



STANDARD PURCHASING TERMS AND CONDITIONS

These Standard Purchasing Terms and Conditions for Aero Precision Repair and Overhaul Company, Inc. (A-PRO) will be the only terms applicable to the provisioning of Goods and Services described in our Purchase Order and will comprise the entire agreement ("Agreement") for these Services:

ARTICLE 1 – DEFINITIONS

As used throughout this Purchase Order, the following terms shall have the meanings set forth below:

- a) **BUYER** means the party contracting with the Seller for Works and identifies as the buying entity on the face of the Purchase Order.
- b) **SELLER** means the party contracting to perform the service or deliver goods as applicable.
- c) **GOODS** means the product supplied by seller under this Purchase Order, including without limitations all components, raw materials, and intermediate assemblies thereof.
- d) **SERVICES** means labor, supervision and related duties required by and listed in the Purchase Order.
- e) **WORKS** means the Goods and/or Services listed in the Purchase Order.

ARTICLE 2 – TERMS AND CONDITIONS

- a) Prices indicated herein are the maximum price, but are to be adjusted downward to the lowest prices in effect on the date of shipment if Seller's prices decline.
- b) Payment periods and terms will begin on the date of receipt by Buyer of invoice or date of receipt by Buyer of Works at Buyer's election.
- c) If Seller is unable to furnish any item on this order, in quantity, size or otherwise, exactly as specified and described, immediate advice to this effect must be sent to the Buyer (by e-mail, fax or certified mail where this will expedite delivery). Seller must notify Buyer of any discrepancies in the documents or products provided by Buyer.
- d) Shipment of substitutions offered by the Seller and found to be acceptable by the Buyer, will be authorized in writing. Unauthorized substitutions will be subject to refusal and to be returned at Seller's expense.
- e) All Works shall be subject to final inspection and approval following receipt thereof by the Buyer. Such an inspection shall be made within a reasonable time after receipt, irrespective of the date of payment. Any Works which is not at the time of inspection fully satisfactory to the Buyer may be rejected by notice to the Seller. The Buyer may hold any rejected Works for instructions at the risk of the Seller or Buyer may return such Works to the Seller at the Seller's expense. After such notice of rejection, title to and risk of loss of the Works rejected shall be to the Seller. All conditions herein shall be construed as warranties and all warranties as conditions and all agreements, representations, warranties and conditions shall survive acceptance of delivery of the Works covered hereby.
- f) Seller must advise the Buyer of any nonconforming materials related to purchase order, in writing (email, fax etc.) Seller must obtain written instructions from the buyer as to disposition of the material. Buyer will obtain internal approvals and advise Seller in writing. Seller will inform of any changes, in writing, of processes supplier, location, or products provided to Buyer. If needed, Buyer will advise Seller when approval needed for changes. In case of any of the instructions or conditions contained in this Purchase Order shall not be complied with, the Buyer may waive such noncompliance and charge any costs incurred in rectifying such noncompliance to the Seller.
- g) Seller will advise Buyer in writing conditions relating to productions, nonconformance, or other unworthy conditions. Buyer will advise disposition, in writing, of the non-conforming materials. Buyer must approve any changes of the product beyond scope of purchase order. Deviations to any technical data, including the use of any process not listed in the A-PRO routings, must be approved in writing by A-PRO Quality Assurance, Engineering and the Buyer prior to performing the Service on the affected component/s.
- h) Every Seller's employee who performs maintenance or preventive maintenance Services per this Purchase Order must be in the Anti-Drug & Alcohol Program as required by 14 CFR 120.
- i) Seller of Services must ensure personnel are trained and qualified per FAR Part 145.163.
- j) Seller will not supply goods that have been acquired through military surplus or have been subjected to extreme stress/heat due to involvement in a crash, aircraft incident or fire.
- k) The Seller agrees, in connection with the performance of work under this Purchase Order, not to discriminate against any employee or applicant for employment because of race, sex, religion, color, national origin, handicap, status as a special disabled veteran or veteran of the Vietnam era, or on any ground protected by applicable state or local laws.



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- l) Buyer adheres to the Responsible Purchasing Guidelines document reference GRF-0164 issue 1, issued by our shareholder Company. Seller must also adhere to these guidelines, a copy of which is available upon request from A-PRO Compliance Dept.

ARTICLE 3 – QUALITY STANDARDS

- a) The condition of all purchased aircraft goods will be new unless otherwise stated. Suppliers with each shipment must provide proper certification, such as 8130-3, or Certificate of Conformance, along with packing slip showing Purchase Order number, part number, and quantity shipped. Seller to provide upon request, copies of additional quality records to substantiate product certification.
- b) Seller will accomplish all Works to industry standards and monitored through A-PRO Quality Control Receiving Inspections and Quality audit process.
- c) Seller shall perform all Works in accordance with the latest revision of the relevant technical data per the instructions contained within the Purchase Order under previously established contractual agreements and/or A-PRO supplied routings.
- d) All Works ordered herein shall, at the time of delivery hereunder, be in full compliance with all applicable requirements of the Federal Aviation Administration (FAA) and the applicable requirements of the FAA regulations. Seller shall be responsible for obtaining and continuously maintaining such compliance shipping and process records for at least sixteen (16) years and shall furnish to Buyer evidence of such compliance in the form of certificates or other written approval as required by the FAA. Supplier shall notify Buyer prior to the destruction or transfer of these records. The Buyer may at its discretion request that these records be transferred to the buyer in lieu of destruction or transfer.
- e) The Seller will allow access to the Buyer, the Buyers Customers, FAA and/or other Flight Safety Regulatory agencies access to the Suppliers facilities to observe the performance of requested work and review records.
- f) If the Purchase Order is in connection with a written agreement between parties, the terms and conditions of such agreement in case of conflict herewith shall govern.
- g) FAA Form 8130-3 should include the facility specifically stated in the Seller's portion of this document performing the requested work. Any deviations must be approved by A-PRO Quality Assurance prior to performing the requested work and meet all capabilities for the specified component.
- h) The Seller must obtain a Quality Management System (AMS) which is satisfactory to the Buyer. The Buyer shall be permitted to regularly audit the Sellers QMS and perform the necessary corrective actions as required by the Buyer. Failure to maintain a suitable QMS is cause for termination of this agreement

ARTICLE 4 – INTELLECTUAL PROPERTY

Buyer hereby grants Seller a license to use the drawings, specifications and other data (hereinafter collectively referred to as Data) furnished or paid for by Buyer hereunder for the sole purpose of performing the Works for Buyer. All Data is the property of Buyer and shall not be used, disclosed to others or reproduced for any purpose provided. This license is non-assignable terminable with or without cause by Buyer at any time. Upon termination of this license the Data must be returned to the Buyer or destroyed by the Seller within 30 days of notice of termination. Written proof of destruction shall be provided by the Seller.

ARTICLE 5 – RISK OF LOSS

Except as otherwise expressly provided herein, title to and risk of loss on all items shipped by Seller to Buyer shall pass to Buyer at the F.O.B. point designated on the face of this Purchase Order. Cost of all return shipments, for whatever reason, shall be borne by Seller with title and risk of loss passing at Buyer's plant, unless otherwise specified by Buyer at the time of return.

ARTICLE 6 – INSURANCE

Seller shall provide, pay for, and maintain in full force and effect those insurance outlined here (as applicable) for coverages at not less than the prescribed minimum limits of liability, covering Seller's activities, those of any and all subcontractors, or anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable.

Commercial General Liability:	\$1,000,000
Worker's Compensation:	Statutory Limit
Umbrella/Excess Liability:	\$5,000,000



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ARTICLE 7 – INDEMNIFICATION

- a) The Seller shall indemnify and hold harmless the Buyer, its officers, agents, suffered successors, assigns and lessees, from all claims, proceedings, suits and actions based upon, and all liabilities, damages, expenses suffered or incurred by any of them by reason of alleged infringement or violation of any one or more patents or applications thereof or rights arising out of the purchase, ownership, use or disposal of any item purchased hereunder.
- b) If Buyer determines any of Seller's representations, warranties, certifications or covenants hereunder to be untrue, Buyer shall have the right to terminate this purchase order without further compensation to Seller, and Seller shall defend, indemnify and hold harmless Buyer and all of its directors, officers, employees, agents and representatives from and against all claims, losses, loss of use, damages, attorney's fees, actions, liability, demands, judgments, costs and expenses arising from Seller's untrue representations, warranties, certifications and covenants, from Seller's negligent acts or omissions, or from Seller's failure otherwise to comply with the terms of this Purchase Order.

ARTICLE 8 – TERMINATION AND ASSIGNMENT

- a) Buyer reserves the right to cancel or reschedule this Purchase Order in whole or part in respect of material or services covered by the Purchase Order and not shipped prior to such cancellation, without incurring liability, by notice in writing to Seller before such shipment or performance. Buyer will refund to Seller the direct costs incurred by Seller to perform its obligations up to date of cancellation. Seller will cease work. The foregoing states Buyer's entire liability for termination.
- b) This contract shall not be assigned by the Seller without prior written consent of the Buyer.

ARTICLE 9 - EXPORT/IMPORT CONTROLS

- a) Seller hereby certifies that it will comply with U.S. export and import controls laws and regulations, including but not limited to the International Traffic in Arms Regulations ("ITAR") (22 CFR 120 et seq.), the Export Administration Regulations ("EAR") (15 CFR Part 730-774), the regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") (31 CFR Part 500-598), the regulations administered by the U.S. Department of Commerce, Bureau of Alcohol, Tobacco, Firearms, and Explosives ("ATF") found in 27 CFR Chapter II, and all other applicable U.S. Government regulations relating to the importation of goods into the United States (including, but not limited to, the regulations administered by the U.S. Customs and Border Protection ("CBP") at 19 CFR 0 et seq. and other import regulations promulgated by other U.S. agencies which may be enforced by CBP)(collectively "U.S. export and import control laws and regulations"). If Seller engages in the United States in the business of either manufacturing, exporting, or brokering in ITAR-controlled defense articles or furnishing ITAR-controlled defense services, Seller hereby certifies that it has registered with the U.S. Department of State Directorate of Defense Trade Controls ("DDTC").
- b) Seller shall control the disclosure, export, reexport, transfer and retransfer of, and access to, any hardware, software, controlled technical data, technology, and/or services (collectively referred to as "items") received under this Purchase Order to ensure that any such disclosure, export, reexport, transfer or retransfer is undertaken in accordance with U.S. export control laws and regulations. Seller agrees that no controlled items provided by Buyer in connection with this Purchase Order shall be provided to any person or entity unless the transfer is expressly permitted by a U.S. Government license or other authorization, or is otherwise in accordance with applicable laws and regulations. It shall be the responsibility of Seller to be cognizant of (including by requesting such information from Buyer if needed) the proper jurisdiction and classification under the ITAR and/or EAR of the items provided by Buyer prior to any release to a third party, including foreign affiliates or employees. If a final jurisdiction and classification determination for items provided by the Buyer has not been provided, Seller cannot export or otherwise release the information to a foreign person until a final jurisdiction and classification is approved by Buyer and any applicable export authorizations are obtained. For items subject to the ITAR, this responsibility includes Seller's cognizance of the ITAR controls applicable to any technical data or defense service furnished to Seller by Buyer, including when exported to Seller from the United States in furtherance of Buyer's technical assistance, manufacturing license agreement or other ITAR authorization prescribing ITAR jurisdiction of any defense article which may be produced or manufactured by Seller from TC-001 (10/15) such technical data or defense service.
- c) Seller shall notify Buyer if any deliverable under this Purchase Order, for which the Seller is the design authority, is subject to U.S. export and import controls laws and regulations described in Paragraph 23(a). Before providing Buyer any deliverable subject to the EAR or the ITAR, Seller shall provide in writing to the Buyer's Procurement Representative the export classification of any such item or controlled data, including the export classification of any: i. dual use goods and technology subject to the EAR, including any embedded ITAR controlled or EAR 500 or 600 series' item or technology; ii. defense article, including any technical data, controlled by the ITAR; iii. item or technology controlled by the EU List of Dual Use Items or by other applicable national export control lists. Subsequent to the initial disclosure above, Seller shall timely notify the Buyer's Procurement Representative in writing of any changes to the export classification information of the item or controlled data. Seller represents that an official authorized to bind the Seller has determined that the Seller or the designer, manufacturer, supplier or other source of the deliverable has properly determined their export classification.
- d) Seller hereby warrants that neither Seller, nor any parent, subsidiary, affiliate, or lower-tier subcontractor is listed on any Restricted Party List of an agency of the U.S. Government, any applicable non-U.S. Government, or international organization, or any applicable state, local government, or municipality, nor are their export privileges denied, suspended or revoked. For purposes of this provision, "Restricted Party List" is defined to include the U.S. Government's Denied Persons List, Unverified List, Entity List, Nonproliferation Sanctions List, AECA Debarred List, Specially



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Designated Nationals (SDN) List, Sectoral Sanctions Identifications (SSI) List, Foreign Sanctions Evaders List, Excluded Parties List, or Palestinian Legislative Council (PLC) List, or other similar lists issued by the U.S. Government or a non-U.S. government, or international organization, or any state or local government, or municipality that relates to export controls, economic sanctions, or anti-corruption. Seller shall immediately notify Buyer if Seller, or any parent, subsidiary, affiliate, or lower-tier subcontractor is added to any such Restricted Party List or if any of their export privileges become denied, suspended, or revoked. Seller shall not deal with any Restricted Party in relation to this purchase order. Seller shall notify Buyer of any known or suspected violations of export or import control laws or regulations related to any Restricted Party involving this purchase order, or the initiation or existence of any U.S. Government investigation into same.

- e) If the items provided by Seller originate from a foreign location, they may also be subject to the export and import control laws and regulations of the country in which the items originate. Seller shall abide by all applicable export and import control laws and regulations of that originating country.
- f) Seller agrees to provide Buyer with information necessary for Buyer to seek any necessary export and/or import authorizations, or to ensure or confirm compliance with U.S. and other applicable export / import controls laws and regulations
- g) Where Buyer transfers items to Seller under a U.S. Government export authorization, Seller shall promptly notify Buyer of (1) any changed circumstances that may require Buyer to seek a new authorization, or a revision or amendment to an existing authorization, or that may impact Seller's ability to perform under this contract (including but not limited to a change in name or ownership, the desired addition of a non-U.S. dual or foreign national employee, or the desired addition of a new subcontractor and/or affiliate), or (2) any known or suspected violations of export or import control laws or regulations, or the initiation or existence of any U.S. Government investigations into same. Seller shall comply with requests from Buyer for additional information regarding any such TC-001 (10/15) changed circumstances, known or suspected violations, or U.S. Government investigations.
- h) If this Purchase Order forms the whole or a part of a sale by Buyer of defense articles or defense services being sold in support of a Foreign Military Sale or commercially to or for the use of the armed forces of a foreign country or international organization, Seller shall upon acceptance of this Order, or within ten (10) days of being requested by Buyer to do so, with respect to all Purchase Orders received by the Seller's legal entity to date in relation to the A-PRO Customer Contract or Solicitation Number related to the Purchase Order, complete IN-009 "International Traffic in Arms Regulations Certificate and Reporting of Political Contributions, Fees or Commissions," in furtherance of the requirements stipulated in Part 130 of the ITAR, 22 C.F.R. §§130.9 and 130.10.
- i) Seller shall not engage in any subcontracts relating to this Purchase Order except in accordance with the terms and conditions of Section 18, Assignments, Subcontracting, Organizational Changes, and Place of Manufacture, and as compliant with U.S. export and import controls laws and regulations, and any authorizations granted thereunder. If Seller is authorized by Buyer to engage in subcontracting for procurements related to this Purchase Order, Seller shall incorporate into its subcontracts the provisions of Section 23 requiring compliance with U.S. and other applicable export and import control laws and regulations.
- j) Seller is responsible for complying with all relevant import laws and regulations to the extent consistent with U.S. law. Buyer shall not serve as Importer of Record. Seller shall be responsible for Customs clearance, payment of any and all duties, taxes, and fees for goods entering into the United States, or other relevant country.
- k) Where Seller is a recipient of any items received pursuant to a U.S. export license, Technical Assistance Agreement ("TAA"), Manufacturing License Agreement ("MLA"), or other export authorization, Seller will abide by all provisos, requirements, and restrictions related to the applicable authorization. Seller will provide to Buyer accurate and complete records relating to all activities for which such records are required under TAAs and MLAs, such as but without limitation Non-Disclosure Agreements for sublicensees, (ii) Nontransfer and Use Certificates (DSP-83) for exports of Significant Military Equipment or classified equipment or technical data, and (iii) sales data to support annual sales reports. Seller will immediately notify Buyer of any change in circumstance that may require an amendment to an existing authorization or the obtaining of a new authorization. Buyer shall not be responsible for delays in U.S. import or export of controlled items supplied hereunder by Buyer resulting from a lack of necessary documentation from Seller or Seller's country.
- l) Seller shall indemnify Buyer for all liabilities, penalties, losses, damages, costs or expenses that may be imposed on or incurred by Buyer in connection with any violations of non-U.S. or U.S. export or import control laws and regulations, by Seller, its officers, employees, agents, Sellers or subcontractors at any tier.