

Purchase Order Terms and Conditions

The following are the standard purchase orders terms and conditions for Stevens Manufacturing Co., Inc DBA Essex Industries Inc. and Precision Aerospace, Inc DBA Essex Industries Inc., which will be collectively referred to as Essex.

1. ACCEPTANCE-ENTIRE AGREEMENT. Acceptance of an Essex purchase order will be unqualified, unconditional, and subject to and expressly limited by the Terms and Conditions hereon. Vendor shall be deemed to have agreed to be bound by such terms by accepting the Purchase Order, commencement of work on the good or services, and/or delivering the goods or services. These Terms may be modified only by a written document signed by duly authorized representatives of Purchaser and Seller. Acknowledgement of purchase orders and scheduled delivery is mandatory the buyer must be notified if requirements cannot be met.

2. PERFORMANCE MONITORING. In accordance with our AS9100-based management system, all suppliers of goods or services to Essex are required to have a quality management system and will be monitored for quality and delivery performance. Suppliers failing to meet Essex requirements/expectations will be requested to take corrective action. Suppliers that continually fail to meet requirements/expectations may be removed from our approved list.

3. CONFIDENTIAL INFORMATION. All supplies, blueprints, sketches and other technical information furnished by Essex shall be deemed the confidential information of Essex (or our customer). Such information shall not be reproduced, given to or disclosed to any third party without Essex's express written consent.

4. PATENTS AND COMPLIANCE. The seller shall comply with all applicable laws, regulations, and directives, Federal, State and Local, and the seller agrees to hold the purchaser harmless from all claims of actual or alleged patent infringement.

5. ROHS. Where requested a Certificate of RoHS Compliance must be provided that demonstrate products meet the requirements of the current EU RoHS Directive 2011/65/EU, and do not contain the substances listed or exceed the respective Maximum Concentration Value (MCV) per the RoHS requirement.

6. ITAR/EAR EXPORT CONTROLS/TECHNICAL DATA. (a) Seller is advised that its performance of this Purchase Order may involve the use of or access to articles, technical data or software that is subject to export controls under 22 United States Code 2751 – 2796 ("Arms Export Control Act") and 22 Code of Federal Regulations 120-130 ("International Traffic in Arms Regulations" or "ITAR") or 50 United States Code 2401 – 2420 ("Export Administration Act") and 15 Code of Federal Regulations 730 – 774 ("Export Administration Regulations") and their successor and supplemental laws and regulations (collectively, the "Export Laws"). Seller represents and warrants that it is either 1) a U.S. Person as that term is defined in the Export Laws, or 2) that it has disclosed to Essex in writing the country in which it is incorporated or otherwise organized to do business, or if a natural person, all citizenships and US immigration status. Seller shall comply with any and all Export Laws, and any license(s) issued thereunder.

7. GOVERNMENT CONTRACTS. When the end user is identified as the United States Government or when other indications denote the material being purchased is in connection with a government contract, this purchase order shall be deemed a subcontract and all applicable provisions required by Federal law, Executive order, Armed Services procurement regulations, and the prime contract are hereby incorporated herein by reference.

8. SIKORSKY AIRCRAFT CONTRACTS. When the end user is identified as Sikorsky Aircraft or when other indications denote the material being purchased is in connection with a Sikorsky Aircraft contract, this purchase order shall be deemed a subcontract and all applicable flowdown provisions required by Sikorsky Aircraft apply. These include but are not limited to, Lockheed Martin Rotary and Mission Systems Document Procure-2-011, Sikorsky Aircraft Supplier Quality Manual (SSQR-01), Approved Source List, and Materials and Processes Index (SS7777).

9. DFARS 252.225 REQUIREMENT. Any Specialty Metals incorporated in items delivered under this purchase order shall comply with DFARS 252.225-7009, (Defense Federal Acquisition Regulations Supplement (DFARS) 252.225-7009 via DFARS Index) which applies to the Restriction on Acquisition of Certain Articles Containing Specialty Metals". Metals must be melted or produced in the United States, its outlying areas, or a qualifying Country. (Refer to DFARS Procedures, Guidance and Information, 225.7003-2 (a)(1)(ii) Restrictions on Acquisition of Specialty Metals).

10. DPAS: Any purchase made referencing Defense Priorities Allocation System (DPAS) DO or DX Ratings shall be handled per *15 CFR Part 700* in accordance with the Department of Defense (DoD) property management system to assure these orders are scheduled and processed ahead of any commercial jobs so as to assure their timely delivery.

11. FLOW-DOWN OF REQUIREMENTS. Essex requires that you adhere to any/all customer requirements flowed on the PO, drawing, or by other means, including any supplier quality manuals and/or related clauses, and to assure that you have the current revision of said documents. Additionally, as applicable, Essex requires that you flow down all requirements to all interested parties internally and to any sub-tier suppliers performing work on this order.

12. RIGHT OF ENTRY. Essex, our customers and any applicable regulatory authorities maintain the right to access the supplier's facility and all applicable records associated with the order, during regular business hours, with limited notice.

13. NONCONFORMING MATERIAL/PRODUCT. The seller shall notify Essex of nonconforming product prior to delivery for disposition, or upon detection for product already delivered. Product rejected for inferior quality or workmanship will be returned at the sellers' expense. At the discretion of Essex Management, suppliers may incur total cost of replacement in the event that nonconforming items are non-reworkable. In the event a corrective action is issued, a 60 day time-frame is given for a response. In the event a corrective action is past due and no response has been submitted, ALL PAYMENTS WILL BE PLACED ON HOLD UNTIL SAID CORRECTIVE ACTION IS ANSWERED.

14. PART CONFIGURATION. Seller agrees NOT to make any changes in regards to A) Materials, B) Processes, C) Design detail, D) Part Number Identification, E) Physical or functional interchangeability, F) Repair and/or overhaul procedures/processes, G) or any other changes which would affect the part or any component thereof without prior written approval from Essex.

15. CHANGE OF PROCESS OR PRODUCT. Essex must be informed of *and must approve* any change in facility location, process, product, service, or supplier made in the performance of the PO.

16. CERTIFICATION, INSPECTION, ETC. Essex may require certifications of compliance, inspection records and/or test specimens as part of this purchase order. Failure to provide these items may result in the rejection of the shipment. Where certificates (such as C of Cs) are required, the certificate will reference Essex's PO number, part number and revision, customer name or end-use (where indicated) and a statement of compliance. Mill certification with *Full Chain of Custody* is required for all raw materials including castings and forgings.

17. QUALITY CONTROL. The seller will ensure that material furnished on this order complies with all specification requirements set forth on the purchase order. All product and materials shall be inspected and accepted in accordance with this agreement and with records maintained. When requirements for a 1st piece is specified on the purchase order an Essex first piece inspection must be performed prior to any operation that will render a feature un-inspectable. All products and services provided shall be subject to final customer acceptance.

18. QUALIFICATION OF PERSONNEL. Essex suppliers and any sub-contractors will assure the competency of any/all personnel involved in activities performed on behalf of Essex or our customer. Where special certification of personnel is required, this should be made available to Essex or our customers upon request. Essex must be notified of any changes to flight safety certifications referenced in this purchase order.

19. COUNTERFEIT PARTS. The Supplier shall certify that only new and authentic materials are used in products or goods delivered to Essex and that the products/goods delivered contain no Counterfeit Parts. No substitutions, reworked or refurbished parts/materials shall be acceptable under the terms of this purchase. Any product supplied must have OEM traceability disclosed with every shipment. All MFR certs with Lot# are required and all distributors' certs in supply chain as well. Certifications from each intermediary in the supply chain (if any) must be supplied.

20. FOREIGN OBJECT DEBRIS/DAMAGE. Supplier is required to establish and maintain a Foreign Object Debris/Damage (FOD) prevention program appropriate to the nature of the product/service provided, that employs appropriate housekeeping practices to assure timely detection and removal of residue/debris generated, during operations and normal daily tasks.

21. PACKAGING AND HANDLING. As a minimum, the Supplier shall package all material in a manner that will ensure protection against corrosion, oxidation, deterioration and physical damage during shipment. In addition, when materials delivered are lot-controlled and multiple material lots are shipped, each lot shall be separately packaged and identified. Vendors are also responsible for handling damage that occurred at their location. No charges for packaging or shipping will be accepted unless previously agreed upon.

22. RETENTION REQUIREMENTS. Quality Records retained by the seller shall remain legible, readily identifiable and retrievable. Records, whether hard copy or in electronic format, including any test/retain samples, shall be retained for no less than 10 years and for Flight Safety Parts 40 years unless otherwise specified. Upon completion of the retention period, supplier will contact Essex prior to disposal of records for approval.

23. REVISION LEVELS/TRACEABILITY. As appropriate, any correspondences, including certifications relating this purchase, must reference, as applicable, current PO, Work Order, Part Number, Drawing Revision, Batch Number, etc. Any product supplied must have OEM traceability disclosed with every shipment.

24. CALIBRATION & TESTING SERVICE PROVIDERS. All such suppliers, unless they are the OEM, should maintain a calibration system in accordance with the requirements of ISO 17025, ISO 10012; ANSI Z-540-1, ANSI Z540-3, as appropriate. All Inspection Measuring & Test Equipment (M&TE) used by the Supplier during in-process and final inspection to make a compliance evaluation shall be calibrated against measurement Standards traceable to NIST or an equivalent NMI.

25. SAMPLING. Where sampling plans are used to accept product, all such plans shall be statistically valid and based on either MIL-105 E or ANSI Z-540 and shall yield no less than an AQL of 2.5 unless otherwise specified.

26. NONDISCRIMINATION. The Seller, or its subcontractor, if any, shall not discriminate against any qualified employee or applicant for employment to be employed in the performance of this contract, with respect to hire, tenure, terms, conditions or privileges of employment because of race, color, sex, national origin or ancestry. The Seller, or its subcontractor, if any, agrees to comply with all the provisions contained in the Equal Opportunity Clause, quoted in Executive Order No. 11246 as amended and hereby incorporated in this Purchase Order by reference. As used therein the word "contractor" shall be deemed to mean "Seller," and the word "contract" shall refer to this Purchase Order. In addition, the Seller shall cause this Equal Opportunity Clause to be included in the subcontracts or purchase orders hereunder unless exempted by rules, regulations and orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246.

27. FALSIFICATION. The recoding of false, fictitious or fraudulent statements or entries on any paperwork used in the performance work related to a Essex Purchase Order may be punished as a felony under federal statute.

28. LIENS/SET OFF. Seller shall not permit the filing of any mechanic's, materialman's or other lien or claim of any kind against Buyer's lands or improvements on account of labor, materials, fixtures, tools, machinery, equipment or any other thing furnished in connection with this purchase order. Buyer shall have the right to withhold final payment to Seller until such time as Seller delivers to Buyer lien waivers or releases and proof of payment in such form and at such times as Buyer shall specify. Buyer shall have the right to set off against Seller for any amount due or to become due to Buyer from Seller against any amount owed by Buyer to Seller.

29. PERFORMANCE AND DELIVERY. Time is of the essence under this Purchase Order. If delivery of the goods or performance of the services called for by this Purchase Order is not completed in full by the time scheduled, Essex reserves the right, without liability, to cancel this Purchase Order by written notice to Seller and to arrange for completion and/or purchase of substitute goods or services elsewhere. Risk of loss of or damage to any goods called for by this Purchase Order shall remain with Seller until physical delivery of such goods to Essex. All such goods shall, at Seller's expense, be suitably packed, marked, loaded and shipped in accordance with the requirements of the applicable common carrier(s). Seller shall make no shipment of nonconforming goods, as an accommodation or otherwise, unless first authorized in writing by Essex. Goods delivered and services performed (whether or not paid for) are subject to inspection, testing and approval by Essex before acceptance. If after delivery or performance Essex finds any of the goods or services called for by this Purchase Order to be nonconforming, defective, of inferior quality or workmanship or not as warranted or guaranteed, Essex may at its election and at Seller's expense: (i) reject and return such goods, or reject such services, in whole or in part; (ii) hold such goods for an equitable reduction in price; or (iii) repair such goods. Payment for any goods or services prior to final inspection by Essex shall not constitute acceptance thereof by Essex.

30. INVOICES. The Essex purchase order number and part number must appear on all packages, bills of lading, and invoices. A packing slip must accompany each shipment.

31. PAYMENT. Unless otherwise stated herein, payment terms shall be net thirty (30) days after the later to occur of (i) receipt by Essex of a proper invoice from Seller; and (ii) acceptance of delivered goods or services; provided, however, invoices for special tooling will be paid after receipt of first acceptable item made therewith. All claims for money due or to become due from Essex to Seller hereunder shall be subject to deduction or set-off by Essex for any amount owing at any time by Seller to Essex.

32. ETHICAL BUSINESS PRINCIPLES. Supplier acknowledges and agrees that our Buyer requires that Supplier maintain a high standard of ethical conduct in all its dealings with the Buyer. Essex policy prohibits all employees from accepting gratuities, gifts, entertainment or other favors, as well as from engaging in any activities which create the perception of a conflict of interest, from any current or prospective Supplier. Supplier is encouraged to implement their own written code of conduct and to flow down their principles to the entities that furnish them with goods and services. Essex expects its Supplier to maintain effective programs to encourage their employees to make ethical, value driven choices in their business dealings. Essex requires each approved supplier ensure their employees are aware of their contribution to product safety and product conformity.

33. LIFE LIMITED COMPONENTS. All parts, products and components that are subject to age sensitive requirements must have cure dates and/or expiration dates clearly identified and have a minimum of 80% of their shelf life remaining at the time of receipt.

34. CYBER SECURITY CONTROL. Essex expects suppliers to have risk-based cybersecurity programs designed to mitigate emerging threats to their information systems, products, services, and supply chain and to comply with all applicable contractual and legal requirements. In addition, Essex's U.S. government customers now include contract clauses that require contractors and subcontractors (at all tiers) to provide "adequate security" to safeguard certain types of government information on their internal systems, including the following FAR and DFARS contract clauses. This contractor and subcontractor shall abide by the requirements of FAR 52.204-21 and DFARS 252.204-7012. These regulations require compliance upon award of the order with a select subset of NIST SP 800-171 (FAR 52.204-24) "basic safeguarding" cybersecurity controls for internal systems with "Federal Contract Information" and of NIST SP 800-171 (DFARS 252.204-7012), which includes cybersecurity controls for internal systems with "Covered Defense Information" (CDI). To have implemented NIST SP 800-171 for purposes of this DFARS clause, companies must have performed a self-assessment of their covered systems, completed a System Security Plan (SSP) and, as applicable, a Plan of Actions and Milestones (POA&M).

35. INSURANCE. Seller shall carry, at its expense, sufficient insurance on all goods ordered pursuant to this Purchase Order and all Essex Items in its possession prior to delivery to Essex. If Seller is to provide any services under this Purchase Order, then Seller, at its expense, shall at all times carry adequate liability insurance and other insurance of a kind and in an amount generally carried by businesses engaged in the same or similar businesses similarly situated. At Essex's request, Seller shall provide Essex with a certificate of insurance from Seller's insurer evidencing that such insurance coverages required by this Purchase Order are being maintained and are in full force and effect.

36. INDEMNIFICATION. Seller shall indemnify, defend and hold harmless Essex and its subsidiaries, affiliates, successors or assigns, and their respective directors, officers, employees, agents, successors and assigns (collectively, "Indemnitees"), from and against any and all claims, demands, actions, suits, liabilities, damages, settlements, losses, costs and expenses, including, but not limited to, attorneys' fees and expenses, incurred by or asserted against any of the Indemnitees arising out of or in any way relating to: (i) any breach by Seller of any term or provision of this Purchase Order (including any breach of any representation or warranty made by Seller in this Purchase Order); (ii) any act, omission, misrepresentation, conduct, negligence or product liability on the part of Seller or any of Seller's directors, officers, employees or agents, including, without limitation, any injury to persons or property by virtue of the production and delivery of or any defect in the goods or services furnished by Seller hereunder; or (iii) any infringement or claim of infringement of any patent, copyright, trademark, trade secret or other intellectual property right by reason of the production, use, performance or sale of any of the goods and/or services, or any component or product included in such goods and/or services, furnished hereunder.

37. RIGHT TO TERMINATE. Essex may, at any time, terminate this Purchase Order in whole or in part by written notice or by oral notice confirmed in writing by Seller, with or without cause. If Essex terminates without cause, Essex will reimburse Seller the actual costs, not in excess of the contract price of this Purchase Order, which were incurred by Seller in good faith in connection with this Purchase Order prior to notice of termination, less the cost of any goods or materials that Seller can reasonably use for a third party. If any of the following events occurs, Essex may terminate this Purchase Order for cause and without liability of Seller: (i) any default or breach by Seller under this Purchase Order, including, without limitation, a breach of any representation or warranty, express or implied, with respect to any of the goods; (ii) a failure, in the opinion of Essex, on Seller's part to make progress in the work under this Purchase Order so as to endanger its performance; (iii) Seller ceases to conduct its operations in the normal course of business; or (iv) Seller becomes insolvent, makes or attempts to make an assignment for the benefit of creditors, has a receiver appointed for it or commences or has commenced against it any proceeding seeking relief under any bankruptcy, insolvency, receivership, liquidation or similar law.

Any additional requirements/specification will be stated on the actual purchase order.

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