

## Purchase Order Terms and Conditions

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These **TERMS AND CONDITIONS** are made a part of the purchase order ("Purchase Order") to which they are attached regarding the purchase of certain goods ("Goods") by Seat Air Systems, Inc. ("Buyer") from the seller ("Seller") named in the Purchase Order. The Terms and Conditions are incorporated by reference into all written and electronic orders between Buyer and Seller as if expressly set forth therein. Any deviation from these requirements will be specially noted on the Purchase Order.

### General Terms and Conditions:

**1. Terms and Conditions:** Any proposal for additional or different terms or any attempt to vary in any degree any of the terms of this offer and Seller's acceptance or acknowledgement hereof is hereby objected to and shall not be binding upon Buyer. IF FOR ANY REASON THIS ORDER SHALL BE DEEMED AN ACCEPTANCE OF A PRIOR OFFER MADE BY SELLER, SUCH ACCEPTANCE IS EXPRESSLY CONDITIONED UPON SELLER'S ASSENT TO THE TERMS CONTAINED HEREIN. BUYER WILL PROCEED WITH THIS TRANSACTION ONLY IF SELLER ASSENTS TO THE TERMS CONTAINED IN THIS PURCHASE ORDER.

**2. Buyer's Right to Make Changes:** Buyer shall have the right to make changes to this Purchase Order at any time in: (a) drawings, designs or specifications; (b) the method of shipment or packing; and (c) the place or time of delivery, including temporary suspension of shipments. If such changes cause an increase or decrease in the cost of performing this Purchase Order, or in the time required for its performance, an equitable adjustment will be made by the parties and the Purchase Order shall be modified in writing accordingly.

**3. Intellectual Property:** Seller warrants that manufacture or use of the Goods and the sale or offer for sale of such Goods will not infringe any United States or foreign patent, copyright or trademark of either Seller or any third party. Seller agrees to defend, indemnify and hold harmless Buyer, its directors, officers, employees, successors, assigns, customers and users of its Goods, from and against any damages, claims, liabilities, losses, costs and expenses (including, without limitation, court costs, attorneys' fees, profits, penalties or punitive damages) arising out of or relating to any actual or alleged infringements of such patent, copyright or trademark, or any unfair competition resulting from similarity in design, trademark or appearance, by reason of the manufacture, use, sale or offer of sale of the Goods. Buyer reserves the right to control, actively participate in or monitor, through its own counsel, at Seller's expense, any such claim of infringement or other such action brought against it.

**4. Confidentiality:** Seller shall consider all specifications, plans, instructions, samples and other information furnished by Buyer, or prepared by Seller specifically for Buyer in connection with this Purchase Order to be confidential and shall not (i) disclose any such information to any other persons, or (ii) use such information itself for any purpose other than performing this contract. Without Buyer's prior written permission, Seller shall not advertise or publish the fact that Buyer has contracted to purchase Goods from Seller, disclose information relating to the Purchase Order, nor use the name of Buyer, or any of its customers, in advertising or other publication.

**5. Tools and Materials Owned by Buyer:** Seller shall keep in good condition, be responsible for and protect against loss of or damage to materials, tools, dyes, molds, and other articles owned by Buyer (including such items made or provided by Seller at Buyer's cost) that are in the possession or control of Seller, provided, however, that Seller shall not be responsible or liable for normal loss of or damage to such items arising from processing or manufacturing in accordance with good shop practices. Seller shall not use such items except for performance of work hereunder or as authorized by Buyer in writing. All such items shall be plainly marked or otherwise adequately identified by Seller as property of Buyer and shall be safely stored separately and apart from Seller's property. Unless otherwise directed by Buyer, Seller, upon completion of deliveries made on this Purchase Order, or upon cancellation of this Purchase Order for any reason, shall return all such items to Buyer at Buyer's direction and expense. In addition, Buyer shall have the right to take possession of any such items and the right of entry for such purpose.

**6. Warranties:** Seller expressly warrants that all Goods covered by this Purchase Order will: (a) conform to any and all final specifications, drawings, plans, instructions, samples or other description, whether expressed or implied, furnished by Buyer or by Seller, (b) be fit and sufficient for the purpose(s) for which they were manufactured and sold, and if Seller knows or has reason to know of any other particular purpose for which Buyer intends to use such Goods, the Goods will be fit for such particular purpose, (c) be new and merchantable, and (d) be of good material and workmanship and free from defects, whether latent or patent. The foregoing warranty shall survive Buyer's inspection, acceptance, use and subsequent dispossession or sale of the Goods. Seller hereby extends to Buyer any and all warranties received from Seller's suppliers and agrees to enforce such warranties on Buyer's behalf. All Seller's warranties shall run to Buyer, its successors, assigns, customers and users of products sold by Buyer. Seller agrees to promptly correct all defects in any Goods not conforming to the foregoing warranties, or replace such Goods, without expense to Buyer, when notified by Buyer. In the event of Seller's failure to correct or replace such defective or non-conforming Goods, Buyer may, after reasonable notice to Seller, make such correction or replacement at Seller's expense. The foregoing warranties and remedies shall be in addition to any warranties and remedies of additional scope herein or otherwise provided by Seller to Buyer or otherwise provided by law, including, but not limited to, any and all warranties provided in the Uniform Commercial Code. Seller shall compensate, indemnify and hold Buyer harmless from and against any and all damages, including incidental and consequential damages, claims, liabilities, and expenses (including court costs and attorneys' fees) arising out of or relating to or resulting in any way from a breach of any warranty, whether express or implied, or from any act or omission of Seller, its officers, agents, employees or subcontractors. If inspection discloses that a portion of the goods received are not in accordance with the specifications or descriptions thereof, Buyer shall have the right to cancel any unshipped portion of this order. Payment for goods or services furnished or performed pursuant to this order shall not constitute acceptance thereof by Buyer and such payments shall be deemed to have been made without prejudice to any and all claims Buyer may have against Seller. The remedies hereinabove provided to Buyer are not exclusive and are in addition to all other remedies available to Buyer pursuant to law, this Purchase Order or otherwise. In the event of breach of warranty, Buyer shall be entitled to all rights and remedies available by law, including but not limited to credit, replacement or repair of defective goods at Buyer's option, costs of removal of the goods from any component, assembly or system into which the goods may have been incorporated, and reinstallation of non-defective goods, and cost of return of the goods. Seller shall also reimburse Buyer for any incidental and consequential damages caused by such nonconforming goods including, but not limited to costs, expenses and losses incurred by Buyer: (a) in inspecting, sorting, repairing or replacing such goods; (b) resulting from any production interruptions; (c) conducting any recall campaigns or other corrective actions and (d) claims for personal injury or property damage. Seller must receive prior approval from Buyer before any changes are made to Goods including, but not limited to, material substitution that could result in performance or aesthetic differences. Without prior approval from Buyer, Goods may be considered out of specifications.

**7. Inspection, Risk of Loss and Title:** All Goods shall be received subject to Buyer's right of inspection and rejection. Buyer may inspect such Goods at Seller's plant and any other place of manufacture during production without waiving its rights subsequently to reject or revoke acceptance of such Goods for undiscovered or latent defects. Right of entry must be granted to Buyer's Customers and Regulatory Agencies to all facilities and records in performance of this contract. Seller, at its expense, shall furnish or cause to be furnished, facilities and assistance reasonably necessary to insure the safety and convenience of each such inspection or entry. Unless otherwise agreed, title to the Goods covered by this Purchase Order and the risk of their loss or damage shall pass from Seller to Buyer upon the completion of unloading of the Goods at the destination specified on the front of this Purchase Order, subject in all cases to Buyer's right of inspection and rejection within a reasonable time after arrival. It is required for the seller to flow down to sub-tier suppliers the applicable requirements in the purchasing documents, including key characteristics where specified. Documents and records generated during the execution of this Purchase Order require retention for a period of not less than seven years. Seller is required to flow down this requirement to any sub tier supplier.

**8. Packing and Cartage:** No extra charge will be allowed for packing, cartage or containers unless so specified in the Purchase Order.

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**9. Delivery:** Shipment shall be made in the quantities and at the time or times specified in this Purchase Order or in supplementary schedules furnished by Buyer. Unless otherwise stated herein, time is of the essence. If at any time Seller has reason to believe that deliveries will not be made as scheduled, it shall immediately give Buyer written notice setting forth the cause or causes of the anticipated delay. Late deliveries, deliveries of products which are defective or which do not conform to this Purchase Order, and failure to provide Buyer, upon request, of reasonable assurances of future performance shall be causes allowing Buyer to terminate this Purchase Order for cause, and Seller shall be liable for all damages to Buyer by reason of such events that caused termination.

**10. Carriers and Routing:** Buyer reserves the right to designate the carrier and routing. All goods shall be forwarded in accordance with Buyer's instructions, or in the absence of such instructions, by the route generating the lowest transportation charge.

**11. Cancellation:** Buyer reserves the right to terminate this Purchase Order or any part hereof for its sole convenience. In the event of such termination, Seller shall immediately stop all work hereunder and shall immediately cause its suppliers or subcontractors to cease such work. Seller shall be paid a reasonable termination charge reflecting the percentage of work performed prior to the notice of termination, plus actual direct costs resulting from termination. Seller shall not be paid for any work done after receipt of the notice of termination, nor for any costs incurred by Seller's suppliers or subcontractors which Seller could have reasonably avoided.

**12. Price Warranty:** Seller warrants that the prices for the Goods are not less favorable than those currently extended to any other customer of Seller for the same or similar Goods in similar quantities. If Seller reduces its price for such Goods prior to final delivery of the Goods to Buyer, Seller shall reduce the price or prices in this Purchase Order in a corresponding manner.

**13. Extra Compensation:** Before proceeding with any work or shipping any Goods upon or for which Seller may have a possible claim for extra compensation above the price specified on the Purchase Order, Seller shall submit to Buyer a detailed statement of such items, together with the prices thereof. If Buyer desires to have the work done or the Goods furnished at the prices so stated, its purchasing agent will issue written instructions to the Seller. Claims for compensation above the prices specified in this Purchase Order shall be allowed by Buyer only upon the presentation of such written instructions of its purchasing agent.

**14. Indemnity and Insurance:** Seller agrees to indemnify and hold harmless Buyer and Buyer's directors, officers, employees, successors, assigns, customers and users of its Goods from and against any and all damages, claims, liabilities, losses, costs and expenses (including, without limitation, court costs, attorneys' fees, penalties, or punitive damages) arising out of or relating to resulting in any way from (a) any actual or alleged death or injury to any person, damage to any property or any other damage or loss that results, or is claimed to result, in whole or in part, from any actual or alleged (i) defects, whether latent or patent, in the Goods sold to Buyer including, without limitation, actual or alleged improper construction or design; (ii) breach of any express or implied warranty, or (iii) violation by such Goods or their manufacture, possession, use or sale of any law, statute, or subcontractors. Seller will maintain such public liability insurance, including without limitation, products liability insurance, and other insurance as will adequately protect Buyer against such damages, claims, liabilities, losses, and expenses (including without limitation court costs, attorneys' fees, penalties or punitive damages). Seller agrees to submit certificates of insurance evidencing its insurance coverage when requested by Buyer.

**15. Applicable Law and Venue:** The rights of all parties hereunder and the construction of every provision hereof shall be governed by the laws of the State of California, without giving effect to principles of conflicts of law. The parties agree that any action arising out of this agreement or in connection with the Goods covered hereunder shall be brought in the federal, state, or local court located in or otherwise having jurisdiction over Los Angeles County in the State of California and the parties hereby consent to personal jurisdiction in such courts and waive any objection based on jurisdiction or venue of any such action.

**16. Force Majeure:** Discontinuance of, or substantial interference with Buyer's business, in whole or in part, by reason of fire, flood, earthquake, tempest, strikes, war, Acts of God, embargo, civil commotion, governmental regulation, or other causes beyond Buyer's control (whether like or unlike the foregoing), shall give Buyer the option of canceling all or any part of the undelivered Goods without liability in respect of the Goods so cancelled.

## Purchase Order Terms and Conditions

### Quality Assurance Clauses (Required)

<p><b>QC-1: ISO9001; and/or AS9100; NADCAP</b> The seller shall establish and maintain a system that conforms to Specification ISO 9001 ‘Quality Management System - Requirements’ or AS9100 ‘Aerospace Standard’ or NADCAP.</p> <p><b>QC-2: QUALITY OBJECTIVES</b> To fulfill Seat Air Systems’ quality objectives of Good Product and On Time Delivery, the supplier shall maintain on-time delivery rate of 85% and good quality rate of 90% or better on all Seat Air Systems shipments. Not meeting Seat Air Systems’ quality objectives shall cause supplier corrective action and may lead to an on-site quality audit by Seat Air Systems quality representative and ultimately removal from Seat Air Systems Approved Vendors List if the issue remains unresolved. In order to comply with the AS9100 regulations, the supplier must also ensure they are aware of their contribution to product or service conformity; their contribution to product safety; and the importance of ethical behavior.</p> <p><b>QC-3: RETENTION OF RECORDS</b> The supplier shall store, protect, and retain records generated by processing Seat Air Systems Purchase Order for five (5) years.</p> <p><b>QC-4: RIGHT OF ACCESS</b> Supplier shall grant right of entry and access by Seat Air Systems, its customer, and regulatory agencies to all facilities involved in this order and to all applicable records.</p> <p><b>QC-5: MATERIAL TRACEABILITY</b> The supplier shall certify that material furnished is from traceable heat, lot or batch, as applicable. Supplier identifies each item, package, or container of shelf life material with its cure or manufacture date, expiration date, and special storage and handling conditions in addition to the standard identification requirements.</p> <p><b>QC-6: PART IDENTIFICATION &amp; PROTECTION REQUIREMENTS</b> Supplier ensures that all items are legibly identified in the same fashion received. Identification requirements may include the following, as specified by purchasing or supplier documents, part number and revision level, manufacturer’s identification, lot or date, code, serial number, and quality. Parts shall be protected from loss or damage and properly packaged (See ‘General Terms &amp; Conditions’ No. 5 for more details).</p> <p><b>QC-7: CALIBRATION</b> All items furnished under this Purchase Order shall be measured and monitored by measuring tools calibrated in accordance with industry acceptable standards such as NIST (National Institute of Standards and Technology), ANSI-Z540 or ISO 10012-I current revisions. Records of calibration shall be maintained per QC-3.</p>	<p><b>QC-8: NOTIFICATION OF CHANGES</b> Supplier shall notify Seat Air Systems of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and where required obtain Seat Air Systems approval.</p> <p><b>QC-9: INSPECTION REQUIREMENTS</b> The seller maintains an inspection system to ensure that all items furnished have been inspected and/or tested. The seller is responsible for material acceptability and performance. Records of such activities shall be retained per QC-3.</p> <p><b>QC-10: STATEMENT OF CERTIFICATE OF CONFORMANCE</b> Each shipment must be accompanied by a referencing conformity and process control of the Purchase Order &amp; shipper number that ensures conformance to all referenced material and process specifications. Supplier must notify and obtain concurrence from Seat Air Systems for any changes in either materials or processes specified on referenced Purchase Order.</p> <p><b>QC-11: CONTROL OF NON-CONFORMING PRODUCT</b> The supplier shall notify Seat Air Systems of nonconforming product and obtain its approval for nonconforming product disposition. Seat Air Systems Q.A. may require corrective action for any products received that do not conform to all required specifications and/ or referenced documents. Seat Air Systems Q.A. shall determine disposition of rejected items &amp; advise purchasing, who shall undertake all required subsequent actions. If a Supplier Corrective Action Request (SCAR) is issued, the supplier must respond within timely manner as specified on the SCAR; or the supplier will be unapproved for further procurements until the SCAR is satisfactorily resolved</p> <p><b>QC-12: LIMITED SHELF LIFE PRODUCT</b> For items that have a limited shelf life, the supplier shall ship product with no less than 75% of the shelf life available, and must provide shelf life substantiation documentation.</p> <p><b>QC-13: PREVENTION OF COUNTERFEIT PARTS</b> Supplier shall have a counterfeit parts avoidance, detection, mitigation, and disposition program. Seller shall only deliver authentic components, devices, pieces, material, modules, assemblies, subassemblies, goods, etc. that are manufactured by or obtained from original equipment manufacturers (OEMs), original component manufacturers (OCMs), or authorized distributors. Seller shall make available to POC documentation that authenticates and provides traceability of the Parts to the applicable OEM or OCM.</p>
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### Quality Assurance Clauses (If Applicable)

<p><input type="checkbox"/> <b>QC-14: Seat Air Systems FURNISHED MATERIAL</b> The supplier shall certify that material used in fabrication is the material furnished by Seat Air Systems.</p> <p><input type="checkbox"/> <b>QC-15: FIRST ARTICLES INSPECTION</b> The First Article produced under this order shall be submitted for Seat Air Systems Inspection prior to making further shipments. This Inspection is solely for Seat Air Systems' convenience and shall not waive Seat Air Systems right to reject any parts not conforming to this order. Acceptance of production tooling on this Purchase Order shall be contingent upon inspection and acceptance of the submitted 1<sup>st</sup> Article. Said 1<sup>st</sup> Article must conform to all design requirements, detail specifications and tolerance limits of Specification Control Drawings or similar documents submitted with and referenced within this Purchase Order. Supplier shall safely maintain all referenced records for a minimum of five years or until advised by Seat Air Systems to either return or discard them.</p> <p><input type="checkbox"/> <b>QC-16: INSPECTION RECORDS</b> Documented evidence in the form of inspection records indicating actual dimensional results in accordance with drawings, specification and or purchase order requirements must be accompanied with each shipment.</p> <p><input type="checkbox"/> <b>QC-17: INSPECTION AND/OR PRODUCTION TOOLING</b> Seller is held responsible for the protection, calibration and care other than normal wear of all Production and/or Inspection tooling furnished by Seat Air Systems for use in the performance of purchase order requirements. All tooling shall be subject to Seat Air Systems surveillance and/or inspection upon notice. Said tooling, or replacement tooling of equal quality, shall be returned in an acceptable condition upon demand or notice.</p> <p><input type="checkbox"/> <b>QC-18: SOURCE INSPECTION (FINAL ACCEPTANCE)</b> Final acceptance will be based on Seat Air Systems or its customer source inspection and testing results at destination. Seat Air Systems shall provide no less than twenty-four (24) hours advance notice to the Buyer to permit scheduling of source inspection. For government source inspection:</p> <ol style="list-style-type: none"> <li>a) Government inspection shall be stated if required on our Purchase Order and the conditions required prior to shipment from your plant.</li> <li>b) When material is ready for inspection, if practical, notify Seat Air Systems five (5) days in advance to schedule government source inspection promptly.</li> </ol> <p><input type="checkbox"/> <b>QC-19: PROCESS CERTIFICATION</b> Each shipment must be accompanied by at least one (1) legible and reproducible copy of a certificate containing the signature and title of an authorized representative for all processes used. The certificate shall include the processing used, the specifications to which they conform, and the name of the agency that performed them if other than the seller. If parts are serialized, serial numbers must appear on the Process Certification.</p>	<p><input type="checkbox"/> <b>QC-20: CHEMICAL AND/OR PHYSICAL TEST REPORTS</b> Each shipment, when required, must be accompanied by at least one (1) legible and reproducible copy of all chemical and/or physical test reports identifiable with test parameters and products submitted. These reports must contain the signature and title of the authorized representative of the agency performing the test and must assure conformance to specification requirements.</p> <p><input type="checkbox"/> <b>QC-21: NONDESTRUCTIVE AND DESTRUCTIVE TEST REPORTS</b> Each shipment must be accompanied by at least one (1) legible and reproducible copy of actual test results identifiable with acceptance requirements and material submitted. These reports must contain name, signature, title, and qualification of the authorized representative of the agency performing the inspection and must assure conformance to specified requirements.</p> <p><input type="checkbox"/> <b>QC-22: FUNCTIONAL TEST REPORTS</b> Functional tests are defined as operational inspections, e.g. mechanical, electronic, etc. Each shipment shall include one legible and reproducible test report of actual results identifiable with test parameters and products submitted. These reports must contain name, signature, title, and qualification of the authorized representative of the agency performing the test and must assure conformance to specified requirements.</p> <p><input type="checkbox"/> <b>QC-23: ENVIRONMENTAL TEST REPORTS</b> Each shipment is accompanied by one (1) legible and reproducible copy of reports of actual test results identifiable with test parameters and products submitted. These reports contain the signature and title of the authorized representative of the agency performing the test and must conform to the specification.</p> <p><input type="checkbox"/> <b>QC-24: TEST BARS (CASTING)</b> Seller shall furnish with each shipment of castings:</p> <ol style="list-style-type: none"> <li>a) One (1) test bar representative of each heat treat lot and made from the same melt as castings supplied.</li> <li>b) One (1) spectrographic disc representative of the entire heat or melt.</li> <li>c) Test bars and disc shall be permanently identified with the seller's name or trademark, melt and heat treat lot numbers, and alloy identification.</li> </ol> <p><input type="checkbox"/> <b>QC-25: TEST BARS (FORGINGS)</b> Seller shall furnish with each shipment:</p> <ol style="list-style-type: none"> <li>a) One (1) test bar produced from the same heat of material as the forgings supplied. Test bars must have the same percentage of reduction as parts supplied.</li> <li>b) Test bars shall be permanently identified with the seller's name or trademark, material heat number, heat treat lot number and alloy identification.</li> </ol> <p><input type="checkbox"/> <b>QC-26: SPECIAL REQUIREMENTS</b> The supplier shall conform to the following special requirements requested by Seat Air Systems customer:</p> <ol style="list-style-type: none"> <li>a) Retention of records beyond five (5) years: _____</li> <li>b) Supplier personnel qualification/certification: _____</li> <li>c) Others: Specify _____</li> </ol>
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