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Purchasing Terms and Conditions

1. **APPLICABLE LAW.** The definitions of terms used, interpretation of this purchase order ("Order"), and rights of parties hereto shall be construed under and governed by the laws of the State of North Carolina.
2. **DEFINITIONS.** "Buyer" shall mean Piedmont Propulsion Systems, LLC. "Seller" shall mean, as applicable, a supplier to or a subcontractor to Piedmont Propulsion Systems, LLC.
3. **ACCEPTANCE.** If this Order is an offer, Seller's acceptance of this Order shall be on, and expressly limited to, the terms and conditions hereof. If this Order is an acceptance of an offer, acceptance is expressly made conditional on Seller's assent to the terms and conditions of this Order. Shipment of any goods covered hereunder shall constitute acceptance or assent. For document precedence see section **19: General**.
4. **TERMINATION AT BUYER'S OPTION.** Should Buyer's need for the goods or services to be supplied hereunder be reduced or eliminated, Buyer may terminate this Order in whole or in part. If Seller is unable to make other disposition of the goods, Buyer shall pay Seller the reasonable value of the work performed by Seller in respect of such goods up to the time of written notification of termination by Buyer, and Buyer's liability under this paragraph shall never exceed the aggregate price specified in this Order.
5. **PACKAGING AND SHIPPING INSTRUCTIONS.** All goods shall be suitably packed and properly marked (including notice of hazardous substances) or otherwise prepared for shipment so as to secure the lowest transportation rates and to meet carrier's requirements. No charge will be allowed for packing, crating or carriage unless expressly stated herein. Unless otherwise directed by Buyer, all surface shipments shall be declared at the lowest release valuation allowed by the carrier. If this Order states that Buyer is responsible for freight charges, the Seller shall ship per instructions on the Order, unless directed otherwise on a separate document from the Buyer. Data on Packing List delivered with the goods must include: Seller name and address, Buyer ship to address, Buyer purchase order number, Part Number for each item shipped, item description, quantity shipped, serial number if applicable. For hazardous articles, shipper will provide UN number. For shelf life articles, shipper will provide date of manufacture and shelf life or expiration date. For lot controlled articles, shipper will provide all necessary lot control information.
6. **RISK OF LOSS.** Risk of loss and title to goods purchased hereunder shall be borne by Seller until the goods are delivered at the point specified in the Order or, if no point is given, until delivered to Buyer, at Buyer's facility. Notwithstanding the above, if the goods purchased are explosive, flammable, toxic or otherwise hazardous, Seller shall defend, indemnify and hold Buyer harmless against any and all claims asserted against Buyer for

any personal injury or property damage caused by such goods or by the transportation thereof before unloading at Buyer's plant or warehouse.

7. **DELIVERY.** If any goods are not delivered within the timeframe or quantities specified in this Order, Buyer, in addition to all other remedies provided by law, may either (i) refuse to accept such goods and cancel this Order without penalty or cost or (ii) cause Seller to ship the goods by the most expeditious means of transportation, with any additional transportation expense charged to Seller's account. However, Seller shall not be liable for delays in delivery or failure to manufacture or deliver due to acts of God, acts of civil or military authorities, Governmental priorities, fires, strikes, floods, epidemics, war or riot, provided that the cause for such delay is reported in writing to Buyer within seven (7) days from the time commencement of such delay.
8. **INSPECTION.** All goods ordered shall be subject to inspection and approval at destination by Buyer or its duly authorized representative after delivery to Buyer's facility. Payment for any goods shall not be deemed acceptance thereof or waiver of any right to test or inspect such goods.
9. **WARRANTIES.** Seller warrants that (a) all goods and services purchased under this Order when delivered will be merchantable and free from defects in workmanship or material, will conform strictly to the specifications, drawings, samples, or other descriptions specified or furnished with this Order and will be fit for their ordinary intended purposes and any special purpose specified by Buyer; (b) it has good title to the goods free from all encumbrances; (c) the goods, if produced in the United States, were or will be produced in compliance with the Fair Labor Standards Act of 1938, as amended; (d) for any goods that have a shelf life, such goods will have the greater of (i) 80% of its shelf life or (ii) two (2) years of shelf life remaining at the time of shipment. The warranties set forth herein are in addition to and not in limitation of all expressed or implied warranties of Seller and all warranties provided by law or in equity. Seller warrants further that the prices charged the Buyer hereunder are no higher than prices charged or placed by others for similar quantities under similar conditions, and if Seller breaches this warranty, the prices of the goods and services supplied hereunder shall be reduced accordingly. These warranties shall survive an inspection, acceptance or payment by Buyer, and shall be for the benefit of Buyer, its successors, assigns, customers, and the ultimate users of the goods or services supplied hereunder.
10. **PARTS MANUFACTURED FOR PIEDMONT PROPULSION SYSTEMS, LLC.** Seller must report to Buyer immediately, if a product or article has been released from the Seller and subsequently found not to conform to the applicable design data.
11. **RAW MATERIALS SOLD TO PIEDMONT PROPULSION SYSTEMS, LLC.** Seller must report to Buyer immediately, if a product or article has been released from the Seller and subsequently found not to conform to the applicable design data.
12. **REMEDIES.** With respect to defective or rejected goods (a) Buyer may return such goods to Seller, at Seller's risk, for credit, and Seller shall pay Buyer for all packing, handling, and transportation expenses, or (b) Seller shall pay Buyer promptly for expenses incurred in remedying the defective or nonconforming goods, or (c) Seller, at its expense, shall, upon notification from Buyer, expeditiously replace any defective or rejected goods. The

remedies provided in this paragraph are in addition to and not in limitation of all other remedies provided by agreement with Seller or by law or in equity.

- 13. INDEMNITY.** Seller shall indemnify Buyer and anyone buying or using any of the products sold to Buyer or any party to which Buyer provides services, and shall defend and hold each of them harmless against all losses, liabilities, damages, costs, and expenses arising from (a) infringement or alleged infringement of any United States or foreign patent, copyright or other intellectual property right with respect to any of the goods delivered hereunder or their use, (b) claims made by reason of injury or death to person or damage to property suffered or claimed to have been suffered by any entity or person caused by or alleged to have been caused by defective goods furnished hereunder or by any act or omission, negligent or otherwise, of Seller or any subcontractor of Seller or any of their employees, workmen, servants, or agents, any customer of Buyer or any other third party, (c) labor or material liens arising out of or on account of the goods or their use or of any work performed by Seller or any subcontractor of Seller, (d) claims by any third party for any fee, commission or other compensation for services performed or allegedly performed on behalf of Seller in connection with this Order, and (e) charges, fines and civil or criminal penalties arising out of the manufacture or delivery or performance by Seller of goods or services hereunder. The negligence of Buyer, its customers or third parties shall not mitigate or otherwise invalidate Seller's liability under this paragraph. Promptly on Buyer's request, Seller shall pay all such losses, liabilities, damages, costs and expenses and all costs and expenses including without limitation reasonable attorney's fees for any claim, demand, suit, action, proceeding, litigation, or settlement relating thereto.
- 14. COMPLIANCE WITH LAWS AND SAFETY STANDARDS.** Seller and its sub-contractors warrant that the goods sold and services performed under this Order comply with all applicable federal, state, and local laws and rule and regulations, including but not limited to the Fair Labor Standards Act of 1938, as amended, the Occupational Safety and Health Act of 1970 (OSHA) as amended and all applicable regulations, rulings, orders, and standards promulgated thereunder. Failure to comply with Buyer's safety standards or with OSHA will be cause for termination of this Order. No advice or warning about safety measures given by Buyer shall be construed to relieve Seller of its liability as an independent contractor. Seller shall immediately notify Buyer in writing of any condition or work practice on Buyer's premises that Seller believes may expose its employees, workmen, servants, or agents to a hazardous condition or work practice.

Any permits or licenses which may be required for performance by Seller shall be obtained by Seller at its cost and expense. Seller shall furnish Buyer with certificates and other evidence of compliance with applicable laws upon Buyer's request. Seller shall upon delivery of goods supplied provide Buyer with material safety data sheets (MSDS) or any essentially similar form approved by the Buyer setting forth the type and quantity of all hazardous substances, as defined in appropriate federal, state and local laws and regulations, contained in such goods. If the goods contain no such hazardous substances, the form shall so state. In addition, any such hazardous substances shall be labeled by generic or basic chemical name only, and Seller shall provide Buyer with safe handling procedures for such substances including disposal procedures on the MSDS or other form provided.

- 15. TOOLS, DRAWINGS, MATERIALS, ETC.** Seller shall use all designs, tools, jigs, patterns, drawings, information, equipment, and other items ("Items") furnished by Buyer only in the production of the goods or performance of services called for herein. Buyer makes no warranty whatsoever, express or implied, in law or in equity, concerning the accuracy of any of the items it furnishes. All work must be in strict accordance with specifications, regardless of any deficiency in items supplied by Buyer. Title to all Items furnished shall remain in Buyer, and upon completion or termination of this Order all Items shall be returned to Buyer or disposed of in accordance with Buyer's directions. Seller shall assume all risk of loss of the items or damage to persons or property (including to the Items) resulting in any way from Seller's possession or use of the terms, and Seller agrees to defend, indemnify, and hold Buyer harmless from all claims due to injury or damage to any person or property resulting directly or indirectly from the Items or use thereof.
- 16. EQUAL EMPLOYMENT OPPORTUNITY.** Where applicable under the provisions of the following orders and statutes, Seller agrees to comply with Executive Order No. 11246, dated September 24, 1955, as amended by Executive Order No. 11375, dated October 13, 1967, and all administrative regulations issued pursuant thereto. The said Executive Order is incorporated herein by reference and Seller agrees to be bound by paragraphs (1) through (7) of Section 209 thereof. Further, by entering into this contractual agreement, Seller certifies that it does not maintain any segregated facilities for its employees and that it will not permit its employees to perform services at any other location where segregated facilities are maintained. In addition, where applicable, Seller also agrees to be bound by Executive Order 11598 and the rules and regulations promulgated thereunder relating to the listing of job openings with state employment systems where openings occur. Further, where applicable, Seller agrees to comply with the provisions of the Vocational Rehabilitation Act of 1973 and provisions of the equal opportunity clauses entitled "Affirmative Action for Handicapped Workers" set forth in Section 60-741.4 of Title 41, Chapter 60 of the U.S. Code of Federal Regulations, as in effect on the date of this Order, and such provision is incorporated herein by reference. Further, where applicable, the Seller agrees to comply with the provisions of the Vietnam Era Veterans Readjustment Assistance Act of 1974 and specifically the contract clause entitled "Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era" set forth at Section 60-250.4 of Title 41, Chapter 60 of the U.S. Code of Federal Regulations as in effect on the date of this Order, and such provision is incorporated herein by reference. Where the term "contractor" is used in any of the above-incorporated provisions it shall be taken to mean "Seller".
- 17. ASSIGNMENT AND SUBCONTRACTING.** Seller shall not delegate any duty or assign this Order in whole or in part nor make any subcontract for furnishing goods or services hereunder nor assign any claim arising or sum payable hereunder without the prior written consent of Buyer. Any attempted delegation, subcontract or assignment shall be void.
- 18. MODIFICATION.** No modification of this Order shall be binding on Buyer unless in writing and signed by Buyer or its agent. Usage of trade, course of performance, and course of dealing cannot supplement or modify the written terms of this Order. Buyer reserves the right and Seller agrees to accept reasonable changes to this Order, including changes as to packing, testing destinations, specifications, designs, and delivery schedules, but changes shall be authorized only by Buyer's written release order. Buyer's (a) failure to insist on strict performance of any term or condition hereof or (b) failure or delay to exercise

any right or remedy provided herein or by law or properly to notify Seller in the event of breach or (c) acceptance of or payment for goods hereunder or (d) approval of any design shall not release Seller from any of the warranties, covenants, or obligations of this Order and shall not be deemed a waiver of any right of Buyer to insist upon strict performance hereof or of any of its rights or remedies as to any prior or subsequent default hereunder nor shall any purported oral modification or rescission of this Order by Buyer operate as a waiver of any term or condition hereof.

- 19. GENERAL.** If there is an express conflict between the terms of this Order and the provisions of any current written agreement signed by both Seller and Buyer, the provisions of the agreement shall control. In the performance of work hereunder, Seller and its sub-contractors shall comply with all applicable federal, state and local laws and rules and regulations and shall furnish evidence of such compliance as required by Buyer. Buyer and Seller expressly agree that Seller is not an agent of Buyer, and nothing in this Order or any acceptance hereof shall constitute Seller or any of its officers, directors, or employee's as being Buyer's agent, legal representative or employee.

Seller shall ensure its personnel are aware of their contribution to the product or service conformity and product safety.

Seller shall ensure its personnel are aware of the importance of ethical behavior.

- 20. GOVERNMENT CONTRACTS.** If this Order is placed pursuant to a Government prime contract or subcontract or purchase order referenced by a number or otherwise on this Order, the clauses in effect on the date hereof set forth in the Federal Acquisition Regulation (FAR) or the Defense Federal Acquisition Regulation (DFAR) or similar federal procurement regulations which are included in Buyer's contract or Order are hereby incorporated by reference and made a part of this order with the same force and effect as if set forth in full.

- 21. DOCUMENTATION REQUIREMENTS.** Seller shall provide documentation with each article in each shipment that meets or exceeds the requirement specified in FAA AC 00-56, Appendix 1 (latest rev).

- 22. RIGHT OF ACCESS.** Seller and its subcontractors shall provide right of access to Buyer, its customers and regulatory authorities to all facilities involved in the manufacture or supply of the goods or services ordered hereunder and to all records of Seller or its subcontractors applicable thereto.

- 23. FLOW DOWN OF NOTED REQUIREMENTS.** Seller shall pass on to its subcontractors and agents any specific requirements for the goods or services ordered hereunder that are noted on the front of this Order.

- 24. REPRESENTATION REGARDING STATUS.** Seller represents and warrants that it is not, and will not be at any time during the performance of this Order, listed or named on, or affiliated with a party listed or named on, the excluded parties list on the System For Award Management website (www.SAM.gov) as described in the Federal Acquisition Regulations (currently Section 9.404). In the event of a violation of this representation, without limiting

its other rights and remedies, Buyer reserves the right to terminate this Order without penalty. As of the date of sale to Buyer, Seller shall immediately advise Buyer's purchasing representative in writing if Seller is unable to make any warranty or representative set forth above for any item covered by this Order. Do not ship such to Buyer unless instructed to do so in writing by Buyer's purchasing representative.

- 25. COUNTERFEIT PARTS.** In order to ensure that only approved parts are shipped, Seller will provide documentation in accordance with Piedmont Propulsion System's Documentation Requirements as published in these Purchasing Terms and Conditions.