



General Provisions for Purchase Orders for Fixed Price Commercial and Non-Commercial Goods and Services Under United States Government Prime Contracts

This Contract is between Proxy Manufacturing, Inc (referred to as the "Buyer") and the Seller identified on the front page of this Order (referred to as the "Seller"). Upon executing this Order and any modifications, Seller certifies that (1) it has not paid or will not pay any federal funds to influence the awarding of the Prime Contract or this Order, and (2) Seller or its principles are not debarred, suspended, or proposed for debarment by the U.S. Government. If Seller becomes suspended or debarred by the U.S. Government or if it is proposed for suspension or debarment by any agency of the U.S. Government, Seller shall immediately notify Buyer in writing."

This is a Fixed Price contract as described in FAR Subpart 16.2.

DEFINITIONS

"Buyer" means Proxy Manufacturing, Inc. identified on the face of the Order as Proxy

"Buyer Furnished Property" refers to any property furnished by the Buyer for use in the completion of this Contract, which may consist of Government-Furnished Property (GFP), Contractor-Acquired Property (CAP), and/or Buyer-supplied property.

"Buyer Procurement Representative" means the Buyer personnel authorized to enter into, administer, and/or terminate contracts and make related determinations and findings, as identified on the face of the Order.

"Contract" means this document, any referenced laws, regulations, and attachments, and any modifications thereto.

"Contractor Acquired Property (CAP)" means property that the Seller acquires, fabricates, or otherwise provides using funds from this Contract.

"Funding Value" means the maximum amount that the Seller is authorized to spend in performing this Contract.

"Goods" means any tangible items, including works in progress, procured, developed, manufactured, or delivered under this Contract.

"Government Furnished Property" means property directly in the possession of or acquired by the Government and made available to the Seller, either directly from the Buyer or from the Government, for use in performing this Contract.

"Order" means the purchase order that the Buyer and Seller sign before commencing any Work, as defined in this Contract.

"Party/Parties" means either the Buyer or the Seller individually or both of them collectively.



"Performance Work Statement (PWS)" means a statement of work that describes the performance objectives and standards expected during Contract execution.

"Period of Performance" means the time during which the Seller may incur new obligations to carry out the Work authorized by this Contract.

"Prime Contract" means the contract between the Buyer and the U.S. Government or between the Buyer and its higher-tier contractor who has a contract with the U.S. Government.

"Seller" means the Party identified on the face of the Order with whom the Buyer is contracting under this Contract.

"Service(s)" means the time and effort, including any incidental items, provided by the Seller to the Buyer to perform the Work.

"Work" means all labor, articles, materials, supplies, Goods, and Services required to fulfill the obligations of this Contract.

A. Acceptance of Terms

This Contract integrates, merges, and supersedes any prior offers, negotiations, and contracts concerning the subject matter hereof and constitutes the entire Contract between the Parties. Seller's signed acknowledgment, acceptance of payment, or commencement of Work, as defined in the Performance Work Statement (PWS), shall constitute Seller's acceptance of this Contract and all terms and conditions contained herein. Unless expressly accepted in writing by Buyer, additional or differing terms or conditions proposed by Seller or included in Seller's acknowledgment are objected to unconditionally and have no effect on this Contract.

B. General Relationship

Nothing contained in this Contract shall be deemed or construed to create a partnership, joint venture, agency, or any other relationship other than that of a contractor and customer. The Seller is not an employee of the Buyer for any purpose whatsoever. The Seller agrees that in all matters relating to this Contract, it shall act as an independent contractor and shall assume and pay all liabilities and perform all obligations imposed with respect to its employees. The Seller shall have no right, power, or authority to create any obligation, expressed or implied, on behalf of the Buyer and/or the Buyer's customers and shall have no authority to represent the Buyer as an agent.

C. Packing and Shipping

Goods purchased hereunder shall be suitably packed and prepared for shipment, comply with any specific transportation specifications of the Buyer, and comply with the carrier's regulations. All charges for packing, crates, and transportation are included in the price for the Goods and shall be paid by the Seller. A packing list shall accompany each box or package shipment showing the order number, item number, quantity, and a description of the Goods. If no such packing list accompanies a shipment, the Buyer's count, weight, or other measure shall be final and conclusive. The Buyer shall not be obligated



to accept any shipments in excess of the ordered quantity, and any excess or advance shipments may be returned to the Seller at the Seller's expense.

D. Delivery, Inspection, and Acceptance

Time is of the essence in this Contract, and the date specified for delivery or performance is the required delivery date at Buyer's facility or other specified location ("FOB Destination"), unless otherwise stated. In the event of any anticipated or actual delay, including but not limited to delays attributed to labor disputes, Seller shall: (i) promptly notify Buyer in writing of the reasons for the delay and the actions being taken to overcome or minimize the delay; (ii) provide Buyer with a written recovery schedule; and (iii) if requested by Buyer, ship via air or other expedited routing, at no additional cost to Buyer, to avoid or minimize delay to the maximum extent possible.

Buyer may refuse any Goods or Services and cancel all or any part hereof if Seller fails to deliver all or any part of any Goods or perform all or any part of any Services in accordance with the terms specified herein. If Seller's deliveries will not meet agreed schedules, Buyer may direct Seller to expedite such delivery at Seller's cost. Delivery shall not be deemed to be complete until goods have been received and accepted by Buyer, notwithstanding delivery to any carrier, or until Services have been performed, received, and accepted.

All Goods supplied and Services performed shall be subject to inspection and test by Buyer, its agents, and its customers prior to acceptance. Buyer and its customer may inspect the Goods or Services at reasonable agreed upon times and places, when practicable during manufacture, and before shipment. In the event Goods or Services are not in accordance with this Contract or fail to meet any specific inspection requirements of Buyer, Buyer may require prompt correction, modifications, repair, replacement, or re-performance thereof at Buyer's option and Seller's sole expense and risk, including all packaging and shipping charges. If Seller is unable to accomplish the foregoing remedies within the original agreed schedule, then Buyer may procure such Goods or Services from another source and Seller shall be liable for any excess costs. Buyer's approval of any Seller submittals shall not relieve Seller of its obligations hereunder.

Acceptance of any part of the Contract shall not bind Buyer to accept future shipments or performance of services nor deprive it of its right to cancel or return all or any part of the Goods because of failure to conform to the Contract or by reason of defects, whether latent or patent, or other breach of warranty, or to make any claim for damages. Seller shall bear the risk of loss of or damage to the supplies covered by this Contract until accepted by Buyer.

E. Tools, Materials, and Information

Designs, sketches, drawings, blueprints, patterns, dies, molds, tools, gauges, equipment, or special appliances made or procured by Seller especially for producing the Goods or Services covered by this Contract, unless otherwise provided, immediately upon manufacture or procurement shall become the property of Buyer. Unless otherwise provided on the face of this Contract or by modification of this Contract, any such items or materials or engineering data or other technical proprietary information furnished by and paid for by Buyer shall become consignment at Seller's risk, shall be used exclusively in the production of Buyer's products required by this Contract, shall be subject to disposition by Buyer at all times, and, upon demand, shall be delivered to Buyer.



Any Government Furnished Property or Buyer Furnished Property provided under this Contract may be identified in the Performance Work Statement, which has been incorporated as an attachment to this Contract (if applicable). Buyer will furnish the item(s) of property as Government Furnished Property or Buyer Furnished Property to the Seller at the FOB Destination for use in performance of this Contract. Seller shall comply with the requirements at FAR 52.245-1, 52.245-2, and 52.245-9, as applicable, in all circumstances where property is furnished to the Seller.

It is recognized and agreed that for efforts originating under this Prime Contract, the Parties may be required to and shall grant licenses or other rights to the Government to inventions, data, and information under such provisions that may be contained in the Prime Contract. Nothing herein is intended to, nor shall it limit or remove, any such Governmental rights.

F. Contract Value

Any Work performed shall be subject to the Funding Value stated above, which is the maximum aggregate value that the Buyer is liable to the Seller for in relation to this Contract.

This Contract is currently funded in the amount stated on the face of the Order (“Funding Value”). Buyer is not obligated to compensate Seller beyond the Funding Value. Seller’s compensation shall be based on Work performed in accordance with this Contract, and the Funding Value shall not be construed as Seller’s minimum compensation. Seller shall notify the Buyer in writing when the compensation for any Work performed is approaching seventy-five percent (75%) of the Funding Value unless this Contract is for the shipment of commercial Goods. It is mutually agreed and understood that the 75% notification requirement applies to each increment of funds provided to Seller under this Contract.

G. Period of Performance

The Period of Performance is a crucial aspect of this Contract, and it is stated on the face of the Order. The Seller is required to perform all work within the specified Period of Performance unless mutually agreed to by both parties in writing. If the Seller performs any Work outside the Period of Performance without prior written approval from the Buyer, the Buyer is not obligated to compensate the Seller for such Work.

The Buyer may exercise the option to extend the Period of Performance, as outlined in the Seller’s proposal, by giving written notice to the Seller before the end of the then current Period of Performance. However, the Buyer retains the sole discretion to not exercise an option, irrespective of the exercise of any prime contract option.

H. Warranty

Seller warrants that all Goods and Services furnished under this Contract shall conform strictly to the applicable specifications, drawings, samples, descriptions, and other requirements specified in this Contract, and be new and free from defects in design, material, and workmanship. This warranty shall commence upon final acceptance of the Goods and Services and shall extend for a period of one (1) year.



In the event that any Goods or Services fail to meet the requirements of this Contract within the warranty period, Seller shall promptly repair, replace, or re-perform the Goods or Services at its own expense, at the Buyer's sole discretion. If the repair, replacement, or re-performance is not completed within a reasonable, mutually agreed-upon timeframe, the Buyer may choose to return, re-perform, repair, replace, or re-procure the non-conforming Goods and Services at the Seller's expense. All warranties shall extend to the Buyer's customers.

I. Invoices

Seller is required to submit invoices to Buyer for payment in accordance with the following instructions:

1. Each invoice must be signed and approved by an authorized representative of the Seller who shall certify that the invoiced amounts are accurate and that the Seller has, in its possession, records for all direct and indirect costs expended to substantiate the invoices submitted to Buyer. It should further be certified that the individuals being invoiced on a FFPLOE contracts meet the required labor category, education, and experience qualifications.
2. Prices quoted by the Seller shall include all applicable federal, state, and local taxes, duties, tariffs, and similar fees imposed by any government. All taxes, assessments, and similar charges levied with respect to or upon any products or services provided by Seller under this Contract shall be the responsibility of Seller.

Specific invoicing instructions, if any, can be found on the face of the Order. Invoices shall be submitted no more frequently than monthly, and the Buyer reserves the right to withhold payment for any invoices that do not conform to these requirements.

J. Allowable Costs

Seller acknowledges that Buyer's total obligation in relation to this Contract to the Seller is limited to the Funding Value stated on the face of the Order. Any amount invoiced beyond the Funding Value will not be paid by Buyer. Buyer reserves the right to adjust Seller's invoices, including but not limited to, deductions for shortages, late delivery, rejections, or failure to comply with the requirements of any agreement between the Parties, before payment. Seller agrees to promptly address any issues raised by Buyer regarding the invoiced amount, and to make any necessary adjustments or refunds within a reasonable period of time.

K. Closeout

Seller agrees to submit the Buyer's close-out documentation within 90 days of the acceptance of the final deliverable, along with a final invoice that includes a statement: "This FINAL INVOICE was prepared using final audited rates as applicable to material, travel and/or other direct costs." The term "close-out documentation" refers to all documents, data, and reports required by the Contract for the completion of work, including but not limited to, warranties, certificates, and inspection reports. The term "final deliverable" refers to the last deliverable that the Seller is obligated to provide under the Contract.

In the event that the Seller fails to submit close-out documentation by the due date specified above, the Buyer may unilaterally issue the final payment to the Seller or de-obligate funds, which the Seller agrees



to accept as final and complete payment in full satisfaction of the Buyer's obligations under this contract. The Seller forfeits its right to any additional payment beyond the amount invoiced, and the Buyer will have no further financial obligations, liabilities, or payments to the Seller for any unbilled costs, profit, or fees under the contract.

The Buyer may authorize the use of Quick Closeout procedures in accordance with FAR 42.708 if the conditions of FAR 42.708(a) are met under the Prime Contract. When authorized by the Buyer, the Seller shall submit a final completion invoice based upon its DCMA-authorized Quick Closeout Contract or provisional rates. The parties agree to follow the procedures for Quick Closeout in good faith and agree to use their best efforts to expedite the settlement of final invoices.

If the government fiscal year appropriations expire before the Seller is obligated to submit an adjusted invoice, the Buyer may unilaterally reduce the Seller's funding to the amount invoiced. The Seller shall submit an adjusted invoice in accordance with the contract once government fiscal year appropriations become available.

L. Payment and Record Retention

The Buyer shall pay approved, complete, and accurate invoices submitted by the Seller in a timely manner. Payment shall be made by the earlier of (1) within sixty (60) days of the accepted invoice date, or (2) within ten (10) days of the Buyer receiving payment from the U.S. Government, less any offset for any amount owed to the Buyer. Payment shall be considered to have been made on the date of mailing or electronic funds transfer. The price(s) agreed upon in this contract shall include all applicable Federal, State, and local taxes and duties. However, payment shall not constitute final acceptance of the goods or services provided by the Seller.

In case of any overpayment, the Seller shall notify the Buyer promptly and remit the overpayment except as otherwise directed by the Buyer. Payment shall be subject to reduction if the Buyer or the Seller discovers that the amounts paid were not properly payable or if there has been an overpayment. However, such reduction shall be made only after notice from the Buyer to the Seller that such reduction will take place. The Buyer and the Seller agree to maintain proper records to support their respective payment and invoicing obligations under this contract. The records shall be made available to each other for inspection and copying upon request. This payment clause is an essential part of this contract and shall survive the termination or expiration of this agreement.

At any time before final payment under this Contract, the Buyer may request, and the Seller shall allow and support, an audit of the invoices and supporting documentation. Unless a longer period is specified in this Contract or by law or regulation, the Seller shall retain all records related to this Contract in accordance with FAR 4.705 and FAR 4.805. Records related to this Contract include, but are not limited to, financial, proposal, procurement, specifications, production, inspection, test, quality, shipping and export, and certification records. The Seller shall timely provide access to such records to the U.S. Government upon request at no additional cost.

The parties agree that payment shall not constitute final acceptance, and the Seller shall warrant that the Goods or Services provided under this Contract conform to the requirements and specifications of the Contract. The Buyer may withhold payment until the Goods or Services are accepted, or may revoke acceptance if the Goods or Services are later found to be non-conforming. If the Goods or Services are found to be non-conforming, the Seller shall promptly replace or correct them at its own expense.



The parties acknowledge that the timely and accurate submission of invoices is critical to the efficient administration of this Contract. The Seller shall take all necessary steps to ensure that invoices are accurate, complete, and submitted in a timely manner, and that any errors or discrepancies are promptly corrected. The Seller shall be responsible for any costs associated with correcting errors or discrepancies in invoices.

M. Compliance with Law

The Seller is obligated to comply with all U.S. Government export and import laws, regulations, decrees, orders, and policies, including the Export Administration Regulations (EAR) and the International Traffic in Arms Regulations (ITAR), collectively referred to as Trade Control Laws. The Seller shall exercise control over the disclosure and access to any controlled items or technical data provided by the Buyer concerning the performance of this Contract or any task order(s) in accordance with applicable Trade Control Laws. The Seller shall not transfer any export-controlled item, data or services to foreign persons, including those employed by or associated with the Seller, without providing advance notice to the Buyer and obtaining the necessary export and/or import authority.

The Seller is required to provide the Buyer with the export control classification of any commodity or technology, including software, in accordance with applicable Trade Control Laws. The Seller represents that it has established an effective export/import control compliance program that complies with all applicable Trade Control Laws. Upon request, the Seller shall make available to the Buyer copies of process control documents and other documents relating to the Seller's compliance with applicable Trade Control Laws.

The Seller shall immediately notify the Buyer if it becomes listed in any Denied Parties List or if its export privileges are denied, suspended, or revoked in whole or in part by any U.S. Governmental entity. In the event of any actual or alleged violations of any applicable Trade Control Laws, including any suits, actions, proceedings, notices, citations, inquiries, or other communications from any government agency regarding any actual or alleged violations in the Seller's performance under this Contract, the Seller shall promptly inform the Buyer and comply with all reasonable requests from the Buyer for information regarding such violations.

The Seller and its suppliers shall comply with FAR 52.222-50, Combating Trafficking in Persons, which is incorporated by reference, and ensure that its employees and suppliers are aware of their responsibility to report human trafficking violations at any tier of the supply chain. The Seller shall flow down this Article to all suppliers at any tier. The Seller's failure to comply with this Article shall be considered a material breach of the Order. The Buyer does not tolerate retaliation of any kind against individuals who, in good faith, raise questions or report concerns, and the Seller shall notify its employees of their whistleblower rights under 10 U.S.C. 2409 and DFARS Section 203.9.

In the event that cost or pricing data is required to be submitted at any time before or during the performance of this Contract, the Seller shall ensure that any cost or pricing data provided is accurate, timely, and not defective. If the Seller or its lower-tier subcontractors submit or certify defective cost or pricing data, submit cost or pricing data after the applicable cutoff date, claim an invalid exception, provide inaccurate data, or are alleged by the U.S. Government to have done so, and such actions result in a reduction in the Buyer's prime contract price or fee, the Buyer's costs being determined to be



unallowable, or any fines, penalties, withholdings, or interest being assessed on the Buyer, the Buyer may proceed as provided for in the following paragraph.

Upon the occurrence of any of the aforementioned circumstances, the Buyer may make a corresponding reduction (in whole or in part) in the price of this Contract or any other Contract with the Seller, and/or may demand payment (in whole or in part) of the corresponding amounts. The Seller shall promptly pay any amounts demanded. In the case of withholdings, the Buyer may withhold the same amount from the Seller under this Contract.

N. Changes

The Buyer has the right to make changes to the Contract by providing written notice to the Buyer Procurement Representative. Such changes may be made to the drawings, designs, specifications, shipping and packing methods, inspection, acceptance, delivery location, and delivery schedule.

Only the Buyer's Procurement Representative has the authority to make changes to the Contract on behalf of the Buyer, and all amendments must be identified in writing and executed by the Buyer's Procurement Representative. Any changes that affect the price, schedule, statement of work, or terms and conditions of the Contract must be authorized in writing by the Buyer's Procurement Representative, and no changes will be binding on the Buyer unless they are incorporated in a written modification signed by the Buyer's Procurement Representative.

Buyer engineering and technical personnel may offer assistance or advice or exchange information with the Seller's personnel, but such actions will not be considered a change under the "Changes" clause of the Contract and will not form the basis for an equitable adjustment.

If the Seller believes that a change order will result in an equitable adjustment, they must assert their right to an adjustment within 20 days of receiving written notice of the change order from the Buyer. The assertion must include the amount of the equitable adjustment and the basis for it. The Parties agree that any equitable adjustment based on changes to federal, state, or local laws, rules, and regulations must be approved by the Buyer's customer. Failure to assert a claim within the specified timeframe or denial of an equitable adjustment by the Buyer's customer will relieve the Buyer of any liability for such claims.

If the parties fail to agree on an adjustment, the matter will be resolved according to the "Disputes" clause of the Contract. However, the Seller is still required to proceed without delay in performing the Contract as changed.

O. Counterfeit Work/Goods

The requirements of FAR 52.246-26, relating to the Reporting of Nonconforming Items, are incorporated here by reference.

The following definitions apply to this clause:

1. "Counterfeit Work" means product or material that is or contains unlawful or unauthorized reproductions, substitutions, or alterations that have been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified part from the original manufacturer,



or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used work represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.

2. "Suspect Counterfeit Work" means product or material for which credible evidence (including but not limited to, visual inspection or testing) provides reasonable doubt that the work part is authentic.

Seller shall not deliver Counterfeit Work or Suspect Counterfeit Work under this Contract.

Seller shall only purchase products to be delivered or incorporated as material to the Buyer directly from an Original Component Manufacturer (OCM), Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distribution chain. Products or materials shall not be acquired from an independent distributor or broker unless the Buyer has provided prior written approval.

The Seller shall promptly notify the Buyer with the pertinent facts if the Seller becomes aware or suspects that it has furnished Counterfeit Work or Suspected Counterfeit Work. When requested by the Buyer, the Seller shall provide OCM/OEM documentation that authenticates traceability of products or materials to the applicable OCM/OEM.

This clause applies in addition to any quality provision, specification, statement of work, or other provision provided in this Contract addressing authenticity of work. To the extent that such provisions conflict with this clause, this clause shall prevail.

If Counterfeit Work or Suspected Counterfeit Work is delivered under this Order, the Seller shall at its own expense, promptly replace such Counterfeit Work or Suspected Counterfeit Work with genuine work conforming to the requirements of this Contract. Notwithstanding any other provision in this Contract, the Seller shall be liable for all costs relating to the removal and replacement of Counterfeit Work or Suspected Counterfeit Works including without limitation the Buyer's costs of removing Counterfeit Work, of installing replacement products or materials, of any testing necessitated by the reinstallation of products or materials after replacement, and any fines or penalties assessed to the Buyer as a result of the Counterfeit Work.

The Seller shall participate in monitoring the Government Industry Data Exchange Program (GIDEP) and shall act upon GIDEP reports which affect product or material delivered to the Buyer. When Suspect Counterfeit Work or Counterfeit Work associated with this Contract is discovered, the Seller shall submit a GIDEP Report and shall ensure Suspect Counterfeit Work or Counterfeit Work is not delivered to the Buyer.

The Seller shall include this clause in all lower tier subcontracts for the delivery of items that will be included or furnished as product or material to the Buyer.

P. Seller Business Systems

"Seller Business Systems" as used in this clause means Seller's material management and accounting system, cost estimating system, accounting system, earned value management system, property management system, and purchasing system. If Seller's Business Systems are reviewed and approved



by a Government agency, Seller shall provide prompt notice to Buyer whenever there is a material change in the status of the Government's approval or determination of adequacy of any of Seller's Business Systems.

Q. Customer Communication

Seller is prohibited from communicating with Buyer's customer or higher-tier customer regarding this Contract, except as specifically permitted in writing by Buyer. This restriction, however, does not prevent Seller from communicating with the U.S. Government regarding (1) matters that Seller is required by law or regulation to communicate to the U.S. Government, (2) fraud, waste, or abuse that has been reported to a designated investigative or law enforcement representative of a U.S. Government department or agency authorized to receive such information, (3) any matter for which this Contract, including a FAR or DFARS Supplement clause included in this Contract, provides for direct communication by Seller to the U.S. Government, or (4) any significant matter related to payment or utilization

R. Non-Solicitation

During the term of this Contract and for one (1) year after its expiration or termination, Seller agrees not to directly solicit or recruit employees of the Buyer who work on this Contract in order to entice them to join Seller's employ. However, this prohibition does not apply to general solicitations, such as advertisements in the general media. In addition, there are no restrictions on hiring individuals who respond to such advertisements, unless the individual was specifically encouraged to respond to the advertisement.

S. Stop-Work Order

The Buyer reserves the right to issue a written order for the Seller to suspend all or part of the work or delivery of supplies under this Contract for a period of up to ninety (90) days or any additional mutually agreed period ("Time Period"). Upon receipt of such an order, the Seller shall promptly comply and take all necessary steps to prevent incurring any additional costs related to the stopped work during the Time Period. The Buyer may either cancel the stop work order or terminate the Contract in whole or in part before the end of the Time Period. In the event of a stop work order, the Buyer shall adjust the delivery schedule and/or price of this Contract as they determine to be reasonable, provided that the Seller requests such a change within fifteen (15) days after the end of the Time Period. It is the Seller's responsibility to maintain all records related to the stopped work, including costs incurred and actions taken, and make them available to the Buyer upon request. The Seller shall resume work promptly upon receipt of a notice from the Buyer to do so. The stop work order shall not entitle the Seller to any claim for damages, loss of profits, or any other similar claims against the Buyer.

T. Termination for Convenience

If the Buyer terminates this Contract for convenience, either in whole or in part, without cause, written notice will be provided to the Seller. After the effective date of termination, the Buyer will not be liable for any Goods or Services delivered or Work performed by the Seller. Upon receiving notice of termination, the Seller must:



1. Stop all work as specified in the written notice,
2. Not place any further contracts, agreements, or orders under this Contract except as necessary for completing the remaining work,
3. Terminate all contracts, agreements, and orders relating to the terminated work, and
4. Protect all property in which the Buyer has or may acquire an interest.

The Buyer may verify claims made by the Seller in this regard and the Seller must make all relevant books and records available to the Buyer upon request. If the Seller fails to provide such information, they will be deemed to have relinquished their claim. The Buyer will not be liable for any lost or anticipated profits, unabsorbed indirect costs or overhead, or any sum exceeding the Funding Value. The Seller must submit their termination claim within sixty (60) days from the effective date of the termination. The Seller will not submit any claims for any loss of profits or indirect or consequential damages due to the termination.

U. Termination for Default

The Buyer may terminate this Contract, in whole or in part, by providing written notice of default to the Seller, in any of the following circumstances:

1. The Seller fails to deliver the Goods or perform the Services within the time specified in this Contract, or any agreed-upon extension thereof; or
2. The Seller fails to comply with any of the other provisions of this Contract or fails to make sufficient progress that endangers the timely completion of this Contract, and in either case, the Seller does not cure such failure within ten (10) days of receiving written notice from the Buyer specifying such failure (or any longer period that the Buyer may authorize in writing);
3. The Seller becomes insolvent, unable to pay its debts as they become due, or becomes subject to proceedings under any law related to bankruptcy or the relief of debtors, or admits in writing its inability to pay its debts;
4. The Buyer has reasonable grounds to be insecure about the Seller's due performance and has demanded in writing adequate assurance, but the Seller has failed to provide such assurance within a reasonable time not exceeding ten (10) days.

Upon termination of this Contract, the Buyer may, at its discretion, procure substitute Goods or Services elsewhere, and the Seller shall be liable for any excess costs incurred by the Buyer. The Buyer may also recover any damages resulting from the Seller's default, including but not limited to any loss of profits or consequential damages.

In the event of termination of this Contract, the Seller shall transfer title and deliver to the Buyer, in the manner and to the extent requested in writing by the Buyer, all complete or partially completed Goods or Services that the Seller has produced or acquired for the performance of the terminated portion of the Contract. The Seller shall take all necessary steps to protect and preserve such Goods and Services until they are delivered to the Buyer. The Buyer will only pay the Seller for the price of the Goods and



Services that have been accepted by the Buyer. The Seller shall submit a final invoice, which shall include all allowable costs incurred up to the date of termination, for the Goods and Services delivered and accepted by the Buyer.

Additionally, the Seller shall deliver to the Buyer any of its intellectual property, including technical data and commercial computer software, that is necessary for the Buyer to perform its obligations under any prime or higher-tier contracts or to complete its own and the Seller's obligations in connection with this Contract. The Seller shall provide the Buyer with all necessary licenses, authorizations, and information to use such intellectual property. The Seller shall also provide the Buyer with all necessary documentation and information related to the terminated portion of the Contract, including but not limited to production schedules, designs, and specifications, to enable the Buyer to complete the terminated work.

In the event of termination of this Contract, the Seller shall continue to perform the Contract to the extent that it has not been terminated. The termination of a part of the Contract shall not affect the Seller's obligations to perform the remaining part of the Contract.

In no event shall Buyer be liable for lost or anticipated profits, or unabsorbed indirect costs or overhead, or for any sum in excess of the total Funding Value. Seller's termination claim shall be submitted within sixty (60) days of the effective date of the termination.

V. Insurance

Without prejudice to Seller's liability to indemnify Buyer as stated in any Indemnification provision contained in this Contract, The Seller shall procure, at its own expense, and maintain for the duration of this Contract, the following insurance policies with financially responsible insurance companies, and with policy limits not less than those specified below:

1. Workers' Compensation: Coverage for statutory obligations imposed by the laws of any State in which the work is performed.
2. Employer's Liability: Coverage for injuries to employees not covered by workers' compensation, with limits of at least \$1,000,000 per accident, \$1,000,000 per employee for disease, and \$1,000,000 policy limit for disease. The policy shall also be endorsed to waive the insurer's rights of subrogation in favor of the Buyer.
3. Commercial General Liability: Coverage for third-party bodily injury and property damage, personal injury, products and completed operations, contractual liability, and independent contractors' liability with limits not less than \$500,000 per occurrence and \$1,000,000 in the aggregate. The Buyer, its officers and employees, and the Buyer's customers (where required by the Buyer's Contract with its customer) shall be named as additional insured, and a waiver of subrogation shall be provided in favor of the Buyer.
4. Business Automobile Liability: Coverage for the use of all owned, non-owned, and hired vehicles with limits of not less than \$1,000,000 per occurrence combined single limit for bodily injury and property damage liability. The Buyer, its officers and employees, and the Buyer's customers (where required by the Prime Contract with its customer) shall be named as additional insured, and a waiver of subrogation shall be provided in favor of the Buyer.



5. Professional Liability: If the Seller is performing any Services, coverage for damages (including financial loss) caused by any acts, errors, and omissions arising out of the Seller's performance of Services, with limits of not less than \$500,000 per claim and \$1,000,000 in the aggregate.
6. All-Risk Property Insurance: Coverage to repair or replace property, including Goods covered by this Contract, of the Buyer and/or the Buyer's customers that may be in the possession or control of the Seller. The Buyer shall be named as a loss payee with respect to loss or damage to said property and/or supplies furnished by the Buyer. Furthermore, the Seller assumes the risk of loss or destruction of or damage to any of its property and its employees' property, whether owned, hired, rented, borrowed, or otherwise. The Seller waives and shall ensure that its employees waive all rights of recovery against the Buyer and the Buyer's customers and their respective employees for any loss, destruction of, or damage to any such property.

The required insurance coverage above shall be primary and non-contributing with respect to any other insurance that may be maintained by Buyer and notwithstanding any provision contained herein, the Seller, and its employees, agents, representatives, consultants, subcontractors and suppliers, are not insured by Buyer, and are not covered under any policy of insurance that Buyer has obtained or has in place.

Any self-insured retentions, deductibles, and exclusions in coverage in the policies required under this Article shall be assumed by, for the account of, and at the sole risk of Seller or the subcontractor which provides the insurance and to the extent applicable shall be paid by Seller or such subcontractor. In no event shall the liability of Seller or any vendor and/or subcontractor be limited to the extent of any of insurance or the minimum limits required herein.

Prior to commencement of any work, and within fifteen (15) days of any policy renewal that occurs while any work is on-going under this Contract, Seller shall provide Buyer certificates of insurance evidencing the insurance policies above, including evidence of additional insured status and waivers of subrogation where required. Buyer reserves the right to refuse to accept policies from companies with an A.M. Best Rating of less than A-VII. Seller, or its insurers, shall provide thirty (30) days advance written notice to Buyer in the event of cancellation or material modification of any policy. Failure of Buyer to demand such certificates or to identify any deficiency in the insurance provided shall not be construed as or deemed to be a waiver of Seller's, or its subcontractors', obligations to maintain the above insurance coverage.

W. Indemnification

The Seller shall defend, indemnify, and hold harmless the Buyer, its officers, directors, employees, consultants, agents, affiliates, successors, permitted assigns, and customers from and against all losses, costs, claims, causes of action, damages, liabilities, and expenses (including attorney's fees, expenses of litigation and/or settlement, and court costs) arising from any act or omission of the Seller, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this Contract.

X. Use of Name / Disclosure



The Seller shall not, without obtaining the prior written consent of the Buyer, in any manner advertise, publish, or disclose the fact that the Seller has furnished or contracted to furnish Goods or Services to the Buyer under this Contract, or disclose any information concerning the work performed, to any third party, except as may be required to perform this Contract. No news releases, public announcements, denials, or confirmations of any part of the subject matter of this Contract or any phase of any program hereunder shall be made without the prior written consent of the Buyer, which shall not be unreasonably withheld.

The Seller shall immediately notify the Buyer in writing of any unauthorized disclosure or use of any information received from the Buyer in connection with this Contract and shall cooperate fully with the Buyer in any investigation or legal action related thereto.

The provisions set forth above are in addition to and do not alter, change, or supersede any obligation contained in a proprietary information agreement or non-disclosure agreement between the Parties. If Unclassified Controlled DoD Information is included in this Contract, such information shall be governed by DFARS 252.204-7012. Property and Intellectual Property.

Y. Buyer Furnished Items

All items furnished by Buyer to Seller for the performance of the Contract remain the property of Buyer or Buyer's customer. Upon expiration of this Contract, Seller shall return the items in the same condition, less reasonable wear, or make such other disposition of the items as directed in writing by Buyer. Subject to any government property clause that governs liability incorporated herein, Seller shall replace, at its expense, all items not returned in accordance with this Article. Seller shall bear all risk of loss of such items. Seller shall comply with any restrictive legends placed on such items by Buyer or a third party. If Buyer furnishes any material for fabrication pursuant to this Contract, Seller agrees not to substitute any other material for such fabrication without Buyer's prior written consent.

1. Any Government Furnished Property or Buyer Furnished Property provided under this Contract may be identified in the Performance Work Statement, which has been incorporated as an attachment to this Contract (if applicable). Buyer will furnish the item(s) of property as Government Furnished Property or Buyer Furnished Property to the Seller, FOB Destination, for use in performance of this Contract. Seller shall comply with the requirements at FAR 52.245-1, 52.245-2, and 52.245-9, as applicable, in all circumstances where property is furnished to the Seller. All Government Furnished Property and Buyer Furnished Property will only be used by the Seller to meet their obligations under this Contract. Upon Buyer request or Contract Termination, all Government Furnished Property or Buyer Furnished Property will be returned to the Buyer.
2. The Seller has a continuing obligation to report to Buyer, any Contractor Acquired Property (CAP) purchased, or Government Furnished Property (GFP) received by Seller or its lower tier subcontractors during the period of performance of this subcontract, and to comply with the requirements set forth in this Contract and pursuant to FAR 52.245-1, 52.245-2 and DFARS Part 245, as applicable. Seller shall make no charge for any storage, maintenance or retention of such items. Sixty (60) days prior to the end of the period of performance for this Contract, or upon termination of the Contract, the Seller shall furnish to the Buyer a complete inventory of all GFP/CAP in its possession that has not been tested to destruction, completely expended



in performance, or incorporated and made a part of a deliverable end item. The Buyer will furnish disposition instructions on all listed property that was furnished or purchased under this Contract.

3. In addition to the above requirements, the Seller is required to perform and complete an annual physical inventory, utilizing the Buyer's provided government property questionnaire or certification, which will be provided at the Buyer's request of the reporting. The report must be returned to the Buyer's Procurement Representative no later than October of each year of this subcontract.
4. Seller certifies that it will not accept any GFP under this Contract unless it is issued directly by Buyer to Seller, or unless Seller receives prior written consent from the Buyer's Procurement Representative to accept GFP directly from the Government. Such consent will be granted by Buyer via a modification listing the GFP to be issued to Seller. Any attempts by the U.S. Government to deliver GFP directly to the Seller, without prior authorization by Buyer, will be reported by the Seller's contractual point of contact to the Buyer's Procurement Representative.

Z. Customer and Buyer Rights

For each commercial and non-commercial item, first conceived, discovered, made, produced, created, generated, or reduced to practice (Developed) or delivered under this Contract, the Seller shall grant to the Buyer's customer the intellectual property rights required by the Prime Contract, including all applicable FAR or other agency clauses (e.g., FAR 52.227-11, FAR 52.227-14, DFARS 252.227-7013, DFARS 252.227-7014, DFARS 252.227-7015, and DFARS 252.227-7038). The Seller agrees that its delivered technical data and computer software shall be free from markings that are not expressly permitted by the Prime Contract and authorizes the Buyer to remove any such impermissible markings from the deliverables.

Seller additionally warrants that the Work performed or delivered under this Contract will not infringe or otherwise violate the intellectual property rights of any third party in the United States or any foreign country. Except to the extent that the U.S. Government assumes liability therefor, Seller shall defend, indemnify, and hold harmless Buyer, its officers, directors, employees, consultants, agents, affiliates, successors, permitted assigns and customers from and against all losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorney's fees, all expenses of litigation and/or settlement, and court costs, arising out of any action by a third party that is based upon a claim that the Work performed or delivered under this Contract infringes or otherwise violates the intellectual property rights of any person or entity.

In addition to the U.S. Government's rights in data and inventions, the Seller agrees that the Buyer, in fulfilling its obligations under its Prime Contract or higher-tier contract, shall have an unlimited, irrevocable, paid-up, and royalty-free right to:

1. make, have made, sell, offer for sale, use, execute, reproduce, display, perform, distribute (internally or externally) copies of, and transfer computer software to the U.S. Government and the U.S. Government's end customer, as well as prepare derivative works, inventions, discoveries, improvements, mask works, patents, data, copyrights, reports, and works of



authorship that are conceived, developed, generated or delivered in the performance of this Contract, and

2. authorize others to do any, some or all of the above.
3. Any items delivered under this Contract, such as operation and maintenance manuals, shall be delivered with the right to copy for internal use and/or copy and deliver with the right to use for Buyer's customers.

Buyer shall own all right, title, and interest to any data, information, or materials that are based on or derived from Proprietary and/or Confidential information furnished by Buyer and that are either (i) first produced or specifically used in performance of this Subcontract, (ii) created with costs charged directly to this Subcontract, or (iii) produced for, delivered or otherwise furnished under this Subcontract as a specified element of performance. Subcontractor shall take all steps necessary to secure the rights granted in this paragraph to Buyer.

The tangible medium storing copies of all reports, memoranda, or other materials in written form including machine readable form, prepared by Seller and furnished to Buyer pursuant to this Contract shall become the sole property of Buyer. Nothing in this paragraph assigns ownership of Seller's intellectual property included on such medium to Buyer.

AA. Third Party Intellectual Property

Seller shall not, without Buyer's prior written consent, incorporate any intellectual property owned by a third party into any deliverable. Buyer shall not unreasonably withhold consent to incorporation if Seller demonstrates that it has licenses to such intellectual property that enable it to comply with paragraphs of Customer and Buyer Rights above.

BB. Commercial Computer Software

To the extent that Seller provides any of its commercial computer software under this Contract, Seller's normal commercial license terms shall govern the end user's use of such commercial software, except to the extent that such normal commercial terms conflict or are inconsistent with applicable federal law or regulation. In the case of any conflict or inconsistency, the applicable federal law or regulation shall take precedence. Seller agrees that the applicability of its commercial terms is contingent upon Buyer's customer's acceptance of the commercial computer software and its accompanying commercial items terms or license. Unless the Performance Work Statement provides otherwise, only the Buyer's end-user customer is a party to the Seller's commercial terms or license. In no event will Buyer be liable for an end-user customer breach of Seller's commercial terms or license. The license to Buyer set forth in section AA shall apply to commercial computer software, without additional cost and whether or not Buyer is a party to Seller's commercial terms, to the extent necessary to provide Buyer with rights necessary to perform the requirements of its prime or higher-tier contracts in connection with this Contract.



CC. Commercial Goods

To the extent that Seller provides any of its commercial computer Goods under this Contract, Seller's normal commercial license terms shall govern the end user's use of such commercial Good if provided with delivery of the Goods, except to the extent that such normal commercial terms conflict or are inconsistent with applicable federal law or regulation. In the case of any conflict or inconsistency, the applicable federal law or regulation shall take precedence. Seller agrees that the applicability of its commercial terms is contingent upon Buyer's customer's acceptance of the commercial Goods and its accompanying commercial items terms or license. Unless the Performance Work Statement provides otherwise, only the Buyer's end-user customer is a party to the Seller's commercial terms or license. In no event will Buyer be liable for an end-user customer breach of Seller's commercial terms or license. The license to Buyer set forth in section AA shall apply to commercial computer software, without additional cost and whether or not Buyer is a party to Seller's commercial terms, to the extent necessary to provide Buyer with rights necessary to perform the requirements of its prime or higher-tier contracts in connection with this Contract.

DD. Assignment and Subcontracting

Seller shall not assign, novate, or otherwise transfer by operation of law or otherwise this Contract without prior written consent from Buyer, which consent shall not be unreasonably withheld.

Except to the extent identified in Seller's proposal, Seller shall obtain Buyer's approval before subcontracting any portion of this Contract; provided, however, that this limitation shall not apply to the purchase of standard commercial supplies, raw materials, or approved subcontractors in the Seller's proposal. Seller shall notify the Buyer Procurement Representative in writing if the Seller changes the amount of a lower-tier subcontract effort after award such that it exceeds seventy percent (70%) of the total cost of work to be performed by Seller under the Contract. The notification shall identify the revised percentage of the lower-tier subcontractor's effort and shall include verification that the Seller will provide added value as related to the work to be performed by the lower-tier subcontractor(s).

EE. Applicable Law

The validity, construction, and interpretation of this Contract, and the rights and duties of the Parties to this transaction, shall be governed by the laws of the State of Massachusetts. The courts located in the State of Massachusetts shall have exclusive jurisdiction of all matters arising under this Contract, and each Party hereby consents to the jurisdiction of such courts. The invalidity of one provision of this Contract shall not affect the validity of any other provision. To the extent that the laws, rules, and regulations for U.S. Government procurement apply, then the laws commonly referred to as U.S. Government contract law shall apply.

FF. Change in Control

Prior to a potential change in control of Seller and at least ninety (90) days prior to the proposed effectiveness of such change in control, Seller will promptly notify Buyer in writing thereof, and provide the identity of the potential new controlling party and information on such party and the transaction as Buyer may request, consistent with applicable law and confidentiality restrictions.



GG. Quality Control System

The Seller is required to establish and uphold a quality control system that meets industry-recognized quality standards and adheres to any particular quality requirements stated in this Contract. The Seller must maintain comprehensive records of all quality control inspections and make them readily accessible to the Buyer and its customers.

HH. Disputes

The Buyer and Seller agree to first engage in negotiations to resolve any disputes that may arise under or in relation to this Contract. If a claim or dispute between the Parties regarding questions of law or fact, the performance of either Party, or a threatened or actual breach, cannot be resolved by mutual agreement within thirty (30) days after written notice is provided by one Party to the other, then the executive leadership of both Parties will conduct a senior-level review of the matter.

If the dispute remains unresolved after the senior-level review, it will be submitted to binding arbitration administered and conducted by the American Arbitration Association. If the Parties cannot mutually agree on a single arbitrator, the arbitration panel will consist of three arbitrators, with each Party selecting one arbitrator and the third selected by the other two arbitrators. The arbitration proceedings will take place in Essex County, Massachusetts, and the arbitrators will apply the substantive and procedural law of the State of Massachusetts.

However, any provision in this Contract that is incorporated by reference and required by the Federal Acquisition Regulations or other requirements applicable to U.S. Government procurement shall be interpreted in accordance with the law governing Federal Government procurements. The arbitrators are prohibited from awarding any damages that include loss of profits, loss of business, or any other incidental, special, consequential, or punitive damages.

The decision of the arbitrators will be final and binding on both Parties, and any award rendered by the arbitrators may be entered in any court of competent jurisdiction within the State of Massachusetts. Except as provided in this Article, neither Party may initiate any action or proceeding against the other in any court of law or equity with respect to any dispute that is subject to arbitration. Each Party waives its right to a trial by jury in any litigation arising from this Contract.

During the pendency of any dispute under this Contract, the Seller shall proceed diligently and in good faith with the performance of the Contract.

II. Additional Terms (Flow Down Clauses)

Certain U.S. Government terms and conditions shall apply, as applicable by their terms, if a Government contract number is stated on the face of this Contract. Applicable Prime Contract flow down clauses will be incorporated as part of the Contract and shall be flowed down to any lower tier subcontractors as appropriate. In all such clauses, unless the context of the clause requires otherwise, the term "Contractor" shall mean Subcontractor, the term "Contract" shall mean this Contract, and the terms "Government," "Contracting Officer" and equivalent phrases shall mean Buyer's Procurement Representative, respectively. It is intended that the referenced clauses shall apply to Seller in such manner as is necessary to reflect the position of Seller as a subcontractor to Buyer, to insure Seller's



obligations to Buyer and to Buyer's customer, and to enable Buyer to meet its obligations under its Prime Contract.

JJ. Gratuities and Kickbacks

Seller shall not offer or give a kickback or gratuity (in the form of entertainment, gifts, or otherwise) to any Buyer employee for any reason related to this Contract.

By accepting this Contract, Seller certifies and represents that it has not made or solicited and will not make or solicit kickbacks in violation of FAR 52.203-7 or the Anti-Kickback Act of 1986 (41 USC 5158), both of which are incorporated herein by this specific reference, except that paragraph (c)(1) of FAR 52.203-7 shall not apply.

KK. Key Personnel / Seller Personnel

In the event that the Seller designates individuals as "Key Personnel" who are deemed crucial to the successful completion and execution of the Contract, the following terms and conditions shall apply. The Key Personnel identified by the Seller must undertake all necessary work to ensure that the assigned task is completed promptly and to the required standard. Any substitution or replacement of Key Personnel by the Seller is prohibited without the prior written approval of the Buyer's Procurement Representative.

The Buyer reserves the right to request the removal of any individual assigned to this Contract for any reason whatsoever. Moreover, all personnel that the Seller proposes or assigns to this Contract must be citizens of the United States. If the Seller proposes any exceptions to this requirement, they must notify the Buyer's Procurement Representative immediately in writing.

LL. Reporting Requirements

Upon Buyer's request, Seller shall promptly provide such information as is required to enable Buyer to comply with applicable law and/or its Prime Contract or, if appropriate, Buyer's higher-tier subcontract under a U.S. Government procurement or requests by Buyer's auditors. As directed by Buyer, Seller shall provide such information directly to Buyer, Buyer's auditors, to the U.S. Government. By way of example and without limiting the generality of the foregoing, Buyer may direct, and Seller shall provide information to enable Buyer to comply with its manpower reporting obligations under 10 U.S.C. 2330a and Service Contract Reporting Requirements under FAR 52.204-14 and 52.204-15. Buyer shall maintain the confidentiality of any Seller information provided under this Article, subject to applicable law and the terms of the Prime Contract or this Contract.

MM. Organizational Conflict of Interest

Seller represents and warrants that its performance of this Contract does not constitute and will not create an Organizational Conflict of Interest (OCI) as defined in FAR Part 9.5 or under any other applicable OCI clause or regulation. If during performance, Seller becomes aware of any actual or potential organizational conflict of interest caused by its performance of this Contract, Seller shall promptly notify Buyer in writing of the nature of such actual or potential Organizational Conflict of Interest. Should the Buyer or Buyer's customer determine that there is an unmitigable OCI, the Buyer may terminate this



Contract pursuant to the Termination of Convenience. This clause is in addition to any DFAR required flow-down or special Prime Contract requirement.

NN. Priority Rating

If this Contract contains a DPAS rating, this Contract is a “rated order” certified for national defense, emergency preparedness, and energy program use, and Seller shall follow all the requirements of the Defense Priorities and Allocation System Regulation (15 C.F.R. Part 700).

OO. Severability

Each clause, paragraph, and subparagraph of this Contract is severable, and if one or more of them are declared invalid, the remaining provisions of this Contract will remain in full force and effect.

PP. Time of the Essence

Seller’s performance within the dates on the Order is a critical element of this Contract.

Failure by the Seller to deliver Goods, Services, and Work as specified on the face of the Order is a material breach of this Contract.

QQ. Survival

Termination or expiration of this Contract for any reason shall not release Seller from the liabilities or obligations set forth in said Contract, which remain to be performed or by their nature would be intended to be applicable following any such termination or expiration, including without limitation provisions relating to payment, funding, warranty, indemnification, intellectual property, nondisclosure, compliance with law, and disputes.

RR. Order of Precedence

In the event of any inconsistency in this Subcontract, the following order of precedence shall be applied for resolving the inconsistency, unless it is explicitly specified otherwise herein. If a provision is less stringent than any of the other parts of this Subcontract, the stricter interpretation shall apply.

1. Government Provisions
2. The face of this Subcontract or Purchase Order
3. Special Provisions
4. General Provisions
5. Statement of Work



SS. Entire Contract

This Contract, including all documents incorporated herein by reference, constitutes the entire Contract and understanding between the Parties and shall supersede and replace all prior or contemporaneous representations, Contracts or understandings of any kind, whether written or oral, relating to the subject matter hereof.

End Of Document