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**NAT-QAP-06-3**

**SUPPLIER QUALITY REQUIREMENTS & TERMS AND CONDITIONS OF  
PURCHASE**

## TABLE OF REVISIONS

<b>Rev</b>	<b>Description</b>	<b>Approved</b>	<b>Date</b>
IR	Initial Release	Prepared by: Steve Prussel	1/30/2007
		Approved by: John Werner	1/30/2007
A	General reformatting and typo corrections Revised section 13 and 16	Department Manager: Nigel Lester	9/14/2009
		Quality Manager: Thomas Dowler	9/14/2009
B	Corrected Spelling Errors Revised Part 8, added the customer's right of access Revised Part 11 Rejection to Non-Conforming Material Added New Part 12 Identification and Traceability Renumbered Part 12 to 36	Department Manager: Nigel Lester	2/12/2010
		Quality Manager: Thomas Dowler	2/12/2010
C	Deleted Index Major Revision to the notes Notes organized notes into General, Quality, and Commercial notes	Department Manager: Michael Ankrom	2/11/2011
		Quality Manager: Thomas Dowler	2/11/2011
D	Added G7 Order of Precedence. Revised Q2 to include European Revised Q9 to require QA buy off on CoCs. Revised Q11 from 7 years to 10 years to meet new Boeing requirements. Revised C1, C4, C5, & C10 language for clarity. Updated C11 to new legal requirements.	Department Manager: Michael Ankrom	9/7/2011
		Quality Manager: Thomas Dowler	9/7/2011

<b>Rev</b>	<b>Description</b>	<b>Approved</b>	<b>Date</b>
E	Minor Formatting changes Added Q15 for notice of changes by suppliers and regulatory ADs/Investigations Revised Q1 to move information to Q15. Revised G7 to cover the new Q15 note.	Department Manager: Mike Ankrom	12/7/2012
		Quality Manager: Thomas Dowler	12/7/2012
F	New note G8 for Class IV suppliers Revised Note Q5 Non-conforming materials Minor Reformatting	Department Manager: Mike Ankrom	7/17/2013
		Quality Manager: Thomas Dowler	7/17/2013
G	Updated the following: G6 updated G8 Removed form number C1 liquidated damages revision C4 Extensive added detail regarding damage, replacement, costs C5 Added financial burden warranties / default warranties C10 Added financial detail regarding cancellations C18 Taxes reformatted C19 remedies section Q5 added rework / financial details Q7 updated shelf life requirements Q9 updated CoC requirements Q13 added specific shipping instructions	Department Manager: Don Everest	3/15/2017
		Quality Manager: Kim Santeford	3/15/2017
H	Updated to add "Counterfeit" parts language and some minor formatting revisions G5 (a) through (h), G6, C4,  Q5 through Q9, Q10, Q15  C1 through C9, C10, C13-C14	Department Manager: Don Everest	11/08/2017
		Quality Manager: Kim Santeford	12/05/2017

<b>Rev</b>	<b>Description</b>	<b>Approved</b>	<b>Date</b>
J	Deleted address on footer	Department Manager : Doug Tilford  Quality Manager: Kim Santeford	4/18/2018   4/18/2018
K	Added Q16 to add reference to ZA-Q-1030 compliance by Suppliers  Changed C2 to 45 days	Department Manager: Don Everest  Quality Manager: Kim Santeford	6/19/2018   6/19/2018
L	Revised G8 to comply with current practices	Department Manager: Don Everest  Quality Manager: Kim Santeford	2/11/2019   2/8/2019
M	Removed ZA-Q-1030, added material cert requirements to Class IV suppliers, deleted G8, deleted Q16	Department Manager: Mike Ankrom  Quality Manager: Kim Santeford	10/3/2019   10/3/2019

Rev	Description	Approved	Date
N	Added G8 requirement to suppliers for AS9100 compliance.	Department Manager:  Michael Ratynski  Quality Manager:  Valarie McCarty	  2/23/2023   2/27/2023
P	Revised G3, Q11, and Q13	Department Manager:      Quality Manager:	

## **SUPPLIER QUALITY REQUIREMENTS & TERMS AND CONDITIONS OF PURCHASE GENERAL REQUIREMENTS**

### **G1 PURPOSE**

The purpose of this Agreement is to establish quality requirements for purchase orders issued to all suppliers. Suppliers shall comply with all requirements set forth herein and flow down all applicable requirements to their sub-tier suppliers/sub-contractors.

### **G2 SCOPE**

All documents including drawings and specifications, whether provided by Northwest Aerospace Technologies, Inc. (NAT), Industry, government or NAT's Customers are considered part of these terms and conditions of purchase, when specified or referenced. The revision of documents are effective as part of purchase order issue date.

Seller is responsible for certification of all off-the-shelf and catalogue items, including but not limited to, testing equipment, to meet quality and safety requirements.

### **G3 COMMUNICATIONS**

All communication related to the fulfillment of Order(s) and quality requirements and terms and conditions shall be carried out through the NAT's Purchasing Department. Seller shall only accept agreement and communications in writing (e.g., Orders, Order supplements and/or amendments, contractual documents).

Seller must inform Buyer of any changes to Seller's quality control system that could potentially affect or impact the quality of the delivered products or services. Any changes to Seller's quality control system that can potentially affect or impact the quality of the delivered products or services must be approved by Buyer in writing before Seller's implementation.

Seller must provide all documentation relating to this Agreement in English. In cases where Seller maintains copies in their native language as well as in English, and there is a conflict, the English language document will prevail.

### **G4 ACCEPTANCE; QUANTITY**

This Agreement represents Buyer's offer to Seller to purchase the Goods, and acceptance is strictly limited to, and expressly made conditional on, Seller's acceptance of the terms and conditions of this Agreement. Buyer objects to any different or additional terms. Seller's commencement of performance or acceptance of an Order, in any manner, shall conclusively evidence Seller's agreement to the terms of this Agreement, as written. The quantity of any Goods will be set forth in an Order. Buyer makes no representations regarding the number of Orders to be placed, or volume of Goods beyond what is specified in an Order. Except for an Order, nothing in the Agreement will constitute a commitment on the part of Buyer to purchase any specific quantity, amount or type of Goods from Seller.

### **G5 DEFINITIONS**

Whenever used in this document:

(a) "Agreement" means these Supplier Quality Requirements & Terms and Conditions of Purchase (General Requirements, Quality Requirements, and Commercial Requirements), the Order(s), purchase agreements, and all of the specifications, technical descriptions, statements of work, drawings, designs, documents, and other requirements and provisions attached to, incorporated into or otherwise made a part of this Agreement or that incorporate these Supplier Quality Requirements & Terms and Conditions of Purchase.

(b) "Buyer" means Northwest Aerospace Technologies, Inc. and its affiliates.

- (c) "Counterfeit Goods" means Goods, or parts, items, components or subcomponents of Goods, which are or contain unlawful or unauthorized reproductions, substitutions, alterations or copies of an Original Equipment Manufacturer (OEM) or Original Component Manufacturer (OCM) part or item. Counterfeit Goods include Goods or parts, items, components or subcomponents of Goods falsely represented as new, that have reached their design-limit lifetime, that have been altered or modified in a manner that was not disclosed or has not been approved by the OEM/OCM, or that are not traceable to an OEM/OCM sufficient to ensure authenticity in OEM/OCM design and manufacture.
- (d) "Customer" means any customer of Buyer, any subsequent owner, operator or user of the Goods and any other individual, partnership, corporation or person or entity which has or acquires any interest in the Goods from through or under Buyer.
- (e) " FAR" means the United States Government Federal Acquisition Regulation.
- (f) " Goods " means all of the goods, services, documents, specifications, data, software and other information or items furnished by Seller to Buyer under this Agreement.
- (g) " Order " or "Purchase Order" means a purchase order from Buyer, including the provisions on its face, a release against a blanket purchase agreement, a job or work order, a statement of work, or other mechanism for ordering Goods All Orders are subject to the terms of this Agreement.
- (h) " Seller" means the supplier entity listed in the Agreement or on an Order as seller, including Seller's affiliates, agents, representatives, and service providers.

## **G6 ADDITIONAL NOTES ON THE PURCHASE ORDER**

All additional notes on the Purchase Order are additional requirements that the Seller must meet and conform to. This includes mandatory methods of shipment from FOB location origin to Purchase Order Final Destination.

## **G7 ORDER OF PRECEDENCE**

In the event that the Buyer and Seller have a valid and mutually executed contract or agreement governing the purchase of goods or services, then that document shall take precedence over all applicable notes and articles within NAT-QAP-06-03, notwithstanding Notes G6 and Q1-Q15.

## **G8 SUPPLIER AWARENESS**

Seller's training program shall include staff awareness on the importance of: product or service conformity, product safety, and ethical behavior.

## **Q1 RIGHT OF ENTRY**

The Buyer, Customer(s), and/or regulatory authorities shall have the right of entry and may inspect the facilities and processes of the Seller and its subcontractors/vendors engaged in the performance of this Agreement. Seller shall provide, without additional charge, all reasonable facilities and assistance for such inspections and tests. Any such inspections or test by Buyer or its Customer shall be performed in such a manner as not to unduly delay the work. No inspection, test, approval (including design approval) or acceptance of items ordered shall relieve Seller from responsibility for defects or other failures to meet the requirements of this Agreement. All Goods sold pursuant to this Agreement are subject to final inspection and acceptance by Buyer at destination, notwithstanding any prior payment or inspection at source and such inspection will be made within a reasonable time after delivery.

## **Q2 INSPECTION AND CALIBRATION SYSTEM**

Seller shall establish and maintain an inspection and calibration system. If Seller is certified to FAA/EASA PART 21 and/or 145, Seller accordingly shall establish and maintain an inspection system in compliance with Federal and / or European requirements as applicable. All items covered by this Agreement shall be subjected to inspection and test(s) by the Buyer and its Customers to the extent practicable at all times including the place and period of manufacture.

### **Q3 SUBCONTRACTORS**

No Goods to be delivered under this Agreement shall be procured and services shall not be subcontracted out by Seller from a third party in completed or substantially completed form without Buyer's prior written consent. When Seller is approved to use sub tier suppliers or subcontractors, all applicable requirements shall be flowed down to such suppliers.

### **Q4 SOURCE INSPECTION**

When applicable to Good(s) Seller shall notify Buyer of the time the Goods will be ready for in-process and/or source inspection at Seller's facility. Seller's measuring and test equipment, facilities) and personnel shall be made available for use by Buyer and/or regulatory authorities.

### **Q5 NON-CONFORMING MATERIAL; COUNTERFEIT GOODS**

Any departures from drawing, specifications or other procurement requirements shall be submitted in writing to the Buyer prior to shipment (See G3). Disposition must be approved by the Buyer before shipping of the Goods, unless otherwise directed by Buyer. Seller's inspection system shall provide prompt notification to Buyer if it is determined that nonconforming material may have been delivered to Buyer at any time. Buyer shall have the right to reject, require correction or accept with an equitable adjustment in price any Goods delivered or services performed hereunder which are defective or otherwise not in strict conformance with the requirements of this Agreement. Buyer shall notify Seller of such rejections or other actions and at Buyer's election and Seller's risk and expense such items shall be held by Buyer and / or returned to Seller for credit, refund, reimbursement (partial, full or Buyer's cost to Rework) , and repair, rework, or replacement by Seller as directed by written instructions from Buyer. No replacements or correction of defective items shall be made by Seller unless agreed to in writing by Buyer. Additionally, the Seller shall state, on all pack slips and C of C paperwork the reference number of rejection tags and whether the part is reworked or new. No inspection (including source inspection), tests, approval (including design approval), delay or failure to inspect or test or acceptance of the Goods shall relieve Seller from responsibility for any defects in the Goods or relieve Seller or any of its other obligations under this Agreement or impair any rights and remedies of Buyer.

The Seller shall not deliver Counterfeit Goods or Goods suspected to be Counterfeit Goods to Buyer.

Seller shall only purchase Goods to be delivered to Buyer or parts, items, components or subcomponents to be incorporated into Goods sold to Buyer directly from an Original Equipment Manufacturer (OEM)/Original Component Manufacturer (OCM), or through an OEM/OCM authorized distribution chain. Use of any materials not provided by these sources is not authorized.

Seller shall maintain appropriate counterfeit risk mitigation processes in accordance with industry recognized standards and with any other requirements specified in this Agreement. In addition, Seller will provide to Buyer, upon Buyer's request, the identity of all suppliers and/or the location of the manufacture of all Goods, and certifications or evidence of traceability of all Goods and all parts, items, components or subcomponents of Goods back to the OEM/OCM.

Seller shall immediately notify Buyer if Seller becomes aware that it has delivered Counterfeit Goods or Goods suspected to be Counterfeit Goods. Seller, at its expense, shall provide reasonable cooperation to Buyer in conducting any investigation regarding the delivery of Counterfeit Goods under this Agreement. In the event that Goods delivered under this Agreement include Counterfeit Goods, Seller shall, at its expense, promptly replace such Counterfeit Goods with genuine Goods conforming to the requirements of this Agreement. Seller shall be liable for all costs relating to the identification, removal and replacement of Counterfeit Goods, including without limitation Buyer's costs of removing Counterfeit Goods, of installing replacement Goods and of any testing or re-testing necessitated by the reinstallation of Goods after Counterfeit Goods have been exchanged. The remedies contained in this paragraph are in addition to any remedies Buyer may have at law, equity or under other provisions of this Agreement.



Seller shall include the provisions of this clause or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as Goods to Buyer.

**Q6 IDENTIFICATION AND TRACEABILITY**

The Seller shall identify the product/material by suitable means throughout product realization. The Seller shall establish and document procedures or processes to identify suitable means of product/material protection, segregation, and traceability to ISO/AS9100 or equivalent industry standard. The Seller shall control and record the unique identification of the product/material and maintain appropriate records to meet the requirements of NAT-QAP-06-3 Note Q11

**Q7 SHELF LIFE ITEMS**

Seller shall establish an effective system for the control of time, temperature or any other sensitive material, as applicable to the Goods.

**Q8 FIRST ARTICLE INSPECTION (FAI)**

Seller shall supply with delivery of first production product(s) and First Article sample, a First Article Inspection Report documenting the results of the First Article Inspection results (dimensions, values, etc.). When applicable, Seller will utilize the AS9102A forms 1 thru 3 formats. All First Article Reports must be signed and all AS9102 Form A, Block 21 "Reviewed By" must be signed by another authorized inspector. Seller will include a copy of the FAI Report with each shipment of deliverable Goods.

**Q9 CERTIFICATE OF CONFORMANCE(S)**

Seller shall supply with each shipment a legible and reproducible copy of a signed or stamped Certificate(s) of Conformance (CoC) certifying the conformance of the Goods applicable to the Purchase Order.

**Q10 MATERIAL, HARDWARE, ADHESIVES, SURFACE TREATMENTS, & PROCESS CERTIFICATION(S)**

Seller shall supply with each shipment a legible and reproducible copy of all Material(s), Hardware, Adhesives, Surface Treatments, and Process Certification(s) used in the manufacture of the purchased Good(s) at the time of shipment for every shipment.

The materials certified should list the following but not limited to:

- A. Description of material or part (e.g., specification number, revision, type, class, condition, size).
- B. Material identification (e.g., heat number, lot number, heat treatment lot number, type of material, Serial number).
- C. Tests to be performed (e.g., type, number). Required test/inspections are normally included in Section 4 of military specifications. Modifications, changes, additions, and deletions to these requirements are found in the IRPODS, and/or other contract documents.
- D. The required number of samples to be processed and/or tested.
- E. Sample pedigree (e.g., size, parent material, location from where sample was taken).
- F. Inspection/test acceptance criteria referred by the specifications, IRPODs, or other contract documents, Such as:
  - Mechanical properties, (e.g., tensile strength, elongation, hardness, etc.).
  - Chemical analysis
  - Micro cleanliness (including content)
  - Heat treatment
  - Grain size
  - Macroscopic examination

- Nondestructive tests
- Corrosion resistance
- Visual and dimensional
- Weld ability
- Mechanical tests
- Surface treatments (e.g., plating, coating, passivation, anodizing, etc.) including test specimens

In addition, this certificate will also assure that the material conforms to the full product description requested and/or shipped per the Order.

#### **Q11 RETENTION OF RECORDS**

Seller shall maintain appropriate records regarding products purchased and conformance with Order requirements for 10 years as contractually required from date of sale or any Order special notes. Buyer or its Customer shall have access to all applicable records for this same length of time. Seller shall ensure that any sub-tier suppliers used in the production of an Order will comply with all instructions and requirements in this document and as provided in the purchasing documents. When requested by Buyer, the Seller shall provide the specified records available in the English language.

#### **Q12 PRESERVATION OF PRODUCT AND BUYER FINISHED EQUIPMENT**

The Seller shall maintain process or procedure to maintain all products, materials, equipment, tools, etc. in good order and prevent deterioration, corrosion or damage to any item(s) supplied by the Buyer or purchased for use for the Buyer by the Seller.

#### **Q13 PACKING AND SHIPPING**

Seller shall prepare and pack the Goods to prevent damage and deterioration, and shall comply with carrier tariffs. Charges for preparation, packing, crating and cartage are included in the price unless separately specified in the Order. Seller shall make no declaration concerning value of Goods shipped, except for goods on which tariff rating is dependent upon released or declared value, in which event Seller shall release or declare such value at maximum value within the lowest rating. Seller shall provide all documentation in the English language.

#### **Q14 HAZARDOUS MATERIAL PACKING, LABELING AND SHIPPING**

Seller shall package, label, transport, and ship hazardous materials or items containing hazardous materials in accordance with all applicable federal, state, and local laws and regulations including but not limited to current published issues of tariffs and regulations reflecting 49 code of Federal Regulation Articles 100-199 and DOD FAR Supp 52.2888-7007 and shall furnish appropriate Material Safety Data Sheets (MSDS), prior to each hazardous material shipment, shall notify Buyer of its nature and shipment data by such means of communication as will allow for proper preparation for acceptance of delivery by the carrier of the material and shall identify same on all shipping documents.

#### **Q15 NOTICE OF CHANGES & REGULATORY ADs OR FORMAL INVESTIGATIONS**

Seller is responsible for promptly notifying Buyer in writing of any changes in product and/or process definition, change of suppliers, change of manufacturing facility locations, regulatory investigations, or FAA/EASA Airworthiness Directives (ADs) related to Goods or processes.

The Seller agrees to not change the processes used to produce the Goods unless given written approval to do so by the Buyer.

#### **C1 SHIPMENT/DELIVERY**

Shipment or deliveries of Goods, as specified in the Order, shall be strictly in accordance with: the specified quantities, without shortage or excess; the specified delivery schedules, no earlier than

14 calendar days ahead of any scheduled delivery date, and the other requirements of the Order unless prior approval by Buyer. Seller shall take all necessary action to maintain committed delivery schedules, and shall promptly notify Buyer in writing of any anticipated or actual delay, the reasons therefore, and the actions being taken by the Seller to overcome or minimize the delay. Time is of the essence for all Orders under this Agreement. If requested by Buyer, Seller shall, at Seller's sole expense, ship goods via air or other fast mode of transportation to avoid or minimize the delay to the maximum extent possible. If set forth in an Order, Seller will pay to Buyer any liquidated damages specified as Buyer's damages for Seller's delay in delivery or performance.

## **C2 INVOICE AND PAYMENT**

Seller shall issue separate invoice(s) for each delivery of Goods after the Order schedule date or actual delivery date, whichever is later. Payment will be made Net 45 days after receipt of Goods and a correct invoice. Unless freight or other charges are itemized, any applicable discount may be taken on the full amount of invoice. Payment of an invoice by Buyer shall not constitute acceptance of the Goods, and shall be subject to appropriate adjustment for failure of Seller to meet the requirements of the Order. Buyer may set off any amount owed by Seller to Buyer against any amount owed by Buyer to Seller under an Order.

## **C3 PRICES**

Seller warrants that the prices of the items covered by this Agreement are not in excess of the Seller's prices in effect on the date of an Order from Buyer for comparable quantities of similar items.

## **C4 RISK OF LOSS**

Unless otherwise specified in an Order, Goods shall be delivered FCA Buyer's facility. Notwithstanding any term of this Agreement, the risk for any loss or damage to or destruction of Goods described in an Order shall be borne by Seller, and title shall not shift to Buyer, until the Goods are received and accepted (after inspection) by Buyer.

## **C5 WARRANTIES**

In addition to and exclusive of any other Warranties offered by the Seller, Seller warrants to Buyer that Goods materials and workmanship; and (c) to the extent not manufactured pursuant to detailed designs furnished by Buyer, be free from all defects in design, (d) be fit for its intended purposes and (e) be free from liens, claims or encumbrances of any kind whatsoever. Seller's financial responsibilities to Buyer are described below and as stated in Q5 and C19.

Unless otherwise set forth in an Order, Seller's warranty under this Agreement shall remain in force for a period (the "Warranty Period") of ten (10) years for structures and fixtures, and five (5) years for all other Goods, from date of delivery to Buyer.

Upon Seller's receipt of notification from Buyer during the Warranty Period of Buyer's determination that any Goods contain a defect, Seller's obligation with respect to such Goods shall be, and without charge to Buyer, to either (a) replace the defective Goods or (b) repair or arrange for the repair of the defective Goods. Seller shall use its best efforts to make any repairs or replace defective Goods as soon as is commercially possible after receipt of notification of a defect. All removal, repair/replacement, packaging, shipping and reinstallation costs shall be paid for by Seller.

## **C6 CHANGES**

Buyer may from time to time direct changes in writing within the general scope of an Order in any one of the following: (a) technical requirements and descriptions, specifications, statements of work, drawings or designs; (b) shipment or packing methods; (c) place of delivery, inspection or acceptance, (d) reasonable adjustments in quantities or delivery schedules or both; and (e) amount of buyer furnished property. Seller shall comply immediately with such direction and avoid unnecessary costs related thereto. If any such change causes an increase or decrease in the costs of or the time required for performance of the Order, an equitable adjustment in the prices and schedules of the Order shall be made to reflect such increase or decrease, and the Order shall be modified in writing accordingly. Unless otherwise agreed in writing, any Seller claim for adjustment must be delivered to Buyer in writing within (30) days after Seller's receipt of such direction.

## **C7 PATENT PROTECTION**

Seller shall indemnify and hold harmless the Buyer, its agents and Customers, and users of its Goods from all loss, damage or liability that they may incur on account of any claim, suit or action being brought against Buyer, its agents and Customers, or users of its Goods, alleging that the Goods provided by Seller infringe on any United States or foreign patent, copyright or trademark. Seller shall, at its own expense, defend all claims, suits and actions against Buyer, its agents or Customers, or its Goods in which such infringement is alleged.

## **C8 ASSIGNMENTS & DELEGATION**

No assignments of any rights including rights to moneys due or to become due hereunder, nor any delegation of duties obligations or liabilities under this Agreement shall be binding upon Buyer until Buyer's written consent thereto has been obtained.

## **C9 TERMINATION**

By written notice directed to Seller, Buyer may terminate for Buyer's convenience this Agreement or all or any part of an Order. In such event, the Order price shall be equitably adjusted: provided, such adjustment shall not exceed the total price of an Order, nor allow any amount for anticipated profit for performance not rendered: provided further, Seller's written claim for adjustment is received within thirty (30) days following the effective date of termination set forth in Buyer's written notice. Such termination shall not relieve Buyer or Seller of their respective obligations as to any unterminated portions of an Order. Upon receipt of a termination notice, Seller shall stop work to the extent specified in the notice and take such other action as may be necessary or as Buyer may direct for the transfer, protection, preservation of property and contract rights which are related to the termination, and to minimize the cost of termination to and for the benefit of Buyer.

## **C10 CANCELLATION - CLAUSE**

If Seller fails to make delivery of the Goods, or fails to perform the services, in accordance with the delivery dates specified in the Order, or fails to perform any other provision of Agreement, or so fails to make progress as to endanger performance of an Order in accordance with its terms and conditions and does not cure such failure within ten (10) days after notice from the Buyer, Buyer may (in addition to any other right or remedy provided by this Agreement or by law) terminate all or any part of the Order by written notice to Seller without liability, and purchase substitute goods elsewhere, and Seller shall be liable to Buyer for any financial cost incurred by Buyer including repair, rework, NRE charges, (Q5, C5) and replacement prices in excess of original Seller's Order price (for Buyer to maintain integrity of contracted schedules to Buyer's Customer). Seller shall continue performance of an Order to the extent not terminated pursuant to this Clause C10.

If an Order is terminated as provided in this clause, the Buyer, in addition to any other rights provided herein, may require the Seller to transfer title and deliver to the Buyer (i) any completed Goods, and (ii) such partially completed goods and materials, parts, tools, jigs, fixtures, plans, drawings, information, and contract rights as the Seller has specifically produced or specifically

acquired for the performance of the Order.

#### **C11 COMPLIANCE WITH LAWS**

(a) In the performance of this contract Seller shall comply, and shall ensure that its subcontractors comply, with all applicable federal, state and local laws, regulations, rules and ordinances, including without limitation the provisions of the Fair Labor Standard Act (FLSA) of 1938, as amended, and the Equal Opportunity provisions of the current President Executive Order. Seller agrees, upon request, to furnish Buyer a certificate regarding FLSA compliance in such form as Buyer may from time to time require.

#### **C12 DISCLOSURE**

No news release, advertisement, or other disclosure relating to an Order or this Agreement shall be made without Buyer's prior written approval. Further Seller shall keep confidential all designs, processes, drawings, specifications, reports, data, and other technical or proprietary information and the features of all parts, equipment, tools, gauges, patterns, and other items, furnished or disclosed to Seller by Buyer in connection with this Agreement. Unless otherwise provided herein or authorized by Buyer in writing, Seller shall use Buyer's confidential information and items, and the features thereof, only in the performance of this Agreement. Upon completion or termination of this Agreement or an Order, Seller shall return all such information and items to Buyer or make such other disposition thereof as may be directed or approved by Buyer.

#### **C13 WAIVER**

The failure of Buyer to insist upon the performance of any provision of this Agreement, or to exercise any right or privilege granted to Buyer under this Agreement shall not be construed as waiving any such provision, or any other provision of this Agreement, unless such waiver shall be expressed in writing and signed by Buyer.

#### **C14 HOLD HARMLESS AND INDEMNIFICATION**

In the event Seller, its officers, employees, agents or subcontractors at any tier enter premises occupied by or under the control of Buyer, the government or third parties in the performance of an Order, Seller shall defend, indemnify, and hold harmless Buyer, its officers, employees and agents (the "Buyer Indemnified Parties") from any claim, suit, loss, cost, expense damage, liability or personal injury (including death), including reasonable attorney's fees and costs of litigation ("Claims") to any person, including Seller's employees, of whatsoever nature or kind arising out of, as a result of, or in connection with such performance occasioned in whole or part by the actions or omissions of Seller, its officers, employees, agents or subcontractors at any tier. Seller shall take all precautions necessary, special or otherwise, and shall be responsible for compliance with all federal, state and local laws in performance of work hereunder. Seller shall additionally defend, indemnify, and hold harmless the Buyer Indemnified Parties from against any and all third party Claims arising out of or related to: (i) Seller's breach of the Agreement; or (ii) any claims of personal injury, death, or property damage caused by any defect or alleged defect in the Goods purchased hereunder. The obligation to pay attorneys' fees in this indemnity provision includes all attorneys' fees incurred in defending any claim or establishing the right to indemnity under this Agreement. All indemnification obligations survive the termination of this Agreement or any Order.

Without in any way limiting the foregoing undertaking, Seller and its subcontractors at any tier shall maintain general liability, product liability and property damage insurance in reasonable limits covering the obligations set forth herein and shall maintain proper Worker's Compensation Insurance or approved self - insurance program covering all employees.

#### **C15 FORCE MAJEURE DELAYS AND NOTICE OF LABOR DISPUTES**

Seller shall not be liable for any delays in delivery caused by circumstances unforeseeable and beyond the control and without the fault or negligence of Seller, such as acts of God, enemy acts,

United States Government directives, fire, floods, epidemics, quarantine restrictions, wars or embargos (each, a “force majeure event”). When any delays in delivery will occur or are anticipated as a result of a force majeure event, Seller shall immediately give notice thereof to Buyer. In the event of any force majeure event, the date for shipment or performance of the affected obligations shall be deferred for a period equal to the time lost by reason of the delay. Notwithstanding anything to the contrary herein, Seller will set forth best efforts to minimize such impact.

## **C16 RESPONSIBILITY FOR PROPERTY**

Unless otherwise specified, upon delivery to Seller or manufacturer or acquisition by Seller of any materials, parts, tooling, data or other property, title to which remains with Buyer, Seller assumes the risk of and shall be responsible for any loss thereof or damage thereof. In accordance with the provisions of this Agreement, but in any event upon completion thereof, Seller shall return such property to Buyer in the condition in which it was received except for reasonable wear and tear and except for such property as has been reasonably consumed in the performance of this Agreement.

## **C17 INTEGRITY IN PROCUREMENT**

Buyer’s policy is to maintain high standards of integrity in procurement. Buyer’s employees must ensure that no favorable treatment compromises their impartiality in the procurement process. Accordingly, Buyer’s employees must strictly refrain from soliciting or accepting any payment, gift, favor, or thing of value which could improperly influence their judgment with respect to either issue of an Order or administering this Agreement. Consistent with this policy, Seller agrees not to provide or offer to provide any employee of Buyer any payment, gift, favor, or thing of value for the purpose of improperly obtaining or rewarding favorable treatment in connection with any Order or this Agreement. Seller shall conduct its own procurement practices, and shall ensure that its suppliers conduct their procurement practices, consistent with these standards. If Seller has reasonable grounds to believe that this policy may have been violated, Seller shall immediately report such possible violation to the Buyer.

## **C18 TAXES**

Seller may charge and Buyer will pay applicable federal, state or local sales or use taxes or value added taxes that Seller is legally obligated to charge (“Taxes”), provided that such Taxes are separately stated on the original invoice that Seller provides to Buyer. Buyer may provide Seller an exemption certificate acceptable to the relevant taxing authority, in which case, Seller shall not collect the Taxes covered by such certificate. Seller will be solely responsible for all other taxes, duties, charges or fees imposed with respect to the sale, delivery, or use of any Goods provided hereunder, including excise, import/export, customs duties, inspection or testing fees, or any other tax, duty, fee or charge of any nature imposed by any governmental authority, including all interest and penalties thereon.

## **C19 DAMAGES AND REMEDIES**

Buyer may exercise the remedies provided in this section, which are cumulative and are in addition to all other rights and remedies available elsewhere in the Agreement or by law.

If Seller delivers to Buyer non-conforming material, damaged Goods, or breaches this Agreement or any Order, Buyer may recover from Seller its out-of-pocket damages and costs caused by Seller’s breach or delivery of non-conforming or damaged Goods, including but not limited to:

- Cost of damage / replacement of the Goods themselves;
- Cost of damage / replacement to any surrounding or nearby items or facilities as a result of damaged Goods or Seller’s breach (e.g. defective purchased part or sub part damaged adjacent parts when used as instructed);
- Cost of damage / replacement for any up or downstream activities affected by damaged

Goods or Seller's breach (e.g. Seller must bear all costs associated with removal of Seller's part from aircraft, rework, reinstall into aircraft, lost time. In addition, if the damaged unit cannot be replaced in time to support aircraft modification for Buyer's Customer, and Buyer is subject to liquidated or other damages from its Customer, Seller will reimburse Buyer for such damages);

## **C20 ENTIRE AGREEMENT**

This Agreement sets forth the entire agreement, and supersedes any and all other agreements, understandings and communications between Buyer and Seller related to the subject matter of this Agreement. No amendment or modification of this Agreement shall be binding upon Buyer unless set forth in a written instrument signed by Buyer. The rights and remedies afforded to Buyer pursuant to any provision of this Agreement are in addition to any other rights and remedies afforded by any other provisions of this Agreement, by law or otherwise.

## **C21 GOVERNING LAW AND DISPUTE RESOLUTION**

This Agreement shall be governed by the laws of the State of Washington without resort to its conflict of law provisions. The parties agree to the exclusive jurisdiction and venue of the state and federal courts located in King County, Washington for any legal proceeding involving the Agreement or any dispute between Seller and Buyer. None of the provisions of the United Nations Convention on Contracts for the International Sale of Products will be applied to the interpretation or enforcement of the Agreement. In the event of any dispute regarding the interpretation or enforcement of the Agreement, the prevailing party will be entitled to recover its reasonable attorneys' fees and cost of litigation.