the subcontract or purchase order is exempted by rules, regulations, or orders of the Secretary of Labor.

52.222-37, Employments Reports on Veterans (JUL 2014) (38 USC 4212), if the subcontract or purchase order exceeds \$99,999.99. This clause does not apply if the subcontract or purchase order is exempted by rules, regulations, or orders of the Secretary of Labor.

52.222-40, Notification of Employee Rights Under the National Labor Relations Act (DEC 2010) (E.O. 13496), if the subcontract or purchase order exceeds \$10,000 and will be performed wholly or partially in the United States, unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to section 3 of Executive Order 13496 of January 30, 2009.

52.222-50, Combating Trafficking in Persons (MAR 2015) with Alternate I (MAR 2015) (22 USC 7104(g)). In paragraph (d), the term “Contracting Officer” means Buyer, and in paragraph (e), the term “the Government” means Buyer. If this subcontract or purchase order has a performance location outside of the United States, the Seller shall ask the Buyer's Authorized Procurement Representative to provide the directive(s) or notice(s) applicable to employees performing work at the contract place(s) of performance.

52.222-54 Employment Eligibility Verification (OCT 2015). This clause applies to all subcontracts that (1) are for (i) commercial or noncommercial services (except for commercial services that are part of the purchase of a COTS item (or an item that would be a COTS item, but for minor modifications), performed by the COTS provider, and are normally provided for that COTS item), or (ii) construction; (2) has a value of more than \$3,500; and (3) includes work performed in the United States.

52.222-55, Minimum Wages Under Executive Order 13658 (DEC 2014), if the subcontract or purchase order is subject to the Service Contract Labor Standards statute or the Wage Rate Requirements (Construction) statute, and is to be performed in whole or in part in the United States.

52.227-19, Commercial Computer Software License (DEC 2007), if commercial computer software is being acquired.

52.232-39, Unenforceability of Unauthorized Obligations (JUN 2013).

52.232-40, Providing Accelerated Payments to Small Business Subcontractors (DEC 2013), if the subcontract or purchase order is with a small business concern.

52.244-6, Subcontracts for Commercial Items (OCT 2015).

**DFARS Clauses – DoD Contracts.** The following contract clauses are incorporated by reference from the Defense Federal Acquisition Regulation Supplement (DFARS) and apply to the extent indicated.

252.204-7009, Limitations on the Use or Disclosure of Third-Party Contractor Reported Cyber Incident Information (AUG 2015), if the subcontract or purchase order is for services that include support for the Government's activities related to safeguarding covered defense information and cyber incident reporting.

252.204-7012, Safeguarding Covered Defense Information and Cyber Incident Reporting (AUG 2015). The Seller is required to rapidly report cyber incidents directly to DoD at <http://dibnet.dod.mil> and the Buyer's Authorized Procurement Representative. This includes providing the incident report number, automatically assigned by DoD, to the Buyer's Authorized Procurement Representative as soon as practicable.

252.204-7019 Notice of NIST SP 800-171 DoD Assessment Requirements (November 2020). In order to be considered for award, the seller must have a valid assessment filed with the Supplier Performance Risk System (SPRS). The assessment must not be more than 3 years old.

252.204-7020 NIST SP 800-171 DoD Assessment Requirements (Nov 2020). This clause applies to covered contractor information systems that are required for compliance. Seller to provide Buyer access to its facilities, systems, and personnel in order to determine the existence of a valid current CMMS certification level.

252.204-7021 Contractor Compliance with the Cybersecurity Maturity Model Certification Level Requirement (Nov 2020). Seller must comply with the CMMC framework that includes the implementation of prescribed cybersecurity practices and achieving the CMMC level required by this contract which shall be required for the duration of this contract.

252.211-7003 Item Unique Identification and Valuation (DEC 2013). This clause applies to items with a unit acquisition cost of \$5,000 or more unless other instructions are given elsewhere in this contract.

252.223-7008 Prohibition of Hexavalent Chromium (JUN 2013), if the contract or purchase order is for supplies, maintenance and repair services, or construction materials. “Contracting Officer” means Buyer.

252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals (OCT 2014), if the subcontract or purchase order is for items containing specialty metals. Paragraph (d) and paragraph (e) (1) of this clause are excluded.

252.225-7048 Export-Controlled Items (JUN 2013). Paragraph (e) of this clause is excluded.

252.227-7015 Technical Data -- Commercial Items (FEB 2014). This clause applies if the Seller will deliver technical data.

252.227-7037 Validation of Restrictive Markings on Technical Data (JUN 2013), if the Seller will be required to deliver technical data.

252.239-7010 Cloud Computing Services (AUG 2015), if the subcontract or purchase order involves or may involve cloud services. The Seller shall provide all notifications and requests for approval, including those under parts (b) (1) and (j) of this clause, to the Buyer's Authorized Procurement Representative. The Buyer shall notify the Contracting Officer and shall transmit all Contracting Officer notifications and consents to the Seller.

252.239-7018, Supply Chain Risk (NOV 2013), if the subcontract or purchase order involves the development or delivery of any information technology, whether acquired as a service or as a supply. Paragraph (e) of this clause is excluded. The seller shall in lieu of paragraph (e) obtain certification from the manufacturer that the manufacturer has processes in place that meet the intent of this clause.

252.244-7000 Subcontracts for Commercial Items and Commercial Components (DoD Contracts) (JUN 2013).

252.246-7003 Notification of Potential Safety Issues (JUN 2013), if this subcontract or purchase order is for (i) parts identified as critical safety items; (ii) systems and subsystems, assemblies and subassemblies integral to a system; or (iii) repair, maintenance, logistics support, or overhaul services for systems and subsystems, assemblies, subassemblies and parts integral to a system. The notification required by paragraph (c) of this clause will be provided to Buyer's Authorized Procurement Representative and Buyer will notify the administrative contracting officer (ACO) and the procuring contracting officer (PCO).

252.246-7007 Contractor Counterfeit Electronic Parts Detection and Avoidance System (MAY 2014), if the Seller will deliver (1) electronic parts; (2) end items, components, parts, or assemblies containing electronic parts; or (3) services where the contractor will supply electronic parts or components, parts, or assemblies containing electronic parts as part of the service. In paragraph (c)(6), "Contracting Officer" means "Buyer."