



SUPPLIER TERMS AND CONDITIONS OF PURCHASE

Acceptance of this order is limited to the terms and conditions described herein.

HEATCON Composite Systems (Buyer) and Supplier agree as follows:

1. ACCEPTANCE OF ORDER:

This Order is Buyer's offer to Supplier. Written acknowledgement or shipment by supplier of products, whichever occurs earlier, shall constitute acceptance of the terms set forth herein. Supplier's Acceptance is expressly limited to the terms and conditions as described herein. The terms and conditions of this Order hereafter shall constitute the only agreement between Buyer and Supplier with respect to the subject matter hereof and may not be modified, supplemented, explained or waived by Parol evidence, the suppliers' order acknowledgement, custom or course of dealing, or in any other way, except in writing signed by an authorized representative of the Buyer prior to delivery.

2. CHANGE NOTIFICATION:

Supplier Agrees to notify HEATCON prior to any changes being made to the, production processes, manufacturing equipment, manufacturing location, etc. which may affect the properties, quality, functionality or delivery of the product, goods or material being supplied. With exception to special processes no portion of the work statement may be subcontracted without written consent of the buyer. The notification of change shall include the affected part number, date of implementation, and specific details of the change. Notification shall be sent as early as possible providing at least 15 days for HEATCON to respond.

3. CHANGE AFFECTING QUALITY MANAGEMENT OR SYSTEM:

Supplier shall promptly notify Buyer Quality Management when changes occur in supplier's quality management representative(s) responsible for supplier's quality system or if its quality system is decertified.

4. QUALITY SYSTEM COMPLIANCE:

Supplier agrees to maintain compliance to quality standards referenced in their Supplier Survey provided during the HEATCON qualification process eg. ISO9001, AS9100, AS9110, AS9120 along with industry standards and product listings such as UL, ROHS, NEMA, IEC etc. Supplier shall maintain compliance with all local and federal government regulations including ITAR and EAR regulations. HEATCON reserves the right to make the final determination of supplier's compliance and also the right to grant conditional approval based on the Supplier's statement of work.



5. COUNTERFEIT PART AVOIDANCE DETECTION:

- a.** Supplier bears responsibility for procuring authentic items and materials from Supplier's Supply Chain as required for Deliverables and shall ensure that Supplier's Supply Chain complies with the requirements of this Section.
- b.** Supplier shall establish and maintain a material authenticity process that ensures the authenticity of ordered products are maintained. Supplier's obligation to substantiate authenticity shall survive acceptance of and payment for Products delivered under this Order.
- c.** Supplier shall not furnish suspect counterfeit or counterfeit parts to Buyer under this Order. All material delivered under this Order shall be authentic and traceable to the original manufacturer. Supplier shall provide authenticity and traceability records to Buyer upon request. Supplier shall immediately notify Buyer if Supplier cannot provide electronic parts, components, and/or assemblies traceable to the original component manufacturer or the original equipment manufacturer. Upon receipt of such notification, Buyer reserves the right to terminate this Order at no cost to Buyer or require specific material validation test and inspection protocol requirements to Supplier.
- d.** If suspect counterfeit or counterfeit parts are furnished under this Order and are found in any of the Products delivered hereunder, such items will be impounded by Buyer. Supplier shall promptly replace such suspect/counterfeit parts with parts acceptable to the Buyer. Supplier shall be liable for all costs relating to the removal and replacement of said parts, including without limitation Buyer's external and internal costs of removing such suspect/counterfeit parts, of reinserting replacement parts and of any testing or validation necessitated by the reinstallation of Supplier's Products after suspect/counterfeit parts have been exchanged. Buyer's remedies described herein shall not be limited by any other clause agreed upon between Buyer and Supplier in this Order and are in addition to any remedies Buyer may have at law, equity or otherwise under this Order. At Buyer's request, Supplier shall return any removed suspect counterfeit or counterfeit parts to Buyer in order that Buyer may turn such parts over to its U.S.G. customer for further investigation. For purposes of this clause, Supplier agrees that any U.S.G. directive/information or GIDEP alert, indicating that such parts are suspect counterfeit or counterfeit, shall be deemed definitive evidence that Supplier's Products contain suspect counterfeit or counterfeit parts.
- e.** Supplier agrees to insert the substance of this clause, including this sentence, in any lower tier subcontract.

Note: HEATCON recommends establishing and maintaining a material authenticity process compliant with Aerospace Standard AS6174, Counterfeit Material: Assuring Acquisition of Authentic and Conforming Material and also AS5553, Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition.



6. FOD PREVENTION AND CONTROL:

The supplier shall maintain a FOD (Foreign Object Debris or Damage) procedure outlining its process of preventing FOD entrapment or foreign objects migration which can cause foreign object damage in subsequent assemblies. Prior to closing inaccessible or obscured areas and compartments during assembly, Supplier shall inspect for foreign objects/materials and ensure no FOD remains.

Supplier shall ensure that applicable foreign object requirements are flowed down to Supplier's subcontractors at every tier.

7. ELECTRO STATIC DISCHARGE:

Supplier of electrical components and circuit boards shall maintain an electro static discharge (ESD) procedure outlining its process of preventing damage to electronic circuitry during manufacture and handling. Supplier shall provide packaging which prevents damage from ESD.

8. SPECIFICATIONS:

The Supplier is responsible to assure delivered goods, products and or materials are in compliance with all P.O. requirements including noted revision level of Engineering drawings, specifications, work instructions and or any other specified document. The supplier is expected to review the specified documents and when concerns or discrepancies are noted work with buyer to resolve said concerns or remove discrepancies before beginning the manufacturing process. The Supplier will furnish articles as previously or herein specified or described by the Buyer or is previously shown, furnished or represented by the Supplier as to materials, design, style, fit, color, and quantity. The supplier may not make any changes to the specifications as to materials, design, style, fit, color, or quantity without prior written consent by the Buyer.

9. FIRST ARTICLE INSPECTION:

Orders produced using HEATCON Engineering drawings require first article inspection. Supplier shall perform the first article inspection and document the results on forms 1 through 3 including bubbled reference documents following AS9102 requirements and guidance. The FAI shall accompany the first shipment and indicate 100% conformance to HEATCON drawings characteristics noted processes, standards and testing requirements. Delta FAI's shall be forwarded with initial shipment following incorporation of any revised design, specification or standards into production. Delta FAI's shall document conformance to the revised characteristics and requirements.

10. NONCONFORMANCE:

Supplier must notify buyer of non-conforming product prior to delivery. A formal request for HEATCON engineering and Quality review for possible acceptance or rework of the nonconformance may be submitted by e-mailing the buyer.



11. WARRANTIES:

Supplier warrants that the articles supplied by supplier will conform to each of the specifications and standards hereby established between Supplier and Buyer for a period of one year after delivery, or as modified in writing between parties and by mutual agreement. Any disclaimer of this express warranty or of implied warranties of merchantability or fitness for a particular purpose shall be ineffective.

12. SOURCE INSPECTION:

Supplier shall accommodate source inspection on their premises of subcontracted product by HEATCON or our customers. This requirement will flow down to supplier's subcontractors as required to sufficiently verify product at key process steps. When this requirement is invoked it will be well communicated with the supplier and planned in a manner that minimizes the impact to the supplier or their subcontractors operations. Source inspection shall not be used as evidence that the supplier has effective control of quality nor shall it absolve the Supplier its responsibility to provide acceptable product. Buyer reserves the right subsequently reject the order for nonconformance detected after initial source inspection.

13. INSPECTION AND REJECTION OF PRODUCTS OR SERVICES:

All products or Services: Will be inspected by buyer within a reasonable time after receipt of products and services. Suppliers will be notified of any nonconformance detected during inspection by forwarding a Supplier Nonconformance Notification form QAP-FM016-01-09. The supplier is required to conduct an internal investigation and implement corrective action addressing the root cause. Supplier may be required to submit corrective action using HEATCON's Supplier Corrective Action Request form QAP-FM016-01-10 when systemic issues are suspected or when previous supplier corrective action has failed. At buyer's option, it may return to rejected goods to supplier for failure to meet any specifications or required quality criteria. The Supplier agrees to accept the return of nonconforming products via RMA (if required), buyer will work with the supplier on a mutually agreeable remedy for the issue and reimbursement options. All returned items will be returned at supplier's expense.



14. SUPPLIER PERFORMANCE IS MONITORED WITH THE FOLLOWING EXPECTATIONS:

- Deliveries 100% on time with an acceptance parameter of 10 days early / 3 days late.
- Quality acceptance expectation parameter is 95% - 100%

Deliveries are not considered on time if they are less than the ordered quantity, or it's been determined that the order doesn't meet the specific terms of the purchase order. In the case of a late order the Supplier will contact Buyer and share their recovery plan. The Supplier may be requested to provide a documented recovery plan assuring a process of meeting Heat cons immediate and long term delivery requirements. Buyer will have the option of having the delinquent portion of an order delivered using expedited freight options at Suppliers expense.

15. CERTIFICATION AND TEST REPORT REQUIREMENTS:

The following products and materials have unique certification and test report requirements.

COMPOSITE PREPREG, ADHESIVE DRY FIBER MATERIALS and METALS

Supplier shall furnish distributors certificate of conformance, manufacturer's certificate of conformance, certificate of analysis and test reports as applicable to the manufacturer's report type.

PRODUCTS MANUFACTURED TO SPECIFICATIONS AND DRAWINGS PROVIDED BY HEATCON eg. MACHINED AND SHEET METAL PARTS.

Supplier will furnish manufacturer's certificate of conformance, raw material certifications, metallurgical test reports and analysis as applicable to subcontractors report type, subcontractor certifications for outside processes e.g. heat treat, graining, anodize, painting and welding.

16. NOTICE OF ESCAPEMENT

In the event that the supplier learns that product, goods or service provided to buyer are nonconforming or may have been negatively impacted by errors in their manufacturing, business processes or subcontracted services. The supplier will notify buyer within 72 hours with the following information as applicable. Part Number; Part Description; Problem Description; Quantity; Purchase Order Number; Original Ship Date and Shipment destination.

17. RECORD RETENTION

Supplier shall maintain documented records of HEATCON order fulfillment. Examples are as followed but depending on the commodity may not be limited to production planning or work order, raw material certification, applicable test / analysis reports, test / inspection criteria with documented actual results, certification documents from subcontracted processes, The Supplier shall maintain these records for a minimum of 10 years from the date of order delivery. The supplier will make these records available to buyer upon written request.



18. RIGHT OF ACCESS:

Right of Access by HEATCON, our customers, and regulatory authorities to all facilities involved in the order and to all applicable records shall be granted.

19. QUANTITY:

The Supplier will not furnish quantities in excess of those set forth in this purchase order without Buyer's written permission. The Buyer's count after receipt is conclusive regarding all shipments.

20. DELIVERY AND PAYMENT:

Supplier shall deliver to Buyer the product and services contained in Buyer's purchase order, FOB Supplier origin location. The purchase price represented on the purchase order and corresponding invoice(s) do not include any federal, state or local taxes. Purchase price for the products and services shall be paid net within 45 days after invoice.

21. CANCELLATION AND RETURN OF PRODUCTS AND SERVICES:

The Buyer reserves the right to cancel this order, without expense, if shipment is not made within the time specified unless a formal extension has been obtained by the Supplier, or later delivery requested in writing by the Buyer. The Buyer reserves the right to return products and services, or alternatively, to withhold payment on orders shipped early until date specified by Buyer, unless written approval for early shipment and payment has been provided by Buyer.

22. MARKING:

The Supplier will mark the purchase order number, the quantity and the supplier's or Buyer's part number on all related documents.

23. PACKAGING - SHIPPING

Supplier is responsible for packaging per any specific requirements noted in the Buyer's purchase order. In the absence of specific requirements, Supplier will provide suitable protection from environmental hazards such as corrosion and other forms of contamination, and handling damage during transit via air, land or sea.

Hazardous or Dangerous Goods shipping paperwork, labels, placarding and packaging shall be prepared in accordance with the current 49 CFR and IATA DGR. The dangerous goods paperwork shall be provided to the contracted transport/carrier company and HEATCON. When contracting a Dangerous Goods (DG) carrier, supplier shall verify carrier DG Certifications. The packaging or container shall be manufactured, fabricated, marked, maintained, reconditioned, repaired or retested, as appropriate, in accordance with the Hazardous Materials Regulations.



24. REMEDIES:

Any disclaimer or limitation or remedies for breach of warranties or other contractual obligations of Supplier shall be ineffective.

25. INDEMNITY:

The Supplier agrees to defend, protect, hold harmless and indemnify the Buyer from any loss or expense, including reasonable attorney's fees and expenses, of every kind and nature, occasioned by (1) actual or alleged infringement of any patent, copyright, trademark (or other exclusive marks specified by Buyer) or other trade rights or (2) any consequential damages and other liabilities which are the result of the malfunction, including operation and performance, of products and services supplied by the Supplier under this order. Buyer shall give Supplier reasonable notice of any such claims and give Supplier an opportunity to retain counsel of its choice to defend the action.

26. PROTECTION OF TRADEMARKS AND CONFIDENTIALITY:

Any information provided to Supplier regarding Buyer's design, material specification, purchasing, handling and marketing of goods shall be treated as confidential and shall not be disclosed to third parties.

27. AFFIRMATIVE ACTION:

HEATCON is an equal opportunity employer and federal contractor or subcontractor. Consequently, the parties agree that, as applicable, they will abide by the requirements of 41 CFR 60-1.4(a), 41 CFR 60-300.5(a) and 41 CFR 60-741.5(a) and that these laws are incorporated herein by reference. These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, or national origin. These regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability. The parties also agree that, as applicable, they will abide by the requirements of Executive Order 13496 (29 CFR Part 471, Appendix A to Subpart A), relating to the notice of employee rights under federal labor laws.

28. UNITED STATES GOVERNMENT REQUIRMENTS:

a. The United States Government has adopted a **policy prohibiting trafficking in persons**. As such, HEATCON is committed to compliance with all applicable anti-human trafficking laws.

Consequently, the parties agree that they will comply with the requirements of 48 CFR 52.222-50 and that these laws are incorporated herein by reference.

b. The United States Government has issued the **Dodd-Frank Wall Street Reform and Consumer Protection Act**. This law includes Section 1502 relating to disclosure of Conflict Minerals.

HEATCON is committed to compliance with this law and the necessary disclosure is incorporated herein by reference.



29. SUPPLIER STANDARDS OF BUSINESS CONDUCT:

Supplier shall comply with HEATCON standards of business conduct by ensuring that its employees are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.

30. APPLICABLE LAW:

The laws of the State of Washington, United States of America shall govern in any interpretation or litigation relative to this Agreement. The venue for any suit brought under this contract shall be placed in the Superior Court of the State of Washington in King County and each party hereby submits to the jurisdiction of such court for such purpose.

31. PARTIAL INVALIDITY:

If any provisions of the order is or becomes void or unenforceable by force or operations of law, the other provisions shall remain valid and enforceable.

32. REGULATION SUPPLEMENTS (DFARS): As applicable to the purchased products Heatcon Composite Systems orders are subject to compliance with the current revisions of the following U.S. Government requirements. Supplier shall flow these requirements down to their sub tier suppliers. It is each party's responsibility to assess applicability.

33. REGULATION SUPPLEMENTS (DFARS): As applicable to the purchased products Heatcon Composite Systems orders are subject to compliance with the current revisions of the following U.S. Government requirements. Supplier shall flow these requirements down to their sub tier suppliers as required. It is each party's responsibility to assess applicability.

- DFARS 252.203-7001 Prohibition on Persons Convicted of Fraud or Other Defense Contract Related Felonies
- DFARS 252.203-7002 Requirement to Inform Employees of Whistleblower Rights
- DFARS 252.204-7000 Disclosure of Information
- DFARS 252.204-7009 Limitations on the Use or Disclosure of Third Party Contractor Reported Cyber Incident Reporting
- DFARS 252.204-7012 Safeguarding Covered Defense Information and Cyber Incident Reporting
- DFARS 252.204-7014 Limitations on the Use or Disclosure of Information by Litigation Support Contractors
- DFARS 252.204-7015 Notice of Authorized Disclosure of Information by Litigation Support
- DFARS 252.204-7017 Prohibition on the Acquisition of Covered Defense Telecommunications Equipment or Services – Representation
- DFARS 252.204-7018 Prohibition on the Acquisition of Covered Defense Telecommunications Equipment or Services
- DFARS 252.204-7020 NIST SP 800-171 DoD Assessment Requirements
- DFARS 252.211-7003 Item Unique Identification and Valuation
- DFARS 252.222-7006 Restrictions on the Use of Mandatory Arbitration Agreements



- DFARS 252.223-7006 Prohibition on Storage, Treatment, and Disposal of Toxic or Hazardous Materials – Basic
- DFARS 252.223-7008 Prohibition on Hexavalent Chromium
- DFARS 252.225-7001 Buy American and Balance of Payment Program
- DFARS 252-225-7002 Qualifying Country Sources as Subcontractors
- DFARS 252.225-7007 Prohibition on Acquisition of Certain Items from Chinese Military Companies.
- DFARS 252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals
- DFARS 252.225-7013 Duty-Free Entry
- DFARS 252.225-7016 Restriction on Acquisition of Ball and Roller Bearings
- DFARS 252.225-7048 Export Controlled Items
- DFARS 252.225-7052 Restriction on Acquisition of Certain Magnets Tantalum, and Tungsten
- DFARS 252.225-7975 Additional Access to Contractor and Subcontractor Records
- DFARS 252.244-7000 Subcontracts for Commercial Products or Commercial Services
- DFARS 252.246-7003 Notification of Potential Safety Issues
- DFARS 252.246-7007 Contractor Counterfeit Electronic Part Detection and Avoidance System
- DFARS 252.246-7008 Sources of Electronic Parts
- DFARS 252.247-7023 Transportation of Supplies by Sea
- FAR 52.244-6 Subcontracts for Commercial Products and Commercial Services
- FAR 52.203-6 Restrictions on Subcontractor Sales to the Government
- FAR 52.203-7 Anti-Kickback Procedures
- FAR 52.203-13 Contractor Code of Business Ethics and Conduct
- FAR 52.203-15 Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009
- FAR 52.203-19 Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements
- FAR 52.204-10 Reporting Executive Compensation and First-Tier Subcontract Awards
- FAR 52.204-18 Commercial and Government Entity Code Maintenance
- FAR 52.204-21 Basic Safeguarding of Covered Contractor Information Systems
- FAR 52.204-23 Prohibition on Contracting for Hardware, Software and Services Developed or Provided by Kaspersky Lab and Other Covered Entities
- FAR 52.204-25 Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment
- FAR 52.204-27 Prohibition on a ByteDance Covered Application
- FAR 52.219-8 Utilization of Small Business Concerns
- FAR 52.215-2 Audit and Records - Negotiation
- FAR 52.222-4 Contract Work Hours and Safety Standards -Overtime Compensation
- FAR 52.222-21 Prohibition of Segregated Facilities
- FAR 52.222-26 Equal Opportunity



- FAR 52.222-35 Equal Opportunity for Veterans
- FAR 52.222-36 Equal Opportunity for Workers with Disabilities
- FAR 52.222-37 Employment Reports on veterans
- FAR 52.222-40 Notification of Employee Rights Under the National Labor Relations Act

- FAR 52.222-41 Service Contract Labor Standards
- FAR 52.222-50 Combatting Trafficking in Persons
- FAR 52.222-54 Employment Eligibility Verification
- FAR 52.222-55 Minimum Wages for Contractor Workers under Executive Order 14026
- FAR 52.222-62 Paid Sick Leave Under Executive Order 13706
- FAR 52.223-18 Encouraging Contractor Policies to Ban Text Messaging While Driving

- FAR 52.224-3 Privacy Training
- FAR 52.225-5 Trade Agreements
- FAR 52.225-6 Trade Agreements Certificate
- FAR 52.225-13 Restrictions on Certain Foreign Purchases
- FAR 52.225-26 Contractors Performing Private Security Functions Outside the United States

- FAR 52.226-6 Promoting Excess Food Donation to Nonprofit Organizations
- FAR 52.227-1 Authorization and Consent
- FAR 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement

- FAR 52.232-40 Providing Accelerated Payments to Small Business Subcontractors

- FAR 52.247-64 Preference for Privately owned U.S. – Flag Commercial Vessels
- FAR 52.248-1 Value Engineering