



STANDARD TERMS AND CONDITIONS OF PURCHASE

The following terms and conditions provide Sellers to Federal Defense Industries, Inc. (FDI) with the guidelines and terms of our purchase order contract and are the Terms and Conditions for all FDI purchase orders.

This Purchase Order ("Order") is FDI's ("BUYER") offer to purchase from SELLER the goods and/or services which are described on the face of the Order.

1. ACCEPTANCE/ACKNOWLEDGEMENT

This order is not binding upon BUYER until accepted by SELLER. Acceptance of all terms and conditions to this order shall take place when (a) BUYER receives this acknowledgement copy of this order properly executed by SELLER within three (3) days after the date appearing on the face hereof, or (b) SELLER delivers to BUYER the goods.

ACCEPTANCE OF THIS ORDER IS EXPRESSLY LIMITED TO THE TERMS HEREOF BY MAKING ANY DELIVERY UNDER THIS PURCHASE ORDER. SUPPLIER THEREBY EXPRESSES ACCEPTANCE OF EACH AND EVERY TERM AND CONDITION SET FORTH HEREIN AND THE FAILURE TO ACKNOWLEDGE OR ANY ACKNOWLEDGEMENT OFFERING TERMS INCONSISTENT WITH THE TERMS AND CONDITIONS OF THIS PURCHASE ORDER SHALL HAVE NO BINDING EFFECT WHATSOEVER ON BUYER OR THE TERMS AND CONDITIONS HEREOF.

Please email a signed order acknowledgement to orders@fdi.us.com.

2. PRICE

SELLER agrees that (a) the per unit price or total price set forth on the face of this order is firm, not subject to increase, and includes all applicable taxes on goods covered herein [if any, goods supplied under Federal Contracts are exempt from most taxes, including Federal Excise Tax (FET) for tires] (b) the price as herein stated shall include all costs for marking, packaging, preservation, quality assurance, transporting and insuring the terms ordered to BUYER's dock, or the designated location and appearing on the PO face thereof.

BUYER shall not be liable for extra charges of any kind including charges for design, test, inspection, packing, and cartage or insurance unless specifically ordered and agreed to by BUYER in writing in advance.

3. INVOICES & DOCUMENTATION

Each invoice issued as a result of this Purchase Order shall conform to the following:

- 3.1. Shall be rendered separately for each delivery
- 3.2. Shall not cover more than one Purchase Order
- 3.3. Shall contain the FDI Purchase Order number, the part number(s) and identifying data
- 3.4. Shall be rendered to the FDI Accounts Payable department as set forth on this Purchase Order
- 3.5. Each invoice payment term will be calculated from the date of the invoice, or date of the shipment, whichever is later

Supplier is required to provide clear and legible documentation in performance of its obligations under this purchase order.



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4. CHANGES

- 4.1. BUYER reserves the right upon written notice to SELLER at any time to change any one or more of the following:
- 4.1.1. Place and/or time of delivery
 - 4.1.2. Method of packaging, packing or method/mode of shipment and
 - 4.1.3. Specification, drawings, blueprints and data incorporated in this order where the goods to be purchased are to be specifically manufactured for the BUYER
- 4.2. SELLER shall not change this order nor ship non-conforming items without first obtaining the written consent of BUYER.
- 4.3. SELLER shall notify the BUYER of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and, where required, obtain organization approval and flow down to the supply chain the applicable requirements including customer requirements.
- 4.4. If any such changes cause an increase or decrease in the cost of or the time required for the performance hereunder, an equitable adjustment shall be made in the price or delivery schedule, or both. Any claim for adjustment by the SELLER shall be deemed waived unless asserted in writing within thirty (30) days from the receipt by SELLER of the change. Nothing contained in this clause shall relieve SELLER from proceeding without delay in the performance of this order as changed.

5. MATERIAL TO BE FURNISHED

The condition of the material must be NEW, of current production, unless otherwise stated on the Purchase Order. SELLER may not assign BUYER's order without prior written consent of BUYER. No partial shipments are allowed unless otherwise stated on the Purchase Order.

6. DELIVERY

Time is of the essence for this order and on-time delivery is encouraged. Early Shipments of complete line goods are approved unless otherwise indicated. Any provisions herein for delivery of goods by installment shall not be construed as rendering the obligation of the SELLER. Title and risks remain with SELLER until delivery.

SELLER shall give BUYER advance notice of shipment containing the BUYER's order number, description and quantity.

Please email to shipping@fdi.us.com.

7. DELAYS AND DEFAULT

In the event SELLER for any reason anticipates any difficulty in complying with the required delivery date or any of the other requirements of this purchase order, SELLER shall promptly notify BUYER in writing to receive an adjusted Purchase Order. **Please send delay notifications by email to orders@fdi.us.com.**

7.1. EXCUSABLE DELAYS

SELLER shall be liable for default unless nonperformance is caused by an occurrence beyond the reasonable control of SELLER and without its fault or negligence as represented in FAR 52.212-4(f) – Commercial Items. SELLER shall notify BUYER's representative in writing as soon as reasonably possible after the commencement of any excusable delay; however, no less than 14 days prior to Expected Ship Date (ESD).



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7.2. CANCELLATION FOR DEFAULT

In the event of a delivery delay longer than 60-days (unless an extension is agreed to and a Purchase Order Revision is issued), non-delivery, uncured failure following 10-days' notice, or any other default by SELLER in meeting the requirements of this purchase order, BUYER may terminate this purchase order for default, in accordance with FAR 52.249-8 Default (Fixed Price Supply and Service) without further compensation to SELLER.

If advance payments, progress payments, or performance-based payments have been made under this Purchase Order, and the Purchase Order is terminated for SELLER's default, BUYER shall have the rights of the U.S. Government set forth in FAR 52.232-16 Progress Payments, and FAR 52.232-32 Performance-Based Payments.

7.3. Waiver by either party of any default by the other hereunder shall not be deemed a waiver by such party of any or all other default(s).

8. TERMINATION FOR CONVENIENCE

This Contract/Order is made pursuant to a U.S. Government contract which is subject to termination for the U.S. Government's convenience if it is determined to be in the U.S. Government's interest. As such BUYER shall have the right to cancel this Order or any part thereof for its convenience at any time in accordance with FAR 52.249-2, Termination for Convenience. After issuance of a Stop Work order, SELLER is entitled to such cost reimbursement as may be authorized under the details of this FAR. FDI Note: In practice, this is very rare, and is usually preceded with a request to identify the cost of cancellation, in which case BUYER will contact SELLER for a response.

9. SELLER'S WARRANTY

By accepting this order, SELLER warrants that the goods to be furnished under this order will be (i) in full compliance with approved manufacturer's or BUYER's specifications, drawings, blueprints, and data or SELLER's samples, if any; (ii) fit for the use intended by BUYER; (iii) free from any actual or claimed patent copyright or trademark infringement; (iv) shall be of good quality and free from defects in materials and workmanship; (v) SELLER warrants title to the goods. SELLER warranty shall begin from the date item(s) are shipped from SELLER's facility and shall remain valid for one (1) year, unless otherwise stated on order.

Any certifications, Certificates of Compliance (C of C), test results, SDS (Safety Data Sheets) or other such documents required per the BUYER's order must be forwarded to BUYER prior to or at actual time of shipment.

Please email to orders@fdi.us.com.

10. INSPECTION / ACCEPTANCE

Each and every item purchased hereunder is subject to BUYER's inspection and approval at the place designated by the BUYER. BUYER expressly reserves the right to inspect, test and/or reject and refuse acceptance of goods or services performed which do not conform in all respects to (a) any instructions contained herein, (b) BUYER's part numbers, specifications, drawings, blueprints, and data and (c) SELLER's warranties and each of them whether such warranties be expressed or implied. With respect to any goods which do not so conform, BUYER may in BUYER's sole discretion, hold such goods for SELLER's instructions at SELLER's risk upon notification to SELLER or return such goods to SELLER at SELLER's expense. Payment for any goods shall not be deemed an acceptance thereof. BUYER's to hold for disposition non-conforming products for a period not to exceed 30 days or as agreed by BUYER.



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11. TITLE

Unless specified elsewhere in this Order, title to items furnished under this Order shall pass to BUYER upon acceptance, regardless of when or where BUYER takes physical possession.

12. INDEMNIFICATION

SELLER shall indemnify and hold BUYER harmless from any claim, demand, libel, cause or action or damage for which BUYER might become liable arising from or in connection with SELLER's performance hereunder. In addition to any indemnification as provided hereunder, if by virtue of a patent infringement suit and injunction shall issue against BUYER which prohibits or limits the use of any goods purchased hereunder, SELLER at BUYER's request shall supply BUYER with non-infringing replacement goods of a similar kind and quality.

13. BUYER'S PROPERTY

Unless otherwise agreed in writing, all tooling, equipment, or material of every description furnished to SELLER by BUYER or specifically paid for by BUYER and any replacement thereof, or any materials affixed thereto, shall remain in the property of BUYER. Such property, and whenever practical, each individual item thereof, shall be plainly marked by SELLER or otherwise adequately identified as "Property of Federal Defense Industries, Inc." and shall be safely stored separately and apart from SELLER's property. BUYER reserves the right, but not the obligation, to affix any tag, sticker or other such label that identifies tooling, equipment or materials as property of BUYER. SELLER shall not substitute any property for BUYER's property and shall not use such property except in filling BUYER's orders. Such property while in SELLER's custody or control shall be kept insured by BUYER at BUYER's expense upon written notice to SELLER by BUYER, and SELLER must be notified 30 days prior to requested shipment, unless shorter notice is acceptable to SELLER. Such property shall be prepared for shipment and delivered in good condition, normal wear and tear excepted, to BUYER, F.O.B. SELLER's Plant.

14. COMPLIANCE WITH LAW

Upon acceptance of this order, SELLER warrants and represents that it has and will continue during the performance hereunder to comply with all relevant provisions of Federal, State and local laws and regulations.

15. CONFIDENTIAL RELATIONSHIP

SELLER shall treat as confidential all specifications or drawings, blueprints and data supplied by BUYER. SELLER shall not disclose any information relating to this order to any third party not entitled to receive it.

Unless otherwise stated, this order is placed in support of a U.S. Government contract. Respecting the U.S. Government's right to confidentiality, SELLER shall not, without the prior written consent of BUYER (a) make any news release, public announcement, denial or confirmation of this Purchase Order or this subject matter nor (b) in any manner advertise or publish the fact that BUYER has placed this Order.

16. DISPUTE RESOLUTION

Notwithstanding any provision in this order to the contrary, in the event SELLER and BUYER are unable to resolve any dispute arising under this order and any suit or other judicial proceeding is instituted or had with reference hereto, the successful party in any such suit or other judicial proceedings shall be paid promptly by the other party an additional amount equal to the successful party's reasonable attorney's fees and costs incurred.

17. COUNTERFEIT DETECTION AND AVOIDANCE

Unless otherwise stated, this order is issued pursuant to a U.S. Government Contract. FDI participates in active Counterfeit Detection and Avoidance programs with the U.S. Government. FDI encourages all SELLER/Suppliers to



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embrace the concepts of ensuring quality materials, and detecting and avoiding counterfeit materials.

In order to prevent current and subsequent acts of counterfeit materials/parts from entering the supply chain; during the performance of and for this Purchase Order the SELLER/Supplier is REQUIRED to manage materials provisioning and/or sub-tier supply in a manner which ensures suspected or actual Counterfeit materials are not introduced into the supply chain. SELLER/Supplier is REQUIRED to promptly report any detection of Counterfeit parts to FDI and U.S. Government Industry Data Exchange Program (GIDEP) and/or Industry programs.

18. QUALITY MANAGEMENT SYSTEM REQUIREMENTS

SELLER shall employ and maintain a Quality Assurance System, which assures that supplies furnished meet the requirements of this purchase order and the drawings and revisions of the parts to be supplied. BUYER reserves the right, with agreement of SELLER, to inspect, test, compare to specification drawings, etc. any production in process to ensure compliance with BUYER's order. SELLER's Quality Assurance System will statistically track pass/fail data, root cause, failure analysis, and continuous improvement. SELLER's quality system will maintain records suitable to support inside and outside audits. SELLER will promptly respond to any formal requests of BUYER for corrective action requests (CAR) and make its best effort to resolve issues and prevent their reoccurrence.

18.1. As required, the SELLER will ensure their persons are aware of:

- Their contribution to product or service conformity;
- Their contribution to product safety;
- The importance of ethical behavior

19. RECORD RETENTION REQUIREMENTS

SELLER shall retain Purchase Orders, Designs, Drawing, Test Data and any documentation pertaining to the sale; for a minimum of four (4) years from date of last delivery of order.

20. RIGHT OF ACCESS / AUDIT

SELLER to grant BUYER, or representatives of BUYER and BUYER's Customer, and Regulatory Authorities reasonable right of access to applicable areas for any facilities, including where work is subcontracted to third parties, at any level of the supply chain or SELLER's agent where product or services are produced or performed.

21. APPLICABLE FAR/DFARS CLAUSES

As indicated by the contract support type on the attached Purchase Order from BUYER, the following Federal Acquisition Regulations (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS) regulations shall apply and SELLER shall comply with the clauses set forth below, as applicable. SELLER shall also comply any FAR/DFARS specifically cited as a flowdown requirement in the BUYER's Purchase Order if not listed below. SELLER agrees to flowdown FAR/DFARS clauses to all parts of its supply chain, as applicable.

Any clauses incorporated herein and in BUYER's Purchase Order by reference, will carry the same force and effect as if they were given in full text. Upon request, the BUYER will make the full text of applicable FAR/DFARS clauses available to SELLER. FAR/DFARS clauses may be accessed electronically at:

<https://www.acquisition.gov/content/regulations> (Please ensure both the FAR clause # **AND** the clause date match when referencing the FAR/DFARS below).

NOTE: Defense Priorities and Allocations System Program (DPAS) provisions may apply depending on contract type. Please reference the following website for information on DPAS: <https://www.bis.doc.gov>



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ADDENDUM I

All FAR/DFARS listed below are flowed down on the basis of performance of the supply chain to the requirements of the US Government contract and its requirement to flow down a minimal number of clauses, as applicable.
If a FAR/DFARS clause is not applicable to an acquisition, it can be deleted.

1) For Purchase Orders in support of U.S. Air Force Contract (2017) (DPAS DO-C9 rated contracts), apply the following:

For Purchase Orders for Commercial Items, only the following FAR/DFARS are flowed down:

52.244-6 Subcontracts for Commercial Items (Oct 2015)

For Purchase Orders for all other items, the FAR/DFARS are applied according to conditions (if any, if applicable) as follows:

52.203-17 Contractor Employee Whistleblower Rights and Requirement To Inform Employees of Whistleblower Rights (Apr 2014)
52.204-2 Security Requirements (Aug 1996)
52.204-23 Prohibition on Contracting for Hardware, Software, and Services Developed or Provided by Kaspersky Lab and Other Covered Entities (Jul 2018)
52.204-24 Representation Regarding Certain Telecommunications and Video Surveillance Services or Equipment (Oct 2020)
52.204-25 Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment (Aug 2020)
52.211-15 Defense Priority and Allocation Requirements (Apr 2008)
52.212-5 Contract Terms and Conditions Required to Implement Statutes or Executive Orders -- Commercial Items (Nov 2016)
52.222-21 Prohibition of Segregated Facilities (Apr 2015)
52.222-26 Equal Opportunity (Sep 2016)
52.222-50 Combating Trafficking in Persons (Mar 2015)
52.225-13 Restrictions on Certain Foreign Purchases (Jun 2008)
52.227-1 Authorization and Consent (Dec 2007)
52.245-1 Government Property (Apr 2012)
252.203-7002 Requirements to inform employees of whistleblower rights (Sep 2013)
252.204-7000 Disclosure of Information (Oct 2016)
252.225-7001 Buy American and Balance of Payments Program (Nov 2014)
252.225-7001 ALT I Buy American and Balance of Payments Program--Alternate I (Dec 2016)
252.227-7013 Rights in Technical Data--Noncommercial Items (Feb 2014)
252.227-7014 Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (Feb 2014)
252.227-7015 Technical Data--Commercial Items (Feb 2014)
252.227-7026 Deferred Delivery of Technical Data or Computer Software (Apr 1988)
252.227-7027 Deferred Ordering of Technical Data or Computer Software (Apr 1988)
252.244-7000 Subcontracts for Commercial Items (Jun 2013)
252.247-7023 Transportation of Supplies by Sea (Apr 2014)

If the Purchase Order contract is over \$5,000, also apply the following:

252.211-7003 Item Unique Identification and Valuation (Mar 2016)

If the Purchase Order contract is over \$15,000, also apply the following:

52.222-35 Equal Opportunity for Veterans (Oct 2015)
52.222-36 Equal Opportunity for Workers With Disabilities (Jul 2014)
52.222-37 Employment Reports on Veterans (Feb 2016)

If the Purchase Order contract is over \$35,000 AND contains a non-Commercially Available Off-the-Shelf (COTS) Item (as defined in FAR 2.101), also apply the following:

52.209-6 Protecting the Governments Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (Oct 2015)



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If the Purchase Order contract is over \$150,000, also apply the following:

- 52.203-6 Restrictions on sub-contractor sales to the government (Sep 2006)
- 52.203-7 Anti-Kickback Procedures (May 2014)
- 52.203-16 Preventing Personal Conflicts of Interest (Dec 2011)
- 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement (Dec 2007)
- 252.203-7001 Prohibition on Persons Convicted of Fraud or Other Defense Contract-Related Felonies (Dec 2008)

If the Purchase Order contract is over \$500,000 AND contains a non-Commercially Available Off-the-Shelf (COTS) Item (as defined in FAR 2.101) that is to be acquired outside the United States, also apply the following:

- 52.222-56 Certification Regarding Trafficking in Persons Compliance Plan (Mar 2015)

If the Purchase Order contract is over \$750,000, also apply the following:

- 52.215-12 Subcontractor Certified Cost or Pricing Data (Oct 2010)
- 52.215-19 Notification of Ownership Changes (Oct 1997)

If the Purchase Order contract is over \$5,500,000, also apply the following:

- 52.203-13 Contractor Code of Business Ethics and Conduct (Oct 2015)

If the Purchase Order contract consists of an item that contains "specialty metals" (as defined in DFARS 252.225.7009(a)), also apply the following:

- 252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals (Oct 2014)

If the Purchase Order contract contains a non-Commercially Available Off-the-Shelf (COTS) Item (as defined in FAR 2.101) AND an item that contains "ball or roller bearings" (as defined in DFARS 252.225-7016(a)), also apply the following:

- 252.225-7016 Restriction on Acquisition of Ball and Roller Bearings (Jun 2011)

If the Purchase Order contract contains a "Critical Safety Item (CSI)" (as defined in DFARS 252.246-7003(a)), also apply the following:

- 252.246-7003 Notification of Potential Safety Issues (Jun 2013)

If the Purchase Order contract contains "electronic parts" (as defined in DFARS 252.246-7007(a)) or assemblies containing electronic parts, also apply the following:

- 252.246-7007 Contractor Counterfeit Electronic Part Detection and Avoidance System (Aug 2016)

2) For Purchase Orders in support of U.S. Army Contract (2019), apply the following (DPAS rating does not apply):

For Commercial Items, only the following FAR/DFARS are flowed down:

- 52.244-6 Subcontracts for Commercial Items (Oct 2015)

For all other items, the FAR/DFARS are applied according to conditions (if any, if applicable) as follows:

- 52.222-21 Prohibition of Segregated Facilities (Apr 2015)
- 52.222-26 Equal Opportunity (Apr 2015)
- 52.222-50 Combating Trafficking in Persons (Mar 2015)
- 52.225-1 Buy American – Supplies (May 2014)
- 52.225-13 Restriction on Certain Foreign Purchases (Jun 2008)
- 52.232-40 Providing Accelerated Payments to Small Business Subcontractors (Dec 2013)
- 52.247-4016 <https://www.fdi.us.com/static/files/pdf/FDI-PO-Wood-Heat-Treatment-Requirement.pdf>
- 252.203-7002 Requirement to Inform Employees of Whistleblower Rights (Sep 2013)
- 252.204-7000 Disclosure of Information (Aug 2013)
- 252.204-7012 Safeguarding Covered Defense Information and Cyber Incident Reporting (Sep 2015)
- 252.204-7015 Disclosure of Information for Litigation Support (Feb 2014)
- 252.223-7008 Prohibition of Hexavalent Chromium (Jun 2013)
- 252.225-7001 Buy American and Balance of Payments Program (Nov 2014)
- 252.225-7048 Export - Controlled Items (Jun 2013)



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- 252.229-7011 Reporting of Foreign Taxes – U.S. Assistance Programs (Sep 2005) (Orders >\$500)
- 252.244-7000 Subcontracts for Commercial Items (Jun 2013)
- 252.247-7023 Transportation of Supplies by Sea (Apr 2014)

If the Purchase Order contract is over \$5,000, also apply the following:

- 52.223-18 Encouraging Contractor Policies to Ban Text Messaging While Driving (Aug 2011)
- 252.211-7003 Item Unique Identification and Valuation (Dec 2013)

If the Purchase Order contract is over \$15,000, also apply the following:

- 52.222-36 Equal Opportunity for Workers With Disabilities (Jul 2014)

If the Purchase Order contract is over \$35,000 AND contains a non-Commercially Available Off-the-Shelf (COTS) Item (as defined in FAR 2.101), also apply the following:

- 52.209-6 Protecting the Governments Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (Oct 2015)

If the Purchase Order contract contains a non-Commercially Available Off-the-Shelf (COTS) Item (as defined in FAR 2.101) AND an item that contains "ball or roller bearings" (as defined in DFARS 252.225-7016(a)), also apply the following:

- 252.225-7016 Restriction on Acquisition of Ball and Roller Bearings (Jun 2011)

If the Purchase Order contract contains "electronic parts" (as defined in DFARS 252.246-7007(a)) or assemblies containing electronic parts, also apply the following:

- 252.246-7007 Contractor Counterfeit Electronic Part Detection and Avoidance System (May 2014)

3) For Purchase Orders in support of the Defense Logistics Agency (DLA) contracts or any other type of contract, the specific FAR/DFARS that are applicable will be flowed down to the SELLER with the Purchase Order, or in advance upon request.