

**CFD International, LLC**  
**TERMS AND CONDITIONS OF PURCHASE**

**General Provisions**

By accepting this purchase order, and/or performing hereunder Seller agrees to comply fully with the Terms and Conditions of Purchase set forth in this document. Acceptance of this Purchase Order is expressly limited to the Terms and Conditions of this Purchase Order and none of the Seller's Terms and Conditions shall apply in acknowledging this Purchase Order or in the acceptance of this Purchase Order. Acceptance by CFD International (hereinafter called "CFD"), shall not constitute agreement to Seller's Terms or Conditions. Seller may not ship under reservation.

**1. MODIFICATIONS**

Changes, modifications, waivers, additions or amendments to the terms and conditions of this Purchase Order shall be binding on CFD only if such changes, modifications, waivers, additions or amendments are in writing and signed by a duly authorized representative of CFD.

**2. APPLICABLE LAW**

The validity, interpretation, and performance of these terms and conditions and any purchase made hereunder shall be governed by the laws of the state from which this Purchase Order is issued, in force at the date of this Purchase Order for contracts made and to be performed in such state. The United Nations Convention on the International Sale of Goods (the Vienna Convention) is deemed waived and shall not apply. Where not modified by the terms herein, the provisions of such states enactment of Article 2 of the Uniform Commercial Code shall apply to this transaction.

**3. COMPLIANCE WITH LAW**

Seller agrees that at all times it will comply with all applicable federal, state, municipal and local laws, orders and regulations, including but not limited to those affecting or limiting prices, production, purchase, sale and use of material. If requested by CFD, Seller agrees to timely certify compliance with such laws in such forms as CFD may request.

**4. RELEASE OF INFORMATION**

Neither party hereto shall, without the prior written consent of the other party (which shall not be unreasonably withheld), publicly announce or otherwise disclose, except to the U.S. Government, when the Purchase Order references a U.S. Government contract or subcontract number, the existence or the terms of this Agreement, or release any publicity regarding this Agreement. This provision shall survive the expiration, termination or cancellation of this Agreement. Unless specifically identified in writing as proprietary, any knowledge or information which Seller may disclose to CFD shall not be deemed to be confidential or proprietary information and shall be acquired by CFD free from any restrictions as to use or disclosure thereof.

**5. INDEMNITY**

Seller shall defend, indemnify, protect and save CFD, its officers, employees, servants, agents, successors and assigns, harmless from and against all claims, including without limitation claims, liabilities, losses, judgments, actions, administrative proceedings, costs, expenses, penalties, fines, damages and expenses (including, but not limited to, attorneys' fees, consultants' fees and court costs) ("claims") for bodily injury, harm, sickness, disease and death and for property loss or damage, to the extent arising from: (i) the acts or omissions of Seller, its employees, contractors, subcontractors, servants, or agents; (ii) the failure of Seller, its employees, contractors, subcontractors, servants, or agents, to comply with applicable laws and regulations on or after the effective date of this Purchase Order, including claims based on strict liability; or (iii) breach by Seller, its employees, contractors or subcontractors of the terms and conditions of this purchase order. If any loss or damage is attributable to both Seller and CFD, Seller agrees, without regard to any concurrent or other negligence by CFD (if any) to provide CFD with comparative indemnification for that portion of the loss or damage which is attributable to Seller or Seller's officers, directors, employees, contractors or agents. Notwithstanding anything to the contrary, this provision shall survive the termination or expiration of this Purchase Order.

**6. WAIVER**

Any failure of CFD to enforce at any time or for any period of time, any of the provisions of this Purchase Order shall not constitute a waiver of such provisions nor of CFD's right to enforce each and every provision.

**7. ACCEPTANCE AND WARRANTY**

**A. ACCEPTANCE AND WARRANTY – PRODUCTION:** Final acceptance of material by CFD will not occur until after arrival at the CFD facility from which this Purchase Order originates, unless otherwise specified herein. Seller warrants that all articles, material and work supplied by Seller under this Purchase Order conform to the requirements, specifications, drawings, samples or other descriptions furnished or adopted by CFD and that they are of good material and workmanship and free from all defects in manufacture or design, and are of merchantable quality and fit for their intended purpose. Such warranties by Seller shall run to the benefits of CFD, its employees and purchaser's from CFD. CFD's approval of designs furnished by Seller shall not relieve Seller of its obligation under this warranty. Seller's warranty shall be effective for a period of time as set forth on the face of this Purchase Order. If no such schedule is set forth on the face of this Purchase Order, the warranty shall be effective for a period of one year

from the date of acceptance of goods by CFD, or for such longer period specified by Seller. All articles and material returned to Seller for breach of warranty hereunder shall be at Seller's expense, including expenses and penalties incurred by CFD in recalling such articles and materials which have been delivered to CFD's customers and expense of redelivery. Seller agrees that shipment of materials against this P.O. constitutes certification that all articles or goods included in this shipment conform in all respects to the applicable requirements, specifications, and drawings. Seller will make process control data, inspection and test reports covering the articles or goods and their parts available for review and subject to examination by CFD or its authorized representatives to verify conformance to such applicable specifications and drawings. A certificate of conformance must accompany all shipments. Any articles or materials not accepted by CFD may be returned to Seller at Seller's expense for full credit of the purchase price. Inspection may be performed at CFD's option on a statistical sampling basis. The entire lot may be rejected based on defects revealed by such sampling. At CFD's option, the rejected lot will be either returned to Seller for replacement or credit or 100% screened by CFD with cost of screening paid by Seller. The initial inspection performed at CFD on receipt of material is a conditional acceptance, and shall not waive the right of CFD to return material to Seller which exhibits or develops defects due to latent causes during or after installation or testing of the end product.

Seller shall preserve all special drawings, dies, patterns, tooling or other items supplied or paid for by CFD in good condition; and they are the property of CFD unless otherwise specified, and the same such items shall be returned in good condition when the work on the Purchase Order has been completed or terminated, or at any other time as requested by CFD. No special drawing, die, pattern, tool or other item supplied by CFD or made by Seller for the use of or delivery to CFD, or for use by Seller in supplying CFD, shall be used by Seller for any purpose other than supplying CFD, without Seller's first obtaining the written consent of CFD thereto, provided, however, that if the U.S. Government has rights in such items under a prime contract with CFD, non-interfering use of the items for direct sales to the Government is authorized if written notice is provided to CFD prior to such use. If material, equipment, special drawings, dies, patterns, or other items are furnished by CFD for performance of this Purchase Order, all risk of loss thereof or damage thereto shall be upon Seller from the time of shipment to Seller until re-delivery to and receipt by CFD.

All inventions which Seller conceives or reduces to practice during the course of its performance under this Purchase Order shall be the exclusive property of CFD. All materials, items and other work prepared by Seller under this Purchase Order shall be deemed "work-for-hire" as defined under United States copyright law and shall be the exclusive property of CFD from the date of inception. If the work product does not qualify as a "work-for-hire", then in any event all rights in the work product, including the copyright, will be deemed automatically transferred to CFD from its inception. CFD shall have the exclusive worldwide right to use, edit, translate, publish, transfer or sell the work product prepared by Seller in any manner which CFD deems fit.

If Seller is prevented from delivering, or CFD is prevented from receiving the materials or articles referred to in this Purchase Order as a result of governmental actions or regulations, except as hereinafter provided, or of fires, strikes, accidents, and other unforeseeable causes beyond the control of either party, the obligation to receive or deliver shall be suspended for a reasonable time during which such causes continue to exist.

**B. ACCEPTANCE AND WARRANTY – PROTOTYPES:** Seller agrees to provide prototype materials and parts in conformance with requested specifications. If a part fails due to a flaw in fabrication, Seller will rework or replace the part.

**8. PRODUCT CONFORMANCE**

Seller agrees to notify CFD of any product which does not conform to the requirements of applicable drawings, specifications or Purchase Order requirements. Seller shall obtain CFD approval for disposition of said non-conforming product prior to shipment.

**9. PATENTS AND COPYRIGHTS**

Seller agrees to indemnify and to save CFD its officers, agents, employees, and vendees (mediate and immediate) harmless from any and all loss, expense, damage, liability, claims or demands either at law or in equity for actual or alleged infringement of any patent invention, design, trademark, or copyright arising from the purchase, use or sale of materials or articles required by this Purchase Order, except where such infringement or alleged infringement arises by reason of designs for such materials or articles originally furnished to Seller by CFD.

**10. CHANGES**

CFD may change from time to time any of the drawings, specifications or instructions for work covered by this Purchase Order and Seller shall comply with such change notices. If such changes result in a decrease or increase in Seller's cost or in the time for performance, and adjustment in the price and time for performance may be made by the parties in writing, provided, however, that Seller notifies CFD of the request for such adjustments with thirty (30) days after receipt by it of the change notice.

**11. ASSIGNMENTS**

Performance obligations shall not be assigned or transferred by Seller without prior written approval by CFD, and any attempted assignment or transfer without such consent shall be void. Seller shall not subcontract any substantial portion of the work to be performed by it under this Purchase Order without the prior written consent of CFD.

**12. TERMINATION**

CFD may terminate the work to be performed hereunder in whole or in part at any time without cause by written notice to Seller. Such notice shall state the extent and effective date of such termination and, upon the receipt of such notice; Seller will comply with the directions pertaining to work stoppage hereunder and the placement of further orders or subcontracts hereunder. The parties shall thereupon employ their best efforts to agree by negotiation, within three (3) months upon the amount of reimbursement, if any, to be paid to Seller for each termination. Termination under this provision shall not be deemed a breach of contract. The provisions of this paragraph shall not limit or affect the right of CFD to terminate this Purchase Order for cause and shall not apply to a termination with cause. Seller shall mitigate its claim to the maximum extent, and in any event no claims shall exceed the lesser of fair market value or actual costs of raw materials and “work-in-progress” material which Seller shows cannot be diverted to other uses. No claim shall be asserted or honored for loss of expected profits, or for any consequential or incidental damages, due to cancellation.

**13. PRICE ADJUSTMENT**

CFD will not accept shipment at any increase in price above that indicted on this Purchase Order. Any general price decrease announced by Seller in classification of equipment and/or materials similar to the items described on this Purchase Order shall automatically reduce the price thereof by a comparable percentage.

**14. NOTICE OF LABOR DISPUTES**

Whenever any actual or potential labor dispute delays or threatens to delay the timely performance of this Purchase Order, Seller shall immediately give notice thereof to CFD and, if the Purchase Order relates to a military contract, Seller will also give notice to the nearest military representative.

**15. TERMS**

The following terms with respect to payment are applicable to this Purchase Order:

- a. Net Invoices: Net invoices will be paid 30 days from the invoice date unless otherwise stated on the Purchase Order or agreed to in writing by both parties.
- b. Discounted Invoices: Discounted invoices will be paid 10 days from the invoice date. The acceptance of discount offers will be at the discretion of CFD.
- c. All Schedules of payments above stated are based upon receipt by CFD or shipment FOB origin, whichever is applicable as indicated on the face hereof, of the goods or services prior to scheduled payment date. If CFD receives the invoice prior to such shipment or receipt of goods or services, the foregoing terms on this Purchase Order shall be measured from date of such receipt of shipment of goods rather than date of receipt of invoice.
- d. Invoices must be imprinted, where applicable, with the nine-digit D-U-N-S number where available, corresponding to the address where payment should be mailed, and payment shall be sent to such address.

**16. EXTRA CHARGES**

No charges of any kind, including charges for boxing or cartage, will be allowed unless specifically agreed to by CFD in writing. Pricing by weight, where applicable, covers net weight of material, unless otherwise agreed.

**17. TIME OF DELIVERY**

The delivery dates indicated by CFD for the articles, material or work to be supplied under this Purchase Order are of the essence. Unless otherwise noted on the face of this Purchase Order, all CFD purchases are rated orders and subject to the Defense Priorities & Allocation System (DPAS). Failure to meet agreed upon delivery shall be considered a breach of contract; furthermore, Seller agrees to pay to CFD any penalty and damages imposed upon or incurred by CFD for failure of Seller to deliver articles, materials, or work on such delivery dates. Unless otherwise agreed in writing, Seller shall not make commitments for material or production in excess of the amount or in advance of the time necessary to meet CFD's delivery schedule. It is Seller's responsibility to comply with this schedule, but not to anticipate CFD's requirements. Goods shipped to CFD in advance of schedule may be returned to Seller at Seller's expense. CFD may reschedule the delivery of any unshipped product for later delivery within ninety (90) days of the originally scheduled delivery date.

**18. SET OFF**

CFD shall be entitled at all times to set off any amount owing, for any reason, at any time, from Seller to CFD or any of its affiliated companies against any amount payable at any time by CFD in connection with this Purchase Order.

**19. SALES AND USE TAX EXEMPTION**

It is hereby certified that the above described property is exempt from the sales and use tax, unless otherwise noted for the reason that such property is purchased for resale or will become an ingredient or component part of, or be incorporated into, or used or consumed in, a manufactured product produced for ultimate sale to the U.S. Government.

**20. RESERVATION OF RIGHTS**

CFD expressly reserves all rights and remedies which are available to it at law or equity, including but not limited to rights and remedies set forth in the Uniform Commercial Code.

**21. ATTACHMENTS**

Any attachments referenced on the front side of this Purchase Order shall be deemed for all purposes to be an integral part of this Purchase Order. In the event of irreconcilable conflict between such referenced attachments and the terms stated therein, the terms of such attachments shall control. Where specifications or technical documents are referenced on the Purchase Order or any applicable drawings, the most current revisions of such specifications or technical documents shall be used by the Seller.

**22. OVERSHIPMENTS**

Seller is instructed to ship only the quantity specified in this Purchase Order. However, any deviation caused by conditions of loading, shipping, packing, or allowances in manufacturing processes may be accepted by CFD according to the over shipment allowance indicated on the face of this Purchase Order. If no allowance is shown, it shall be 0% (zero percent). CFD reserves the right to return any over shipment in excess of the allowance at the Seller's expense. Parts which are not returned to the seller shall be otherwise dispositioned on a case-by-case basis.

**23. PACKING AND SHIPPING INSTRUCTIONS**

Seller agrees to ensure that shipments are properly packed and described in accordance with CFD specifications and/or applicable carrier regulations. Shipments will be made at the lowest freight charges unless otherwise authorized by CFD in writing. CFD may assist Seller by providing freight classifications or classifying material. On all shipments, Seller will provide a packing list to accompany each shipment, referencing the appropriate Purchase Order and item number.

All premium freight cost incurred by CFD or Seller beyond that specified by CFD shall be borne by Seller.

Seller is responsible for all shipments which are damaged in transit due to improper packaging, improper judgment or any other act or omission of the Seller. When the Seller ships FOB destination, the seller shall be responsible for all shipments which are damaged in transit by the shipper or carrier.

On all shipments designated as FOB Origin, CFD shall pay for the cost of shipment. The Seller shall pay for all costs of FOB Destination shipments.

**24. RETURNS**

Defective material shall be returned to Seller at Seller's cost when the defect is determined to be the fault of the Seller. Replacement material (in the case of returns that are the fault of the Seller) shall be FOB destination from Seller, who will absorb the burden of premium transportation when defective or replacement material places critical time or delivery schedule constraints on CFD.

**25. INSPECTION - QUALITY SYSTEM**

The Seller agrees to permit CFD and CFD's customer or Government representatives to verify the quality of supplies and services being provided under this Purchase Order at any production stage in the Seller's facility. Verification may consist of a physical assessment/surveillance of the Seller's facilities and quality programs and/or a source inspection. Deficiencies identified during such verification shall be positively corrected by the supplier in the most expeditious manner possible. The Seller shall provide all reasonable facilities and assistance for the safety and convenience of personnel engaged in such verification. Seller agrees to include into each subcontract Seller might make hereunder appropriate provisions to the same effect.

Unless modified by the Purchase Order through the use of CFD's P.O. clauses, Seller is required to ensure that the manufacturing processes used meets the technical requirements of the applicable drawings, specifications, engineering changes and added requirements of the Purchase Order. An inspecting system inherent to verifying the technical requirements must be maintained and objective evidence of such will be produced on request. Additionally, proof of compliance must be produced upon request or by assessment from CFD.

**26. SELLER OWNERSHIP CHANGE**

Seller is required to submit immediately in writing to CFD notification on the following change conditions, whether or not Purchase Order is DOD classified:

- (a) Acquisition by or merger with any foreign interest;
- (b) Majority or controlling interest obtained by a foreign interest.

**27. U.S. EXPORT CONTROL**

Seller agrees to comply with all applicable U.S. export control laws and regulations including, but not limited to, the Arms Export Control Act, 22 U.S.C. 2751 et seq., including the International Traffic in Arms Regulations (ITAR), 22 C.F.R. 120 et seq.; and the Export Administration Act, 50 U.S.C. 2401 et seq., including the Export Administration Regulations (EAR), 15 C.F.R. 730 et seq. Seller agrees that it will not transfer any export controlled items, technical data, or defense services to any non-U.S. persons (this includes employees of the seller) without the authority of an export license, agreement, or applicable exemption or exception.

**28. OZONE DEPLETING SUBSTANCES**

Except where the CFD Buyer of Record has given written approval to Seller in advance of shipment, Seller hereby agrees that it has not used or introduced, after May 15, 1993, a Class I Ozone Depleting Substance (ODS) or introduced a Class II ODS (as such terms are defined in 40 CFR 82.104), into any product being supplied to or imported by CFD under this purchasing order. Where the CFD Buyer of Record has so agreed to accept product containing or manufactured using an ODS, Seller will label the product with a warning or will otherwise effectively warn CFD of such use in accordance with 40 CFR 82, Subpart E. Should Seller choose to warn CFD through a mechanism other than a warning label or other warning accompanying the shipment, a copy of such warning shall be sent to the CFD Buyer of Record, or the otherwise appointed representative of the Buyer of Record, in advance of shipment. Breach of this provision will entitle CFD to all remedies available for breach of this purchasing order, including without limitation, the right to reject the product and/or terminate this purchase order.

## 29. GOVERNMENT CONTRACT PROVISIONS

If this Purchase Order references a U.S. Government contract or subcontract number, the following clauses of the Federal Acquisition Regulation (FAR) in effect at the time the Purchase Order is received by the Seller are incorporated by reference and will prevail in the event of any inconsistency with the foregoing terms and conditions. It is understood that the term "contracting officer" or "Government" shall mean CFD and "contractor" shall mean Seller when applicable. Cost Accounting Standards (CAS) requirements are those in effect on the date of subcontract award or final agreement on price, whichever is earlier. Any reference to a "disputes" clause in any FAR clause incorporated in this purchase order is deleted and hereby replaced with these Terms and Conditions of Purchase. Any FAR clause which by its terms is required to be included in a subcontract is hereby incorporated in this purchase order when applicable. Seller shall be entitled to the full benefit of whatever authorization and consent clause is contained in the prime contract referenced on the front of this purchase order.

### FAR and DFAR Requirements for DLA Purchase Orders

#### Section A - Applies to All Purchase Orders.

Federal Acquisition Regulations (FAR)		Department of Defense Federal Acquisition Regulations (DFAR)	
Prohibition on Requiring Certain Internal Confidentiality Agreements and Statements	52.203-19	Requirement to Inform Employees of Whistleblower Rights	252.203-7002
Basic Safeguarding of Covered Contractor Information Systems	52.204-21	Disclosure of Information	252.204-7000
Prohibition on Contracting for Hardware, Software, and Services Developed or Provided by Kaspersky Lab and Other Covered Entities	52.204-23	Limitations on the Use or Disclosure of Third-Party Contractor Reported Cyber Incident Information	252.204-7009
Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment	52.204-25	Safeguarding Covered Defense Information and Cyber Incident Reporting	252.204-7012
Prohibition of Segregated Facilities	52.222-21	Notice of Authorized Disclosure of Information for Litigation Support	252.204-7015
Equal Opportunity	52.222-26	Prohibition Of Hexavalent Chromium	252.233-7008
Service Contract Labor Standards	52.222-41	Prohibition on Acquisition of United States Munitions List Items from Communist China Military Companies	252.225-7007
Combating Trafficking in Persons	52.222-50	Export-Controlled Items	252.225-7048
Minimum Wages Under Executive Order 13658	52.222-55	Accelerating Payments to Small Business Subcontractors - Prohibition on Fees and Consideration	252.232-7017
Paid Sick Leave Under Executive Order 13706	52.222-62	Subcontracts for Commercial Items	252.244-7000
Notice of Radioactive Materials	52.223-7	Transportation of Supplies by Sea - Basic	252.247-7023
Encouraging Contractor Policies to Ban Text Messaging While Driving	52.223-18		
Restrictions on Certain Foreign Purchases	52.225-13		
Providing Accelerated Payments to Small Business Subcontractors	52.232-40		

## Section B - Conditional - Applies When Noted on Face of Purchase Order

Federal Acquisition Regulations (FAR)		Prerequisite Conditions
Limitation on Payments to Influence Certain Federal Transactions	52.203-12	If the value of the PO exceeds \$150,000.00 (the amount specified at FAR 3.808(b))
Protecting the Government's Interest When Subcontracting with Contractor's Debarred, Suspended, or Proposed for Debarment	52.209-6	If the items purchased on the PO are not COTS and the value of the PO exceeds \$35,000.00 (the amount specified at FAR 9.405-2(b))
Contract Work Hours and Safety Standards - Overtime Compensation	52.222-4	If the value of the PO is \$150,000.00 or more.
Equal Opportunity for Veterans	52.222-35	If the value of the PO is \$150,000.00 or more (the amount specified at FAR 22.1303(a))
Equal Employment for Worker with Disabilities	52.222-36	If the value of the PO is \$15,000.00 or more (the amount specified at FAR 22.1408(a))
Employment Reports on Veterans	52.222-37	If the value of the PO is \$150,000.00 or more (the amount specified at FAR 22.1303(a))
Higher-Level Contract Quality Requirement	52.246-11	If the items on the PO are critical and complex, or the technical requirements of the parts require greater control.

Department of Defense Federal Acquisition Regulations (DFAR)		Prerequisite Conditions
Prohibition on Storage, Treatment, And Disposal of Toxic Or Hazardous Materials - Basic	252.233-7006	If the recipient of the PO will access DoD Installations as part of the PO requirements.
Prohibition on Storage, Treatment, And Disposal of Toxic Or Hazardous Materials - Alt 1	252.233-7006	If the recipient of the PO will access DoD Installations as part of the PO requirements.
Duty-Free Entry	252.225-7013	If the recipient of the PO is based in a Qualifying Country and if the value of the PO exceeds \$10,000.00
Restriction on Acquisition of Ball and Roller Bearings	252.225-7016	If the items on the PO are not commercial items and if the items are, or contain, ball and roller bearings
Additional Access to Contractor and Subcontractor Records	252.225-7975	If the value of the PO exceeds \$50,000.00, and performance will take place outside the US and its outlying areas.
Notification of Potential Safety Issues	252.246-7003	If the items on the PO are identified as critical safety items
Contractor Counterfeit Electronic Part Detection and Avoidance System	252.246-7007	If the items on the PO are, or contain, electronic parts or components
Sources of Electronic Parts	252.246-7008	If the items on the PO are, or contain, electronic parts or components and if the recipient of the PO is not the OEM