



## TERMS AND CONDITIONS OF PURCHASE

ALL TRANSACTIONS ARE GOVERNED BY THESE TERMS AND CONDITIONS OF PURCHASE ("TERMS"). ANY PROPOSAL OR DOCUMENT FROM SELLER THAT INCLUDES DIFFERENT OR ADDITIONAL TERMS THAT VARY FROM ANY OF VENTURI ASTROLAB, INC. ("BUYER") TERMS AND CONDITIONS OF PURCHASE ARE OBJECTED TO AND DISALLOWED. NOTWITHSTANDING THE FOREGOING, ANY SUCH COUNTERPROPOSALS BY SELLER SHALL NOT OPERATE AS A REJECTION OF THE CONTRACT OF PURCHASE, BUT AS A REJECTION OF THE ADDITIONAL OR DIFFERENT TERM(S).

- 1. Warranty.** Seller represents that with respect to all materials, supplies and equipment (herein collectively referred to as "materials") delivered and services furnished hereunder: (i) title shall be good, merchantable, rightful and the materials free of any security interest, lien or encumbrance; (ii) that materials will be new, free from defects in material and workmanship, be of quality, size, description and dimension required by Buyer, be fit for the purpose for which they are purchased and will meet the specifications, if any, and that Seller's services will be performed in a skillful and workmanlike manner; and (iii) the materials, the process by which they are made, the use for which they are designed by Seller and Buyer's use of the materials will not infringe any patent, trademark, copyright or other rights of any third parties ("Intellectual Property Rights"). This express warranty shall not be deemed waived by reason of either or both the receipt of the materials and payment therefore by Buyer. The foregoing is in addition to any and all other express or implied warranties applicable to the materials purchased hereunder.
- 2. Compliance with Laws; Standards and Testing.** Seller represents and warrants that all materials furnished hereunder, and Seller's manufacturing thereof, comply with all applicable laws, ordinances, rules and regulations ("Laws"). Seller shall treat materials prior to shipment to Buyer in accordance with testing standards requested by Buyer, and shall furnish Buyer certifications in support thereof.
- 3. Documentation.** Documented information such as Test Reports, Material Certs., and / or Certificates of Conformity shall accompany all orders.
- 4. Record Keeping.** Seller must maintain complete and accurate records of all Purchase Orders, Test Reports, Material Certs, and / or Certificates of Conformity, etc. for a period of ten (10) years, either electronically or physically.
- 5. Outside Process Providers.** When required on the Purchase Order from Buyer, Seller must use Buyer's customer-approved special process providers. This will be communicated in advance or on the individual Purchase Order.
- 6. Indemnity.** Seller will defend, indemnify and hold harmless Buyer, its affiliates, vendors, and their officers, directors, shareholders, employees, and agents from and against any and all loss, liability and expense by reason of (i) any actual or alleged violation of Laws, (ii) any actual or alleged infringement of Intellectual Property Rights, (iii) injury, death or property damage resulting, in whole or in part, from any negligent act or omission on the part of the Seller or which may result from the installation, operation or use of the materials furnished hereunder, (iv) a defect in the manufacture or design of the materials supplied hereunder, or (v) any breach

or alleged breach by Seller of any representation, warranty, or other provision of these Terms. Upon notification, Seller shall promptly assume full responsibility for the defense of any suit or proceeding which may be brought against Buyer or any of its subsidiaries, affiliated companies, agents and vendors in connection with the above, of for alleged unfair competition resulting from similarity in design, trademarks, or appearance of the materials or equipment. Seller shall further indemnify and hold Buyer, its subsidiaries, affiliated companies, agents and vendors harmless from any and all expenses, losses, claims, royalties, profits, and damages, including court costs and attorneys' fees, resulting from the bringing of such suits or proceedings or the threat thereof and from any settlement, decree or judgment therein. Buyer reserves the right to control any such suit or proceeding.

- 7. Cover; Delivery.** In case of default by Seller, Buyer may obtain materials and services from other sources and hold Seller responsible for any damages occasioned thereby. The dates of delivery and quantities specified herein are of the essence for this order and delivery must be effected within the specified time period. If deliveries are not made on time and in the quantities specified, Buyer reserves the right to cancel and to purchase the materials and/or services elsewhere and hold Seller accountable therefore. Seller shall cooperate with Buyer in respect to all customs formalities applicable to the import or export of the materials, shall be responsible for determining proper import or export classifications, and shall provide Buyer documentation to Buyer's satisfaction for such classifications.
- 8. Timely Delivery.** The Seller shall immediately notify Buyer of any circumstances which may delay the timely performance of the Purchase Order and shall continue to notify Buyer of any significant changes in the delivery status.
- 9. Prices.** Orders shall not be filled at prices higher than those quoted or charged to Buyer or specified herein. Unless otherwise agreed in writing, prices include packaging, labeling, crating, taxes, and duties. Unless otherwise agreed in writing, all prices include shipping and delivery CIF (Buyer's address).
- 10. Inspection and Rejection.** Materials are subject to inspection, test, and acceptance by Buyer and the ultimate purchaser. Buyer shall have a reasonable number of days from the date of arrival to inspect the materials and notify Seller of any non-conformity to the order specifications (including quantity and delivery dates). Such inspection may not occur until final sale of the materials to Buyer's customers. Buyer reserves the right to reject any material, even after delivery and inspection at customer's site, which does not fulfill the specifications of the order or time of delivery and (i) return rejected materials to Seller at Seller's risk and expense for full credit at the order price without prejudice to any right to other damages for such breach, (ii) to require Seller at Seller's expense to replace rejected materials at the unit price of this order, or (iii) consider this order breached as to the rejected quantity and cancelled as to any unfulfilled portion of this order, and to hold Seller liable for such breach and cancellation. Seller is not relieved of the responsibility imposed by this clause, either as to proper packaging, quantity of materials or specifications, by reason of acceptance by Buyer.
- 11. Receiving Inspections.** Inspection activities are performed by Buyer employees to ensure that purchased product meets purchase requirements. They may include but are not limited to the following

- a. Receiving inspections performed by Buyer, Verification of Authenticity of the appropriate certificate of conformity, material certificates, etc. and other accompanying documentation by review and comparison. Semi-Annually Buyer may contact a third-party to verify Certificates of Conformity.
  - b. All incoming finished parts must be boxed or protected during shipping.
  - c. Buyer has the right to refuse any shipment because of damage that may occur because of improper packaging, etc. and return it to the Seller for replacement at the Seller's cost.
- 12. Non-Conforming Material.** In the event of nonconforming material, Buyer must be contacted. Arrangements for the approval of supplier nonconforming material must be as directed by Buyer.
- 13. Prevention of Counterfeit Material:** To prevent the purchase of counterfeit products, Buyer will institute controls that include the requirement of Material Certificates, Certificates of Conformity, or other supporting documentation from its suppliers. These requirements will be specified on the Purchase Order from Buyer.
- 14. Purchase Order Compliance and Change Orders:** Seller is required to contact Buyer to inform of any changes to a product, process.
- a. Product changes: Approval must be obtained from an authorized Buyer agent prior to proceeding incorporation of changes and proper traceability must be maintained. This is applicable to the product, consumables used in in the production of the product, and processes used to make and test the product.
  - b. Qualified hardware: Seller is required to notify the Buyer if qualification test processes used to test hardware (previous orders and open orders) are determined to be insufficient, resulting in the need to change the qualification process.
- 15. Choice of Law.** This Agreement between Buyer and Seller shall be construed, and the respective rights and duties of Buyer and Seller shall be determined, according to the laws of the State of California, without giving effect to its principles of conflicts of laws. The UN Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.
- 16. Payment and Invoicing.** Invoices and bills of lading showing full routing should be dated and mailed at the time of shipment and a separate invoice must be made for each destination showing point of shipment and how shipped. Invoices bearing transportation charges must be supported with attached original receipted transportation bills and, in the case of consolidated carload shipments, must show weight and rate. The discount period, if any, stated in the face of the purchase order shall be calculated from the date of receipt by Buyer of a proper invoice from Seller.
- 17. Force Majeure.** If the manufacture, transfer or receipt or use by either party of any materials covered hereby is prevented, restricted or interfered with by reason of any event beyond the reasonable control of the party so affected, such party, upon prompt notice to the other party (and in the case of Buyer, prior to actual shipment), shall be excused from making or taking deliveries hereunder to the extent of such prevention, restriction or interference but, at Buyer's



option, deliveries so omitted shall be made upon notice thereof to Seller, upon cessation of such contingency.

- 18. Assignment.** Seller may not assign this purchase order or any of Seller's obligations hereunder without Buyer's written consent.
- 19. Insurance.** Seller shall maintain at its own expense at all times while performing hereunder occurrence-based liability insurance and product-liability insurance with a reputable and financially responsible carrier(s) satisfactory to Buyer for coverage in amounts not less than USD 1 million per occurrence, USD 2 million in aggregate, and all other insurance required by applicable law. Seller shall furnish insurance certificates as directed by Buyer, satisfactory in form and substance to Buyer, showing the above coverages, and providing for at least 10 days prior written notice to Buyer by the insurance company of cancellation or material modification.
- 20. Seller Facility Access.** Buyer, their customers, and regulatory authorities retain the right of access to all Seller facilities involved in an aerospace order. This includes access to all associated records.
- 21. Seller's Representatives.** If Seller's employees, subcontractors, consultants, or other representatives under Seller's control perform any services at Buyer's premises or at Buyer's direction at the premises of others, (i) such persons shall comply with all rules and regulations of such premises and (ii) Seller shall keep materials and the premises on which the work is performed free and clear of all liens for material and labor incident to the performance of Seller's services hereunder.

## **22. Termination**

- a. Without Cause - Buyer may terminate for its convenience all or any part of the PO at any time by written notice to Seller. Upon notice of a termination without cause, Seller shall (i) stop work as specified in the notice; (ii) place no further subcontracts or orders, except as necessary to complete any continued portion of the PO; (iii) terminate all subcontracts to the extent that they relate to the terminated work; (iv) complete performance of any work not terminated; and (v) take reasonable efforts to mitigate costs associated with the termination. If the PO bears a U.S. government contract number and is subject to the FAR Seller will cooperate with Buyer to meet the Government's requirements under Federal Acquisition Regulations (FAR) 52.249-2 or -4 as in effect as of the date of the PO. Seller must submit a written termination claim to Buyer within ninety (90) days after the effective date of termination, or such claim shall be absolutely and unconditionally waived by Seller.
- b. With Cause: If Seller fails to (i) make delivery of the Goods/Services in accordance with the provisions of the PO or these Terms, (ii) adhere to any warranties set forth in this Agreement, (iii) perform any obligation under or adhere to any provisions of the PO or the Agreement, (iv) make progress as to endanger performance of the PO in accordance with its terms, or (v) comply with the Code of Conduct, and does not cure (to the extent curable) such failure within ten (10) days after written notice from Buyer, Buyer may (in addition to any other right or remedy provided by the PO or by law) terminate all or any

part of the PO by written notice to Seller without liability. In such a case, Buyer may purchase substitute goods elsewhere, and Seller shall be liable to Buyer for any excess cost incurred by Buyer as a result thereof. Seller shall continue performance of the PO to the extent not terminated pursuant to this Section. If the PO is terminated as provided in this Section, Buyer, in addition to any other rights provided herein or by law, may require Seller to transfer title and deliver to Buyer (A) any completed Goods/Services, and (B) such partially completed Goods/Services and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights as Seller has specifically produced or specifically acquired for the performance of the PO, including all Buyer-Supplied Equipment and Buyer-Supplied Material.

- c. No Release: Termination, with or without cause, will not release a Party from any liability that accrued to that Party before termination or expiration.
- d. Survival: Any provisions that are expressly stated to survive the expiration or termination of the Agreement shall be enforced accordingly. Any provisions which by their language or nature could reasonably be interpreted to survive past expiration or termination of the Agreement shall survive.

**23. Buyer's Property.** All tools, dies, patterns, designs, molds, drawings, specifications, and other data or papers, and the like furnished by Buyer to Seller in connection with this order by Buyer is the property of Buyer. In the event materials furnished by Buyer to Seller include any intellectual property of Buyer, Seller is granted a non-exclusive, non-transferable, non-sublicensable and non-assignable license required only for the production of materials under this order, and shall use Buyer's intellectual property only for that purpose. Except for this license, no right, interest, ownership or privilege of use of Buyer's intellectual property shall inure to the benefit of Seller.

**24. Dispute Resolution.** Any dispute, controversy or claim arising out of or related in any way to this purchase order, these Terms, and/or any related contract, including but not limited to the validity, scope and enforceability of this clause, which cannot be amicably resolved by the parties shall be solely and finally settled by arbitration administered by the American Arbitration Association in accordance with its commercial arbitration rules. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitration shall take place before a panel of three (3) arbitrators sitting in Los Angeles County, California. The language of the arbitration shall be English. The arbitrators will be bound to adjudicate all disputes in accordance with the laws of the State of California. The decision of the arbitrators shall be in writing with written findings of fact and shall be final and binding on the parties. Each party shall bear its own costs relating to the arbitration proceedings irrespective of its outcome. This section provides the sole recourse for the settlement of any disputes arising out of, in connection with, or related to this Agreement.

**25. Compliance to Terms.** Failure to comply with these Terms could result in the following actions: withholding payment until the issue is resolved, removal of the supplier from the Buyer Approved Supplier List, and legal action.