



## AAR Government Services Inc.

### C40 MARINE GENERAL PROVISIONS – NON-COMMERCIAL FIRM FIXED PRICE ITEMS OR SERVICES

This Purchase Order is neither an expression of acceptance of any offer made to buyer by vendor, nor a confirmation of any contract or agreement between buyer and vendor. This order is an offer to the vendor to contract on the terms set forth herein, and such offer expressly limits acceptance by vendor to the terms set forth herein. Additional or different terms proposed by vendor are specifically rejected, unless expressly agreed to in a subsequent writing signed by an authorized representative of the buyer.

Except as may be expressly set forth in this Subcontract with the Government Contracting Officer's express consent, the subcontractor shall not acquire any direct claim or direct course of action against the US Government. Seller shall include in each lower-tier subcontract the appropriate flow down clauses as required by the Federal Acquisition Regulation (FAR).

#### 1. DEFINITIONS

As used in this Purchase Order/Subcontract:

- a. "Government" means the United States of America.
- b. "Prime Contract" means the Contract existing between AAR and the Government or AAR Customer and in the latter case includes the Subcontract under which this Purchase Order is issued (unless the context otherwise requires).
- c. "This Purchase Order" or "this Subcontract" or "this Agreement" or "this Order" means the contractual instrument in which these General Provisions are incorporated.
- d. "Contracting Officer" means a person with the authority to enter into, administer, and/or terminate Contracts and make related determinations and findings on a Prime Contract. The term includes certain authorized representatives of the contracting officer acting within the limits of their authority as delegated by the contracting officer.
- e. "Buyer" or "AAR" means the legal entity issuing this order.  
The terms "supplies," "materials," "items," "products," "articles" and "components" may be used interchangeably throughout these provisions and the Purchase Order to refer to products to be provided by the Seller.
- f. "FAR" means the Federal Acquisition Regulation, as from time to time amended, that is included in the Prime Contract on the effective date of this Subcontract or Purchase Order.
- g. "Subcontract" means Purchase Orders and other similar instruments, including changes and modifications hereto.
- h. "Subcontractor" means Seller, Supplier, or Vendor.
- i. DOD FAR Supplement or (DFARS) means Department of Defense Federal Acquisition Regulation Supplement.
- j. DOSAR means Department of State Federal Acquisition Regulation Supplement.

NOTE: Where necessary to make the content of the referenced FAR, DFARS, and DOSAR clauses applicable to this Order, the terms "Government, DOS, and Contracting Officer" and equivalent phrases shall mean AAR; the term "Contractor" shall mean Seller; and the term "Contract" shall mean this Purchase Order, Order, Repair Order, or Subcontract.

#### 2. ENTIRE AGREEMENT

This Purchase Order constitutes the entire agreement between the parties with respect to its subject matter and to all transactions related thereto and supersedes all proposals, oral or written, or negotiations, and all other communications, prior or contemporaneous thereto, between the parties with respect to such subject matter or such transactions including, without limitation, any prior or contemporaneous course of dealing, usage or trade or course of performance. The parties acknowledge and agree that entering into this transaction they have not relied upon any representations other than those explicitly set forth in this Purchase Order and each party acknowledges and agrees that the representatives or agents of the other party cannot make any warranties or representations not specifically included within the written provisions of this Purchase Order. Any term or condition which is, or may be, asserted as material by any party and which is not expressly stated in this Purchase Order, shall not be within this Purchase Order or binding on the parties hereto. Each party waives all defenses with regard to any such term and condition and no amendment to this Purchase Order shall be valid and binding unless in writing and signed by each party hereto.

#### 3. ORDER OF PRECEDENCE

To the extent there are any conflicts among the provisions within the Subcontract, such conflicting provisions shall prevail in the following order of precedence:

- a. Subcontract or Purchase Order;
- b. Special Provisions as identified in the Supplemental Terms;
- c. These General Provisions;
- d. Statement of work or any other attachments when attached or incorporated by reference;
- e. Specifications;

#### 4. ACCEPTANCE – MODIFICATION OF TERMS

The Purchase Order may be accepted only by Seller's agreement to all of the terms and conditions which are incorporated or added as supplements

or attachments thereto. Acceptance may be made by signing the acknowledgment copy attached hereto and returning it to AAR or by part performance hereunder, and any such acceptance shall constitute an unqualified agreement to the terms and conditions set forth herein unless otherwise modified in writing by the parties. No charges beyond the Contract price herein specified shall be allowed except with the written consent of AAR. No additional or differing terms and conditions proposed by the Seller in accepting this Purchase Order shall be binding upon AAR unless accepted in writing by AAR, and no other addition, alteration or modification to, and no waiver of any of the provisions herein contained shall be valid unless made in writing and executed by AAR and Seller.

## 5. CHANGES

Changes in the terms and conditions of this Subcontract may be made only by written agreement of the parties.

- a. AAR may, at any time, by written notice or Order:
  - 1) Make changes in the shipping and packing instructions;
  - 2) Increase or decrease the quantity ordered;
  - 3) Change the drawings, designs, or specifications;
  - 4) Change the place of inspection, delivery, or acceptance;
  - 5) Change the amount of Government or AAR-furnished property.
- b. AAR engineering and technical personnel may assist or give technical advice in an exchange of information with Seller's personnel concerning the articles to be furnished under this Purchase Order. Such exchange of information or advice shall not authorize the Seller to change any of the terms, conditions, or the provisions of this Purchase Order, nor shall such assistance or technical advice operate as a waiver or relinquishment of any rights reserved to AAR hereunder or at law. Except as otherwise provided in this Purchase Order, no changes shall be made unless such change is authorized in writing by an AAR procurement official.
- c. Equitable Adjustment: If any such change causes a variation in the cost of performance or the time required for performance, AAR may make an equitable adjustment in the Subcontract price and delivery schedule (except as otherwise provided herein) and the parties shall modify the Subcontract in writing accordingly. Subcontractor must make any request, with a fully supported proposal, for an equitable adjustment of price or schedule in writing to AAR within ten (10) business days from the date of AAR's written notification to Subcontractor of the change or such further time as AAR may allow in writing. Subcontractor shall then have fifteen (15) days from the date it submitted its request to AAR for an equitable adjustment to submit a fully supported proposal. Subcontractor's failure to adhere to the time deadline in submitting its equitable adjustment proposal shall waive Subcontractor's right to seek an equitable adjustment. Pending any equitable adjustment, Subcontractor shall proceed in accordance with the change order. The parties' failure to agree to any adjustment shall be a dispute concerning a question of fact covered by the clause entitled, Dispute Resolution.

## 6. SUBCONTRACTS AND PURCHASE ORDERS

Seller shall not Subcontract without the prior written authorization of AAR for the design or development of the whole or any major component of any item ordered hereunder, and the Seller shall require a like agreement from immediate and lower-tier suppliers. This is not a restriction on use of authorized distributors or industrial suppliers for components. AAR must approve in advance any Subcontractors who will be providing some or all of the services if the Purchase Order is primarily for the provision of services. AAR's authorization to Subcontract 1) shall not constitute a determination of the acceptability of any Subcontract terms or conditions or the acceptability of any Subcontract price or any amounts paid under the subcontract, and 2) shall not relieve Seller of any responsibility arising under the Purchase Order, regardless of whether certain work is performed directly by Seller or by a Subcontractor.

## 7. INSPECTION AND ACCEPTANCE

- a. Inspection: Both AAR and AAR's customer may at any time (e.g., before, during or after manufacture or completion) inspect and test any or all Products or Services ordered hereunder with reasonable notice. Such inspection and/or test may occur at Subcontractor's location. All Products or Services shall be subject to final acceptance by AAR. Inspections shall be performed in such a manner as not to delay Subcontractor's performance unduly. In the case of rejection of any Products or Services, neither AAR nor AAR's customer, shall be liable for any reduction in value of samples used in connection with such inspection or test. No inspection or test or review or approval by AAR or AAR's customer shall relieve Subcontractor of any of its obligations under the Subcontract, or constitute a waiver of any defects or nonconformities.
- b. The Seller shall provide and maintain an inspection system acceptable to AAR, but approval of this system does not relieve the Seller of the obligation to make complete and adequate tests. As part of the system, the Contractor shall prepare records evidencing all inspections made under the system and the outcome. These records shall be kept complete and made available to AAR during Contract performance and for as long afterwards as the Contract requires. AAR reserves the right to inspect, test, and count at all times and places whether during or after manufacture. The Seller shall provide and shall require lower-tier Subcontractors to provide all reasonable facilities for the safety and convenience of AAR personnel (including inspection and resident representatives) in the performance of their duties. AAR further reserves the right to reject lots of material when samples drawn are at variance with the provisions set forth herein.
- c. The Government, through any representative authorized by the Contracting Officer, has the right, at all reasonable times, to inspect or otherwise evaluate the work performed or being performed hereunder and the premises in which it is being performed. If any inspection or evaluation is made by the Government on the premises of the Contractor or a Subcontractor, the Contractor shall provide and shall require his Subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the Government representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as shall not unduly delay the work. Inspection and evaluation of technical documentation as well as hardware items shall be performed. Deliverable hardware shall be made available to the Government to evaluate the Contractor's performance in the preparation of technical documentation.
- d. Seller warrants that the supplies and services used or delivered in performance of this Purchase Order will conform to the applicable drawings, specifications, or other requirements of this Purchase Order, that the supplies delivered hereunder will be of good quality, material, and workmanship, merchantable and free of defects and that the services provided hereunder will be performed in a workmanlike manner and to the highest standards of the industry.
- e. The Buyer reserves the right to charge to the Seller any additional cost incurred by the Buyer due to inspection or tests when the articles are not ready at the time such inspection or tests are requested by the Seller, or when reinspection or retest is necessitated by prior Buyer rejection of unacceptable

articles.

- f. Configuration Management: All articles/parts/materials must be provided to AAR CORP. in the latest configuration unless otherwise specified within the purchase order.
- g. Rejected Products or Services: Rejected Products or Services may, at the option of AAR, be returned to Subcontractor at Subcontractor's expense for outbound and inbound shipments with risk of loss or damage upon Subcontractor, or be accepted with an equitable adjustment in price. Upon rejection, Subcontractor shall immediately refund previous payments if applicable. Subcontractor shall not resubmit rejected Products or Services for acceptance without a concurrent notice to AAR of the prior rejection. If, after request by AAR, Subcontractor fails to promptly replace or correct any rejected Products or Services, AAR at its sole discretion (1) may replace or correct such Products or Services, and charge to Subcontractor the cost incurred by AAR in doing so, or (2) may, without further notice, terminate the Subcontract for cause, in accordance with Termination for Cause clause. The foregoing remedies shall in no way preclude or prejudice the exercise of any other right or remedy that AAR may have at law, in equity or under the Subcontract.
- h. Non-Conforming Product: Upon discovery of non-conforming or suspected non-conforming product that has been shipped to AAR CORP., the supplier must notify AAR CORP. and provide a formal written disclosure as soon as practical.
- i. \*MRB authority must not be exercised without the written consent of AAR CORP.\*
- j. Final Acceptance: Except as otherwise agreed in writing, all Products or Services provided under the Subcontract shall be subject to final inspection and acceptance by AAR and AAR's customer. Final acceptance by AAR of the Products or Services provided hereunder shall take place only after complete delivery of all Products or Services in accordance with the delivery schedule specified herein or later agreed upon by the parties in writing and after final inspection of those Products or Services by AAR and AAR's customer. Final acceptance shall be contingent upon agreement by AAR and the AAR customer that the Products or Services conform to the requirements of the Subcontract. Final acceptance by AAR shall be conclusive, except for latent defects, negligent or intentional misrepresentations by Subcontractor that a nonconformity or defect would be or had been cured or did not exist, acceptance induced by false or negligent assurances of Subcontractor, or as otherwise provided in the Subcontract or applicable law. Payment to Subcontractor does not constitute Final acceptance. Final acceptance by AAR of the Products or Services delivered hereunder shall not limit or affect the warranty or indemnity granted by Subcontractor hereunder.
- k. Any part number substitution is not allowed unless written pre-approval is given by AAR Purchasing personnel.
- l. Risk of Loss: Subcontractor shall bear the risk of loss or damage to the Products or Services until they are delivered in conformity with the Subcontract. (If not otherwise stated, destination point shall be AAR's facility or F.O. B. AAR facility). Upon such delivery, Subcontractor's responsibility for loss or damage to the Products or Services shall cease except for loss or damage resulting from Subcontractor's negligence or fault. Notwithstanding the foregoing, Subcontractor shall remain responsible for risk of loss of any nonconforming or rejected Products or Services, unless such loss, destruction, or damage results from the sole negligence of AAR.
- m. Title: Except as otherwise stated in this Subcontract, title to all Products or Services furnished under this Subcontract shall pass to AAR upon final acceptance regardless of when or where AAR takes physical possession of the items.
- n. Corrective Action: Formal corrective action may be requested on any non-conforming products, rejected product or service, or other systemic discrepancies.
- o. The Seller agrees to include this Clause in any lower-tier Subcontracts, excluding Orders for standard commercial items or raw materials, issued in the performance of this Purchase Order.

## 8. RETURNS

Buyer may, at its sole discretion, at any time and from time to time, within sixty (60) days after acceptance of the goods, return to vendor any part or all of the goods and receive full credit on such returns.

## 9. INSURANCE

- a. Types of Insurance: Unless otherwise specified by AAR in writing, Subcontractor shall maintain and cause Subcontractor's subcontractors to maintain during the term of the Subcontract (a) workers' compensation insurance as prescribed by the law of the state or nation in which the work is performed; (b) employer's liability insurance with limits of at least \$1,000,000 for each occurrence; (c) automobile liability insurance if the use of motor vehicles is required hereunder, with limits of at least \$1,000,000 combined single limit for bodily injury and property damage per occurrence; (d) if the Vendor will provide professional advice or services: professional liability insurance in the amount of \$1,000,000 for each occurrence and in the aggregate and (e) Commercial General Liability ("CGL") insurance, ISO 1988 or later occurrence form of insurance, including, without limitation, Blanket Contractual Liability and Broad Form Property Damage, with limits of at least \$1,000,000 for each occurrence and in the aggregate or in an amount equal to the cost of goods purchased if greater than \$1,000,000. All CGL and automobile liability insurance shall designate AAR, its affiliates, and its directors, officers, and employees (all referred to as "AAR") as well as AAR's customer as additional insured. All such insurance must be primary and non-contributory and required to respond and pay prior to any other insurance or self-insurance available. Insurance companies providing coverage under the Subcontract must be rated by A-M Best with at least an AVII rating unless no such company is available in the local market. If specifically requested by AAR, Subcontractor and Subcontractor's subcontractors shall furnish, prior to the start of work or at such other time as AAR requires, certificates or adequate proof of the foregoing insurance, including, without limitation, endorsements and policies. The policies evidencing required insurance shall contain an endorsement to the effect that any cancellation or any material change adversely affecting the interest of AAR or AAR's Customer shall not be effective (1) for such period as the laws of the State in which this Subcontract is to be performed prescribe or (2) until thirty (30) days after the insurer or Subcontractor gives written notice to AAR, whichever period is longer. Any other coverage available to AAR shall apply on an excess basis. Subcontractor agrees that Subcontractor, Subcontractor's insurer(s) and anyone claiming by, through, under or on Subcontractor's behalf shall have no claim, right of action or right of subrogation against AAR and AAR's Customer based on any loss or liability insured against under the foregoing insurance.
- b. AAR Materials, Tools, and Equipment: Subcontractor shall keep, at Subcontractor's sole expense, all AAR materials and all tools and equipment, special or otherwise, in which AAR has any interest, insured against risk of loss or damage by fire or other unavoidable casualty for their fair market value at the time of receipt by Subcontractor and during such time as they remain in Subcontractor's possession.
- c. No Effect on Indemnification Obligations: Subcontractor's obligation to obtain the insurance specified in this Clause does not waive or release

Subcontractor's liabilities or duties to indemnify under this Subcontract.

## 10. INDEMNIFICATION

- a. Subcontractor agrees to indemnify and hold harmless AAR and AAR's customer and their respective directors, officers, agents, and employees, against all claims, damages, losses, causes of action, liabilities and expenses of any kind or nature, including without limitation, defense costs and attorneys' fees, which arise out of or relate to Subcontractor's negligence or willful misconduct in its performance or nonperformance of this Agreement.
- b. Subcontractor acknowledges that, as an independent contractor, it is furnishing Products or Services to AAR which may be subject to certain local, state, Federal, and foreign laws and regulations. Subcontractor therefore agrees to indemnify and hold harmless AAR and AAR's customer and their respective directors, officers, agents, and employees, against all claims, damages, losses, causes of action, liabilities and expenses of any kind or nature, including without limitation, defense costs and attorneys' fees, which arise out of or relate to Subcontractor's failure to comply with all applicable local, state, Federal, and foreign laws and regulations in the performance of Subcontractor's obligations under the Subcontract. Subcontractor also agrees to indemnify and hold harmless AAR and AAR's customer and their respective directors, officers, agents, and employees, against all claims, damages, losses, causes of action, liabilities and expenses of any kind or nature, including without limitation, defense costs and attorneys' fees, which arise out of or relate to Subcontractor's failure to comply with the provisions of the Subcontract. Notwithstanding the above, Supplier will be liable for loss or damage to AAR's Equipment and other AAR property (collectively, "AAR Property") while such AAR Property is in Supplier's care, custody or control.
- c. Infringement: Subcontractor shall indemnify, defend, and hold harmless, AAR and AAR's customer and their respective officers, directors, agents, and employees against liability and losses including, without limitation, defense costs and attorneys' fees, for any allegation of or suit or action for infringement of any United States or foreign patent, copyright, trademark, or other intellectual property right arising out of the provision of Products or Services under the Subcontract or out of the use or disposal of such Products or Services by or for the account of AAR. Subcontractor shall at its own expense either procure for AAR and/or for AAR's customer, as AAR shall require in its sole discretion, the right to continue using the alleged infringing Products or Services, replace the infringing Products or Services with non-infringing Products or Services, or modify the Products or Services so that the Products or Services become non-infringing. AAR shall inform Subcontractor of the suit or action or other proceeding alleging infringement and give Subcontractor the opportunity as is afforded by applicable laws, rules, or regulations, to participate in the defense thereof.
- d. Work on AAR Premises: If the Subcontract involves performance by Subcontractor on the premises of AAR or AAR's customer, Subcontractor agrees, in addition to any other indemnification obligations in the Subcontract, to assume entire responsibility and liability for any and all damage or injury of any kind or nature whatever to persons, whether employees of Subcontractor or otherwise, and to all property, caused by, resulting from, or arising out of Subcontractor's performance or that of its agents or employees; provided, however, that any such damage or injury shall not have been caused solely by the negligence of the agents, servants, or employees of AAR or AAR's customer. Subcontractor also shall carry adequate insurance as provided in the clause entitled Insurance, to cover all such risks and to protect AAR and AAR's customer pursuant to this Clause.

## 11. PACKAGING, DELIVERY AND ADVANCE COMMITMENTS

- a. No charges shall be allowed for boxing, crating, packaging or any other handling unless such provisions are specifically agreed to in writing. All goods must be packaged appropriately to arrive at the specified destination without damage or degradation.
- b. Unless advance shipment has been authorized in writing by AAR, AAR may store or return, at Subcontractor's expense, all work received materially in advance of the scheduled delivery date.
- c. If Subcontractor becomes aware of difficulty in performing the work, Subcontractor shall timely notify AAR, in writing, giving pertinent details. This notification shall not change any delivery schedule.
- d. Unless contrary terms appear on the face hereof, all items subject to this Order shall be Delivered Duty Paid (Incoterms 2010). No acts of AAR including, without limitation, modifications of this Order or acceptance of late deliveries shall constitute a waiver of this provision by AAR. For avoidance of doubt, risk of loss shall not pass to AAR until the goods actually have been received and accepted by AAR at the destination specified. All shipments shall be made as specified and strictly in accordance with the time or times for delivery specified in the Order. In the event that Supplier is actually or potentially unable to make delivery by the date required on the Order, it will immediately notify AAR in writing. AAR reserves the right to cancel or modify the Order, and make arrangements for completion of performance and/or purchase of substitute goods elsewhere. In the event of late delivery, Seller shall be responsible for the loss to AAR including but not limited to the cost to cover any additional charges incurred as a result of the late delivery.

## 12. PAYMENT

- a. Subcontractor shall submit invoices to AAR in accordance with the terms of the Subcontract, and such invoices shall contain at least the following information: Subcontract or Purchase order number, Product/part number, description of Products or Services, sizes, quantities, unit of measure, unit prices and extended totals, applicable currency, condition, and supporting documentation for the amount invoiced. Seller shall provide additional invoice detail and support as may be reasonably requested from time-to-time to ensure the invoice is properly payable. AAR will pay invoices properly submitted hereunder within forty-five (45) days after receipt of an acceptable invoice. If AAR's Prime Contract is subject to FAR 52.232-40, AAR will make payment to small business vendors within thirty (30) days after receipt of an acceptable invoice. Payment by AAR shall be deemed to have been made on the date AAR deposited the payment in the U.S. mail or with another recognized commercial carrier, or the date AAR made the electronic funds payment.
- b. AAR may make any adjustment or withhold any payment reasonably appropriate in Subcontractor's invoices due to shortages, late delivery, rejections or other failure to comply with the requirements of the Subcontract. Cash discounts, if applicable, will be taken from date of receipt of invoice for material received. Payment does not constitute final acceptance.
- c. The price set forth in the Subcontract covers all Products or Services ordered by AAR. The aggregate of the payments and reimbursements due the Subcontractor by AAR shall not exceed the price for Subcontractor's Products or Services in the Subcontract and Subcontractor is not authorized to exceed nor is AAR obligated to pay Subcontractor any amount exceeding the price of the Products or Services stated in the Subcontract. Any increase in the price for the Products or Services shall be made by a change order in accordance with Clause 5, Changes.
- d. If so specified in the Subcontract, the Subcontractor shall furnish a signed Certificate of Compliance to the requirements of the Subcontract with each shipment made to AAR; to substantiate the Certificate of Compliance; the Subcontractor shall maintain inspection or test records which AAR or an AAR representative may audit from time to time.
- e. The prices set forth in this Order are all inclusive, including, but not limited to taxes, the cost of packing, crating, materials and delivery.

## 13. QUALITY SPECIFICATION

- a. Subcontractors to AAR are integral to the conformity of all products and services supplied to AAR. AAR adheres to the highest ethical standards and behavior. AAR vendors are also required to conduct business to the highest ethical levels and standards and maintain compliance with all laws and regulations applicable to the vendor's business operations. The safety of AAR products and personnel start with the supplier base. Approved AAR vendors and their subcontractors shall ensure their employees are properly trained and equipped to safely accomplish assigned tasks to prevent product mishaps and to ensure product safety. Products must conform to all stated safety and quality standards prior to acceptance. Subcontractor shall comply with Quality clauses, requirements, or provisions specified in the Subcontract, Purchase Order, or required in these terms and conditions. Customer designated or approved sources are to be utilized at all times. Process sources include special processes such as NDT, Plating, Heat Treating, etc... should be performed by qualified and competent persons.
- b. Any product that has been provided by any vendor or subcontractor to AAR that is rejected or identified as a premature failure will result in AAR issuing a Supplier Corrective Action Report (SCAR) to the vendor / subcontractor requiring a detailed root cause investigation to be conducted and corrective action to be implemented. The completed SCAR will be provided back to AAR for review and acceptance. If at any time a supplier receives a government issued Corrective Action Report or Letter of Concern for any product line or processes that affects the product provided to AAR, the supplier will immediately notify (within 24 hours) AAR.
- c. All product being supplied shall meet Title 14 CFR of the Code of Federal Regulations Part 21 (Certification Procedures for Products & Parts) or Part 43 (Maintenance, Preventive Maintenance, Rebuilding, and Alterations) as applicable.
- d. This purchase order or repair order is subject to all AAR Quality Assurance requirements including the following:
- 1) The material certification form must state the part condition and must show trace to a regulated source / supplier. New parts require trace to the Production Approval Holder or 121 Operator.
  - 2) Supplier shall ensure that services performed are carried out in conformance with the requirements of FAA or EASA Part 145 or any higher standard as may be attained by Supplier and as agreed to by AAR. The certificate must also contain a non-incident statement. NOTE: An original airworthiness release certificate (8130-3 or equivalent) from the FAA, CAA, or EASA approved repair agency must accompany all parts when applicable.
  - 3) Any goods subject to Federal Aviation Regulations must have been manufactured in accordance with FAR Part 21 Sub part F, G, K or O and must be certified accordingly. Goods manufactured outside the U.S.A. which are to be fitted to a U.S. type certificated product shall be imported into the U.S.A. in accordance with FAR part 21 Sub-part N, under a certificate of airworthiness. Goods manufactured outside the United States under EASA, or other approved Civil Aviation Authority shall be certified by EASA Form One, or approved equivalent Authorized Release Certificate/Airworthiness Approval Tag.
  - 4) All return to service parts must have documentation of work performed. The return to service document must include a statement of Airworthiness Directives, Service Bulletins, and mod embodied at this visit (if applicable).
  - 5) The Remarks Block of the 8130-3 (or equivalent) must state: manual, part, section, and revision numbers to which the parts were repaired.
  - 6) Standard parts and/or standard hardware require a Manufacturer CofC and must be produced to an available industry standard. For non-serialized parts, ink stamp or scribe the work order number directly on part.
  - 7) Outsourced repairs/overhauls must be pre-approved by AAR. Outsourced processes must be referenced in the documentation of work performed.
  - 8) Material supplied on this purchase order shall be in compliance with AS9100 Section 8.4.3. Acceptance of material on this purchase order constitutes compliance with AS9100 Sections 8.4.3: (a) positive part identification and drawing revision; (b) procedures for notification of nonconforming product; (c) requirements for notification of changes to product definitions; and (d) right of access to supplier's facility and to all applicable records in support of audits, inspections by AAR or its customer or applicable regulatory authority.
- e. In accordance with AAR's Aerospace Standards, all products purchased or repaired from the Supplier shall:
- 1) Notify AAR of nonconforming product,
  - 2) Obtain AAR's approval for nonconforming product disposition,
  - 3) Notify AAR of changes in product and/or process definition,
  - 4) Changes of suppliers, change of manufacturing facility location, and where required, obtain AAR's approval,
  - 5) Flow down to the supply chain the applicable requirements including customer requirements,
  - 6) Ensure records are maintained for 7 years or as mutually agreed upon or dictated, and have AAR right of access, their customer and regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records.
- f. Material supplied on this purchase order shall be in compliance with AS9100 Section 8.4.3. Acceptance of material on this purchase order constitutes compliance with AS9100 Sections 8.4.3:
- 1) Positive part identification and drawing revision;
  - 2) Procedures for notification of nonconforming product;
  - 3) Requirements for notification of changes to product definitions; and
  - 4) Right of access to supplier's facility and to all applicable records in support of audits, inspections by AAR or its customer or applicable regulatory authority.
- g. Supplier must have and keep on file all documentation. ISO9001 or AS9100 – Manufacturing Quality System(s) Requirements ANSI/ASQ Z1.4-2003 (R2013) C=0 Required - Sampling Procedures and Tables for Inspection by Attributes ANSI-Z540.3 - 2006 (R2013) / ISO 10012:2003 - Requirements for the Calibration of Measuring and Test Equipment MIL-STD-129P- Military Marking for Shipment and Storage (UID required for parts > \$5K, or when otherwise required) MIL-STD-130N w/CHANGE 1 - Identification Marking of U.S. Military Property Shelf-Life Controlled Items (if applicable) - Must have a minimum of 80% residual shelf life on date of shipment MIL-STD-2073-1D – Standard Practice for Military Packaging AS 5553A - Counterfeit Electronics Parts; Avoidance, Detection, Mitigation, and Disposition MIL-STD-1686 or equivalent - Electro-Static Discharge (ESD) control (if applicable) - Prior to processing ESD sensitive product, establish, document and implement an Electrostatic Discharge (ESD) program.

- h. All First Article Inspection Reports provided to AAR CORP. must comply with the specifications outlined in AS9102 – Aerospace First Article Inspection Requirement for all first article inspections.
- i. The Supplier/Vendor shall maintain and enforce Tool and Foreign Object Damage (FOD) control programs that meet the requirements such as the National Aerospace Standard (NAS) 412.
- a. j. All flight control surfaces, Rudders, Flaps, Slats, Tabs, Spoilers, Ailerons, Elevators, Stabilizers, etc. must be painted to C40 Specs: Akzo Noble Gloss White ECL-G-46.8.4.38.4.38.4.3

#### 14. INTELLECTUAL PROPERTY RIGHTS AND LICENSES

- a. Subcontractor and AAR agree that if Subcontractor exclusively used AAR monies (i.e. development was accomplished entirely with monies paid by AAR to Subcontractor that did not originate as a direct cost allocated to a government contract) to develop any modifications, redesigns, improvements, or derivative works protectable by intellectual property rights, then, all intellectual property rights (patent, copyright, trademark, registrations, and similar protections) relating to such modifications, redesigns, improvements, or derivative works developed by Subcontractor in the course of Subcontractor's Work under the Subcontract shall be AAR intellectual property and Subcontractor hereby agrees to assign, convey, and transfer as necessary all such modifications, redesigns, improvements, or derivative works in said property to AAR without any further consideration and upon request shall execute any required papers and furnish all reasonable assistance to AAR to vest all right, title and interest in such modifications, redesigns, improvements, or derivative works to AAR. Subcontractor also agrees that Subcontractor shall only use AAR intellectual property during the term of this Subcontract and only for purposes of Subcontractor's Work pursuant to the Subcontract.
- b. Except as otherwise expressly stated herein, Subcontractor and AAR agree if Subcontractor development of modifications, redesigns, improvements, or derivative works protectable by intellectual property rights was accomplished entirely with money that originated as a direct cost allocated to a government contract, that all intellectual property rights (patent, copyright, trademark, registrations, and similar protections) relating to such modifications, redesigns, improvements, or derivative works developed by Subcontractor in the course of Subcontractor's Work under the Subcontract shall be Subcontractor intellectual property, subject to, the Government's rights in the technical data, computer software, and inventions (as those terms are defined in the Federal Acquisition Regulation ("FAR") applicable to the Prime Contract) related to Subcontractor's intellectual property. In addition to these Government rights, Subcontractor agrees to grant and hereby grants to AAR, the following licenses:
  - 1) an irrevocable, paid-up, royalty-free, world-wide, license to use, modify, disclose, reproduce, release, display, perform, prepare derivative works, and distribute any and all data, computer software, copyrightable works, reports and works of authorship delivered to the Government with Unlimited Rights under FAR 52.227-14 pursuant to this Subcontract, for performance of the Prime Contract and any follow on contract; and
  - 2) an irrevocable, paid-up, royalty-free, world-wide license to use, modify, disclose, reproduce, release, display, perform, and distribute any and all data, copyrightable works, reports and works of authorship delivered to the Government with Limited Rights under FAR 52.227-14 pursuant to the Subcontract ("the Limited Rights Data") subject to AAR abiding by the limitations provided in FAR 52.227-14, as applicable, as if AAR were the Government. The license to Limited Rights Data is limited to uses necessary for performance of the Prime Contract and any follow-on contract. The parties also agree that AAR shall only distribute copies of Limited Rights Data to third parties (other than the Government) if the third party is under a written obligation to hold and use the Limited Rights Data subject to the limitations expressed in this subparagraph; and
  - 3) an irrevocable, paid-up, royalty-free, world-wide license to use, modify, disclose, reproduce, release, display, perform, and distribute any and all data, computer software, copyrightable works, reports and works of authorship delivered to the Government with Government Purpose Rights under pursuant to this Subcontract ("the Government Purpose Rights Data") subject to AAR abiding by the limitations provided in FAR 52.227-14, as applicable, as if AAR were the Government. The license to Government Purpose Rights Data is limited to uses necessary for performance of the Prime Contract and any follow-on contract. The parties also agree that AAR shall only distribute copies of Government Purpose Rights Data to third parties (other than the Government) if the third party is under a written obligation to hold and use the Government Purpose Rights Data subject to the limitations expressed in this subparagraph; and
  - 4) an irrevocable, paid-up, royalty-free, world-wide license to use, reproduce, display, perform, disclose, and distribute any and all computer software delivered to the Government with Restricted Rights under FAR 52.227-14 or pursuant to the Subcontract ("the Restricted Rights Computer Software") subject to AAR abiding by the limitations provided in FAR 52.227-14, as applicable, as if AAR were the Government. The license to Restricted Rights Computer Software is limited to uses necessary for performance of the Prime Contract and any follow-on contract. The parties also agree that AAR shall only distribute copies of Restricted Rights Computer Software to third parties (other than the Government) if the third party is under a written obligation to hold and use the Restricted Rights Computer Software subject to the limitations expressed in this subparagraph; and
  - 5) an irrevocable, paid-up, royalty-free, world-wide license to use and execute, but not to make or have made, any and all inventions, discoveries, improvements, mask works and patents conceived, first actually reduced to practice, or required in order to use or execute Works delivered in performance of the Subcontract, the license being limited to uses necessary for AAR's performance of its Prime Contract obligation and any follow-on contract.
- c. Notwithstanding the provisions in paragraph (b), if Subcontractor exclusively used AAR monies (i.e., development was accomplished entirely with money paid by AAR to Subcontractor that did not originate as a direct cost allocated to a government contract) to develop the Work delivered to the Government with Limited Rights, Government Purpose Rights, or Restricted Rights, Subcontractor agrees to grant and hereby grants to AAR, an irrevocable, paid-up, royalty-free, world-wide license to use, modify, disclose, reproduce, release, display, perform, prepare derivative works, and distribute any and all data, computer software, copyrightable works, reports and works of authorship for any purpose and in any manner.

#### 15. WARRANTY

- a. Compliance with Specifications: Upon acceptance of the Subcontract, Subcontractor agrees to supply AAR all Products or Services, in the quantities listed, in conformance with all Subcontract requirements, including but not limited to applicable Government, AAR, or other specifications or drawings, to extent specified. The required test and/or inspection reports/data resulting from Subcontractor's documentation of Subcontractor's compliance with applicable Subcontract requirements shall be kept on file at Subcontractor's facility and made available for review by AAR representatives or Government inspectors at any reasonable time.
- b. Other Warranties: Subcontractor represents and warrants to AAR and AAR's customer as follows: (1) the title of Products or Services ordered under the Subcontract and conveyed by Subcontractor shall be good and the transfer rightful and that the Products or Services shall be delivered free from any security interest or other lien or encumbrance; (2) the Products or Services delivered hereunder will be of good quality, material,

and workmanship in accordance with industry standards, is merchantable, and is fit and sufficient for the purpose for which the Products or Services are intended (to the extent Subcontractor knows such purpose); (3) the Products or Services provided by Subcontractor under the Subcontract do not infringe upon the rights of any third party. Subcontractor also agrees to and hereby provides any manufacturer's warranties the Subcontractor extends to its commercial customers of supplies or services like those purchased under this Subcontract.

- c. Timing: The warranties and representations specified in paragraphs a and b above, shall continue following final acceptance by AAR for a period of one year (or such longer period of time as provided on the front of the Subcontract or as Subcontractor may warrant similar work to its most favored customer). The warranties also shall cover any Products or Services corrected or furnished in replacement to the same extent as Products or Services initially furnished with the warranty period commencing on delivery of the conforming corrected or replacement Products or Services. No approval of data or drawings shall believe Subcontractor of its warranties provided in the Subcontract.
- d. Most Favored Customer: Subcontractor warrants that the prices, terms of payment, warranties and services extended under the Subcontract are no less favorable to AAR than those extended to Subcontractor's most favored customer for Products or Services substantially similar to the Products or Services ordered hereunder. In accordance with FAR 46.706(b)(5), the Subcontractor shall stamp or mark the supplies delivered, or otherwise furnish notice with the supplies, of the existence of a warranty, if any. Sufficient information shall be presented for supply personnel and users to identify warranted supplies. Warranty information shall include the terms and duration of the warranty and the name and telephone number of the Subcontractor's Representative to be notified if the supplies are found to be defective.
- e. The foregoing warranties shall survive inspection and acceptance of, and payment for the items delivered and services performed hereunder and shall remain in effect as to each item of material or services furnished for a period of eighteen months after is accepted by Buyer and shall run to Buyer, its successors, assign and customers. Seller will provide and pass on to the buyer the manufacturers or suppliers warranty terms.
- f. No second tier subcontract or purchase order placed under this Subcontract shall provide for payment on a cost plus-percentage-of-cost basis, and any fee payable under cost-reimbursement Subcontracts shall not exceed the fee limitations in subsection 15.903(d) of the Federal Acquisition Regulation (FAR).

## 16. DEFAULT

- a. Time is of the essence in this Purchase Order.
- b. AAR may, by written notices of default to the Seller, terminate this Purchase Order or any part thereof if the Seller fails: (1) to deliver the articles in accordance with the delivery schedule specified herein or any extension thereof, by Change Order or Amendment; or (2) to replace or correct defective articles in accordance with the Inspection and Acceptance provision, or (3) to perform any of the other provisions of this Purchase Order or to make progress so as to endanger performance of this Purchase Order in accordance with its terms and in either of the circumstances specified in (2) or (3), does not correct such failure within a period of ten (10) days (or such longer period as AAR may authorize in writing) after receipt of notice from AAR specifying such failure. In the event that this Order provides for the furnishing of items in more than one lot, AAR may terminate the entire Order for default upon Seller's failure as described in (1), (2), or (3) above in connection with any one lot or part thereof. In the event of termination pursuant to this clause, AAR may
  - 1) Purchase similar articles elsewhere on such terms and in such manner as AAR may deem appropriate and the Seller shall be liable to AAR for any excess costs occasioned by AAR thereby, or
  - 2) Provide such materials, supplies, equipment, and labor as may be necessary to complete said work, pay for same, and deduct the amount so paid from any money then or thereafter due Subcontractor, or
  - 3) Order all work under this Purchase Order stopped immediately, enter upon the premises and take possession, for use in completing the work, of all the materials, regardless of the stage of completion, supplies, tools, equipment, and appliances of the Subcontractor thereon and complete the work, or have same completed by others, and be liable to Subcontractor for no further payment under the agreement until final payment is due and then only if, and to the extent that, the unpaid balance of the amount to be paid under this Subcontract exceeds the damages and expense of AAR in finishing the work, or
  - 4) Require the Contractor to transfer title and deliver to AAR as directed by AAR any (1) completed supplies, and (2) partially completed supplies and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and Contract rights (collectively referred to as "manufacturing materials" in this clause) that the Contractor has specifically produced or acquired for the terminated portion of this Contract. Upon direction of AAR, the Contractor shall also protect and preserve property in its possession in which AAR or the Government has an interest.
- c. If, after notice of default under the provisions of b. above, it is determined that Seller was not in default, said notice shall be deemed to have been issued pursuant to the clause hereof entitled "Termination for AAR's Convenience," and the rights and obligations of the parties hereto shall be governed by that clause.
- d. Failure of AAR to enforce any right under this clause shall not be deemed a waiver of any right hereunder. The rights and remedies of AAR under this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Purchase Order.
- e. If the damages and amount expended by AAR under 1) or the damages and cost of completing the work under 2) above exceed the unpaid balance of the Purchase Order price herein stated, Seller shall pay AAR such excess within a thirty (30)-day period after submission to Seller of invoice.
- f. Should Seller default in any of the provisions of this Subcontract and should AAR employ an attorney to enforce any provision hereof or to collect damages for breach of the Purchase Order, Seller agrees to pay AAR such reasonable fees as the attorney expends. As against the obligations herein contained, Seller waives all rights of exemption.

## 17. TERMINATION FOR AAR'S CONVENIENCE

AAR reserves the right to terminate the Subcontract, or any part hereof, for convenience with written notice of termination. In the event of such termination, Subcontractor shall immediately stop all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work. Subject to the terms of the Subcontract, Subcontractor shall be paid a percentage of the Subcontract price reflecting the percentage of the work performed prior to the notice of termination, plus reasonable charges that Subcontractor can demonstrate to the satisfaction of AAR using its standard record keeping system and, have resulted from the termination (the "Termination Settlement"). This Clause does not give AAR any right to audit Subcontractor's records. Subcontractor shall not be paid for any work performed or costs incurred which reasonably could have been avoided. Subcontractor must submit a fully supported termination for convenience cost proposal within thirty (30) days from the date of AAR's written notification to Subcontractor of the termination for convenience or such further time as AAR may allow in writing. Subcontractor's failure to comply with the time

deadlines in this Clause for submitting a termination for convenience proposal shall waive Subcontractor's right to recover any termination for convenience amounts.

The clause set forth in FAR 52.249-2 is incorporated and made a part hereof, except that in Paragraph (e) the reference to a "year" period for submission of a final termination proposal is changed to "six months," and where used therein, the term "Contractor" shall mean "Seller," the term "Contract" shall mean "Purchase Order," and the term "Government/Contracting Officer" shall mean "AAR." The reference to "Disputes clause" in Paragraph (j) of FAR 52.249-2 shall mean the Disputes clause in this Purchase Order.

## 18. STOPWORK

- a. AAR may at any time, by written order to Subcontractor, require Subcontractor to stop all, or part, of the work called for by the Subcontract for a period of up to ninety (90) days after the Stop Work Order is delivered to Subcontractor, and for any further period to which the parties may agree. AAR shall specifically identify any such order as a Stop Work Order issued pursuant to this Clause. Upon receipt of such an order, Subcontractor shall forthwith comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the Subcontract during the period of work stoppage. Within a period of ninety (90) days after a Stop Work Order is delivered to Subcontractor, or within any extension of that period to which the parties shall have agreed to in writing, AAR shall either:
  - 1) Cancel the Stop Work Order; or
  - 2) Terminate the work covered by such Stop Work Order as provided in the Termination for Cause or the Termination for AAR's Convenience Clause.
- b. If a stop-work order issued under this clause is canceled or the period of the order or any extension thereof expires, the Subcontractor shall resume work. AAR shall make an equitable adjustment in the delivery schedule or price, or both, and the Subcontract shall be modified, in writing, accordingly, if --
  - 1) The stop-work order results in an increase in the time required for, or in the Subcontractor's cost properly allocable to, the performance of any part of the Subcontract; and
  - 2) The Subcontractor asserts its right to the adjustment within 30 days after the end of the period of work stoppage; provided, that, if AAR decides the facts justify the action, AAR may receive and act upon the claim submitted at any time before final payment under the Subcontract.
- c. If a stop-work order is not canceled and the work covered by the order is terminated for convenience, AAR shall allow reasonable costs resulting from the stop-work order in arriving at the termination settlement.
- d. If a stop-work order is not canceled and the work covered by the order is terminated for cause, AAR shall allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop-work order.

## 19. DISPUTE RESOLUTION

- a. Any dispute concerning issues arising under this Purchase Order, which is not resolved by agreement of the parties to the Purchase Order, may be settled by appropriate legal action at law or in equity or by such other procedure as may be agreed to by the parties. As an alternative to the foregoing, the parties may settle disputes in accordance with b. below.
- b. Notwithstanding any provision herein to the contrary, if a dispute under this Purchase Order involves issues which can be included in a claim by AAR pursuant to the "Disputes" provisions of its higher-tier Contract:
  - 1) AAR may include such issues in a claim against the Government or higher-tier Contractor pursuant to the disputes procedure of the AAR higher-tier Contract and AAR may invite the Seller to participate in the prosecution and share in the expense of such dispute; or
  - 2) The Seller may at its own expense and subject to AAR approval and in the name of AAR, submit such issues to the higher-tier Contracts procedure. Seller shall provide to Buyer a certification in accordance with FAR 52.233-1 and a copy of the claim package prior to AAR approval.
  - 3) If, in accordance with 1) or 2) above, the Seller prosecutes or participates in the prosecution of such higher-tier Contract dispute, it shall not resort to other means for settling the related issues involved under the Purchase Order; and it shall abide by the final decision of such higher-tier disputes procedure, provided AAR, if it chooses not to exhaust its right of appeal under such procedure, gives the Seller the opportunity to take any available appeal.
- c. Pending any prosecution, appeal, or final decision referred to in this Article, or the settlement of any dispute arising under this agreement, the Seller shall proceed diligently, as directed by AAR, with performance of the Purchase Order.
- d. If a dispute arises out of or relates to this Purchase Order, and cannot be resolved through good faith negotiations by the parties, the parties agree to submit the dispute to a sole mediator selected by the parties or, if the parties are unable to agree to the sole mediator, the parties agree to submit the dispute to mediation under the Rules of the Supreme Court of the State of Florida or the Commercial Mediation rules of the American Arbitration Association ("AAA"). If not thus resolved and if both parties agree to binding arbitration, the dispute will be referred to arbitration.
- e. Arbitration – All disputes arising out of or in connection with this Purchase Order including its existence, validity or termination shall be administered by the American Arbitration Association (AAA) in accordance with its Commercial Arbitration Rules (including the Emergency Interim Relief Procedures) which rules are deemed to be incorporated herein by reference. There shall be a panel of three arbitrators who shall be appointed by agreement between the parties or failing such agreement in accordance with AAA rules. The parties will be entitled to conduct discovery pursuant to the Federal Rules of Civil Procedure and Evidence. The chairperson of the arbitration panel shall, among other things: (a) have authority to resolve discovery disputes and issue appropriate subpoenas and orders to facilitate discovery; (b) rule on dispositive motions; and (c) conduct the arbitration according to the Federal Rules of Evidence. The arbitration panel shall have authority to award injunctive and other emergency relief, which shall be enforceable by either the panel or any court with jurisdiction over the enjoined party or its assets. Either party may also, without waiving any remedy under this Agreement, seek from any court having jurisdiction over the parties or its assets any interim or provisional relief that is necessary to protect the rights or property of that party, pending the establishment of the arbitral panel (or pending the arbitral panel's determination of the merits of the controversy). The arbitration panel shall not have authority to award punitive, special or consequential damages.
- f. Each party shall bear its own expenses incurred in any mediation or arbitration, but any expenses related to the compensation and the costs of any mediator or arbitrator shall be borne equally by the parties.

## 20. PRODUCT SUPPORT

In the event the Subcontractor discontinues manufacture of the aforementioned items, subassemblies, and spare parts, or no longer supports the items



purchased and does not provide for another qualified source, the Subcontractor shall make available to AAR data necessary to manufacture or procure said items, subassemblies, and spare parts under a royalty-free license which is hereby granted.

## 21. DISCLOSURE OF INFORMATION

- a. Seller agrees to secure and keep confidential and not to disclose to any other person information related to this Purchase Order. Seller further agrees to use any such information only for purposes necessary for performing this Purchase Order, except with the prior written consent of AAR.
- b. Seller may disclose such information to its Subcontractors as required for performance of this Purchase Order, provided that each such Subcontractor first assumes by written agreement the same confidentiality and non-disclosure obligations imposed on Seller under the Purchase Order related to such information.
- c. AAR does not grant the Seller any reproduction rights to supplies provided under this Purchase Order, or any rights to use designs, drawings, or other information belonging to or supplied by AAR in the manufacture or design of articles or materials for anyone other than AAR, except with AAR's prior written consent.

## 22. CONTACTS WITH CUSTOMERS AND SUPPLIERS OF AAR

All contacts with customers and other vendors of AAR pertaining to work and services under this Purchase Order shall, unless otherwise expressly provided herein or otherwise authorized in writing by AAR, be through AAR excepted from this contact with the supplier's Government audit and administrative personnel.

## 23. INFORMATION DISCLOSED

No information of knowledge, heretofore or hereinafter disclosed to AAR, in the performance of or in connection with this Purchase Order, shall be deemed to be confidential or proprietary, unless otherwise expressly agreed to in writing by AAR and so marked by the Seller.

## 24. NOTICES AND MODIFICATIONS

No notice, order, direction, determination, requirements, consent, approval, or ratification under this Purchase Order shall be any effect unless signed by cognizant AAR Material or Subcontracts Department personnel.

No oral statement of any person whosoever shall in any manner or degree modify or otherwise affect the terms of this Purchase Order and except as otherwise herein provided, no charge may be made for any extra work or material unless the same has been ordered in writing by AAR in strict accordance with the provisions the Changes clause.

## 25. PARTS OBSOLESCENCE AND COUNTERFEIT PARTS

- a. AAR may desire to place additional orders for items purchased hereunder. Subcontractor shall provide AAR with a "Last Time Buy Notice" as soon as reasonably possible prior to any action to discontinue sale or manufacture of any item purchased under this Subcontract.
- b. Subcontractor shall have a Supplier shall have a process for Counterfeit Parts I.A.W. DFAR 252.246-7007, AC 20-154 and AC 21-29, or AS5553 and AS6174. Subcontractor and its sub-tier suppliers shall ensure that only non-counterfeit parts and products are delivered to AAR. For further prevention of inadvertent use of counterfeit parts, Subcontractor shall only procure directly from the OEM, Original component manufacturer (OCM) or through OEM/OCM authorized distribution chain unless first approved in writing by AAR through the submission and approval of a request. Subcontractor must obtain written approval to use non-franchised distributors/brokers and must present complete and compelling support of all actions to ensure parts procured are legitimate, authentic, non-counterfeit parts.

## 26. GRATUITIES

Subcontractor agrees not to offer or provide any Gratuities to any officers, employees, agents or representatives of AAR. AAR may terminate the Subcontract for default as provided in the clause entitled Termination for Cause, if AAR discovers that Gratuities were offered or given by Subcontractor, or any agent or representative of Subcontractor, to any officer, employee, agent or representative of AAR with a view toward securing a Subcontract or securing favorable treatment with respect to the awarding or the making of any determinations with respect to the performing of the Subcontract. In the event AAR terminates the Subcontract for cause as provided herein, AAR may pursue any of the remedies set forth in Clause entitled, Termination for Cause, in addition to any other rights or remedies provided by law, in equity, or the Subcontract.

## 27. ADVERSE MATERIAL CHANGE

- a. In the event Subcontractor experiences or reasonably expects to experience a Material Adverse Change in its business operations, Subcontractor will promptly notify AAR in writing of such Material Adverse Change no later than five (5) days after such change occurs. For purposes of this section, "Material Adverse Change" will mean any change (whether related to financial considerations or otherwise) that negatively affects:
  - 1) Subcontractor's ability to perform its obligations under the Subcontract or these General Provisions;
  - 2) AAR's rights and remedies under the Subcontract or these General Provisions;
  - 3) Inability to pay creditors when due; and/or
  - 4) The validity or enforceability of the Subcontract or these General Provisions.
- b. If, in the reasonable opinion of AAR, Subcontractor's Material Adverse Change is likely to negatively affect Subcontractor's performance of its obligations hereunder, AAR will be entitled to request reasonable assurances of performance from Subcontractor, which Subcontractor will provide in writing within seven (7) days of AAR's written request. If such assurances are not adequate, AAR will be entitled to immediately terminate the Subcontract for cause upon written notice to Subcontractor.

## 28. TAXES

- a. Except as set forth in subparagraph b. below, the price set forth in the purchase order is hereby understood and agreed to include all applicable foreign, Federal, state and local taxes, including but not limited to any sales and use taxes. No liability shall accrue to AAR for any such taxes.

- b. AAR certifies that any material purchased hereunder, unless otherwise specified, and until this notice is revoked in writing by AAR, shall be considered to be purchased for resale as tangible personal property or as component parts thereof, for resale.

## 29. SURVIVAL

The General Provisions of the Subcontract, which by their very nature would continue beyond the termination, cancellation, or expiration of the Subcontract, including, without limitation the clauses entitled, Definitions, Indemnification, Inspection & Acceptance, Intellectual Property Rights and Licenses, Warranty, Termination for Cause, Termination for Convenience, Dispute Resolution, Disclosure of Information, Survival, Severability, Notice, Prohibited Software, Compliance With Laws, Applicable Law, and Compliance With International Environmental Requirements on Hazardous Substances And Waste Recycling Laws, shall continue as valid and enforceable rights and obligations of the parties and survive termination, cancellation, or expiration of the Subcontract.

## 30. SEVERABILITY

In the event any portion of the Subcontract conflicts with governing law or if any arbitration panel or court of competent jurisdiction holds invalid any portion of the Subcontract, such portion (and only such portion) shall be deemed severed or modified to reflect as nearly as possible the parties' intent. The remainder of the Subcontract shall remain in full force and effect.

## 31. ASSIGNMENT AND SETOFF

Seller shall not assign this Purchase Order or any rights, claims, or obligations under this Order without prior written consent of AAR, and any such attempted assignment shall be void. All claims for monies due or to become due from AAR shall be subject to deduction by AAR for any setoff or claims which AAR may have against Seller arising out of this or any other of the AAR Purchase Orders with Seller, whether such setoff or counterclaim arose before or after any such assignment by Seller. In no event shall copies of this Purchase Order, specifications or other similar documents relating to work under this Purchase Order if marked "Top Secret," "Secret," or "Confidential" be furnished to any assignee of any claim arising under this Purchase Order without the prior written consent of the Contracting Officer.

## 32. NOTICE

Any notices required or permitted to be given under the Subcontract shall be in writing and delivered by hand delivery, U.S. mail, or a recognized commercial carrier to the address, or, by facsimile or email, to the point of contract identified on the front page of the Subcontract or to such other address as may be furnished for such purpose by notice duly given under the Subcontract. Such notice shall be deemed to have been given when delivered by hand or five (5) days after deposit with the courier or mail service. Any party may change its address for such communications by giving such notice to the other party in conformance with this Clause.

## 33. FORCE MAJEURE

Notwithstanding any other provision of the Subcontract, neither AAR nor Subcontractor shall be liable for delay or failure of performance occasioned by causes beyond its control, including, but not limited to, acts of God or the public enemy, civil unrest, riots, acts of terrorism, declared or undeclared war, fire, floods, unusually severe weather, earthquakes, or volcanoes ("Force Majeure Event"). If either Party is affected by a Force Majeure Event, the affected party shall give the other written notice, which shall cause, without penalty to either Party, all obligations under this Subcontract to be immediately suspended for a period of sixty (60) days. If the period of suspension caused by the Force Majeure Event exceeds that first sixty-day period, AAR either may terminate the Subcontract for convenience in accord with the Termination for AAR's Convenience Clause, or suspend the Subcontract for an additional period under the Stop Work clause.

## 34. NONWAIVER

AAR's failure to enforce any provision of the Subcontract or to protest any breach or default of the Subcontract by Subcontractor shall not be construed as evidence of (or evidence to interpret) the rights or obligations of the parties, or as a waiver of any Subcontractor obligation or AAR right provided under the Subcontract or applicable law. No right or remedy of AAR shall be deemed waived or released unless such waiver or release is in writing and signed by an Authorized AAR Procurement Official.

## 35. FOREIGN TRANSACTIONS

Subcontractor, at its own expense, agrees to comply with all laws and regulations of the United States related to exports, imports, and foreign transactions, including, but not limited to, the International Traffic in Arms Regulations (ITAR) (22 C.F.R. §§ 120-130), the Export Administration Regulations (EAR) (15 C.F.R. §§ 730-774), and the National Industrial Security Program Operating Manual (NISPOM) (DoD 5220.22-M). Subcontractor also agrees to obtain, at its sole expense, any export licenses or other official authorizations and to carry out any customs or immigration formalities or similar requirements for the export of any Products or Services covered by the Subcontract. Subcontractor specifically shall obtain all required authorizations from the U.S. Government before transferring or otherwise disclosing technical data or technology (as those terms are defined in 22 C.F.R. § 120.10 and 15 C.F.R. § 722.1, respectively), to any Foreign Person (as defined in 22 C.F.R. § 120.16). Subcontractor also shall provide written notification to AAR before assigning or granting access to a Foreign Person to any work, equipment, supplies, or technical data related to the Subcontract. Subcontractor also agrees to bear sole responsibility for all regulatory record keeping associated with the use of licenses and license exceptions/exemptions. AAR may deem Subcontractor's failure to comply with the requirements of this Clause a material failure to perform under the Subcontract that shall subject Subcontractor to termination in accordance with the Termination clause.

## 36. EXPORT CONTROL COMPLIANCE

The Seller agrees to comply with all U.S. Government regulations, as found in 22 CFR 120-130, International Traffic in Arms Regulations (ITAR), and 15 CFR 730-774, Export Administration Regulations (EAR). Whenever granting access to equipment or technology to a foreign vendor/Subcontractor, or before assigning any Foreign Person (as defined in 22 CFR 120.16) to perform work under this Contract, the Seller also agrees to notify AAR in writing prior to assigning or granting access to a Foreign Person to any work, equipment, or technical data in performance of this Contract. Failure to comply may be deemed a material failure to perform under this Subcontract or Purchase Order and shall subject Seller to termination in accordance with the Default clause.

## 37. PROHIBITED SOFTWARE

- a. This clause only applies to Work/Product that includes the delivery of software.
- b. As used herein, "Prohibited License" means the General Public License ("GPL") or Lesser/Library GPL, the Artistic License (e.g., PERL), the Mozilla Public License, the Netscape Public License, the Sun Community Source License, the Sun Industry Standards License, or variations thereof, including without limitation licenses referred to as "GPL-Compatible, Free Software License."
- c. As used herein, "Prohibited Software" means software that incorporates or embeds software in, or integrates software in connection with, as part of, bundled with, or alongside any (1) open source, publicly available, or "free" software, library or documentation, or (2) software that is licensed under a Prohibited License, or (3) software provided under a license that (a) subjects the delivered software to any Prohibited License, or (b) requires the delivered software to be licensed for the purpose of making derivative works or be redistributable at no charge, or (c) obligates AAR to sell, loan, distribute, disclose or otherwise make available or accessible to any third party (i) the delivered software, or any portion thereof, in object code and/or source code formats, or (ii) any products incorporating the delivered software, or any portion thereof, in object code and/or source code formats.
- d. Unless SELLER has obtained AAR's prior written consent, which AAR may withhold in its sole discretion, SELLER shall not use in connection with this Contract, or deliver to AAR, any Prohibited Software.
- e. SELLER agrees to defend, indemnify, and hold harmless AAR, its customers and suppliers from and against any claims, damages, losses, costs, and expenses, including reasonable attorneys' fees, to the extent caused by AAR's use in connection with the Subcontract or the delivery of Prohibited Software.

### 38. COMPLIANCE WITH LAWS

Subcontractor agrees in the performance of the Subcontract to comply with all applicable International, Federal, state, and local laws, regulations, rules and orders, and any applicable Executive Orders. Subcontractor shall procure all licenses, permits, and pay all fees, and other required charges, and shall comply with all applicable guidelines.

### 39. APPLICABLE LAW

- a. This Purchase Order, irrespective of the place of performance, shall be governed by the laws of the State of Florida, excluding its choice of law rules, except that any provision of this Purchase Order that incorporates in text or by reference a provision of the FAR or DFARS shall be construed and interpreted according to the federal common law of government contracts, as interpreted by federal judicial bodies, boards of contract appeals, and other quasi-judicial agencies of the federal government. Unless otherwise agreed to in writing by the parties, venue and jurisdiction for all legal proceedings of any kind or nature regarding this Purchase Order shall lie within the 18th Judicial Circuit of the State of Florida or the U.S. District Court for the Middle District of Florida (Orlando Division).
- b. The parties further agree, to the extent permitted by law, to waive all rights to a trial by jury of any action relating to any dispute or interpretation of this Purchase Order. The parties specifically acknowledge that this waiver is made knowingly and voluntarily after an adequate opportunity to negotiate its terms.

### 40. INDEPENDENT CONTRACTOR

Each party hereto is an independent contractor and nothing contained in the Subcontract shall be construed to be inconsistent with this relationship or status. As an independent contractor, each party has relied on its own expertise or the expertise of its legal, financial, technical or other advisors. Neither party owes a fiduciary duty to the other. Nothing in the Subcontract shall be deemed to represent that Subcontractor or any of Subcontractor's employees or agents, are the agents, representatives, or employees of AAR. Subcontractor assumes full and sole responsibility for the payment of all compensation, expenses, benefits (including, but not limited to, workers' compensation, and medical benefits) of its employees and for all state and United States income tax, unemployment insurance, social security, disability insurance, and other applicable withholdings or taxes. Subcontractor shall also pay any expenses normally paid by an employer in connection with its employees.

### 41. COMPLIANCE WITH INTERNATIONAL ENVIRONMENTAL REQUIREMENTS ON HAZARDOUS SUBSTANCES AND WASTE RECYCLING LAWS (applicable if Supplier notified of European Union deliverables)

- a. Subcontractor warrants that that it shall perform all obligations under this Agreement in compliance with all applicable U.S., Canada, South America, Pacific Rim, EU, state/provincial and local environmental, health and safety laws and regulations. At different times at AAR's request, Subcontractor shall provide certificates of compliance to AAR indicating compliance with the provisions of this clause.
- b. Subcontractor warrants that the resale, supply or export of any material (whether used as a component or otherwise) by AAR in any market will not violate any law or regulation in any jurisdiction world-wide on the use of hazardous substances, or the recycling or treatment of waste equipment including, but not limited to, the laws implementing the European Union Directive (2011/65/EU) on the Restriction on the Use of Certain Equipment "RoHS 2 Directive" and European Union Directive (2012/19/EU) on Waste Electrical and Electronic Equipment ("WEEE Directive") (together, "Applicable Laws"). The above laws do not apply to supplies provided under this Subcontract which are intended for specifically military purposes, for security equipment, for computers for aircraft, for space flight, for large scale fixed installations (Radars, Communication towers), or for means of transport (aircraft, trains, etc.).
- c. Subcontractor warrants to AAR that no material contains any lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls or polybrominated diphenyl ethers or other substance or any other hazardous substances the use of which is restricted under EU Directive (2011/65/EU); chemicals restricted under the Montreal Protocol on ozone-depleting substances; or other chemical the use of which is restricted in any other jurisdictions to which AAR informs seller the materials are likely to be shipped or the seller knows the materials are likely to be shipped to or through; (in a quantity other than in compliance with the Applicable Laws), the use of which is banned or restricted by any Applicable Law.
- d. As soon as Subcontractor is aware of any non-compliance but in no event any later than prior to the delivery of any material, Subcontractor shall identify in writing to AAR (1) any and all components and materials contained in the material that may require recycling or other treatment under the laws and regulations implementing the Applicable Laws, (2) the location of any component or material that is hazardous within the meaning of the WEEE Directive or other Applicable Laws, and any material that is required by the Applicable Laws to be marked shall be so marked by Subcontractor.
- e. AAR shall have the right to audit Subcontractor's compliance with the Applicable Laws. Subcontractor shall provide AAR with all such information and documentation that it may reasonably require (including access to its staff and facilities) to enable AAR to satisfy itself of the Subcontractor's

compliance with all Applicable Laws and that the Clause entitled Warranty remains true and accurate.

- f. Subcontractor shall bear all costs and expenses, including but not limited to those related to recycling or taking back the Products or Services, arising out of or related to either AAR or Subcontractor complying with the Applicable Laws and placing the Products or Services on, or their importation into, any jurisdiction worldwide.
- g. Subcontractor shall indemnify and hold AAR harmless from any cost, expense, liability or damage suffered by AAR by reason of any breach or alleged breach of any of the Applicable Laws arising out of or related to the Products or Services.

## 42. CERTIFICATION

Refer to <https://www.aarcop.com/assets/3/7/Supplier-Quality-Requirements.pdf> for additional details.

- a. Wherever appropriate to the goods or services purchased with this Order, Subcontractor shall provide certification meeting the standards and requirements of the Federal Aviation Administration's AC 00-56 (latest revision), applicable Federal Aviation Administration regulations, EASA, CAA regulations, specified Purchase Order requirements and generally accepted industry standards, including but not limited to: Certificates of Conformance, Test Reports, Manufacturer's Certifications, and FAA Airworthiness Release Documentation.
- b. All manufacturers' certificates of conformance, airworthiness releases, logs, and other documents shall be signed originals or certified true copies.
- c. Certificate of Conformance (CofC) Certifying that articles/products have been manufactured, tested, and inspected in accordance with the requirements of the applicable specifications/drawings and the results meet the requirements of such tests and inspections." CofC to include as a minimum:
  - 1) Supplier name and address;
  - 2) Buyer's name and address;
  - 3) Purchase Order number;
  - 4) Quantity (quantities to be separated by traceability number);
  - 5) Date;
  - 6) OEM Part/Drawing number and revision (if applicable);
  - 7) Source Control Part/Drawing (SCD) number(s) and revision (if applicable);
  - 8) Serial Number(s) (if applicable),
  - 9) Traceability numbers (Lot, Work Order, Batch, Date Code, etc. if applicable),
  - 10) Manufacture and/or cure date (if applicable); Storage conditions (if applicable);
  - 11) Signature of authorized Quality representative (Electronic signature is acceptable providing the supplier has documented procedures.)
- d. For all documents not in English, Subcontractors shall provide, at Subcontractor's expense, a certified English translation.
- e. Condition of part must be notated on packing slip and invoice (i.e. New, New Surplus, OH, Repaired, etc.).
- f. All parts shall meet the requirement of 14 CFR Part 21.9 (acceptable forms of documentation for articles are :FAA Form 8130-3 or EASA Form 1, or a Certificate of Conformance Issued by Production Approval Holder).
- g. Standard parts and/or hardware require a Manufacturer CofC and must be produced to an industry standard.
- h. All Military Specific Parts, Tooling, and GSE must have a Certificate of Conformance in accordance with the format established in FAR 52.246-15.
- i. A Certificate of Conformity from manufacturer must accompany new parts or new surplus parts.
- j. Repaired, overhauled parts must include an 8130-3 or equivalent Certificate of Airworthiness and must be dual release, if applicable.
- k. If calibrated equipment is shipped, it must be with a current Certificate of Calibration.
- l. Material Safety Data Sheets must accompany all HAZMAT items.
- m. Burn Certificates/Analysis Reports must be included with shipment when applicable. Additionally, Subcontractor shall provide a certified statement disclosing whether parts or material were or were not:
  - a. Subjected to conditions of extreme stress, corrosive agents, heat, environment or operation outside normal parameters or OEM limits; and
  - b. Obtained from the U.S Government or military sources. Note that AAR will not accept any military surplus parts unless pre-approved in writing by AAR's customer.
- n. Note that all parts shipped must have a remaining shelf life of 80% or greater.
- o. All part numbers shipped must match the part number on the purchase order, packing slip and invoice.
- p. Purchase order number must also be referenced on the air waybill.
- q. All goods shall be traceable in accordance with FAA Advisory Circular 20-62, latest revision.

## 43. SELLER AND SUBCONTRACTOR COST AND PRICING DATA PROVISIONS

- 1) SELLER AND SUBCONTRACTOR COST AND PRICING DATA
  - 1) Before award of any Subcontract expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, when entered into, or before pricing any Subcontract modification involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, the Seller shall submit cost or pricing data (actually or by specific identification in writing), unless an exception under FAR 15.403-1 applies.
  - 2) The Seller shall certify in substantially the form prescribed in Subsection 15.406-2 of the Federal Acquisition Regulation (FAR) that, to the best of its knowledge and belief, the data submitted under paragraph 1) above were accurate, complete, and current as of the date of agreement on the negotiated price of the Subcontract or Subcontract modification.
  - 3) In each Subcontract that exceeds the threshold for submission of cost or pricing data at FAR 15.403-4, when entered into, the Seller shall insert either—
    - a. The substance of this clause, including this paragraph 3), if paragraph 1) above requires submission of cost

or pricing data for the Subcontract; or

b. The substance of the clause at FAR 52.215-13, Subcontractor Cost or Pricing Data – Modifications.

2) SELLER COST AND PRICE DATA – MODIFICATIONS

- 1) The requirements of paragraphs 2) and 3) of this clause shall (1) become operative only for any modification to this Contract involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at (FAR) 15.403-4; and (2) be limited to such modifications.
- 2) Before award of any Subcontract expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, on the date of agreement on price or the date of award, whichever is later; or before pricing any Subcontract modification involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, the Seller shall submit cost or pricing data (actually or by specific identification in writing), unless an exception under FAR 15.403-1 applies.
- 3) The Seller shall certify in substantially the form prescribed in Subsection 15.406-2 of the Federal Acquisition Regulation (FAR) that, to the best of its knowledge and belief, the data submitted under paragraph 2) above were accurate, complete, and current as of the date of agreement on the negotiated price of the Subcontract or Subcontract on the date of agreement on price or the date of award, whichever is later.
- 4) The Seller shall insert the substance of this clause, including this paragraph 4), in each Subcontract that exceeds the threshold for submission of cost or pricing data at FAR 15.403-4 on the date of agreement on price or the date of award, whichever is later.

3) INDEMNITY FOR DEFECTIVE PRICING

The Subcontractor shall indemnify AAR for any liability or other cost incurred including attorneys' fees which may arise under FAR Clauses 52.215-10 or 52.215-11, hereby incorporated by reference, which results from or by reason of submittal of defective cost or pricing data to AAR by Seller. In the event that determination is made under AAR Contract with its customer that incomplete, not current, or inaccurate cost or pricing data was furnished by Seller and that as a consequence of such determination that AAR Contract Price is reduced, AAR shall in turn reduce Seller's Purchase Order price by a corresponding amount (less Buyer's fee) and submit written notification thereof to the Seller within fifteen

(15) days of AAR receipt of notice from the Contracting Officer. In the event the Seller disagrees with the determination, and if the Seller (1) timely requests AAR to appeal from such determination under the "Disputes" clause of the Prime Contract, and (2) timely furnishes to AAR reasonable grounds for taking such appeal, then AAR agrees, to the extent the Prime Contract allows and at the Seller's expense, to appeal from such determination in the AAR name and on Seller's behalf pursuant to the "Disputes" clause of the Prime Contract. The decision rendered on any such appeal shall be final and binding as between the parties hereto. In the event that final payment had already been made on the Purchase Order in question, the Seller would be required to repay to AAR the amount of the adjustment within thirty (30) days after receipt of Notice of such adjustment by AAR. Failure to repay said amount within thirty (30) days shall subject Seller to payment of interest based on the then prevailing legal interest rate.

4) COST OR PRICING DATA REQUIREMENTS

FAR 52.215-21, Requirements for Cost or Pricing Data – Modifications, is hereby incorporated by reference.

5) WAIVER OF FACILITIES CAPITAL COST OF MONEY

If the Contractor did not include facilities capital cost of money as a proposed cost of the contract, it shall be an unallowable cost under this Contract.

44. GOVERNMENT AND AAR FURNISHED PROPERTY

If AAR or AAR' Customer furnishes property to Seller under the Purchase Order, FAR 52.245-2 shall be incorporated herein, with the following modifications:

- a. The term "Contractor" shall mean "Seller."
- b. The term "Government" shall mean "Government or AAR."
- c. The term "Contracting Officer" shall mean "AAR."
- d. Subparagraphs (g)(1)–(g)(4) shall be deleted and replaced with the following:

(g) Risk of loss (1) Unless otherwise provided in this Purchase Order, Subcontractor assumes the risk of, and shall be responsible for, any loss or destruction of, or damage to, Government or AAR property while in Seller's possession or control.

(2) Seller shall return all Government or AAR property in as good a condition as when received, except for reasonable wear and tear or for its use in accordance with the provisions of the Purchase Order.

45. TITLE TO TOOLING

Designs, tools, jigs, dies, fixtures, molds, taps, gauges, templates, patterns, drawings, and other equipment and aids (hereinafter collectively called tools) paid for or furnished by AAR shall be AAR property and Seller shall not encumber or dispose of them in any way. Seller shall maintain such tools in first-class condition. Such tools shall be used exclusively for production under the AAR Contract provided that Seller may, upon prior written notice to AAR and if such use shall not interfere with the performance of this or other AAR orders, use such tooling in the manufacture of end items for direct sale to the Government to the extent that the Government has the right under its Prime Contracts with AAR to authorize such use, but Seller must permanently identify each such end item as having been manufactured by Seller for direct sale to the Government. Listings of Tools, Property Control, Maintenance, Disposition of Tooling, and AAR/Government's rights and title to tooling shall be in accordance with provisions of FAR 52.245- 17, Special Tooling, except that references therein to Government or Contracting Officer shall include AAR.

46. LABOR PROVISIONS

1) EQUAL OPPORTUNITY

- 1) If, during any 12-month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Contractor shall comply with subparagraphs 2) a) through k) of this clause. Upon request, the Contractor shall provide

information necessary to determine the applicability of this clause.

- 2) During the performance of this contract, the Contractor agrees as follows:
  - a. The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. However, it shall not be a violation of this clause for the Contractor to extend a publicly announced preference in employment to Indians living on or near an Indian reservation, in connection with employment opportunities on or near an Indian reservation, as permitted by 41 CFR 60-1.5.
  - b. The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to—
    - i. Employment;
    - ii. Upgrading;
    - iii. Demotion;
    - iv. Transfer;
    - v. Recruitment or recruitment advertising;
    - vi. Layoff or termination;
    - vii. Rates of pay or other forms of compensation; and
    - viii. Selection for training, including apprenticeship
  - c. The Contractor shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.
  - d. The Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
  - e. The Contractor shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the Contracting Officer advising the labor union or workers' representative of the Contractor's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.
  - f. The Contractor shall comply with Executive Order 11246, as amended, and the implementing rules, regulations, and orders of the Secretary of Labor.
  - g. The Contractor shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. The Contractor shall also file Standard Form 100 (EEO-1), or any successor form, as prescribed in 41 CFR part 60-1. Unless the Contractor has filed within the 12 months preceding the date of contract award, the Contractor shall, within 30 days after contract award, apply to either the regional Office of Federal Contract Compliance Programs (OFCCP) or the local office of the Equal Employment Opportunity Commission for the necessary forms.
  - h. The Contractor shall permit access to its premises, during normal business hours, by the contracting agency or the OFCCP for the purpose of conducting on-site compliance evaluations and complaint investigations. The Contractor shall permit the Government to inspect and copy any books, accounts, records (including computerized records), and other material that may be relevant to the matter under investigation and pertinent to compliance with Executive Order 11246, as amended, and rules and regulations that implement the Executive Order.
  - i. If the OFCCP determines that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended; in the rules, regulations, and orders of the Secretary of Labor; or as otherwise provided by law.
  - j. The Contractor shall include the terms and conditions of subparagraphs 2) a) through k) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.
  - k. The Contractor shall take such action with respect to any subcontract or purchase order as the Contracting Officer may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance, provided, that if the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.
- 3) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

## 2) NOTICE TO AAR OF LABOR DISPUTES

Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this Purchase Order, Seller shall immediately give notice thereof, including all relevant information with respect thereto, to AAR. Seller shall include this Paragraph b. in each lower-tier Subcontract under this Purchase Order.

## 47. UTILIZATION OF SMALL BUSINESS CONCERNS

The following clause is incorporated by reference.

- 1) Utilization of Small Business Concerns FAR 52.219-8.

## 48. SMALL BUSINESS SUBCONTRACTING PROGRAM

In the event this Purchase Order, or any modification thereto, exceeds seven hundred thousand dollars (\$700,000) the provisions of the following FAR clauses in the Prime Contract on the effective date of the Purchase Order are incorporated herein by reference.

- 1) Small Business Subcontracting Plan FAR 52.219-9, if this Purchase Order award was negotiated, or Alternate 1, if this Purchase Order award was the result of a sealed bidding, DFARS 252.219-7003 Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (DOD Contracts).
- 2) Pursuant to the clause entitled "Small Business Subcontracting Plan," the Seller agrees to report in eSRS, as required, in accordance with the instructions on the forms.

#### 49. COST ACCOUNTING STANDARDS

##### 1) COST ACCOUNTING STANDARDS

- 1) Unless the Contract is exempt under 48 CFR 9903.201-1 and 9903.201-2, the provisions of 48 CFR Part 9903 are incorporated herein by reference and the Contractor, in connection with this Contract, shall—
  - a. (CAS-covered Contracts Only) By submission of a Disclosure Statement, disclose in writing the Contractor's cost accounting practices as required by 48 CFR 9903.202-1 through 9903.202-5, including methods of distinguishing direct costs from indirect costs and the basis used for allocating indirect costs. The practices disclosed for this Contract shall be the same as the practices currently disclosed and applied on all other Contracts and Subcontracts being performed by the Contractor and which contain a Cost Accounting Standards (CAS) clause. If the Contractor has notified the Contracting Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of the Government.
  - b. Follow consistently the Contractor's cost accounting practices in accumulating and reporting Contract performance cost data concerning this Contract. If any change in cost accounting practices is made for the purposes of any Contract or Subcontract subject to CAS requirements, the change must be applied prospectively to this Contract and the Disclosure Statement must be amended accordingly. If the Contract price or cost allowance of this Contract is affected by such changes, adjustment shall be made in accordance with subparagraph 1)d) or 1)e) of this clause, as appropriate.
  - c. Comply with all CAS, including any modifications and interpretations indicated thereto contained in 48 CFR Part 9904, in effect on the date of award of this Contract or, if the Contractor has submitted cost or pricing data, on the date of final agreement on price as shown on the Contractor's signed certificate of current cost or pricing data. The Contractor shall also comply with any CAS (or modifications to CAS) which hereafter become applicable to a Contract or Subcontract of the Contractor. Such compliance shall be required prospectively from the date of applicability to such Contract or Subcontract.
  - d. (i) Agree to an equitable adjustment as provided in the Changes clause of this Contract if the Contract cost is affected by a change which, pursuant to subparagraph 1)c) of this clause, the Contractor is required to make to the Contractor's established cost accounting practices.
    - i. Negotiate with the Contracting Officer to determine the terms and conditions under which a change may be made to a cost accounting practice, other than a change made under other provisions of subparagraph 1)d) of this clause; provided, that no agreement may be made under this provision that will increase costs paid by the United States.
    - ii. When the parties agree to a change to a cost accounting practice, other than a change under subdivision 1)d)(i) of this clause, negotiate an equitable adjustment as provided in the Changes clause of this Contract.
  - e. Agree to an adjustment of the Contract price or cost allowance, as appropriate, if the Contractor or a Subcontractor fails to comply with an applicable Cost Accounting Standard, or to follow any cost accounting practice consistently and such failure results in any increased costs paid by the United States. Such adjustment shall provide for recovery of the increased costs to the United States, together with interest thereon computed at the annual rate established under Section 6621 of the Internal Revenue Code of 1986 (26U.S.C. 6621) for such period, from the time the payment by the United States was made to the time the adjustment is affected. In no case shall the Government recover costs greater than the increased cost to the Government, in the aggregate, on the relevant contracts subject to the price adjustment, unless the Contractor made a change in its cost accounting practices of which it was aware or should have been aware at the time of price negotiations and which it failed to disclose to the Government.
- 2) The Contractor shall permit any authorized representatives of the Government to examine and make copies of any documents, papers, or records relating to compliance with the requirements of this clause.
- 3) The Contractor shall include in all negotiated Subcontracts which the Contractor enters into, the substance of this clause, and shall require such inclusion in all other Subcontracts, of any tier, including the obligation to comply with all CAS in effect on the Subcontractor's award date or if the Subcontractor has submitted cost or pricing data, on the date of final agreement on price as shown on the Subcontractor's signed Certificate of Current Cost or Pricing Data. If the Subcontract is awarded to a business unit which pursuant to 48 CFR 9903.201-2 is subject to other types of CAS coverage, the substance of the applicable clause set forth in subsection 30.201-4 of the FAR shall be inserted. This requirement shall apply only to negotiated Subcontracts in excess of \$2,000,000, except that the requirement shall not apply to negotiated Subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1.

##### 2) ADMINISTRATION OF COST ACCOUNTING STANDARDS

For the purpose of administering the Cost Accounting Standards (CAS) requirements under this Contract, the Contractor shall take the steps outlined in Paragraphs 1) through 7) of this clause:

- 1) Submit to the Contracting Officer a description of any cost accounting practice change, the total potential impact of the change

on Contracts containing a CAS clause, and a general dollar magnitude of the change which identifies the potential shift of costs between CAS-covered Contracts by Contract type (i.e., firm-fixed-price, incentive, cost-plus fixed fee, etc.) and other Contractor business activity. As related to CAS-covered Contracts, the analysis should identify the potential impact on funds of the various Agencies/Departments (i.e., Department of Energy, National Aeronautics and Space Administration, Army, Navy, Air Force, other Department of Defense, other Government) as follows:

- a. For any change in cost accounting practices required in accordance with subparagraph (a)(3) and subdivision (a)(4)(i) of the clause at FAR 52.230-2, Cost Accounting Standards; or subparagraph (a)(3) and subdivisions (a)(4)(i) or (a)(4)(iv) of the clause at FAR 52.2305, Cost Accounting Standards-Educational Institution; within 60 days (or such other date as may be mutually agreed to) after award of a Contract requiring this change.
  - b. For any change in cost accounting practices proposed in accordance with subdivision (a)(4)(ii) or (iii) of the clauses at FAR 52.230- 2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or with subparagraph (a)(3) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, not less than 60 days (or such other date as may be mutually agreed to) before the effective date of the proposed change.
  - c. For any failure to comply with an applicable CAS or to follow a disclosed practice (as contemplated by subparagraph (a)(5) at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or by subparagraph (a)(4) at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices):
    - (i) Within 60 days (or such other date as may be mutually agreed to) after the date of agreement with the initial finding of noncompliance, or
    - (ii) In the event of Contractor disagreement with the initial finding of noncompliance, within 60 days of the date the Contractor is notified by the Contracting Officer of the determination of noncompliance.
- 2) After an ACO, or cognizant Federal agency official, determination of materiality, submit a cost impact proposal in the form and manner specified by the Contracting Officer within 60 days (or such other date as may be mutually agreed to) after the date of determination of the adequacy and compliance of a change submitted pursuant to Paragraph 1) of this clause. The cost impact proposal shall be in sufficient detail to permit evaluation, determination, and negotiation of the cost impact upon each separate CAS-covered Contract and Subcontract.
- a. Cost impact proposals submitted for changes in cost accounting practices required in accordance with subparagraph (a)(3) and subdivision (a)(4)(i) of the clause at FAR 52.230-2, Cost Accounting Standards; or subparagraph (a)(3) and subdivisions (a)(4)(i) or (a)(4)(iv) of the clause at FAR 52.230-5, Cost Accounting Standards-Educational Institution; shall identify the applicable standard or cost principle and all Contracts and Subcontracts containing the clauses entitled Cost Accounting Standards or Cost Accounting Standards-Educational Institution, which have an award date before the effective date of that standard or cost principle.
  - b. Cost impact proposals submitted for any change in cost accounting practices proposed in accordance with subdivisions (a)(4)(ii) or (iii) of the clauses at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or with subparagraph (a)(3) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices; shall identify all Contracts and Subcontracts containing the clauses at FAR 52.230-2, Cost Accounting Standards, FAR 52.230-5, Cost Accounting Standards-Educational Institution, and FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices.
  - c. Cost impact proposals submitted for failure to comply with an applicable CAS or to follow a disclosed practice as contemplated by subparagraph (a)(5) of the clauses at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards- Educational Institution; or by subparagraph (a)(4) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, shall identify the cost impact on each separate CAS covered Contract from the date of failure to comply until the noncompliance is corrected.
- 3) If the submissions required by paragraphs 1) and 2) of this clause are not submitted within the specified time, or any extension granted by the Contracting Officer, an amount not to exceed 10 percent of each subsequent amount determined payable related to the Contractor's CAS-covered Prime Contracts, up to the estimated general dollar magnitude of the cost impact, may be withheld until such time as the required submission has been provided in the form and manner specified by the Contracting Officer.
- 4) Agree to appropriate Contract and Subcontract amendments to reflect adjustments established in accordance with subparagraphs (a)(4) and (a)(5) of the clauses at FAR 52.230-2 and 52.230-5; or with subparagraphs (a)(3) or (a)(4) of the Disclosure and Consistency of Cost Accounting Practices clause at FAR 52.230-3.
- 5) For all Subcontracts subject to the clauses at FAR 52.230-2, 52.230-3, or 52.230-5—
- a. So state in the body of the Subcontract, in the letter of award, or in both (self-deleting clauses shall not be used); and
  - b. Include the substance of this clause in all negotiated Subcontracts. In addition, within 30 days after award of the Subcontract, submit the following information to the Contractor's cognizant contract administration office for transmittal to the Contract administrative office cognizant of the Subcontractor's facility:
    - (i) Subcontractor's name and Subcontract number.
    - (ii) Dollar amount and date of award.
    - (iii) Name of Contractor making the award.
- 6) Notify the Contracting Officer in writing of any adjustments required to Subcontracts under this Contract and agree to an adjustment, based on them, to this Contract price or estimated cost and fee. This notice is due within 30 days after proposed Subcontract adjustments are received and shall include a proposal for adjusting the higher-tier Subcontract or the Prime Contract



appropriately.

- 7) For Subcontracts containing the clauses at FAR 52.230-2 or 52.230-5, require the Subcontractor to comply with all standards in effect on the date of award or of final agreement on price, as shown on the Subcontractor's signed Certificate of Current Cost or Pricing Data, whichever is earlier.

### 3) DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES

- 1) The Contractor, in connection with this Contract, shall—
  - a. Comply with the requirements of 48 CFR 9904.401, Consistency in Estimating, Accumulating, and Reporting Costs; 48 CFR 9904.402, Consistency in Allocating Costs Incurred for the Same Purpose; 48 CFR 9904.405, Accounting for Unallowable Costs; and 48 CFR 9904.406, Cost Accounting Standard-Cost Accounting Period, in effect on the date of award of this Contract as indicated in 48 CFR Part 9904.
  - b. (CAS-Covered Contracts Only). If it is a business unit of a company required to submit a Disclosure Statement, disclose in writing its cost accounting practices as required by 48 CFR 9903.202-1 through 9903.202-5. If the Contractor has notified the Contracting Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of the Government.
  - c. (i) Follow consistently the Contractor's cost accounting practices. A change to such practices may be proposed, however, by either the Government or the Contractor, and the Contractor agrees to negotiate with the Contracting Officer the terms and conditions under which a change may be made. After the terms and conditions under which the change is to be made have been agreed to, the change must be applied prospectively to this Contract, and the Disclosure Statement, if affected, must be amended accordingly.  
(ii) The Contractor shall, when the parties agree to a change to a cost accounting practice and the Contracting Officer has made the finding required in 48 CFR 9903.201-6(b), that the change is desirable and not detrimental to the interests of the Government, negotiate an equitable adjustment as provided in the Changes clause of this Contract. In the absence of the required finding, no agreement may be made under this Contract clause that will increase costs paid by the United States.
  - d. Agree to an adjustment of the Contract price or cost allowance, as appropriate, if the Contractor or a Subcontractor fails to comply with the applicable CAS or to follow any cost accounting practice, and such failure results in any increased costs paid by the United States. Such adjustment shall provide for recovery of the increased costs to the United States together with interest thereon computed at the annual rate of interest established under the Internal Revenue Code of 1986 (26 U.S.C. 6621), from the time the payment by the United States was made to the time the adjustment is affected.
- 2) The Contractor shall permit any authorized representatives of the Government to examine and make copies of any documents, papers, and records relating to compliance with the requirements of this clause. 3) The Contractor shall include in all negotiated Subcontracts, which the Contractor enters into, the substance of this clause, and shall require such inclusion in all other Subcontracts of any tier, except that—
  - a. If the subcontract is awarded to a business unit which pursuant to 48 CFR 9903.201-2 is subject to other types of CAS coverage, the substance of the applicable clause set forth in subsection 30.201-4 of the Federal Acquisition Regulation shall be inserted.
  - b. This requirement shall apply only to negotiated subcontracts in excess of \$2,000,000.
  - c. The requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1.
- 4) The Seller shall indemnify AAR from any liability, cost, including all legal expense, or price adjustment which AAR experiences under these clauses as a result of Seller's failure in any way to comply with the provisions of such clauses. In the event that a determination is made that the Seller has failed to comply with any of the applicable Cost Accounting Standards, Rules, and Regulations or has failed to comply with any disclosed accounting practice as submitted in a Disclosure Statement and that as a consequence of such determination the AAR Contract price or cost is reduced, AAR shall in turn reduce Seller's Purchase Order price by a corresponding amount. In the event the Seller disagrees with the determination, and if the Seller (1) timely requests AAR to appeal from such determination under the "Disputes" clause of the Prime Contract and (2) timely furnishes to AAR reasonable grounds for taking such appeal, then AAR agrees, to the extent the Prime Contract allows and at the Seller's expense, to appeal from such determination in the AAR name and on Seller's behalf pursuant to the "Disputes" clause of the Prime Contract. The decision rendered on any such appeal shall be final and binding as between the parties hereto. In the event that final payment has already been made to Seller for the Purchase Order in question, the Seller is required to repay to AAR the amount of the adjustment within thirty (30) days after receipt of Notice of such adjustment by AAR. Failure to repay said amount within thirty (30) days shall subject Seller to payment of interest based on the then prevailing legal interest rate.
- 5) The applicable Cost Account Standards clauses shall be inserted by the Seller in all negotiated lower-tier Purchase Orders exceeding two million dollars (\$2,000,000) except when the price is based on established catalog or market prices of commercial items sold in substantial quantities to the general public or is set by law or regulation.

### 50. PRODUCT SUPPORT CLAUSE

- 1) The Seller warrants that the items supplied under this Subcontract, including subassemblies and spare parts, shall be available to AAR during the operational life of the equipment or ten (10) years after the date of final shipment under this Subcontract, whichever is later.
- 2) In the event the Seller discontinues manufacture of the aforementioned items, subassemblies, and spare parts, or no longer supports the items purchased and does not provide for another qualified source, the Seller shall make available to AAR data necessary to manufacture or procure said items, subassemblies, and spare parts under a royalty-free license which is hereby granted.
- 3) The Seller agrees to support the items purchased hereunder during the operational life of the equipment or for a period of ten (10) years from date of final shipment under this Subcontract, whichever is later. Said support includes, but is not limited to, technical service, repairs, and maintenance of Seller's recommended subassemblies and spare parts required to support the operational life of the equipment.

### 51. BANKRUPTCY

AAR may, without incurring any liability whatsoever except for articles delivered and accepted, terminate this Purchase Order by notice in writing in the event that:

- 1) Seller makes an assignment for the benefit of creditors, or
- 2) Admits in writing inability to pay debts as they mature. Seller shall notify AAR of any threatened or impending bankruptcy.

## 52. REMEDIES AND NONWAIVER

No waiver or discharge hereof shall be valid unless in writing and signed by an authorized representative of the party against which such waiver or discharge is sought to be enforced. A waiver of any provision of the Purchase Order shall not be construed to be a waiver of any succeeding breach of that provision or of any other provision.

## 53. RETURN OF DEFECTIVE MATERIAL

Should it become necessary for AAR to return any rejected material hereunder, AAR shall return it collect, uninsured except as provided herein, FOB Palm Bay, Florida, at Seller's expense. AAR shall notify the Seller upon rejection of defective material. Should the Seller desire to provide shipping instructions contrary to the above, it shall notify AAR within a reasonable time and in any event, prior to date of shipment.

## 54. AAR MONITORING OF THE WORK

In addition to provisions contained in the clause entitled "Inspection and Acceptance," throughout the period of performance of the work, including work at Seller's lower-tier Subcontractors and Suppliers, AAR may at its option assign a representative(s) to be in residence at the Seller's facility to perform such monitoring, and the Seller shall provide adequate office space, support items, and secretarial assistance for the AAR representative(s). Nothing in this clause shall give cause for a variation in the agreed-to price and delivery schedule as contained in the Purchase Order.

## 55. ADVERTISING AND/OR NEWS RELEASES

Seller shall not, without the prior written consent of AAR, release to the public in any media, information relating to the requirements set forth in this Purchase Order. Seller may request a release by formally transmitting to the cognizant AAR Buyer or Administrator a written request including the exact wording and any sketches or photographs which may form a part of the release. Under no circumstances shall releases be requested relating to Government Classified work.

## 56. STATE OF FLORIDA CERTIFICATE OF REGISTRATION

AAR certifies that any material purchased hereunder, unless otherwise specified, and until this notice is revoked in writing by AAR, shall be considered to be purchased for resale as tangible personal property or as component parts thereof, for resale.

## 57. NOTIFICATION OF DEBARMENT/SUSPENSION STATUS

Seller shall provide immediate notice to AAR in the event Seller 1) is suspended, debarred or declared ineligible to receive contracts by any federal, state, or local government entity, or 2) receives notice of proposed or threatened debarment or suspension.

## 58. GOVERNMENT SOURCE INSPECTION

If so specified in this Purchase Order, the supplies on this Purchase Order are subject to Government source inspection at the point of manufacture prior to shipment from Seller's plant in accordance with DOD, NASA, or Government regulations. A Government representative should be notified at least two (2) workdays in advance of the time articles or processes are ready for inspection if the Government representative is in residence and seven (7) workdays otherwise. A copy of this Order must be furnished to the Government inspector who normally services Seller's plant so appropriate planning for Government inspection can be accomplished or to the nearest Army, Navy, Air Force, or NASA inspection office in Seller's locality. In the event the inspector or office cannot be located, AAR should be notified immediately.

## 59. FACILITIES, SPECIAL TOOLING, AND TEST EQUIPMENT

- 1) Unless specifically provided to the contrary in this Purchase Order, Seller warrants that the price set forth herein does not include as a direct charge to this Purchase Order the cost of any special tooling, test equipment, or industrial facilities. Any such special tooling, test equipment, or facilities to be charged to AAR will be specifically identified, proposed, and will be covered by a separate Purchase Order as mutually determined acceptable. The Seller shall not make or buy any special tooling or test equipment without Buyer's written consent.
- 2) The Seller represents that it now has or can readily procure without the assistance of AAR or the Government all facilities necessary for the performance of this Purchase Order.
- 3) Special Tooling, FAR 52.245-17, is hereby incorporated herein by reference.
- 4) Special Test Equipment, FAR 52.245-18, is hereby incorporated by reference.

## 60. MINIMUM BUYS

AAR is not responsible or liable in any way for the restocking, handling, disposal, etc., of any "Minimum Buy" quantities of chemicals or hazardous materials that exceed AAR needed quantities and are not required to be physically delivered by the Purchase Order, notwithstanding the fact that the Purchase Order provides for payment of the total "Minimum Buy Quantity."

## 61. DUTY-FREE ENTRY

- 1) Definition. Customs territory of the United States means the States, the District of Columbia, and Puerto Rico.
- 2) Except as otherwise approved by the Contracting Officer, the Contractor shall not include in the contract price any amount for duties on supplies specifically identified in the Schedule to be accorded duty-free entry.
- 3) Except as provided in paragraph d. of this clause or elsewhere in this contract, the following procedures apply to supplies not identified in the Schedule to be accorded duty-free entry:
  - 1) The Contractor shall notify the Contracting Officer in writing of any purchase of foreign supplies (including, without limitation, raw materials, components, and intermediate assemblies) in excess of \$10,000 that are to be imported into the customs

territory of the United States for delivery to the Government under this contract, either as end products or for incorporation into end products. The Contractor shall furnish the notice to the Contracting Officer at least 20 calendar days before the importation. The notice shall identify the—

- a. Foreign supplies;
  - b. Estimated amount of duty; and
  - c. Country of origin.
- 2) The Contracting Officer will determine whether any of these supplies should be accorded duty-free and will notify the Contractor within 10 calendar days after receipt of the Contractor's notification.
  - 3) Except as otherwise approved by the Contracting Officer, the contract price shall be reduced by (or the allowable cost shall not include) the amount of duty that would be payable if the supplies were not entered duty-free.
- 4) The Contractor is not required to provide the notification under paragraph c. of this clause for purchases of foreign supplies if—
- 1) The supplies are identical in nature to items purchased by the Contractor or any subcontractor in connection with its commercial business; and
  - 2) Segregation of these supplies to ensure use only on Government contracts containing duty-free entry provisions is not economical or feasible.
- 5) The Contractor shall claim duty-free entry only for supplies to be delivered to the Government under this contract, either as end products or incorporated into end products, and shall pay duty on supplies, or any portion of them, other than scrap, salvage, or competitive sale authorized by the Contracting Officer, diverted to non-Governmental use.
- 6) The Government will execute any required duty-free entry certificates for supplies to be accorded duty-free entry and will assist the Contractor in obtaining duty-free entry for these supplies.
- 7) Shipping documents for supplies to be accorded duty-free entry shall consign the shipments to the contracting agency in care of the Contractor and shall include the—
- 1) Delivery address of the Contractor (or contracting agency, if appropriate);
  - 2) Government prime contract number;
  - 3) Identification of carrier;
  - 4) Notation "UNITED STATES GOVERNMENT, \_\_\_\_\_[agency], \_\_\_Duty-free entry to be claimed pursuant to Item No(s) \_\_\_\_\_[from Tariff Schedules]\_, Harmonized Tariff Schedules of the United States. Upon arrival of shipment at port of entry, District Director of Customs, please release shipment under 19 CFR part 142 and notify [cognizant contract administration office] for execution of Customs Forms 7501 and 7501-A and any required dutyfree entry certificates";
  - 5) Gross weight in pounds (if freight is based on space tonnage, state cubic feet in addition to gross shipping weight); and 6) Estimated value in United States dollars.
- 8) The Contractor shall instruct the foreign supplier to—
- 1) Consign the shipment as specified in paragraph g. of this clause;
  - 2) Mark all packages with the words "UNITED STATES GOVERNMENT" and the title of the contracting agency; and
  - 3) Include with the shipment at least two copies of the bill of lading (or other shipping document) for use by the District Director of Customs at the port of entry.
- i. The Contractor shall provide written notice to the cognizant contract administration office immediately after notification by the Contracting Officer that duty-free entry will be accorded foreign supplies or, for duty-free supplies identified in the Schedule, upon award by the Contractor to the overseas supplier. The notice shall identify the—
- 1) Foreign supplies;
  - 2) Country of origin; Contract number; and
  - 3) Scheduled delivery date(s).
- j. The Contractor shall include the substance of this clause in any subcontract if—
- 1) Supplies identified in the Schedule to be accorded duty-free entry will be imported into the customs territory of the United States; or
  - 2) Other foreign supplies in excess of \$10,000 may be imported into the customs territory of the United States.

## 62. DUTY-FREE ENTRY—ADDITIONAL PROVISIONS

- 1) The requirements of this clause supplement the Duty-Free Entry clause of this contract. Both of these clauses apply to this contract and subcontracts, including purchase orders, that involve supplies to be accorded duty-free entry whether placed—
  - 1) Directly with a foreign concern as a prime contract; or
  - 2) As a subcontractor purchase order under a contract with a domestic concern.
- 2) The Contractor shall send the notification required by paragraph c.1) of the Duty-Free Entry clause of this contract to the Contracting Officer administering this contract.
- 3) In addition to any data required by paragraph c.1) of the Duty-Free Entry clause, the Contractor shall furnish the following for all foreign supplies to be imported pursuant to paragraph a. or b. of the Duty-Free Entry clause. The Contractor shall furnish this information to the Contracting Officer administering the prime contract immediately upon award of any contract or subcontract involving supplies to be accorded duty-free entry.
  - 1) Prime contractor's name, address, and CAGE code;
  - 2) Prime contract number plus delivery order number, if applicable;
  - 3) Total dollar value of the prime contract or delivery order;
  - 4) Expiration date of the prime contract or delivery order;
  - 5) Foreign supplier's name and address;
  - 6) Number of the subcontract/purchase order for foreign supplies;

- 7) Total dollar value of the subcontract for foreign supplies;
  - 8) Expiration date of the subcontract for foreign supplies;
  - 9) List of items purchased; and
  - 10) An agreement by the Contractor that duty shall be paid by the Contractor to the extent that such supplies, or any portion (if not scrap or salvage), are diverted to nongovernmental use other than as a result of a competitive sale made, directed, or authorized by the Contracting Officer.
- 4) The Contractor agrees to incorporate the substance of this clause, including this paragraph d., in any subcontract (including purchase orders) in accordance with paragraph i. of the Duty-Free Entry clause of this contract. The Contractor agrees that the name and address of the Contracting Officer administering the prime contract (name and address of the contract administration office cognizant of the prime contract and its activity address number (Appendix G of the Defense FAR Supplement)) and the information required by paragraphs c.1), 2), and 3) of this clause will be included in applicable subcontracts.
  - 5) To properly complete the shipping document instructions as required by paragraph g. of the Duty-Free Entry clause, the Contractor shall insert Defense Contract Management Command (DCMC) New York, ATTN: Customs Team, DCMDN-GNIC, 207 New York Avenue, Staten Island, New York 10305-5013, as the cognizant contract administration office (for paragraph g. only) in those cases when the shipment is consigned directly to a military installation. When the shipment will be consigned to a location other than a military installation, e.g., a domestic contractor's plant, change the shipping document notation required by paragraph g. of the clause to insert the name and address of the Contractor, agent or broker that will prepare the customs documentation for execution of the Duty-Free Entry certificates. In either case, the shipping documents will contain the following items in addition to those required by paragraph g. of the Duty-Free Entry clause:
    - 1) Delivery order number on the Government prime contract, if applicable;
    - 2) Number of the subcontract/purchase order for foreign supplies, if applicable;
    - 3) Activity address number of the contract administration office actually administering the prime contract, e.g., for DCMC Dayton, S3605A.
  - 6) Except for shipments consigned to a military installation, the Contractor shall prepare, or authorize an agent to prepare, any customs forms required for the entry into the United States, its possessions, or Puerto Rico of foreign supplies in connection with DoD contracts. The Contractor shall submit the completed customs forms to the District Director of Customs with a copy to DCMC New York for execution of any required duty-free entry certificates. For shipments containing both supplies which are to be accorded duty-free entry and supplies which are not, the Contractor shall identify on the customs forms those items which are eligible for duty-free entry under the provisions of the Duty-Free Entry clause. Shipments consigned directly to a military installation will be released in accordance with paragraphs 10.101 and 10.102 of the U.S. Customs regulations.
  - 7) The Contractor shall ensure that all exterior containers are marked in accordance with paragraph g. of the Duty-Free Entry clause, including the following additional data—
    - 1) "UNITED STATES GOVERNMENT, DEPARTMENT OF DEFENSE;" and
    - 2) The activity address number for the contract administration office actually administering the prime contract.

**63. TAXES**

The price set forth in this subcontract is hereby understood and agreed to include all applicable Federal, state, and local taxes, including any sales and use taxes. No liability shall accrue to AAR for any such taxes.

**64. ANTI-KICKBACK INDEMNITY**

The Subcontractor shall comply in all respects with the Federal Anti-Kickback Act of 1986 and shall indemnify AAR from any liability which may arise under FAR 52.203-7 which results from or by reason of any activity prohibited by the Anti-Kickback Act of 1986. In the event that the AAR Contract price is reduced as a result of such violation by the Subcontractor, or any subtier Subcontractor, AAR shall in turn reduce Seller's Purchase Order price by corresponding amount (less Buyer's fee). AAR will submit written notification thereof to the Seller within fifteen (15) days of AAR receipt of notice of any required withholding by the Contracting Officer.

**65. HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA**

- 1) Hazardous material, as used in this clause, includes any material defined as hazardous under the latest version of Federal Standard No. 313 (including revisions adopted during the term of the Contract).
- 2) The offeror must list any hazardous material, as defined in Paragraph a. of this clause, to be delivered under this Contract. The hazardous material shall be properly identified and include any applicable identification number, such as National Stock Number or Special Item Number. This information shall also be included on the Material Safety Data Sheet submitted under this Contract.

Material (If none, insert None)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Identification No.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- 3) This list must be updated during performance of the Contract whenever the Contractor determines that any other material to be delivered under this Contract is hazardous.
- 4) The apparently successful offeror agrees to submit, for each item as required prior to award, a Material Safety Data Sheet, meeting the requirements of 29 CFR 1910.1200(g) and the latest version of Federal Standard No. 313, for all hazardous material identified in Paragraph b. of this clause. Data shall be submitted in accordance with Federal Standard No. 313, whether or not the apparently successful offeror is the actual manufacturer of these items. Failure to submit the Material Safety Data Sheet prior to award may result in the apparently successful

offeror being considered non-responsible and ineligible for award.

- 5) If, after award, there is a change in the composition of the item(s) or a revision to Federal Standard No. 313, which renders incomplete or inaccurate the data submitted under Paragraph d. of this clause, the Contractor shall promptly notify the Contracting Officer and resubmit the data.
- 6) Neither the requirements of this clause nor any act or failure to act by the Government shall relieve the Contractor of any responsibility or liability for the safety of Government, Contractor, or Subcontractor personnel or property.
- 7) Nothing contained in this clause shall relieve the Contractor from complying with applicable Federal, State, and local laws, codes, ordinances, and regulations (including the obtaining of licenses and permits) in connection with hazardous material.
- 8) The Government's rights in data furnished under this Contract with respect to hazardous material are as follows:
  - 1) To use, duplicate and disclose any data to which this clause is applicable. The purposes of this right are to—
    - a. Apprise personnel of the hazards to which they may be exposed in using, handling, packaging, transporting, or disposing of hazardous materials;
    - b. Obtain medical treatment for those affected by the material; and
    - c. Have others use, duplicate, and disclose the data for the Government for these purposes.
  - 2) To use, duplicate, and disclose data furnished under this clause, in accordance with subparagraph h.1) of this clause, in precedence over any other clause of this Contract providing for rights in data.
  - 3) The Government is not precluded from using similar or identical data acquired from other sources. Alternate I (July 1995) (Applicable if other than DoD)
- i. If the prime contract is awarded by an agency other than the Department of Defense, the following is applicable. Except as provided in Paragraph i.2) the Contractor shall prepare and submit a sufficient number of Material Safety Data Sheets (MSDSs), meeting the requirements of 29 CFR 1910.1200(g) and the latest version of Federal Standard No. 313, for all hazardous materials identified in Paragraph b. of this clause.
  - 1) For items shipped to consignees, the Contractor shall include a copy of the MSDS with the packing list or other suitable shipping document which accompanies each shipment. Alternatively, the Contractor is permitted to transmit MSDSs to consignees in advance of receipt of shipment by consignees, if authorized in writing by the Contracting Officer.
  - 2) For items shipped to consignees identified by mailing address as agency depots, distribution centers or customer supply centers, the Contractor shall provide one copy of the MSDSs in or on each shipping container. If affixed to the outside of each container, the MSDS must be placed in a weather resistant envelope.

#### 66. DPAS

Vendor is required to comply with the mandatory requirements of the Defense Priorities and Allocations System (DPAS) (15 CFR, Part 700), if a DO/DX priority rating is assigned to this Order.

#### 67. Government Contract

If the box titled "Government Contract" is marked on the front of this Order, the required Federal Acquisition Regulation provisions and agency supplemental provisions in effect on the date of this Order are applicable to this Order. (See attached Additional Terms and Conditions for Government Subcontracts). When necessary to make the context applicable to this Order, the terms "Contractor" shall mean Vendor, "Government" and "Contracting Officer" or equivalent phrases shall mean Buyer or the Government, and "Contract" shall mean this Order. In the event of any conflict between the terms and conditions of this Order and the Government clauses incorporated by reference, then the terms and conditions of the latter shall prevail.

#### 68. FAR FLOWDOWN CLAUSES

REFERENCE	TITLE	DATE
52.203-13	Contractor Code of Business Ethics and Conduct	(Oct 2015)
52.203-19	Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements	(Jan 2017)
52.204-10	Reporting Executive Compensation and First -Tier Subcontract Awards	(Oct 2018)
52.204-21	Basic Safeguarding of Covered Contractor Information Systems	(Jun 2016)
52.204-23	Prohibition on Contracting for Hardware, Software, and Services Developed or Provided by Kaspersky Lab and Other Covered Entities.	(Jul 2018)
52.209-6	Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment.	(Oct 2015)
52.212-4	Contract Terms and Conditions-Commercial Items	(Oct 2018)
52.212-5	Contract Terms and Conditions Required To Implement Statutes or Executive Orders - Commercial Items	(Jan 2019)
52.219-8	Utilization of Small Business Concerns	(Oct 2017)
52.219-9	Small Business Subcontracting Plan	(Aug 2018)
52.222-17	Nondisplacement of Qualified Workers	(Aug 2018)
52.222-19	Child Labor- Cooperation with Authorities and Remedies	(Jan 2018)
52.222-21	Prohibition of segregated facilities	(Apr 2015)
52.222-26	Equal Opportunity	(Sep 2016)

52.222-3	Convict Labor	(Jan 2003)
52.222-35	Equal Opportunity for Veterans	(Oct 2015)
52.222-36	Equal Opportunity for Workers with Disabilities	(Jul 2014)
52.222-37	Employment Reports on Veterans.	(Feb 2016)
52.222-40	Notification of Employee Rights Under the National Labor Relations Act.	(Dec 2010)
52.222-41	Service Contract Labor Standards	(Aug 2018)
52.222-50	Combating Trafficking in Persons	(Jan 2019)
52.222-51	Exemption From Application of the Service Contract Labor Standards to Contracts for Maintenance, Calibration, or Repair of Certain Equipment - Requirements.	(May 2014)
52.222-53	Exemption From Application of the Service Contract Labor Standards to Contracts for Certain Services - Requirements	(May 2014)
52.222-54	Employment Eligibility Verification.	(Oct 2015)
52.222-55	Minimum Wages Under Executive Order 13658.	(Dec 2015)
52.222-62	Paid Sick Leave Under Executive Order 13706.	(Jan 2017)
52.223-11	Ozone-Depleting Substances and High Global Warming Potential Hydrofluorocarbons.	(Jun 2016)
52.223-18	Encouraging Contractor Policies To Ban Text Messaging While Driving	(Aug 2011)
52.224-3 ALT 1	Privacy Training.	(Jan 2017)
52.225-13	Restrictions on Certain Foreign Purchases	(Jun 2008)
52.225-26	Contractors Performing Private Security Functions Outside the United States.	(Oct 2016)
52.226-6	Promoting excess food donation to nonprofit organizations.	(May 2014)
52.227-1	Authorization and Consent.	(Dec 2007)
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement	(Dec 2007)
52.232-40	Providing Accelerated Payments to Small Business Subcontractors	(Dec 2013)
52.242-15	Stop Work Order	(Aug 1989)
52.247-64	Preference for Privately Owned U.S.-Flag Commercial Vessels.	(Feb 2006)

#### 69. DFARS FLOWDOWN CLAUSES

REFERENCE	TITLE	DATE
252.203-7003	Requirement to Inform Employees of Whistleblower Rights	(Sep 2013)
252.204-7012	Safeguarding Covered Defense Information and Cyber Incident Reporting	(Mar 2016)
252.204-7015	Notice of Authorized Disclosure of Information for Litigation Support	(May 2016)
252.211-7003	Item Unique Identification and Valuation	(Mar 2016)
252.219-7003	Small Business Subcontracting Plan (DoD Contracts)	(Dec 2018)
252.223-7008	Prohibition of Hexavalent Chromium	(Jun 2013)
252.225-7002	Qualifying country sources as subcontractors.	(Dec 2017)
252.225-7009	Restriction on Acquisition of Certain Articles Containing Specialty Metals	(Oct 2014)
252.225-7012	Preference for certain domestic commodities	(Dec 2017)

252.225-7048	Export-Controlled Items.	(Jun 2013)
252.225-7978	Restriction on acquisition of certain magnets and tungsten. (DEVIATION 2019-O0006)	(Jan 2019)
252.226-7001	Utilization of Indian organizations, Indian-owned economic enterprises, and native Hawaiian small business concerns	(Sep 2004)
252.227-7013	Rights in technical data - Noncommercial items	(Feb 2014)
252.227-7015	Technical data - Commercial items	(Feb 2014)
252.227-7016	Rights in bid or proposal information	(Jan 2011)
252.227-7037	Validation of restrictive markings on technical data	(Dec 2018)
252.244-7000	Subcontracts for Commercial Items	(Jun 2013)
252.247-7023	Transportation of supplies by sea.	(Apr 2014)
252.247-7024	NOTIFICATION OF TRANSPORTATION OF SUPPLIES BY SEA	(Mar 2000)

## 70. CERTIFICATIONS AND REPRESENTATIONS

- a. By signing the Subcontract, Subcontractor hereby certifies that, as of the time of award, all Certifications and Representations previously submitted to AAR are still valid, in full force and effect and there have been no material changes in Subcontractor's eligibility to do business with the U.S. Government. These Certifications and Representations are hereby incorporated by reference and are material representations of fact. If it is later determined that Subcontractor knowingly rendered an erroneous Certification or Representation, in addition to other remedies available to AAR, AAR may terminate the Subcontract for default under the clause entitled Termination for Cause. Subcontractor shall submit updated Representations and Certifications from time-to-time as reasonable required and requested by AAR.
- b. Debarred/Suspended Disclosure and Payments to Influence Certification or Disclosure  
By signing the Subcontract, the Subcontractor hereby certifies that as of the time of award of this Subcontract: (1) the Subcontractor, or its principals, is not debarred, suspended or proposed for debarment or declared ineligible for award by any Federal agency; and (2) no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on its behalf in connection with awarding the contract or this Subcontract;
- c. If any registrants under the Lobbying Disclosure Act of 1995 have made a lobbying contact on behalf of the offeror with respect to this contract, the offeror shall complete and submit, with its offer, OMB Standard Form LLL, Disclosure of Lobbying Activities, to provide the name of the registrants. The offeror need not report regularly employed officers or employees of the offeror to whom payments of reasonable compensation were made.
- d. The Seller's quality system shall be compliant to the requirements of ISO 9001 unless otherwise specified in the Purchase Order. MRB delegation to the Seller is not authorized unless specifically stated in the Purchase Order. Calibration System for measuring and Process Control Equipment shall comply with ANSI/NCSLZ540-1 or ISO 10012-1. If this Purchase Order is issued under a NASA Prime Contract, NASA NPD 8730.3 Inspection System provisions shall apply in lieu of ISO 9001, except as otherwise directed.

## 71. SUPPLEMENTAL TERMS

In addition to these General Provisions set forth herein, certain special clauses or special provisions may be applicable to the Subcontract. These special clauses shall be included either by reference in the Subcontract or Purchase Order or by attachment to the Subcontract, or both.

## 72. PACKAGING

- a. MARKING OF SHIPMENTS - The contract and task order number shall be placed on or adjacent to all exterior mailing or shipping labels of deliverable items. If not otherwise specified, interior packages and exterior shipping containers shall be marked in accordance with the following standards. (1) Deliveries to civilian activities. Supplies shall be marked in accordance with Federal Standard 123. (2) Deliveries to military activities. Supplies shall be marked in accordance with Military Standard 129.
- b. PACKING OF SUPPLIES FOR DOMESTIC SHIPMENT -Supplies shall be packed for shipment in a manner that will ensure acceptance by common carriers and safe delivery at destination. Containers and closures shall comply with the Interstate Commerce Commission Regulations, Uniform Classification Rules, and regulations of other carriers as applicable to the mode of transportation.
- c. PACKING LIST(S) - A packing list or other suitable shipping document shall accompany each shipment and shall include the following information: (1) Name and address of consignor;(2) Name and address of consignee;(3) Government contract number and task order number;(4) Requisition number;(5) Government bill of lading number covering the shipment, if any; and (6) Description of the items shipped, including item number, quantity, number of containers, and package number, if any. This information will be included on the Purchase Order that will be provided to the Subcontractor.
- d. MARKING OF REPORTS - All reports become the property of the Department. Reports shall not contain any markings or legends which will restrict the Department's use of such reports in any way. All reports delivered by the Subcontractor to the Government under this contract shall prominently show on the cover of the report: (1) Name and Business address of the Subcontractor;(2) Contract number and task order number;(3) Date of report;(4) Program office (s); and (5) Deliverable number.
- e. DATA PACKAGING REQUIREMENTS - All unclassified data shall be prepared for shipment in accordance with best commercial practices.
- f. REQUIREMENTS FOR TREATMENT OF WOOD PACKAGING MATERIAL - (Applies when Wood Packaging Material is used to make

shipments under this contract and/or when Wood Packaging Material is acquired under this contract)

- (a) Wood packaging material (WPM) means wood pallets, skids, load boards, pallet collars, wooden boxes, reels, dunnage, crates, frame and cleats. The definition excludes materials that have undergone a manufacturing process, such as corrugated fiberboard, plywood, particleboard, veneer, and oriented strand board (OSD).
- (b) All WPM must meet requirements of International Standards for Phytosanitary Measures Publication No. 15: "Guidelines for Regulating Wood Packaging Material in International Trade" (ISPM 15).
  - 1) All WPM shall comply with the official quality control program for heat treatment (HT) or kiln dried heat treatment (KD HT) in accordance with American Lumber Standard Committee, Incorporated (ALSC) wood packaging material program and WPM enforcement regulations (see <http://www.alsc.org/>).
  - 2) All WPM shall include certification/quality markings in accordance with the ALSC standard. Markings shall be placed in an unobstructed area that will be readily visible to inspectors. Pallet markings shall be applied to the stringer or block on diagonally opposite sides of the pallet and be contrasting and clearly visible. All containers shall be marked on a side other than the top or bottom, contrasting and clearly visible. All dunnage used in configuring and/or securing the load shall also comply with ISPM 15 and be marked with an ALSC approved dunnage stamp.
- (c) Failure to comply with these requirements may result in refusal, destruction, or treatment of materials at the point of entry.

#### 73. PACKAGING, PACKING, MARKING AND LABELING OF HAZARDOUS MATERIAL SHIPMENTS

- (a) Packaging, packing, marking and labeling hazardous materials to be shipped by any mode or combination of transportation modes shall be prepared (properly classed, described, packages, marked, labeled, placarded, etc.) for shipment in accordance with all applicable laws and regulations in effect at the time of shipment. The minimum packaging acceptable for packaging Department of Transportation regulated hazardous materials shall be those in 49 CFR 173.
- (b) Applicable regulations include, but are not necessarily limited to the following:
  - 1) Federal Hazardous Materials Act, as amended (15 U.S.C. 1261-1276)
  - 2) 49 CFR 100-199.
  - 3) Official Air Transport Restricted Articles Tariff Number 6-D C.A.B.82.
  - 4) Official Air Transport Restricted Articles Circular Number 6-D.
  - 5) International Air Transport Association Restricted Articles Regulations.
  - 6) International Maritime Dangerous Goods Code.
  - 7) Export shipments are also subject to the domestic regulations indicated for the port of embarkation.
  - 8) ICAO ANNEX 18
  - 9) ATA 300

#### 74. SUPPLIER CODE OF CONDUCT

AAR's Supplier Code of Conduct Policy can be found on our website at: <http://www.aarcorp.com/terms-and-conditions/supplier-code-of-conduct>

#### 75. DATA RIGHTS

All noncommercial technical data and noncommercial computer software and computer software documentation that is required to be delivered under this contract shall be provided to the Government with unlimited rights in accordance with DFARS 252.227-7013 and 252.227-7014 incorporated herein by reference.

The Seller grants to the Buyer unlimited, non-exclusive, royalty free, transferable, assignable license to all computer software and technical data, as defined in FAR 52.227-14, that is developed by the Seller during the performance of this subcontract solely for use in performing this or any other Government contract.

Nothing in these terms and conditions shall be construed or interpreted to limit or in any way restrict the rights of the Government in regard to data, tooling and other information it owns or has a right to use, including the right to authorized the supplier's use of such data, tooling or other information in direct contracts between the supplier and the Government.

#### 76. RIGHTS TO CONTRACT PERFORMANCE

Seller shall insert a provision in all subcontracts or purchase orders awarded pursuant to this subcontract whereby in the event of default on the part of Seller, AAR has the right at its sole election, to assume all Seller's rights and obligations as purchaser and to take delivery of products subject to the purchase order or subcontract.

By acceptance of this subcontract, Seller recognizes and agrees that any and all materials purchased pursuant to this subcontract and compensated for by means of payment by AAR are the property of AAR. Said materials shall be segregated within the Seller's facility, and shall be surrendered to AAR upon demand.

#### 77. ASSUMPTION OF RISK

Each party hereto acknowledges (i) the risks of its undertaking hereunder, (ii) the uncertainty of the benefits and obligations hereunder, and (iii) its assumption of such risks and uncertainty. Each party has conducted its own due diligence and requested and reviewed any contracts, business plans, financial documents and other written material as in such party's opinion shall be the basis of that party's decision to enter into this contract.

#### 78. RELIANCE ON COUNSEL AND OTHER ADVISORS

Each party has consulted such legal, financial, technical or other expert it deems necessary or desirable before entering into this contract. Each party represents and warrants that it has read, knows, understand and agrees with the terms and conditions of this contract. Neither party has relied upon



any oral representation of the other party in entering into this contract. All discussions, estimates or projections developed by a party during the course of negotiating the terms and conditions of this contract are by way of illustration only, and unless specifically contained in this contract or one of its Exhibits or Attachments, are not binding or enforceable against the other party in law or in equity.

#### 79. DEBARRED/SUSPENDED CERTIFICATION

1) The Seller hereby certifies by acknowledgement or acceptance of this order to the best of its knowledge and belief, that:

1) The Seller and/or any of its Principals—

- a. Are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;
- b. Have not, within a three-year period preceding this award, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; and
- c. Are not presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in this provision.

2) The Seller has not, within a three-year period preceding this award, had one or more contracts terminated for default by any Federal agency.

“Principals,” for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions). THIS CERTIFICATION CONCERNS A MATTER WITHIN THE JURISDICTION OF AN AGENCY OF THE UNITED STATES AND THE MAKING OF A FALSE, FICTITIOUS, OR FRAUDULENT CERTIFICATION MAY RENDER THE MAKER SUBJECT TO PROSECUTION UNDER SECTION 1001, TITLE 18, UNITED STATES CODE.

2) This certification is a material representation of fact. If it is later determined that the Supplier knowingly rendered an erroneous certification, in addition to other remedies available to AAR, AAR may terminate the contract for default.