

PART I: STANDARD TERMS AND CONDITIONS OF PURCHASE

1. **ACCEPTANCE.** These Terms and Conditions of Purchase and all documents referenced herein (collectively, the “Order”) is an offer by B&B Airparts, Inc. (“Buyer”) to purchase the goods (“Goods”) and/or services (“Services”) and together with the Goods, the “Deliverables”) described in Buyer’s purchase order from the person or entity to whom the purchase order is addressed (“Seller”). Acceptance is limited to the terms of the Order. The Order is the only terms and conditions which govern the purchase of Deliverables by Buyer and supersede all prior and/or other contemporaneous terms and conditions, oral or written, and all other communications between the parties suggesting additional or different terms. Any proposal for additional or different terms or any attempt by Seller to vary in any degree any of the provisions of the Order is hereby deemed material and objected to and rejected by Buyer. No terms of any document or form submitted by Seller shall be effective to alter or add to the provisions contained in the Order. Unless otherwise stated herein, Seller’s acknowledgment of the Order, shipment of Goods or commencement of any Services shall constitute acceptance by Seller of the Order and these Terms and Conditions.

2. **APPLICABILITY.** Where an Order is issued in fulfillment of a United States Government prime contract or subcontract (“Government Contract”), the Government Contract number shall be identified on the face of the Order, and the additional provisions of Part II and Part III of these Terms and Conditions shall apply. Where Buyer furnishes tools, materials, designs, drawings, or other property to Seller, the provisions of Part IV shall apply. In the event of a conflict between Part I and Parts II, III, or IV, the latter shall control to the extent of such conflict. In the event of a conflict between these Terms and Conditions and any statute, regulation, rule, or required clause of the applicable Government Contract, the government requirement shall control.

These Terms and Conditions are intended to satisfy the flow down requirements of AS9100 Rev D (SAE International AS9100D:2016), Clause 8.4.3, and applicable Federal Acquisition Regulation (“FAR”) and Defense Federal Acquisition Regulation

Supplement (“DFARS”) provisions. Nothing herein shall be construed to diminish any requirement imposed by applicable Law, regulation, or prime contract.

3. **PRICES.** The prices are as stated on the Order and are otherwise fixed, firm and not subject to increase. If the price is not stipulated on the Order, it is not to be filled at higher prices than last previously quoted or charged without the prior written consent of Buyer. Unless otherwise expressly agreed by Buyer in writing, the price includes all sales, use, excise, privilege, ad valorem, and other taxes, duties, tariffs and assessments imposed or levied and charges for packing, hauling, storage and transportation to Buyer’s designated point of delivery. Any price reduction or reduction in the amount of taxes, tariffs or duties payable, subsequent to Seller’s receipt of the Order, but prior to Buyer’s payment thereof will be applied to the Order. Buyer is not obligated to any minimum purchase or future purchase obligations under the Order. Forecasts, estimates and similar projections of Buyer are not binding and are not purchase commitments. Buyer shall have no obligation to purchase or otherwise compensate Seller for any of Seller’s finished products, work in process or raw materials not expressly covered by an Order issued by Buyer. Buyer is not required to accept any price increases due to changes to the import tariff imposed on the goods or the amount of duties paid. Buyer may terminate any Order without liability if there is a price increase based on increased tariffs or duties assessed by the importing country. Seller warrants that the prices as stated on the Order do not exceed the maximum price permitted by applicable regulations, if any, or that are otherwise charged to any other customer of Seller for the same or substantially similar Deliverables, and Seller agrees to refund any amounts paid by Buyer in excess of such price.

4. **INVOICING; PAYMENT TERMS.** Seller shall issue an invoice to Buyer at the time of delivery or within seven (7) days after the completion of delivery of Goods or Services. Seller shall issue separate invoices for each shipment against this

Order, which shall show the number of items shipped. The Buyer's Order number, part number, and the Government Contract number (if any) shall appear on all invoices, packages, crates, boxes, packing slips, correspondence, and other documents in connection with the Order. In addition, each container shall show the quantity contained therein. Unless otherwise agreed to by Buyer in writing, Buyer shall pay all properly invoiced amounts due to Seller within 90 days after Buyer's receipt of such invoice, except for any amounts disputed by Buyer in good faith. All payments are subject to adjustment for shortage or rejection. Without prejudice to any other right or remedy it may have, Buyer reserves the right to set off at any time any amount owing to it by Seller against any amount payable by Buyer to Seller.

5. **DELIVERY.** Time is of the essence. If any anticipated or actual delays arise, Seller shall immediately notify Buyer in writing of the delay and its cause. Unless otherwise agreed by Buyer in writing, all shipments are DDP (Incoterms 2020) Buyer's designated facility and title and risk of loss/damage shall pass to Buyer at such time and place. The Order must be shipped complete for delivery by the date requested. Seller shall deliver Goods in the quantities and on the date(s) specified in the Order. Seller shall notify Buyer promptly of any issues that could affect delivery times. Buyer shall not be obligated to accept untimely, excess or under shipments and such shipments in whole or in part may, at Buyer's option, be returned to Seller, or held for disposition, at Seller's expense and risk.
6. **WARRANTIES; COMPLIANCE WITH LAWS.** Seller represents and warrants that (a) all Deliverables are and will (i) be in full conformity with specifications, drawings, samples, quantities, delivery schedules, and descriptions furnished or specified by Buyer; (ii) be free from defects in material, workmanship and design, (iii) be merchantable and fit and sufficient for the purposes intended; (iv) be free and clear of all liens, Claims (defined below), security interests or other encumbrances; (v) be free of claims of infringement or misappropriation of any third party's intellectual property rights; (vi) be and only contain materials obtained directly from the applicable Original

Component Manufacturer ("OCM") or Original Equipment Manufacturer ("OEM") or an authorized reseller or distributor, not be or contain counterfeit items and contain only authentic unaltered OCM or OEM labels and other markings; (vii) produced or provided in compliance all applicable foreign, federal, provincial, state, and local Laws and regulations, as well as requirements and standards applicable to the Deliverables including without limitation REACH, RoHS, Prop. 65 and the Defense Federal Acquisition Regulation Supplement (DFARS), as well as the United States' Foreign Corrupt Practices Act of 1977, as amended from time to time, including the 1998 amendment (the "FCPA"), the United Kingdom's Bribery Act 2010 ("UKBA"), the Fair Labor Standards Act of 1938, 22 CFR 120-130 ("ITAR"), and 15 CFR 740-774 ("EAR"); (viii) that such Deliverables are free from any forced, convict, and child labor in the sourcing or production of the Deliverable as well as any of the components or raw materials used in the production of the Deliverable; and (vix) that the Deliverable is not made in and is free of raw materials or components that would be prohibited importations under the provisions of the Uyghur Forced Labor Prevention Act ("UFLPA") (collectively, "Laws"); and (b) Seller shall (i) comply with all applicable Laws and Buyer's prime contract (if any); (ii) refrain from engaging in any illegal, unethical, or deceptive practices; (iii) comply with Buyer's then-current Prohibited Business Practices Policy, Code of Conduct and Supplier Quality Requirements Manual, if any, available at Buyer's website; (iv) if the Order is issued in fulfillment of a government prime or sub-contract, comply with Part II and III of these Terms; and (v) maintain an internal counterfeit item control process for Deliverables in accordance with the standards or instructions set forth in SAE AS5553 (Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition) and/or SAE AS6174A (Counterfeit Materiel; Assuring Acquisition of Authentic and Conforming Materiel), as applicable. To the extent the FCPA or the UKBA applies to Seller's activities, Seller will be knowledgeable of, understand and fully comply with the mandates of the FCPA or UKBA as applicable. Buyer shall complete any questionnaire or other document reasonably requested by Seller relating to its business activities and Seller's Goods. All

warranties shall survive inspection, testing, delivery, acceptance, termination and payment and failure to inspect, test or discover any defect or other nonconformance. These warranties shall be in addition to all other warranties, express, implied or statutory. NO ATTEMPT BY SELLER TO DISCLAIM, EXCLUDE, LIMIT, OR MODIFY ANY WARRANTIES OR SELLER'S LIABILITY FOR DIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES SHALL BE OF ANY FORCE OR EFFECT.

7. **COUNTERFEIT PARTS PREVENTION.** In accordance with Section 818 of the National Defense Authorization Act (NDAA) for Fiscal Year 2012 and DFARS 252.246-7007 (Contractor Counterfeit Electronic Part Detection and Avoidance System), Seller shall implement and maintain a counterfeit parts detection and avoidance system. If Seller supplies electronic parts or products that include electronic parts under this Order, Seller is responsible for detecting and avoiding the use or inclusion of counterfeit electronic parts or suspect counterfeit electronic parts in such products and for any rework or corrective action that may be required to remedy the use or inclusion of such parts.

Seller shall obtain and retain all documentation required to fully trace the distribution and sale of the goods delivered hereunder back to the relevant OCM or OEM, and, on request of Buyer, shall provide such authenticating documentation.

In the event that counterfeit or suspect counterfeit parts are identified in any Deliverables delivered under this Order, Seller shall immediately quarantine all suspect items, notify Buyer in writing, and cooperate fully with Buyer and applicable government agencies in the investigation and disposition of such items.

8. **INSPECTION.** All Deliverables are subject to inspection and testing by authorized representative(s) of Buyer and/or Buyer's customers and/or applicable regulatory authorities at all reasonable times and places, including during production. Buyer reserves the right to reject or revoke acceptance, in whole or in part, of Goods which fail to meet any requirement of the Order, notwithstanding inspection, testing, delivery, acceptance and/or payment and such Goods may, at

Buyer's option, be returned to Seller at Seller's cost or held for disposition at Seller's risk and expense. Seller shall notify Buyer within twenty-four (24) hours of the shipment of potential non-conforming Goods. For purposes of clarification, Deliverables that are reasonably suspected by the Buyer or any government authority to be produced in whole or in part with forced, child, or prison labor, or are produced in whole or part in violation of the UFLPA, are considered to be defective merchandise and shall be disposed of at the Seller's risk and expense.

If the Order covers items made to Buyer's specifications, Seller authorizes Buyer, at Buyer's discretion, to make a first piece inspection of any production or pre-production operation upon Seller's premises. In the event that upon conducting said first piece inspection Buyer determines such first piece does not conform to the applicable specifications set forth in the Order, or does not conform to acceptable standards of workmanship, Buyer may at its sole option: (a) cancel this Order, whereupon Buyer may pursue any remedies available at Law; or (b) permit remanufacture and resubmission of the first piece for inspection at an equitable reduction in the price of the Order.

9. **QUALITY MANAGEMENT SYSTEM AND AS 9100 REV D FLOWDOWN REQUIREMENTS.**

Seller shall implement and maintain a quality management system ("QMS") appropriate to the type and complexity of Deliverables provided under this Order. Where specified on the face of the Order, Seller shall maintain certification to AS9100 Rev D (AS9100D:2016), ISO 9001:2015, or such other quality management system standard as Buyer may require. Seller shall notify Buyer in writing within five (5) business days of any suspension, withdrawal or material change in status of any such certification.

In accordance with AS9100D Clause 8.4.3, Buyer hereby communicates the following requirements to Seller, each of which Seller shall satisfy to the extent applicable to the Deliverables provided under this Order:

(1) Seller shall provide the processes, products, and services identified in this Order in strict conformance with all applicable technical data, including specifications, drawings, process requirements, and work instructions referenced

herein or on the face of the Order.

(2) Seller shall not deliver products, provide services, or release items under this Order without Buyer's prior approval of the applicable methods, processes, and equipment where such approval is specified in the Order or required by the applicable specification or drawing.

(3) Seller shall ensure that all persons performing work under this Order possess the competence, training, and qualifications required by the applicable specifications, drawings, process requirements, and regulatory requirements.

(4) Seller shall interact with Buyer in the manner and through the channels specified on the face of the Order, including providing timely responses to requests for information, corrective action, and performance data.

(5) Seller acknowledges and consents to Buyer's control and monitoring of Seller's performance, including Buyer's right to assess Seller's on-time delivery, quality yield, responsiveness to corrective action requests, and compliance with these Terms and Conditions.

(6) Seller shall permit Buyer, Buyer's customer(s), and applicable regulatory authorities to perform verification or validation activities at Seller's premises and the premises of Seller's sub-tier suppliers, at any level of the supply chain, upon reasonable notice. Such activities may include source inspection, audit, review of processes and procedures, review of documentation, and product verification. Such access shall not relieve Seller of its obligation to deliver conforming products and services.

(7) Seller shall ensure that design and development activities, if any, are controlled in accordance with the requirements of the Order and applicable specifications.

(8) Seller shall identify and control all special requirements, critical items, and key characteristics as identified on the Order, applicable drawings, or specifications.

(9) Seller shall perform all tests, inspections, and verifications required by the Order,

applicable drawings, specifications, and these Terms and Conditions, including production process verification where applicable.

(10) Where statistical techniques are specified for product acceptance on the face of the Order or in the applicable specification, Seller shall employ such techniques in accordance with the stated instructions and acceptance criteria.

(11) Seller shall use only customer-designated or approved external providers, including special process sources (e.g., heat treating, surface treatment, non-destructive testing, welding), where such designation or approval is specified on the face of the Order or in the applicable drawing or specification. Special process providers shall hold applicable Nadcap accreditation or equivalent certification as required.

(12) Seller shall immediately notify Buyer in writing of any nonconforming processes, products, or services and shall obtain Buyer's written approval prior to any disposition of nonconforming product. Seller shall not ship nonconforming product without a written concession, deviation, or waiver authorized by Buyer. Any shipment under approved deviation or waiver shall include a copy of the written approval with the shipment documentation.

(13) Seller shall implement and maintain a system for the detection and avoidance of counterfeit parts in accordance with the requirements of Section 7 (Counterfeit Parts Prevention) of these Terms and Conditions.

(14) Seller shall notify Buyer in writing, and obtain Buyer's written approval, prior to making any changes to processes, products, or services provided under this Order, including without limitation changes to manufacturing processes, materials, sub-tier suppliers, sources of supply, or location of manufacture.

(15) Seller shall flow down to its sub-tier external providers all applicable requirements of this Order, including customer requirements, regulatory requirements, and these Terms and Conditions, to the extent necessary to ensure conformity of the delivered product or service.

(16) Seller shall, upon Buyer's request, provide test specimens for design approval, inspection, verification, investigation, or auditing.

(17) Seller shall retain documented information, including quality records, inspection data, test reports, certificates, and traceability records, for the retention periods specified on the face of the Order, or if not specified, for a minimum of ten (10) years from the date of final delivery, or as otherwise required by applicable Law, regulation, or prime contract, whichever is longer.

10. SAFETY AND HAZARDOUS MATERIALS.

Seller shall provide Safety Data Sheets ("SDS") for all chemical-containing products or materials delivered under this Order, as required by applicable Law, regulation, or Order specification and whenever the SDS is revised.

Seller shall ensure that all hazardous material is properly identified, classified, packaged, marked, and labeled in compliance with all applicable federal, state, local, and international regulations governing the transportation and handling of hazardous materials, including without limitation 49 CFR (Department of Transportation Hazardous Materials Regulations) and IATA Dangerous Goods Regulations.

Seller shall comply with FAR 52.223-3 (Hazardous Material Identification and Material Safety Data) and FAR 52.223-5 (Pollution Prevention and Right-to-Know Information) where applicable to this Order.

11. SHELF LIFE AND PRESERVATION. For all Deliverables subject to shelf life, cure date, or expiration requirements, Seller shall ensure that Deliverables delivered under this Order have a remaining shelf life adequate to permit Buyer's intended use. Unless otherwise specified on the face of the Order, items shall have a minimum of seventy-five percent (75%) of their total shelf life remaining at the time of delivery to Buyer. Seller shall clearly mark all such items with the applicable shelf life, cure date, and/or expiration date. Seller shall ensure that all preservation and handling requirements (including, but not limited to, the use of caps, plugs, desiccant, humidity indicators, barrier bags, and ESD-protective packaging for electrostatic-

discharge-sensitive items) are met in accordance with applicable specifications and the requirements of this Order. Electrostatic discharge sensitive items shall be packaged and labeled in accordance with ANSI/ESD S20.20 or equivalent industry standard, including visible ESD caution markings.

12. INDEMNIFICATION. Seller shall defend, indemnify, and hold Buyer, its affiliates and its and their respective officers, directors, members, managers, shareholders, employees, customers, successors and assigns, harmless against any and all claims, demands, damages, losses, liabilities, lawsuits, dispute resolution, judgments, fines, settlements, penalties, costs and expenses, including without limitation all reasonable attorneys' fees and litigation costs and the cost of enforcing any right to indemnification hereunder, and the cost of pursuing any insurance providers, whether direct, indirect, incidental, consequential, or otherwise (collectively, "Claims") arising out of or relating to (i) the Deliverables (including death, injury and/or property damage); (ii) Seller's actual or alleged act, omission, breach, negligence or failure to comply with the Order (iii) any Recall, defined below; (iv) actual or alleged infringement or misappropriation of any IP Right, defined below; (v) loss or damage to Buyer's Property, defined below; and any claim that the Deliverable is reasonably suspected by the Buyer or any government authority of being produced in whole or in part with forced, child, or prison labor, or are produced in whole or in part in violation of the UFLPA. Seller shall not enter into any settlement or bind Buyer in any manner without Buyer's prior written consent. This indemnification is in addition to the warranty obligations of Seller.

13. INTELLECTUAL PROPERTY. Seller represents and warrants that the manufacture, sale, performance and use of the Deliverables will not infringe any patent, copyright, trademark, trade secret, know how or other intellectual property or proprietary right ("IP Right") of any third party. If all or any portion of the Goods are held to constitute an infringement and/or their use is enjoined for any reason, Seller shall promptly, and at its own expense, either procure for Buyer the right to continue using such Goods royalty-free or replace such Goods to Buyer's satisfaction with non-infringing goods of equal quality and performance. If either of the

foregoing options are not reasonably feasible, then Seller shall refund to Buyer a pro rata portion of any fees paid.

14. **INSURANCE.** Seller shall obtain and at all times in which the Order is in effect and for no less than two (2) years thereafter, maintain at its cost insurance as designated by Buyer from time to time, but no less than insurance with insurers having a current A.M. Best rating of “A- VIII” or better: (1) Primary comprehensive or commercial general liability insurance with limits of at least \$2,000,000 per occurrence combined single limit for bodily injury and property damage, with a \$2,000,000 products and completed operations aggregate, and a \$2,000,000 general aggregate, including coverage for: (i) Products and Completed Operations liability; (ii) Blanket Contractual liability; and (iii) Cross Liability endorsement or Severability of Interest clause; (2) Automobile liability insurance with limits of at least \$1 million combined single limit per occurrence, and must have Owned, Hired and Non-Owned vehicle coverage; (3) Umbrella liability insurance with limits of \$4,000,000 per occurrence and \$4,000,000 in the aggregate. Aggregate underlying policies must include General Liability, Auto Liability and Employer’s Liability. For those situations where Seller will be on-site at a Buyer location, Seller shall maintain: (i) all statutorily required Workers Compensation coverages and limits, and (ii) Employers Liability, including limits of: \$1,000,000 Each Accident for Bodily Injury; \$1,000,000 Each Employee Bodily Injury by Disease; \$1,000,000 Policy Limit by Disease. All insurance required shall: (1) be endorsed to insure Buyer, its officers, directors, employees, representatives and agents as additional insureds; (2) be endorsed to waive any rights of subrogation against Buyer; (3) provide contractual liability coverage to Seller for its indemnity obligations; and (4) be endorsed to provide that such insurance is primary to and non-contributory with any other insurance obtained by, for or on behalf Buyer, notwithstanding any “other insurance” provision contained within such policies. Seller shall provide written notice to Buyer no less than 30 days prior to the effective date of cancellation or material reduction of any required insurance coverage. Prior hereto and at any time upon reasonable request, Seller shall provide certificates of insurance to Buyer along with other

documentation as may be reasonably required by Buyer to evidence the insurance coverages required herein. Except where prohibited by Law, Seller shall require its insurer to waive all rights of subrogation against Buyer’s insurers and Seller shall require its sub-suppliers and sub-tier contractors to maintain the same insurance coverage and limits as described herein. Compliance by Seller with the insurance requirements does not in any way affect Seller’s indemnification of Buyer under Section 10. If this contract covers the performance of labor for Buyer, Seller agrees to furnish evidence satisfactory to Buyer that all liens have been released by all persons who have performed services or furnished materials under this contract.

15. **CHANGES.** No change to any Order is binding upon Buyer unless it is in writing and signed by both parties. Buyer shall have the right at any time to make changes in drawings, specifications, quantities, materials, packaging, time and place of delivery, and method of transportation, and cancel an Order, in whole or in part, without liability. If any such changes result in an increase or decrease in the cost or the time required for performance, an equitable adjustment may be made by Buyer or Buyer may, at its option, terminate an Order if agreement on an adjustment cannot be reached. Claims for adjustment must be asserted by Seller within 10 days of the change order. Seller agrees to accept any such changes. Seller shall notify Buyer in writing of any intended or actual changes that may affect the quality of goods or services delivered under this Order. Such changes include, but are not limited to: changes to Seller’s quality management system; changes to the manufacturing process, manufacturing line, or production methods; changes in facility location; changes in sub-tier suppliers or sources of supply; changes in key personnel responsible for quality; and any force majeure events, natural disasters, or other circumstances that may impact Seller’s ability to perform. Seller shall not implement any such change without Buyer’s prior written approval.

16. **RECALL.** In the event that Buyer determines, in Buyer’s reasonable discretion, that any defect, nonconformance or deficiency in any of the Goods requires a field campaign, recall, similar or other action (“Recall”) to repair, replace or remediate any

Goods or any of Buyer's products in which Goods are incorporated, Seller shall be liable to Buyer and its customers for all damages, costs and expenses with regard to the foregoing including, without limitation, reasonable attorneys' fees and court costs.

17. **FORCE MAJEURE.** Buyer shall not be liable for failure to take delivery of the Goods or to allow performance of the Services or to otherwise perform hereunder if such failure or inability is due to causes beyond Buyer's reasonable control.

18. **TERMINATION.** Buyer may terminate any Order, in whole or in part, without liability to Seller at any time, if (i) Seller breaches the Order or fails to deliver the Goods or to perform the Services by the specified time; (ii) a petition initiating a proceeding under any applicable Law relating to bankruptcy, insolvency, or reorganization is filed by or against Seller; (iii) Seller is insolvent or executes an assignment for the benefit of creditors; (iv) a receiver is appointed for Seller or any substantial part of its assets; (v) Buyer is insecure with respect to Seller's ability to perform and Seller is unable to provide Buyer with adequate assurance of its ability to perform within 10 days after Buyer's request therefore; or (vi) Buyer provides no less than 15 days' written notice to Seller. Buyer's rights and remedies are cumulative, not exclusive and in addition to its rights and remedies at Law, in equity or otherwise. No termination shall affect any accrued rights or obligations of either party as of the effective date of such termination. Upon receipt of notice of any termination, Seller shall, unless the notice directs otherwise, immediately discontinue all work, notify subcontractors to stop work and protect property in Seller's possession in which Buyer has or may acquire an interest. Buyer shall only be responsible for works in progress or completed works which are not otherwise salable by Seller.

19. **PROPERTY.** Title to and right of immediate possession of any property, including, without limitation, patterns, tools, jigs, dies, models, moulds, equipment and materials ("Buyer's Property") furnished or paid for by Buyer shall be and remain the sole property of Buyer. No articles made therefrom shall be furnished by Seller to any other person or entity without Buyer's prior written

consent. Seller shall be responsible for maintaining adequate records and maintenance and protection of Buyer's Property and shall return Buyer's Property to Buyer promptly upon demand. No Buyer's Property may be used in the production, manufacture or design of any goods or products for any other purchaser. Seller waives any lien rights or other rights to retain Buyer's Property and acknowledges that its obligation to return Buyer's Property upon demand is unconditional.

20. **AUDIT.** Buyer and its designees shall have the right to audit and inspect Seller and Seller's suppliers' records and facilities to determine Seller's and its supplier's compliance with the Order upon prior written notice and during Seller's regular business hours. Such records and facilities shall be made available within 48 hours of such prior written notice.

21. **RECORDS.** Records shall be retained by the Seller and its suppliers (if applicable) for a minimum of fifteen (15) years; provided, however, if the Order specifies "FLIGHT SAFETY PART: HANDLE AND PACKAGE WITH CARE", such Records shall be retained for a minimum of forty (40) years. Storage of such records must meet all applicable regulatory and statutory safety codes to prevent loss, damage, or deterioration. Electronic data is to be secured with backup procedures.

22. **RISK MANAGEMENT.** Seller shall have a robust risk management plan for issues such as disaster recovery and preparedness, labor issues, and power disturbances. Seller is required to implement quality system provisions for the prevention of counterfeit parts (Ref. AS9100 clause 8.1.4) and ensure personnel are aware of their contribution to production or service conformity, product safety, and the importance of ethical behavior. Seller shall conform to Buyer's Supplier Quality Requirements Manual for Sellers available on Buyer's website. Buyer reserves the right to review Seller's plans with 48 hours prior written notice.

23. **NOTICES.** All notices to Buyer be given in writing and will be effective upon personal delivery, on the third day after mailing if sent by certified mail, postage prepaid, return receipt requested, or two business days after deposit if sent by a nationally

recognized courier service which maintains evidence of the time, place and receipt of delivery, and in each case if addressed as set forth in the Order (or such other addresses a party may designate in writing from time to time).

24. CONFIDENTIAL INFORMATION. All non-public, confidential or proprietary information of Buyer, including, but not limited to, specifications, samples, patterns, designs, plans, drawings, documents, data, business operations, customer lists, pricing, discounts or rebates, disclosed by Buyer to Seller, whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as “confidential,” in connection with the Order is confidential, solely for the use of performing the Order and may not be disclosed or copied unless authorized by Buyer in writing. Upon Buyer’s request, Seller shall promptly return or destroy, at Buyer’s option, all documents and other materials received from Buyer. Buyer shall be entitled to seek injunctive relief for any violation of this Section. This Section shall not apply to information that is: (a) in the public domain; (b) can be proven by competent evidence was known to the Seller at the time of disclosure; or (c) rightfully obtained by the Seller on a non-confidential basis from a third party. **BUYER MAKES NO WARRANTY WITH RESPECT TO ITS CONFIDENTIAL INFORMATION. ANY IMPLIED WARRANTIES THAT MAY EXIST WITH RESPECT TO ANY INFORMATION PROVIDED BY BUYER, INCLUDING ANY WARRANTY OF MERCHANTABILITY AND WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE ARE EXCLUDED.**

25. CERTIFICATE OF TEST AND CONFORMANCE. Seller shall furnish with each shipment against this Order a certificate of test and conformance, approved by Seller’s Quality Assurance, attesting to full conformance with all applicable Order requirements. At minimum, such certificate shall identify: (i) Buyer’s purchase order number; (ii) Seller’s name and place of business; (iii) a description of the item(s) delivered, including applicable part number(s) and revision level(s); (iv) applicable date codes, lot numbers, or serial numbers; (v) applicable

drawings and specifications, including revision levels; (vi) the date of inspection and tests performed, including applicable parameters measured, acceptance limits, and quantitative results recorded; and (vii) the total quantity submitted for test, quantities accepted for shipment, and quantities rejected. The certificate shall further state that test reports and certifications for all materials, parts, and processes used in manufacture are on file at Seller’s facility and available for examination upon Buyer’s request. Failure to provide a conforming certificate may result in rejection of the shipment and delay in processing of Seller’s invoice.

26. CERTIFICATE OF COMPLIANCE. Seller shall furnish with each shipment against this Order a Certificate of Compliance, approved by an authorized representative of Seller’s Quality Assurance organization, attesting to full conformance with all applicable Order requirements. All Certificates of Compliance and any associated Chemical/Physical Certifications shall contain, at minimum, the following information: (i) the signature and printed name and title of an authorized Quality Assurance representative of Seller; (ii) the date the Certificate is issued and signed; (iii) Buyer’s purchase order number; (iv) the specific item description and part number covered by the Certificate, where more than one item appears on the Order; (v) the applicable quantity or lot size where partial shipments are made against an Order line item; (vi) all applicable specifications, standards, and drawings, at the latest revision level unless otherwise specified by Buyer; and (vii) a statement that all quality records associated with the product — including inspection and test reports, certifications for all materials, parts, and processes used in manufacture, and calibration records — are on file at Seller’s facility and available for examination for a minimum period of fifteen (15) years from the date of shipment, or such longer period as required by applicable Law, regulation, or Buyer’s prime contract, whichever is greater. Seller shall not destroy any quality records associated with Deliverables provided under this Order without first providing written notice to Buyer and receiving Buyer’s written consent. Failure to comply with this requirement shall be

cause for rejection of the shipment and may delay processing of Seller's invoice. Repeated noncompliance may result in removal of Seller from Buyer's Approved Supplier List.

27. **FIRST ARTICLE INSPECTION.** A First Article Inspection Report (FAIR) shall be completed by Seller using the format specified in AS9102. The article on which the FAI was performed shall be clearly marked on both the report and the part. The FAIR shall confirm that all processes, material specifications and dimensions are met. In the case of raw material process, proof of acceptability shall be made available either through records or attached certificates. Any discrepancies detected by Seller during the FAI shall be reported to Buyer. FAI reports do not constitute acceptance by Buyer.

28. **CONFLICT MINERALS.** Buyer is committed to the responsible sourcing of minerals throughout its supply chain. In accordance with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules promulgated thereunder by the U.S. Securities and Exchange Commission, Buyer reports annually on its use of conflict minerals — specifically tin, tantalum, tungsten, and gold — originating in the Democratic Republic of the Congo or any adjoining covered country. As part of this process, Seller shall, upon Buyer's request and no less frequently than annually, complete and submit to Buyer a Conflict Minerals Reporting Template ("CMRT") in the format prescribed by the Responsible Minerals Initiative ("RMI"), or such successor template as Buyer may designate. Seller shall conduct reasonable country-of-origin inquiries with respect to conflict minerals contained in Seller's products and shall exercise due diligence on the source and chain of custody of such minerals in a manner consistent with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Seller shall flow down the requirements of this clause to its sub-tier suppliers to the extent necessary to enable Seller's compliance with this clause. Seller shall promptly notify Buyer in writing of any material change in the conflict minerals status of Deliverables provided under this Order. Compliance with this

clause is a material obligation of this Order, and Buyer reserves the right to audit Seller's conflict minerals program and supporting documentation upon reasonable written notice.

29. **MISCELLANEOUS.** For all chemicals, a certificate of compliance with no less than the lot/batch number and the expiration date is required, or payment will be withheld until such certificate of compliance is provided. All waivers by either party shall be in writing. No delay or omission in the exercise of any right, power, or remedy of a party hereunder shall impair such right, power, or remedy or be considered to be a waiver of any default or acquiescence therein. Seller shall not assign any Order or any monies due or to become due from Buyer without Buyer's prior written consent. Seller shall select subcontractors, including suppliers, on a competitive basis to the maximum practicable extent consistent with the objectives and requirements of this Order. Seller shall flow down to all sub-tier suppliers and subcontractors the applicable requirements of this Order, including quality, safety, regulatory, and customer requirements, and shall be responsible for the performance of its sub-tier suppliers and subcontractors as if Seller had performed the work itself. The Order shall be construed in accordance with the Laws of the federal and state courts in the State of Kansas, without regard to any rules on conflicts of Laws. In case any one or more provisions contained in an Order shall be invalid, illegal, or unenforceable in any respect, the validity, legality, or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. Provisions which by their nature should survive will remain in force after any termination or expiration. The section headings contained herein are not part of the Order and are included solely for the convenience of the parties. The parties agree that for any transactions, Orders may be transmitted electronically, and any document created pursuant to an Order may be maintained in electronic format; a copy of which shall be considered an original. Neither party shall raise any objection to the authenticity of any Order nor any document created thereto based on the use of an electronic order or the use of an electronic copy.

**PART II: ADDITIONAL TERMS AND CONDITIONS APPLICABLE TO ORDERS PLACED ON
GOVERNMENT CONTRACTS**

1. **APPLICABILITY.** Except as otherwise set forth herein, the Standard Terms and Conditions of Purchase set forth in Part I and these Additional Terms and Conditions apply to Orders issued in fulfillment of Government Contracts. In the event of a conflict between the terms of Part I and any statute, regulation, rule, or required clause provided for in the Government Contract or by published regulations of the government agency or department issuing the prime contract, the government requirement shall control. If this Order is issued pursuant to a Government Contract, the prime contract is identified by number on the face of this Order.
2. **HIGHER-LEVEL CONTRACT QUALITY REQUIREMENTS.** If a higher-level government inspection or quality requirement (including any Government specification) is designated on the face of this Order as applicable, Seller shall comply with that requirement to the satisfaction of Buyer and the Government. Both Seller's quality assurance program and Seller's implementation thereof shall be subject to inspection and verification by Buyer and the Government in accordance with the terms of the applicable FAR inspection clause, the applicable quality requirements, and FAR Subparts 46.2, 46.3, and 46.4.
3. **SPECIAL TEST EQUIPMENT.** If Seller will acquire special test equipment (as defined in subparagraph (a) of FAR Clause 52.245-18, "Special Test Equipment") for Buyer, Seller agrees to comply with subparagraphs (b), (c), (d), and (e) thereof, except that Seller shall give Buyer sixty (60) days' notice of such intent.
4. **TERMINATION (GOVERNMENT CONTRACTS).** Buyer may terminate work under this Order in whole or in part at any time by written or electronic notice to Seller.

If this Order is terminated for breach or default by Seller, Buyer shall have all the rights provided to "the Government" by FAR Clause 52.249-8 (Default — Fixed-Price Supply and

Service), and Seller shall have the rights and obligations provided the "Contractor" by that same clause.

Upon termination of this Order by Buyer for any reason other than a default or breach by Seller which is not excusable under the standards set forth in FAR 52.249-8, the respective rights and duties of Buyer and Seller shall be as provided in FAR Clause 52.249-2, "Termination for Convenience of the Government (Fixed-Price)" (or the alternative clause made specifically applicable to Buyer's contract by this Order), and settlement shall be made in accordance with the terms of that clause and of FAR Parts 49 and 45 (Government Property) and the applicable FAR Supplement in effect as of the date of such termination. All terms of such Government Contract termination and property disposition articles and regulations shall be deemed to be incorporated herein and made a part hereof.

If the clause at FAR 52.249-2 (or a specified alternative) is applicable: (1) "Contracting Officer" means Buyer's Purchasing Representative, and "Government" means Buyer, except in paragraph (m) thereof where "Government" means "Government and Buyer"; (2) in paragraph (c), "forty-five days" is changed to "ninety (90) days"; (3) in paragraph (d), "one year" is changed to "six (6) months"; and (4) if the Government is unable or unwilling to conduct any audit of Seller's books and records in a timely manner, Buyer may elect to have an audit conducted by an independent certified public accounting firm which is mutually acceptable to Buyer and Seller.

5. **SUBCONTRACTING (GOVERNMENT CONTRACTS).** Seller agrees that it shall not, without Buyer's prior written approval, subcontract this Order or any substantial portion thereof; provided, however, that this limitation shall not apply to the purchase by Seller of standard commercial supplies or raw materials.

Seller shall select subcontractors, including suppliers, on a competitive basis to the maximum practicable extent consistent with the objectives and requirements of this Order.

6. **CLAIMS CERTIFICATION.** Any claim by Seller for equitable adjustment of the price or time of this Order, and any termination claim, shall be submitted to Buyer in writing, shall state the amount(s) claimed, and shall be supported by cost or pricing data which reasonably justifies the costs claimed. The term "claim" is as defined in FAR Part 33.2. A claim meeting the monetary threshold set forth at FAR 33.207 shall be certified by Seller in the form set forth in FAR 33.207 when submitted to Buyer, except that Seller's certification may provide, in part, that the amount requested accurately reflects the contract adjustment for which Seller believes Buyer or the Government is liable.
7. **COST OR PRICING DATA.** By Law and regulation, federal prime and subcontractors are required to submit and certify cost or pricing data in connection with the pricing of certain contracts or modifications to contracts. Seller agrees that, if Seller is required by Law or regulation to submit and certify cost or pricing data, and is not exempt from said requirement under the standards in FAR 52.215-12, Seller shall comply with the data submission and certification requirements of FAR Subpart 52.215. Seller further agrees that the clauses at FAR 52.215-12 ("Subcontractor Cost or Pricing Data") and FAR 52.215-10 ("Price Reduction for Defective Cost or Pricing Data") are incorporated by reference in this Order as if fully set forth herein.
8. **DISPUTES (GOVERNMENT CONTRACTS).**
 - a. All claims, disputes, and other matters in question arising out of or relating to this Order shall be submitted by Seller to Buyer pursuant to Section 6 of Part II of these Terms and Conditions. Any such matter which is not settled by written agreement of Buyer and Seller shall be a dispute, and Buyer or Seller

may thereupon pursue any remedy which they may have in any court of competent jurisdiction, unless the dispute is subject to resolution pursuant to paragraph (c) hereof.

- b. Pending the resolution of any dispute, Seller shall diligently pursue the performance of the Order under the terms and in the manner set forth in the Order or as otherwise directed by Buyer.
- c. At Buyer's sole discretion and at Buyer's written direction, and instead of resolution in court, Buyer may require that any dispute be: (i) submitted to binding arbitration, the result of which will be final and binding on both parties; or (ii) resolved by submission of a claim by Seller to the Government Contracting Officer in the name of Buyer, for resolution in accordance with the Disputes clause of the prime contract.

Buyer agrees to give Seller timely notice of any Contracting Officer final decision on a Seller claim or on a dispute arising out of or relating to Seller's performance under this Order. If Buyer, at its sole discretion, elects to prosecute an appeal of the decision, Seller shall be permitted to participate in the appeal for the purpose of protecting its interest and the Seller shall, at its expense, cooperate fully in assisting Buyer in prosecuting the appeal. Buyer agrees not to enter into a settlement with the government that would prejudice Seller's rights without Seller's consent.

If Buyer, at its sole discretion, elects not to prosecute an appeal of the Contracting Officer's final decision, Seller may request that Buyer appeal such a decision on Seller's behalf, and Buyer shall do so. Seller shall assume the burden of prosecuting such an appeal but shall keep Buyer fully

informed of the status thereof and shall, upon the request of Buyer, provide Buyer with copies of all papers filed in such appeal. Such an appeal may not be settled without the advance approval of Buyer, which approval shall not be unreasonably withheld. All costs and expenses (including attorneys' fees) incurred in prosecuting any appeal brought at the request of Seller shall be borne by Seller.

- d. For all claims and disputes that are submitted to the Government Contracting Officer in accordance with paragraph (c) hereof, Seller agrees that the final resolution of such claim: (i) by the Contracting Officer, unless it is appealed; or (ii) by final judgment on an appeal, shall be binding on Seller to the extent that Buyer is bound, and no additional amount shall be sought from Buyer relating to the subject matter of such claims and disputes.

9. **INDEMNIFICATION (GOVERNMENT CONTRACTS)**. In addition to the general indemnity obligations set forth in Part I, Section 12, Seller shall indemnify and hold Buyer harmless from and against any and all claims, damages, losses, demands, suits, actions, judgments, liabilities, defaults, costs, and expenses, including court costs and attorneys' fees, arising as a result of:

- a. If Buyer is assessed or required to pay any type of damages to the government because Seller: (1) failed to perform in accordance with the terms of this Order; (2) made any false or inaccurate certification or representation to the government or Buyer; or (3) failed to provide any data it was required to provide.
- b. To the extent that the government asserts, pursuant to the clause in Buyer's prime contract entitled "Price Reduction for Defective Cost or Pricing Data," that any cost, price, or fee included in Buyer's prime contract

should or will be reduced as a result of, or attributable to, cost or pricing data, or certifications thereof, which Seller or its subcontractors (at any tier) were required to submit by Law and/or this Order, or did submit to Buyer, or failed to submit to Buyer.

- c. In the event that any cost, price, or fee in Buyer's prime contract is reduced because of any failure on the part of Seller to comply with the provisions of the Cost Accounting Standards clause, if applicable.
- d. In the event of any claim attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than the work itself), including the loss of use resulting therefrom, to the extent caused in whole or in part by any act or omission of Seller or anyone directly or indirectly employed by Seller or anyone for whose acts Seller may be liable, regardless of whether it is caused in part by a party indemnified hereunder. The indemnification obligation under this paragraph shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for Seller under workers' compensation acts, disability benefit acts, or other employee benefit acts.
- e. In the event of any claims for actual or alleged infringement of any letters patent, trademarks, copyrights, or corresponding rights.

PART III: APPLICABLE GOVERNMENT CLAUSES AND REGULATIONS

1. **APPLICABILITY.** The following clauses are set forth in the Federal Acquisition Regulation (“FAR”), 48 CFR, Chapter 1, and the Defense Federal Acquisition Regulation Supplement (“DFARS”), 48 CFR, Chapter 2, containing the published terms in effect on the date of issuance of this Order. Said clauses and the regulations relating to them (hereafter, collectively, “FAR Provisions”) apply to the Order and are hereby incorporated by reference into these Terms and Conditions.

2. **INTERPRETATION.** Wherever the texts of FAR clauses require, by their terms or for purposes of sense and meaning, the term “Seller” shall be substituted for any reference to “Contractor,” the term “Buyer” shall be substituted for any reference to “Government” or “Contracting Officer,” and the term “this Purchase Order” shall be substituted for all references to “contract,” unless otherwise indicated. Buyer and Seller further agree that all FAR clauses and regulations shall be interpreted and construed to give effect to: (1) the contractual relationship between Buyer and Seller under the Order; and (2) the rights of the Government with respect thereto under the prime contract from which these provisions are derived.

FEDERAL ACQUISITION REGULATION (FAR) CLAUSES

Applicable to All Orders:

Clause	Title
52.203-3	Gratuities
52.203-5	Covenant Against Contingent Fees
52.204-2	Security Requirements
52.204-21	Basic Safeguarding of Covered Contractor Information Systems
52.211-15	Defense Priority and Allocations Requirements
52.219-8	Utilization of Small Business Concerns
52.222-1	Notice to the Government of Labor Dispute
52.222-4	Contract Work Hours and Safety Standards Act — Overtime Compensation
52.223-	Hazardous Material Identification and Material Safety Data

Clause	Title
3	(“Government” means “Government and Buyer”)
52.223-5	Pollution Prevention and Right-to-Know Information (applicable where performance is on a Federal facility)
52.224-2	Privacy Act
52.225-1	Buy American Act — Supplies
52.225-8	Duty-Free Entry
52.227-1	Authorization and Consent — Alternate I
52.227-14	Rights in Data — General
52.227-19	Commercial Computer Software — Restricted Rights
52.228-5	Insurance — Work on a Government Installation
52.236-13	Accident Prevention
52.243-6	Change Order Accounting
52.244-5	Competition in Subcontracting
52.244-6	Subcontracts for Commercial Items
52.245-17	Special Tooling (in paragraph (c), “Government” means “Government and/or Buyer”)
52.245-18	Special Test Equipment (in paragraph (b)(4), “Government” means “Government and/or Buyer”)
52.246-2	Inspection of Supplies — Fixed-Price
52.246-11	Higher-Level Contract Quality Requirement
52.246-16	Responsibility for Supplies
52.247-63	Preference for U.S.-Flag Air Carriers
52.249-2	Termination for Convenience of the Government (Fixed-Price). “Government” means “Buyer.” Paragraph (d): “45 days” changed to “90 days.” Paragraph (e): “one year” changed to “six months.” Paragraph (l): “90 days” changed to “45 days.”

Orders Over \$10,000 Also Include:

Clause	Title
52.222-20	Walsh-Healey Public Contracts Act
52.222-21	Prohibition of Segregated Facilities
52.222-26	Equal Opportunity
52.222-36	Affirmative Action for Workers with Disabilities

Orders Over \$100,000 Also Include:

Clause	Title
52.203-6	Restrictions on Subcontractor Sales to the Government
52.203-7	Anti-Kickback Procedures (less paragraph (c)(1))
52.203-12	Limitation on Payments to Influence Certain Federal Transactions
52.215-2	Audit and Records — Negotiation

Clause	Title
52.215-14	Integrity of Unit Prices (less paragraph (b))
52.222-35	Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans
52.222-37	Employment Reports on Disabled Veterans and Veterans of the Vietnam Era, and Other Eligible Veterans
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement
52.248-1	Value Engineering

Orders Over \$550,000 Also Include:

Clause	Title
52.219-9	Small Business Subcontracting Plan (requires adoption of plan and reporting)

Unless Otherwise Exempt:

Clause	Title
52.215-10	Price Reduction for Defective Cost or Pricing Data
52.215-11	Price Reduction for Defective Cost or Pricing Data — Modifications
52.215-12	Subcontractor Cost or Pricing Data
52.215-13	Subcontractor Cost or Pricing Data — Modifications

Cost Reimbursement, Time & Material, or Labor Hour Orders:

Clause	Title
52.215-16	Facilities Capital Cost of Money

Certifications:

Clause	Title
52.203-11	Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (over \$100,000)
52.222-22	Previous Contracts and Compliance Reports (over \$10,000)

Additional Clauses:

Clause	Title
52.230-2	Cost Accounting Standards
52.230-3	Disclosure and Consistency of Cost Accounting Practices
52.230-6	Administration of Cost Accounting Standards

**DEFENSE FEDERAL ACQUISITION
REGULATION SUPPLEMENT (DFARS)
CLAUSES**

Applicable to All DoD Orders:

Clause	Title
252.203-7000	Requirements Relating to Compensation of Former DoD Officials
252.204-	Disclosure of Information

Clause	Title
7000	
252.204-7008	Compliance with Safeguarding Covered Defense Information Controls
252.204-7012	Safeguarding Covered Defense Information and Cyber Incident Reporting
252.204-7019	Notice of NIST SP 800-171 DoD Assessment Requirements
252.204-7020	NIST SP 800-171 DoD Assessment Requirements
252.208-7000	Intent to Furnish Precious Metals as Government-Furnished Material
252.223-7001	Hazard Warning Labels
252.225-7001	Buy American Act and Balance of Payments Program
252.225-7012	Preference for Certain Domestic Commodities
252.225-7013	Duty-Free Entry
252.225-7048	Export-Controlled Items
252.227-7016	Rights in Bid or Proposal Information
252.227-7037	Validation of Restrictive Markings on Technical Data
252.231-7000	Supplemental Cost Principles
252.244-7000	Subcontracts for Commercial Products and Commercial Services
252.246-7007	Contractor Counterfeit Electronic Part Detection and Avoidance System
252.246-7008	Sources of Electronic Parts
252.247-7023	Transportation of Supplies by Sea

Orders Over \$100,000 Also Include:

Clause	Title
252.249-7002	Notification of Anticipated Contract Terminations or Reductions (less paragraph (d)(1))

Orders Over \$550,000 Also Include:

Clause	Title
252.219-7003	Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan

NOTE: Additional FAR and DFARS clauses beyond those listed above may be applicable to specific Orders. Such additional clauses, if any, shall be identified on the face of the Order or in a supplemental document attached thereto. Seller is responsible for reviewing and complying with all applicable clauses identified on the face of the Order.

PART IV: TERMS AND CONDITIONS APPLICABLE TO BUYER-OWNED PROPERTY – TOOLS, DESIGNS, DRAWINGS AND MATERIALS

1. **DEFINITIONS.** (a) The term “Tools” as used herein shall be interpreted to include, without limitation, any and all of the following: tools, dies, jigs, fixtures, models, molds, patterns, gauges, and special appliances. (b) The term “Material” as used herein shall be interpreted to include, without limitation, any and all of the following: raw material, castings, forgings, or integral parts for use in items to be manufactured in connection with this contract.
2. **TITLE AND POSSESSION.** Title to and the right of immediate possession of all tooling, designs, drawings, and materials furnished by Buyer to Seller for use hereunder shall be and remain in Buyer at all times during performance of the Order. Buyer does not guarantee or warrant the condition, accuracy, suitability, or fitness for the use intended of any such tools. Unless otherwise specified in this Order, all Tools covered hereby shall be the property of Buyer, subject to Buyer’s call, and must be maintained in good working condition by Seller. All such tooling must be permanently marked or identified as “property of B&B Airparts, Inc.” and with the Buyer’s Tool Code Number and Part Number designated by Buyer.
3. **RESTRICTIONS ON USE.** No tooling, designs, drawings, or materials furnished by Buyer and/or by the government to Seller for use in the manufacture of articles ordered hereunder, or which shall become the property of Buyer, shall be used in the production, manufacture, or design of any other articles for any other purchaser, or for the manufacture or production of larger quantities than those specified by Buyer, except with Buyer’s express prior written consent. Upon completion or termination of this Order, all such property shall be disposed of as Buyer may direct. All such property shall be segregated by Seller in Seller’s plant and, whenever possible, clearly marked as the property of Buyer. Unless otherwise noted on the Order, unusable scrap, as determined solely by Buyer, shall become the property of Seller as part of Seller’s remuneration for the work performed; unless such scrap results from work upon or with government-furnished tools or material, in which case it shall be disposed of in accordance with the instructions of the government. Seller shall keep an inventory of all tooling in its possession which is furnished by Buyer, or which becomes the property of Buyer, and shall furnish copies of such inventory to Buyer as may be requested.
4. **COST OF TOOLING.** Buyer will not be liable for the cost of manufacture of any tools which Seller deems necessary in its manufacturing processes, unless Seller receives a written purchase order from Buyer authorizing the manufacture of such tools. In such event (or if the price to be paid is stated on the face of this Order to include any tools used in the manufacture of items ordered), the tools shall become the property of Buyer and shall be so recorded and identified by Seller in accordance with the foregoing provisions.
5. **NO OBLIGATION TO FURNISH.** Nothing in this Part IV of these Terms and Conditions shall be construed as imposing an obligation on Buyer to furnish tools or material. The price to be paid by Buyer under this Order shall include all materials and tools furnished by Seller to manufacture or supply items purchased hereunder, unless otherwise provided in this Order.
6. **REJECTED MERCHANDISE.** If any merchandise fabricated by Seller from material furnished by Buyer is rejected by Buyer due to Seller’s fault or failure to meet the requirements of the Order, Seller shall, at Buyer’s option, either replace such merchandise at Seller’s own expense or pay Buyer the replacement costs of Buyer’s materials or tools damaged or deteriorated in excess of normal wear and tear while in Seller’s possession.
7. **RISK OF LOSS.** All materials, tooling, models, patterns, drawings, and other personal property belonging to Buyer, furnished by Buyer to Seller or otherwise in Seller’s custody or possession, shall be at Seller’s risk

of loss or damage from all hazards. Seller shall maintain adequate insurance coverage for the full replacement value of all Buyer-owned property in Seller's custody or possession and shall provide evidence of such coverage to Buyer upon request.