



399 North Great Southwest Parkway
Arlington, TX 76011
Toll Free: (800) 844-9005
Fax: (800) 249-7772
www.sourcena.com

Source North America Corporation

Standard Terms and Conditions of Purchase

1. Applicability

- a. These terms and conditions of purchase (the "Terms") are the only terms and conditions which govern the purchase of goods and services (collectively "Deliverables") by Source North America Corporation, a Texas corporation ("Source"), from the vendor or supplier named on the face of the purchase order ("Supplier"), except terms contained in documents specifically incorporated below. Notwithstanding anything herein to the contrary, if a written purchase agreement, master agreement or similar contract signed by both parties is in existence covering the purchase of the Deliverables covered hereby, the terms and conditions of said contract (including any exhibits, addenda and schedules thereto and any amendments, modifications and replacements thereof, the "Related Agreement") shall also govern a purchase order as specified below in Section 22 of these Terms.
- b. The accompanying purchase order (the "Purchase Order" or "PO"), any Related Agreement and these Terms (collectively, this "Agreement") comprise the entire agreement between the parties, and supersede all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral. This Agreement, including these Terms, shall prevail over any and all of Supplier's terms and conditions of sale regardless whether or when Supplier has submitted its sales confirmation or such terms and to the extent Seller's terms are set forth in any Related Agreement. **This Agreement, as modified by these Terms, expressly limits Supplier's acceptance to the terms of this Agreement.** Commencing services or work on required articles, materials, supplies, goods, or services described herein, or by Supplier's shipment of the Deliverables, whichever occurs first, constitutes unconditional acceptance of these Terms. No change or modification to this Agreement, including any additional or different terms in Supplier's acceptance, will be binding on Source unless signed by Source. Such additional terms and conditions of sale shall only be applicable and binding if they do not waive any rights available to Source under law, or contract, and do not limit any rights, recourse, or remedies available to Source under law, equity, or contract. Supplier shall indicate its acceptance of this order by written acceptance on the face of the Purchase Order received by Source, by other written confirmation received by Source, by commencing work on the Purchase Order in any manner, expressly conditioned on notice of such commencement of work received by Source, or by the delivery of the goods or services within the time for such delivery as stated in the Purchase Order.

Without limiting the foregoing, as an offer, this Agreement expressly limits acceptance to its terms and conditions, and notification of objection to any different or additional terms in any response to this offer from the Supplier is hereby given. If this Agreement is construed as an acceptance of the Supplier's offer, this acceptance is expressly conditioned on the offeror's assent to any additional or different terms contained in this Agreement. If this Agreement is construed as a confirmation of an existing contract, the parties agree that this Agreement constitutes the final, complete and exclusive terms and conditions of the contract between the parties. If the parties have otherwise completed a signed, written contract, the parties agree that the use of this Agreement to place orders for goods or services pursuant to such a contract shall be construed to supplement the terms of such written contract only to the extent that the terms and conditions of this Agreement are not inconsistent with such written contract. Regardless of its construction as an offer, acceptance, confirmation or use to place orders for goods or services pursuant to an earlier contract, this Agreement incorporates by reference all terms of the Uniform Commercial Code providing any protection for Source, without limitation, all express and implied warranty protection and all Source's remedies under the Uniform Commercial Code.

2. Payment; Invoices

Payment by Source will be made per payment terms referenced in the Purchase Order. Supplier shall promptly notify Source of any overpayment and remit the amount of overpayment except as otherwise directed by Source.

All amounts due to Supplier shall be considered net of indebtedness of Supplier to Source. Source may withhold, deduct and/or set off all or part of amounts due or at issue between Source and Supplier under this Agreement or any other transaction with Source. Separate invoices indicating Purchase Order number, line item number(s), quantity, unit price and extended value are required for each Purchase Order. Unless otherwise specified, prices include all applicable federal, state and local taxes, duties, tariffs, and similar fees imposed by any government, all of which shall be listed separately on the invoice; provided that Source is generally exempt from state sales and use taxes and federal excise taxes as a reseller and Supplier shall not charge Source for any such taxes in connection with this order to the extent permitted by law. Source shall provide copies of tax exemption certificates upon request. Supplier is responsible for complying with all tax exemption requirements and is responsible for payment of all tax obligations that arise from the Supplier's failure to comply with exemption requirements.

3. Delivery

- a. Time is of the essence in the performance of this Agreement by Supplier. Failure of Supplier to provide Deliverables within the time specified on the face of the Purchase Order, or within any extension specified by written amendment hereto, shall be a breach hereof. Notwithstanding any prior inspection, the passage of title, or any prior payment, Source reserves the right to inspect at Source's facility and either accept or reject Deliverables that contain any defect in materials, workmanship, or design or fail to conform to applicable specifications or as otherwise specified in this Agreement. Source may reject any Deliverables not delivered on time (whether early or late) and return such Deliverables at Supplier's risk and expense. Supplier may not withhold delivery for any reason without the prior written consent of Source. The expected delivery dates specified in the Purchase Order are the dates that the Deliverables are expected at the designated delivery point; if the Deliverables are not at the designated delivery point within 10 days of the expected delivery date, Supplier must obtain a written extension of the delivery date from Source and such extended date shall be a required delivery date. Delivery terms are F.O.B. final destination unless otherwise agreed to in writing by Source.
- b. Supplier is responsible for the Deliverables until they are delivered to the designated delivery point specified in the Purchase Order. Supplier shall bear all risk of loss or damage to (i) improperly packed supplies during transport to the point of, and prior to, final inspection and (ii) Deliverables rightfully rejected by Source after notice of rejection to Supplier until such Deliverables or replacements therefore are redelivered. Title and risk of loss shall pass to Source upon receipt of the Deliverables at the point specified in the Purchase Order.

4. Non-Conformance(s)

If Supplier delivers defective, damaged, Counterfeit (as defined below), or non-conforming Deliverables (collectively "Non-conformance(s)"), Source may at its option and at Supplier's expense: (i) require Supplier to promptly correct or replace the Non-conformance(s); (ii) return the Non-conformance(s) to Supplier for credit or refund; or (iii) perform necessary repair at its own facility or obtain replacement Deliverables from another source and charge or debit Supplier's account for those costs and any additional re-procurement costs. Return to Supplier of Non-conformance(s) and redelivery to Source of corrected or replaced Deliverables shall be at Supplier's expense. Any Deliverables previously rejected shall not be resubmitted for Source's acceptance without concurrent notice of the prior rejection, which notice shall also disclose any corrective action taken. No action taken by Source under this Section shall be deemed to extend any delivery dates specified on the face of the Purchase Order. Inspection and tests by Source do not relieve the Supplier of responsibility for Non-conformance(s) or other failures to meet this Agreement's requirements. Acceptance will not be final with respect to latent defects, fraud, or gross mistakes amounting to fraud. Notwithstanding anything else in this Agreement to the contrary, Supplier and Source expressly agree that Supplier is solely responsible for any claims for damages, losses, expenses including any administrative fees that result from Supplier's failure to comply with the requirements of this Agreement. The assessment of a fee will be at Source's discretion after careful review of the Non-conformance(s) and any prior Non-conformance history.

A "Counterfeit" part is an unlawful or unauthorized reproduction, substitution, or alteration that has been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmodified part from the



399 North Great Southwest Parkway
Arlington, TX 76011
Toll Free: (800) 844-9005
Fax: (800) 249-7772
www.sourcena.com

original manufacturer, or a source with the express written authority of the original manufacturer or a current design activity, including an authorized aftermarket manufacturer or rebuilder.

5. Inspection and Acceptance of Deliverables

- a. Supplier shall comply with any specifications stated on the face of the Purchase Order, specifications provided to Supplier (whether produced by Source or its customer(s)) and with any applicable customer specific or United States Government ("USG") specifications, specifically including FAR 52.504-25. Notwithstanding any prior inspection, the passage of title at the F.O.B. point, or any prior payment, Source reserves the right to inspect at Source's facility.
- b. If any Deliverables are at any time found to be defective or otherwise not in conformity with the requirements of this Agreement, or required paperwork and certifications are not in compliance with the requirements of the Agreement, Source, in addition to its other rights and remedies, may reject such Deliverables and require either their prompt correction or their replacement at Supplier's expense, including shipping and packing charges. Alternatively, Source may, at its sole option, repair or replace such nonconforming Deliverables at Supplier's expense. In addition to its other rights and remedies Source may charge back to Supplier's account the amount paid for rejected Deliverables, including additional charges such as shipping and machining costs, pending redelivery of same or replacements therefor. All risk of loss of or damage to the Deliverables to be delivered hereunder shall be upon Supplier until such Deliverables are delivered at the F.O.B. point specified on the face of the Purchase Order; but Supplier shall bear all risk of loss of or damage to (i) improperly packed Deliverables during transport to the point of and prior to final inspection and (ii) Deliverables rightfully rejected by Source after notice of rejection to Supplier until such Deliverables or replacements therefore are redelivered, except for any loss or destruction of, or damage to, such rejected Deliverables resulting from negligence of officers, employees or agents of Source acting within the scope of their employment. Source's rights and remedies under this Section shall be in addition to and shall not be deemed to diminish its rights and remedies provided by law or under the "Warranty" Section herein, and no action taken by Source under this Section shall be deemed to extend any delivery dates specified on the face of the Purchase Order.

6. Warranty

In addition to all warranties implied by law, Supplier represents and expressly warrants to Source, its successors and assigns and to customers and users of Source's products that all Deliverables called for by this Agreement (i) will conform to applicable specifications (whether produced by Source or its customers) and to the drawings, samples or other descriptions furnished by Source (whether produced by Source or its customers) or Supplier and that all such Deliverables shall be non-surplus goods of new manufacture, good quality, and free from defects in material and workmanship; (ii) if of Supplier's design, shall be free from defects in design; and (iii) shall be suitable for the purposes intended, whether expressly stated or reasonably implied. Supplier shall, upon receipt of notice from Source, promptly and at its own expense and as directed by Source, replace or correct any Deliverables which are defective or otherwise nonconforming ("Defects"), and Supplier agrees to proceed with correction of any such non-conformance(s) in a manner satisfactory to Source. Supplier shall assume all risk of loss of or damage to Deliverables which are to be corrected or replaced pursuant to this warranty from the date on which Supplier is notified of the defect or other nonconformity until the corrected Deliverables or replacements are received at the destination(s) designated by Source. Source may charge back to Supplier's account the amount paid for Non-conformance(s) pending redelivery of same or replacements therefor. Alternatively, Source may, at its option, screen, sort, and repair or replace such Non-conformance(s) at Supplier's expense, charging such expense back to Supplier's account.

Further, Supplier hereby (i) assigns to Source all warranties and protective terms that are favorable to Supplier from its vendors and may be passed through to Company and (ii) if not assignable, agrees to use all commercially reasonable efforts to obtain from its vendors warranties and protective terms that are favorable to Supplier and may be passed through to Company. Such terms include, but are not necessarily limited to, provisions involving warranty, epidemic failure and indemnity, and shall, in any case be no less favorable than



399 North Great Southwest Parkway
Arlington, TX 76011
Toll Free: (800) 844-9005
Fax: (800) 249-7772
www.sourcena.com

comparable provisions in Supplier's agreements with the same vendors pursuant to which Supplier purchases material for use in products manufactured for Supplier's other customers.

7. Changes

Supplier shall not make changes to Deliverables, drawings, specifications, or schedule without Source's prior written consent. Changes made without Source's written consent shall be solely at Supplier's risk and cost. Source may at any time by written order ("Change Order") to Supplier and without notice to sureties, if any, make changes within the general scope of this Agreement in any one or more of the following: (i) shipping and billing instructions; (ii) quantity of Deliverables ordered; (iii) drawings or specifications; (iv) delivery schedules and place of delivery. Supplier shall proceed promptly to make such changes in accordance with the terms of the Change Order. If any such change causes an increase or decrease in the cost of performance of the Purchase Order, or in the time required for performance, an equitable adjustment may be made in Purchase Order price or the delivery schedule or both and the Purchase Order shall be amended in writing accordingly. Any claim by Supplier for adjustment under this Section shall be asserted within five (5) days after the date of the Change Order effecting the change.

8. Insurance

Supplier shall procure and maintain at its sole cost and expense during the term of this Agreement and for a period of at least one (1) year after the expiration or termination of said Agreement, the following insurance with the minimum limits indicated (unless otherwise specified by Source in writing), to cover all of Supplier operations: (i) workers' compensation insurance with statutory limits in accordance with the laws of the state in which the work or any portion of the work is performed but in any case not less than \$500,000.00; (ii) commercial general liability insurance, alone or in combination with, commercial umbrella liability insurance, including products and completed operations coverage with a minimum combined single limit of \$2 million each occurrence; (iii) business automobile liability insurance, alone or in combination with, commercial umbrella liability insurance, covering owned, hired and non-owned vehicles with a limit of not less than \$2 million any one accident or loss; (iv) errors and omissions insurance with a limit of not less than \$1 million each claim for providers of consulting and engineering services; and (v) any other insurance required by law, reasonably requested by Source or customary for a subcontractor in Supplier's position. The insurance coverage required by this Section must be procured from reputable insurance companies licensed to do business in the state in which the work or any portion of the work is performed with carriers with a security rating from A.M. Best of not less than A-. Supplier hereby certifies to Source that it is in compliance with the insurance requirements hereunder prior to the start of work and shall maintain such compliance during the term of this Agreement. Insurance policies shall not be materially changed, cancelled or altered without Source receiving at least thirty (30) days' prior written notice from the Supplier or their insurance carriers. To the extent permitted by law, Supplier waives all rights against Source and its directors, officers, employees and agents for recovery of damages to the extent these damages are covered by the required insurance. Supplier shall also ensure that any permitted subcontractor, assignee or other member of Supplier's lower-tier suppliers, subcontractors, and Suppliers at all levels (collectively "Supplier's Supply Chain") procures and maintains the same insurance as required for Supplier. Supplier's insurance shall be primary and non-contributory to any other insurance maintained by Source. Neither the procurement nor the maintenance of any type of insurance by Source or the Supplier shall in any way be construed or deemed to limit, discharge, waive or release the Supplier from any of the obligations or risks accepted by the Supplier or to be a limitation on the nature or extent of said obligations and risks. In the event of Supplier's breach of this provision, Source shall have the right to cancel the undelivered portion of any Deliverables covered by this Agreement and shall not be required to make further payments except for conforming Deliverables provided prior to cancellation.

9. Indemnification

- a. Supplier shall defend, indemnify and hold harmless Source, its subsidiaries, affiliates, successors or assigns and its and their respective directors, officers, shareholders, employees, and customers (collectively, "Indemnitees") against any and all loss, injury, death, damage, liability, claim, deficiency, action, judgment,

interest, award, penalty, fine, cost or expense, including indirect, incidental, special, exemplary, punitive or consequential damages (including lost profits or lost revenues) and reasonable attorney and professional fees and costs, and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers (collectively, "Losses") arising out of or occurring in connection with the Deliverables purchased from Supplier or Supplier's negligence, willful misconduct or breach of the Terms. Supplier shall not enter into any settlement without Source's prior written consent. Supplier shall, at its expense, defend, indemnify and hold harmless Source and any Indemnitee against any and all Losses arising out of or in connection with any claim that Source's or Indemnitee's use or possession of the Deliverables infringes or misappropriates the patent, copyright, trade secret or other intellectual property right of any third party. In no event shall Supplier enter into any settlement without Source's or Indemnitee's prior written consent.

- b. Supplier's indemnification obligations for claims related to or brought by anyone directly or indirectly employed by Supplier or Supplier's Supply Chain will not be limited by any provision of any workers' compensation act, disability benefits act or other employee benefit act, and Supplier hereby waives immunity under such acts to the extent they would bar recovery under or full enforcement of Supplier's indemnification obligations. The indemnifications specified in this Section are in addition to, and do not supersede or diminish any other indemnifications specified in this Agreement.

10. Confidential Information

Except as may be required to allow the Supplier to perform on a separate, direct USG contract, and only as authorized under that contract, all non-public, confidential or proprietary information of Source and Source's customers' (collectively, "Confidential Information"), including but not limited to, specifications, samples, patterns, designs, plans, drawings, documents, data, business operations, customer lists, pricing, discounts or rebates, disclosed by Source to Supplier, whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential" in connection with this Agreement is confidential, solely for the purpose of performing this Agreement and may not be disclosed or copied unless authorized in advance by Source in writing. In the absence of a written agreement to the contrary, all information, specifications, and drawings furnished to Source by Supplier in connection with this Agreement shall be considered nonproprietary and may be used or disclosed to third parties by Source as Source chooses. Upon Source's request, Supplier shall promptly return all documents and other materials received from Source or, if in electronic form, deleted or destroyed. Source shall be entitled to injunctive relief for any violation of this Section.

11. Assignment

Neither this Agreement nor its performance nor any rights of Supplier herein, other than claims for money due or to become due Supplier hereunder, may be assigned or otherwise transferred by Supplier without prior written consent of Source. Failure to obtain Source's prior written consent shall render the assignment null and void and is a breach of this Agreement. Claims for money due to Supplier from Source arising out of this Agreement may be assigned, but Source shall not be bound by any such assignment unless and until Source shall have received written notice and an executed original of the instrument of assignment, and suitable documentary evidence of Supplier's authority so to assign. All payments of money due made by Source prior to receipt by Source of the above evidence of assignment shall be fully credited against Source's obligation under this Agreement. In no event shall copies of plans, specifications or other similar documents relating to work under this Agreement be furnished to any Assignee as part of any assignment of money due. Any costs associated with Source's efforts to approve an assignment including, but not limited to, Quality Assurance or financial audits, shall be borne by the Supplier. Notwithstanding any other provision of this Agreement, Supplier shall not procure from a third party any completed or substantially completed Deliverables described in the Purchase Order without first obtaining the written approval of Source.

12. Force Majeure

Neither party shall be liable to the other for any delay or failure in performing its obligations under this Agreement to the extent that such delay or failure is caused by an event or circumstance that is beyond the reasonable control of that party, without such party's fault or negligence, and which by its nature could not have been foreseen by such party or, if it could have been foreseen, was unavoidable ("Force Majeure Event"). Force Majeure Events include, but are not limited to, acts of God or the public enemy, government restrictions, floods, fire, earthquakes, explosion, human infectious disease epidemics or pandemics, war, invasion, hostilities, terrorist acts, riots, strike, embargoes or industrial disturbances. Supplier's economic hardship or changes in market conditions are not considered Force Majeure Events. Supplier shall use all diligent efforts to end the failure or delay of its performance, ensure that the effects of any Force Majeure Event are minimized and resume performance under this Agreement. Whenever there is an actual delay or threat to delay the timely performance of this Agreement ("Delay") Supplier shall promptly notify Source in writing of the cause and probable length of any anticipated Delay and take, at its sole expense, all necessary actions to mitigate the potential impact of any such Delay and minimize disruption of supply to Source, including treating Source no less favorably than any of its other customers if Supplier is required to allocate goods or resources among its customers. Neither such notification nor acknowledgment by Source will constitute a waiver of the Purchase Order's specified delivery schedule. If a Force Majeure Event prevents Supplier from carrying out its obligations under this Agreement for a continuous period of more than thirty (30) business days, Source may terminate this Agreement immediately by giving written notice to Supplier.

13. Termination for Default

- a. To the extent permitted by Law, Source shall have the right to terminate this Agreement or any part hereof without further cost or liability to Source in the event of the happening of any one or more of the following: the commencement by Supplier of a voluntary case in bankruptcy; the commencement against Supplier of an involuntary case in bankruptcy, if such case is not dismissed within thirty (30) days from the date of filing; the appointment of a receiver or trustee for Supplier, if such appointment is not vacated within thirty (30) days from the date thereof; the execution by Supplier of an assignment for the benefit of creditors; Supplier's failure to make or delay in making deliveries hereunder which failure or delay is not otherwise excusable hereunder; Supplier's failure to provide adequate assurance of due performance when Source has reasonable grounds for insecurity with respect to such performance and following a written demand by Source for such assurance; or other failure of Supplier to perform in accordance with this Agreement (hereinafter "the Failure") and Supplier does not cure the Failure within 10 day cure period ("the Cure Period"), which Cure Period can be extended in the sole discretion of Source in writing.
- b. In the event Source terminates this Agreement in whole or in part as provided in this Section, Source may procure, upon such terms at a price deemed fair and reasonable and in such manner as Source may deem appropriate, Deliverables similar to those so terminated, and Supplier shall be liable to Source for any excess costs for such similar Deliverables; provided, that Supplier shall continue the performance of this Agreement to the extent the same is not terminated. Upon termination by Source of all or any part of this Agreement by reason of any default by Supplier, Source, in addition to any other lawful remedies, may at its option require Supplier to transfer to Source all materials, work in process, completed goods, tooling, plans and specifications allocable to the cancelled portion of this Agreement.

14. Termination for Convenience

Source reserves the right to terminate this Agreement, or cancel any part hereof, for its convenience. In the event of such termination, Source shall terminate by delivering to Supplier a written notice ("Notice of Termination") specifying the extent and the effective date of termination. Supplier shall immediately stop all work hereunder and shall immediately cause any and all Supplier's Supply Chain to cease work.

15. Compliance with Laws and Regulations

This Agreement and any matter arising out of or related to this Agreement shall be governed by the laws of the State of Texas without regard to its conflicts of law provisions. If this Purchase Order is a subcontract under a

U.S. Government prime contract, any and all disputes involving the U.S. Government shall be governed solely by the applicable Federal Law. Supplier shall comply with all applicable laws, orders, regulations and ordinances of the United States and the country where the Supplier will be performing the Agreement including, but not limited to, laws, pertaining to labor, health, safety, security, environment, anti-corruption, export, and human trafficking. Supplier shall procure and maintain in effect all the licenses, permissions, authorizations, consents and permits that it needs to carry out its obligations under this Agreement and shall comply with all applicable guidelines and directives of any local, state, and/or federal governmental authority. Supplier assumes all responsibility for shipments of Deliverables requiring any government import clearance. Source may terminate this Agreement if any governmental authority imposes antidumping or countervailing duties or any other penalties on Deliverables. Supplier shall comply with applicable laws and regulations relating to anti-corruption, including, without limitation, (i) the United States Foreign Corrupt Practices Act (FCPA) (15 U.S.C. §§78dd-1, et. seq.) irrespective of the place of performance, and (ii) laws and regulations implementing the Organization for Economic Cooperation and Development's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the U.N. Convention Against Corruption, and the Inter-American Convention Against Corruption in Supplier's country or any country where performance of this Agreement will occur. Compliance with the requirements of this Section is a material requirement of this Agreement.

16. Intellectual Property

Supplier agrees that Source shall be the owner of all inventions, technology, designs, works of authorship, mask works, technical information, computer software, business information and other information conceived, developed or otherwise generated in the performance of this Agreement by or on behalf of Supplier; provided that if Supplier has had material creative or developmental input therein, then such intellectual property shall be deemed the property of Source with Supplier having a ten (10) year non-exclusive, royalty-free right of use thereof. Supplier hereby assigns and agrees to assign all right, title, and interest in the foregoing to Source, including without limitation all copyrights, patent rights and other intellectual property rights therein and further agrees to execute, at Source's request and expense, all documentation necessary to perfect title therein in Source. Any invention, sole or joint, made by employees of Supplier and arising out of the subject matter of this Agreement, as amended or extended, shall be fully disclosed and completely assigned by Supplier to Source without further compensation. Supplier shall maintain and disclose to Source written records of, and otherwise provide Source with full access to, the subject matter covered by this Section and that all such subject matter will be deemed the property of Source. Supplier shall assist Source, at Source's request and expense, in every reasonable way, in obtaining, maintaining, and enforcing patent and other intellectual property protection on the subject matter covered by this Section. Supplier warrants that the Deliverables furnished under this Agreement will not infringe or otherwise violate the intellectual property rights of any third party in the U.S. or any foreign country. Supplier shall defend, indemnify, and hold harmless Source and Source's Customers from and against any claims, damages, losses, costs, and expenses, including reasonable attorney's fees, arising out of any action by a third party that is based upon a claim that the Deliverables furnished under this Agreement infringe or otherwise violate the intellectual property rights of any person or entity. To the extent that any pre-existing inventions, technology, designs, works of authorship, mask works, technical information, computer software, and other information or materials are used, included, or contained in the Deliverables and not owned by Source pursuant to this or a previous agreement with Supplier, Supplier grants to Source an irrevocable, nonexclusive, world-wide, perpetual, transferable, sub-licensable, royalty-free license with respect to any intellectual property rights in the Deliverables, as are necessary for Source to exercise its rights in the Deliverables as reasonably contemplated by this Agreement.

17. Cumulative Rights and Remedies; Limit on Source's Liability

Supplier acknowledges that breach by Supplier of this Agreement could cause irreparable harm to Source for which monetary damages may be difficult to ascertain or may constitute any inadequate remedy. Supplier, therefore, agrees that Source shall be entitled to sue for specific performance or seek injunctive relief for any violation or threatened violation of this Agreement by Supplier without the filing or posting of any bond or surety. Source may seek a temporary and/or permanent injunction (or other similar relief in accordance with applicable law) from any court or other authority having competent jurisdiction. The rights and remedies herein reserved to



399 North Great Southwest Parkway
Arlington, TX 76011
Toll Free: (800) 844-9005
Fax: (800) 249-7772
www.sourcena.com

Source shall be cumulative and in addition to any other or further rights and remedies provided by law or equity. Nothing in this Agreement shall exclude or limit (a) Supplier's liability under the "Indemnification" or "Warranty" Sections here of, or (b) Supplier's liability for fraud, personal injury or death caused by its actions, omissions, negligence or willful misconduct. Source's liability on any claim of any kind arising out of or related to this Agreement shall in no case exceed the purchase price of the Deliverables which give rise to the claim which must be commenced within sixty (60) days after the scheduled date of delivery of the Deliverables.

18. Quality Management System

Supplier shall establish and maintain a quality management system ("QMS") to an industry recognized quality standard and in compliance with any other specific quality requirements for the Deliverables identified in the Purchase Order or related documents. Continuing compliance with independent third-party certification (e.g., U.L. listing, E.P.A. or C.A.R.B requirements) is mandatory where required by applicable law and strongly recommended and encouraged in all other cases. Supplier shall promptly notify Source in writing when discrepancies in Supplier's process, including any violation of or deviation from Supplier's established and regulator requirement approved inspection/quality management system, or good/materials are discovered or suspected which may affect the Deliverables delivered or to be delivered under the Purchase Order.

19. Supplier Records

All records are to be retained for the period required by applicable local, state and federal laws and regulations in the U.S. and, in the case of foreign operations, for all periods required by applicable law. Records, which provide evidence of conformity to requirements and the effective operation of the Supplier's quality management system, (e.g. Supplier test reports, inspection records), shall be maintained and remain legible, readily identifiable, retrievable and available to Source and/or Source's customer(s) during performance of an Agreement and until the later of: (i) ten (10) years after final payment; (ii) final resolution of any dispute involving the Deliverables delivered hereunder; (iii) the latest time required by an Agreement; (iv) the latest time required by applicable laws and regulations; (v) the latest time required by Source's quality requirements effective as of the date of this Agreement; or (vi) as otherwise directed by Source unless otherwise specified in this Agreement (collectively the "Retention Period"). If Source has a reasonable suspicion that the provisions of this Agreement have been violated based on identifiable evidence or information, Source and its authorized representatives will have the right to audit, examine and make copies of all records that relate to this Agreement in whatever form they may be kept by Supplier including, but not limited to, relevant quality, inspection, test, accounting records, transactional records, financial documents, or written policies and procedures. Supplier will keep and preserve all such records and accounts throughout the term of the Agreement, and the Retention Period, subject to any applicable legal privilege, data protection or data privacy law or express legal restriction.

20. Packing and Shipping

Supplier shall properly pack, mark, ship and route the Deliverables in accordance with the requirements of Source and the carriers and in accordance with all applicable laws and regulations, or if there are no stated requirements, in accordance with best commercial practices designed to prevent loss or damage due to weather, transportation and other causes. Each shipment shall include packing slips identifying Source's complete Purchase Order number, shipment date, an itemized list of contents using the classification identification of the Deliverables required by Source or the carrier, and such other items as Source may require. Source's count or weight will be final and conclusive for any shipment.

21. Information Protection

Supplier shall establish and comply with effective policies, standards, procedures, and guidelines for privacy, information protection, and data and systems security, and with all applicable privacy laws and regulations for the protection of Source Information and Confidential Information (collectively "Sensitive Information"). Supplier agrees to preserve the confidentiality, integrity and accessibility of Sensitive Information with administrative, technical, and physical measures that conform to generally recognized industry standards and best practices

commensurate with the consequences and probability of loss, misuse, or unauthorized access to, or modification of Sensitive Information. Any information system belonging to, or operated by or for, the Supplier shall provide adequate security to prevent the intentional or unintentional disclosure of Sensitive Information to unauthorized persons; modification, destruction or loss of Sensitive Information; or copying of Sensitive Information to any unauthorized media. Supplier agrees to comply with all applicable laws that require the notification of individuals in the event of unauthorized release of Sensitive Information or other event requiring notification and shall indemnify, hold harmless and defend Source and Source's Customer (including their trustees, officers, and employees) from and against any claims, damages, or other harm related to such notification event.

22. Severability/Survival; Order of Precedence

If any Section of this Agreement is deemed to be invalid by a court of competent jurisdiction or is prohibited by applicable law, such Section shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such Section or the remaining Sections, terms or conditions of such Agreement. Provisions of these Terms which by their nature should apply beyond their terms will remain in force after any termination or expiration of this Agreement including, but not limited to, the following provisions: Warranty, Counterfeits, Indemnification, Intellectual Property, Supplier Records, Defects, Compliance with Laws, Information Protection, Governing Law, News Release and Publicity, and Severability/Survival. Supplier agrees that it must review all drawings and specifications promptly upon delivery in connection with this Purchase Order and shall disclose to Source in writing any discrepancies between such drawings and specifications and the Purchase Order and these Standard Terms and Conditions. Thereafter, any inconsistency or ambiguity in this Agreement shall be resolved by giving precedence in the following order: (a) Purchase Order, (b) these Standard Terms and Conditions of Purchase, (c) any Related Agreement (d) Statement of Work, (e) Drawings, (f) Specifications, and (g) other documents included herein by reference.

23. Other Requirements

- a. **Relationship of the Parties.** The relationship between the parties is that of independent contractors. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the parties and neither party shall have authority to contract for or bind the other party in any manner whatsoever. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.
- b. **Notices; Waivers.** All notices, requests, consents, claims, demands, waivers and other communications hereunder (each, a "Notice") shall be in writing and addressed to the parties at the addresses set forth on the face of the Purchase Order or to such other address that may be designated by the receiving party in writing. All Notices shall be delivered by personal delivery, nationally recognized overnight courier (with all fees pre-paid), facsimile (with confirmation of transmission) or certified or registered mail (in each case, return receipt requested, postage prepaid). A Notice is effective only upon receipt by the receiving party. No waiver by Source of any of the provisions of this Agreement is effective unless explicitly set forth in writing and signed by Source. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement operates, or may be construed, as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege hereunder precludes any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

24. Equal Opportunity; Federal Acquisition Regulation Clauses Incorporated by Reference

Source is an equal opportunity employer and federal contractor or subcontractor. Consequently, the parties agree that, as applicable, they will abide by the requirements of 41 CFR 60-1.4(a), 41 CFR 60-300.5(a) and 41 CFR 60-741.5(a) and that these laws are incorporated herein by reference. These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin. These regulations require that covered prime contractors and



399 North Great Southwest Parkway
Arlington, TX 76011
Toll Free: (800) 844-9005
Fax: (800) 249-7772
www.sourcenca.com

subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability. The parties also agree that, as applicable, they will abide by the requirements of Executive Order 13496 (29 CFR Part 471, Appendix A to Subpart A), relating to the notice of employee rights under federal labor laws.

Supplier shall comply with applicable federal regulations on affirmative action implementing Executive Order 11246, as amended; Section 503 of the Rehabilitation Act of 1973, as amended; and the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended. Buyer and Seller hereby incorporate the requirements of 41 C.F.R. §§60-1.4(a)(7), 60-250.5(a) and 60-741.5(a), if applicable. Federal Acquisition Regulation Clauses Incorporated by Reference. The following clauses from the Federal Acquisition Regulation ("FAR"), 48 C.F.R. Chapter 1, as applicable and as in effect on the date of this order, are incorporated by reference into this order. The full text of the below clauses is available at <http://www.acquisition.gov/far>. Unless the context requires otherwise, in the text of the below clauses the term "Contractor" means "Seller" and the terms "Contracting Officer" and "Government" mean "Buyer": (a) Contractor Code of Business Ethics and Conduct (FAR 52.203-13); (b) Utilization of Small Business Concerns (FAR 52.219-8); (c) Equal Opportunity (FAR 52.222-26); (d) Equal Opportunity for Veterans (FAR 52.222-35); (e) Affirmative Action for Workers with Disabilities (FAR 52.222-36); (f) Notification of Employee Rights Under the National Labor Relations Act (FAR 52.222-40) (applies only if value of order exceeds \$10,000 and will be performed wholly or partially in the United States); (g) Combating Trafficking in Persons (FAR 52.222-50); and (h) Basic Safeguarding of Covered Contractor Information Systems (FAR 52.204-21).

25. Disputes

Any dispute that arises under or is related to this Agreement that cannot be settled by mutual agreement of the Parties may be decided by a court of competent jurisdiction seated in the state of Texas, County of Tarrant. Pending final resolution of any dispute, Supplier shall proceed with performance of this Agreement. The dispute resolution procedures set forth herein do not supersede, delay or otherwise affect any Source rights to terminate this Agreement as set forth in these Terms. The prevailing party in such action or proceeding related to the Terms or any PO shall be entitled to recover from the other party the prevailing party's reasonable attorneys' fees and all costs recoverable by law, and any costs or expenses of collection, including reasonable attorneys' fees.