

# PURCHASING TERMS & CONDITIONS



## Elite Aviation Products, Inc.

- 1. ACCEPTANCE.** All offers made by Elite Aviation Products, Inc. ("Buyer") to Seller may be accepted only on the exact terms and condition as set forth herein. Seller shall be bound by the terms and conditions hereunder, upon occurrence of the following: (a) receipt by Buyer of Seller's acknowledgement, (b) furnishing of any supplies pursuant to an Order from Seller, (c) acceptance of any payment under an Order, or (d) commencement of performance under an Order. Any terms or conditions proposed by Seller that are inconsistent with or in addition to the terms and conditions herein, are expressly rejected and shall be void unless accepted in writing by Buyer.
- 2. CHANGES.** This Order supersedes and replaces any and all prior versions, editions, adaptations or revisions between Buyer and Seller. No change or modification on the face of this Order, or by agreement or otherwise, shall be binding upon Buyer unless accepted in writing by its authorized representative. No orders may be filled by Seller at higher prices than last quoted or charged by Seller without Buyer's prior written consent.
- 3. DELIVERY.** The specific services or quantity of goods ordered by Seller must be performed or delivered in full and cannot be changed without the prior written consent of Buyer. Any unauthorized service or quantity of goods is subject to rejection by Buyer and returned at Seller's expense. Seller shall place Buyer's purchase order number, contract number, and applicable quality requirements on all packages, bills of lading, express receipts, shipping cases, correspondence and invoices delivered to Buyer. Early shipments and over-shipments may be returned at Seller's expense or, retained by Buyer at no additional cost to Buyer. Seller shall not deliver more than 5 days in advance of the lead time necessary to meet Buyer's firm delivery schedule without express written consent of the Buyer. Late delivered items: Seller shall be charged 0.5% of purchase price, up to 15%, per week beginning after the second week for each late delivered item. Shipment tolerance is + / - 0% without prior written notice.
- 4. PACKAGING.** All packaging, carting and insurance shall conform to the highest commercial standards. All goods shall be suitably packed or otherwise prepared for shipment to prevent damage in transit and to meet carrier's requirements, and classified to assure lowest transportation rates consistent with full protection against loss or damage. Risk of loss of or damage to all goods shall remain with Seller until accepted by Buyer at the Delivery Point.
- 5. TITLE.** Unless otherwise specified, title to the goods shall pass to Buyer at the Delivery Point set forth on the face of an Order. If no such point is specified, the Delivery Point shall be F.O.B. Buyer's Facility.
- 6. STANDARDS.** When goods to be furnished under an Order are to be produced in accordance with plans, drawings or procedures to be furnished by Seller, approval of such plans, drawings and/or procedures by Buyer shall in no way reduce or modify Seller's obligation to meet performance and other requirements of the Order. When applicable, all products supplied must be traceable to the manufacturer with full lot traceability. Manufacturer must provide a certificate of conformance and test reports upon request. Buyer prohibits any purchase, shipment, or circulation of counterfeit/suspect unapproved products. Seller shall establish and maintain a Counterfeit Parts / Material Prevention and Control Plan to ensure counterfeit material is not delivered to Buyer. Supplier shall have a FOD (Foreign Object Debris) Prevention Program.

F-8401-07	Rev.: A	<b>EAP Purchasing Terms &amp; Conditions</b>	Owner: Dir. Supply Chain Mgmt.
Effective Date: 01/01/18			Page 1 of 3

# PURCHASING TERMS & CONDITIONS



- 7. RIGHT OF ENTRY.** Work pursuant to the parties' purchase order/contract is subject to Buyer's onsite surveillance and inspection at Seller's plant. Buyer's Quality Assurance representative, or Buyer's Customer, may elect to conduct inspection either on a random basis or to the extent of 100% inspection, as deemed solely by Buyer. Seller shall be notified if inspection will be conducted on specific shipments. No shipments are to be held for inspection unless notification is received prior to, or at time of, material being ready for shipment.
- 8. OVERALL PERFORMANCE.** Seller shall maintain at all times a performance rating of ninety-five percent (95%) or higher in accordance with Buyer's operating standards, key performance indicators. If Seller's performance rating, Quality, Delivery and/or Purchase Order Conformance, falls below 95%, Seller shall perform a root cause analysis and provide Buyer with a corrective action plan outlining the tasks necessary to ensure timely and complete resolution of any problems.
- 9. PAYMENT TERMS; INVOICES.** Terms of payment shall be as specified on the Order and, unless otherwise stated on the face of this Order, all payments are due within thirty (30) days of the end of the month, following receipt of Seller's invoice by Buyer. Seller's cash discount period shall start from the receipt by Buyer of goods or services ordered or from the date of receipt by Buyer of an acceptable invoice accompanied by way bill, whichever is later.
- 10. INDEMNITY; INSURANCE.** Notwithstanding any provision of this Order to the contrary, Seller hereby indemnifies and agrees to defend and hold harmless Buyer from and against any and all claims, demands, actions, liabilities, damages, losses, expenses, suits, proceedings, assessments, fines, penalties and/or judgments (including, but not limited to, all attorneys' fees, costs and expenses in connection therewith), whether for the death of or bodily injury or other harm to any person (including, but not limited to, Seller's employees), for the loss of, damage to or destruction of any property, including, but not limited to, aircraft upon which the goods may be installed or services performed, and/or for any other injury, loss or damage of any kind or nature whatsoever that may be charged to, recoverable from, suffered or incurred by or assessed or asserted, whether actual or alleged, by any third party against any of the Indemnified Parties, in any manner or to any extent arising or resulting from, caused by or accrued in connection with: (i) the negligence, gross negligence, recklessness, bad faith, illegal act, breach of contractual or any other duty, misrepresentation or malicious or willful misconduct of Seller or any of its officers, directors, agents, representatives, contractors or employees in connection with Seller's performance of, or failure to perform, this Order; (ii) any defect or nonconformity in any goods or services delivered by Seller to or for Buyer under this Order; (iii) any death of or injury to any person, including, but not limited to, employees of Seller and Buyer and any passenger on any aircraft upon which the goods may be installed or services performed.
- 11. CONFIDENTIALITY.** Seller shall not disclose any details connected herewith to any third-party without the prior written consent of Buyer. This Order is placed by Buyer and accepted by Seller on the understanding that none of the goods or services covered by this Order shall be referred to, described, or illustrated in connection with publicity of any kind without prior written authorization from Buyer.
- 12. SUBCONTRACTING; ASSIGNMENT.** Seller shall not subcontract any portion of work to be performed under this Order without the prior written consent of Buyer, which may be granted or withheld at Buyer's sole discretion.

F-8401-07	Rev.: A	<b>EAP Purchasing Terms &amp; Conditions</b>	Owner: Dir. Supply Chain Mgmt.
Effective Date: 01/01/18			Page 2 of 3

# PURCHASING TERMS & CONDITIONS



- 13. ORDER TERMINATION; AMENDMENT.** Buyer reserves the right to cancel or amend Purchase Orders, in whole or in part, for its sole convenience, by delivering to Seller a written notice at least thirty (30) days in advance of such change of the effective date. Delivery of written notice via email constitutes notice under this provision.
- 14. DEFAULT; REMEDIES.** Without in any way limiting Buyer's rights, Buyer may reject or revoke acceptance of any or all goods, including any tender thereof, which do not strictly conform with all of the requirements of this Order, and shall notify Seller of such rejection by notice, rejection tag or other communication. At Seller's risk and expense, all such goods will be returned to Seller for immediate Seller rework, replacement or other correction and redelivery to Buyer.
- 15. RETENTION OF RECORDS.** Quality records and documents must be issued and retained by the Seller as proof of compliance, for the goods and services delivered, with the quality, government and applicable airworthiness regulations at the time of delivery. Records and documents shall be available for review by Buyer and regulatory authorities in accordance with contract or regulatory requirements. Records and documents shall be established and maintained to provide evidence of conformity to requirements and of the effective operation of the quality management system. The retention period shall be ten (10) years from the date of this Order unless otherwise required by the Buyer's Customer.
- 16. NOTIFICATION OF DESIGN CHANGE.** Suppliers with design authority are required to notify Buyer if any proposed design changes affect form, fit or safety of the product. Approval must be obtained in writing thirty (30) days prior to delivery.
- 17. COMPLIANCE WITH LAWS; REGULATIONS.** Seller represents, covenants and warrants that (a) it will comply, and by its shipment of goods hereunder that it has complied, with all applicable governmental laws, regulations, standards, procedures and general requirements, as well as currently effective executive orders; (b) the goods (including parts and/or components thereof ) and services delivered to Buyer are not "defense articles" as that term is defined in 22 C.F.R. § 120.6 of the International Traffic in Arms Regulations ("ITAR") and are not "defense services" as that term is defined in 22 C.F.R. § 120.9 of the ITAR and (c) all goods shipped and/or services rendered to Buyer shall be in compliance with (i) the applicable requirements of Fair Labor Standards Act and all regulations and orders issued thereunder by the United States Department of Labor; (ii) the Rehabilitation Act of 1973 (Section 503), Executive Order No. 11246 and the Vietnam Era Readjustment Assistance Act (38 U.S.C. 4212) and their implementing regulations found at 41 CFR Parts 60-1, 60-2, 60-250, 60-741; and (iii) any Conflict Mineral related law including, but not limited to, Section 1502 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act. Seller agrees to cooperate with Buyer in providing, upon request, documentation or other information that supports or confirms these representations, covenants and warranties. Seller, prior to providing any goods, software, technology or technical data ("Item") under an Order shall, upon request, notify Buyer of the Item's Export Control Classification Number ("ECCN") as well as the ECCN of any components or parts thereof if they are different from the ECCN of the Item at issue, or any export control classification of Seller's country or any other applicable country, including, but not limited to, countries or states of the European Union. Seller shall implement an environmental management system ("EMS"), meeting the requirements of International Standards Organization (ISO) 14001, and health and safety management system ("HSMS") with respect to its performance under this Order.

F-8401-07	Rev.: A	<b>EAP Purchasing Terms &amp; Conditions</b>	Owner: Dir. Supply Chain Mgmt.
Effective Date: 01/01/18			Page 3 of 3