

1. ENTIRE AGREEMENT

Upon acceptance of this Purchase Order (PO), Seller agrees to the following items and conditions, and Seller further agrees that the provisions under this PO, including said terms and conditions, and including all documents incorporated herein by reference, shall constitute the entire agreement between the parties hereto and supersede all prior agreements relating to the subject matter hereof.

2. DEFINITIONS

As used in this PO/Subcontract:

- a. **Prime Contract** means the Contract existing between Peraton Canada Corp. (Peraton) and the Peraton Customer (if any).
- b. **This PO or this Contract or this Agreement** means the contractual instrument in which these General Provisions are incorporated.
- c. **Subcontract** means POs and other similar instruments, including changes and modifications hereto.
- d. **Seller** means Contractor or Subcontractor.
- e. **Buyer or Peraton** means the Peraton legal entity issuing this PO.

3. ACCEPTANCE—MODIFICATION OF TERMS

The PO may be accepted only by Seller's agreement to all the terms and conditions, which are incorporated or added as supplements or attachments thereto. Acceptance may be made by providing acknowledgement of agreement to Peraton 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 PO price herein specified shall be allowed except with the written consent of Peraton. No additional or differing terms and conditions proposed by the Seller in accepting this PO shall be binding upon Peraton unless accepted in writing by Peraton, 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 Peraton and Seller.

4. CHANGES

- a. Peraton 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; and
 - 5) change the amount of Government or Peraton furnished property.
- b. If any change causes a variation in the cost of performance or the time required for performance, an equitable adjustment shall be made in this PO price and/or delivery schedule and this PO shall be modified in writing accordingly. Any proposal for adjustment under this clause must be submitted in writing within twenty-one (21) days from the date the change is ordered. Pending such adjustment, Seller shall proceed in accordance with such change notice. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this PO entitled "Disputes".
- c. Peraton engineering support 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 PO. Such exchange of information or advice shall not authorize the Seller to change any of the terms, conditions, or the provisions of this PO, nor shall such assistance or technical advice operate as a waiver or relinquishment of any rights reserved to Peraton hereunder or at law. Except as otherwise provided in this PO, no changes shall be made unless such change is authorized in writing by a Peraton procurement official.

5. INSPECTION AND ACCEPTANCE

- a. All work, repair, or design, ordered hereunder shall be subject to inspection and test at the Seller's or lower-tier Subcontractor's plant by Peraton or its designee. Notwithstanding prior test and inspection at Seller's plant, all articles shall be subject to final acceptance at the Peraton Plant for form, fit, and functionality to the latest Original Equipment Manufacturer (OEM) specifications or Peraton provided specifications.
- b. The supplier for all new design Work (software and hardware) shall provide all documents relative to the manufacturing process and process

verification upon request to the Peraton technical authority for review and acceptance before work may commence. Peraton may request interim test and verification of all new products during the development of new product at the seller's facility.

- c. Rejected work may, at the option of Peraton, be returned to Seller at Seller's expense for outbound and inbound shipments with risk of loss or damage upon the Seller or be accepted with an equitable adjustment in price. Upon rejection, Seller shall immediately refund previous payments or issue a credit memorandum for rejected items. Rejected items shall not be resubmitted for acceptance without a concurrent notice of the prior rejection.
- d. If, after request by Peraton, the Seller fails to promptly replace or correct any rejected article, Peraton (1) may replace or correct such article, and charge to the Seller the cost incurred by Peraton thereby, or (2) may, without further notice, terminate this PO for default, in accordance with Clause 6 entitled "Default".
- e. Responsibility for and risk of loss of and damage to supplies to be delivered by Seller hereunder shall be upon Seller until final acceptance, except for loss of damage caused by negligence of Peraton.

6. WARRANTY

Seller warrants that all items ordered hereunder shall be free from defects in design, workmanship, and materials for a period of one (1) year, unless otherwise stated from date of acceptance by Peraton and shall comply with all referenced specifications. Peraton release or approval of data or drawings shall not relieve Seller of any warranty hereunder.

7. DEFAULT

- a. Time is of the essence in this PO.
- b. Peraton may, by written notices of default to the Seller, terminate this PO 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 of Amendment; or (2) to replace or correct defective articles in accordance with the provisions of Clause 4, "Inspection and Acceptance"; or (3) to perform any of the other provisions of this PO or to make progress so as to endanger performance of this PO 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 Peraton may authorize in writing after receipt of notice from Peraton specifying such failure. In the event of termination pursuant to this clause, Peraton may:
 - 1) Purchase similar articles elsewhere on such terms and in such manner as Peraton may deem appropriate and the Seller shall be liable to Peraton for any excess costs occasioned by Peraton thereby.
 - 2) Provide such materials, supplies, equipment, and labor as may be necessary to complete said work, pay for same and deducting the amount so paid from any money then or thereafter due Seller.
 - 3) Order all work under this PO 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 Seller thereon and complete the work, or have same completed by others, and be liable to Seller 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 PO exceeds the damages and expense of Peraton in finishing the work.
 - 4) Require the Seller to transfer title and deliver to Peraton as directed by Peraton 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 Seller has specifically produced or acquired for the terminated portion of this PO. Upon direction of Peraton, the Seller shall also protect and preserve property in its possession in which Peraton 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," and the rights and obligations of the parties hereto shall be governed by that clause.
- d. Failure of Peraton to enforce any right under this clause shall not be deemed a waiver of any right hereunder. The rights and remedies of

- Peraton under this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this PO.
- e. If the damages and amount expended by Peraton under (2) or the damages and cost of completing the work under (3) above exceed the unpaid balance of the PO price herein stated, Seller shall pay Peraton such excess within a thirty-day (30) period after submission to Seller of invoice.
- f. Should Seller default in any of the provisions of this PO and should Peraton employ an attorney to enforce any provision hereof or to collect damages for breach of the PO, Seller agrees to pay Peraton such reasonable fees as the attorney expends. As against the obligations herein contained, Seller waives all rights of exemption.
- 8. SHIPMENTS AND ADVANCE COMMITMENTS**
- a. Each container and accompanying packing lists must show this PO number. No charge shall be made for packaging, delivery, or similar costs unless expressly authorized by this PO. All items shall be suitably prepared for shipment to secure the lowest transportation and insurance rates and to meet carrier's requirements. Peraton may, at its option, either retain items received in advance of the delivery schedule or return them to Seller at Seller's risk and expense. If retained, time for payment and discount shall be based on scheduled delivery dates. Seller shall place all orders for and schedule deliveries of materials and parts necessary for its performance under this PO at such times as will enable Seller to meet, but reasonably anticipate, the schedule of deliveries set forth herein.
- b. In the event of termination of or changes to this PO, Peraton shall not be liable for any charges or costs arising out of commitments by Seller for the acquisition of said materials and parts or for work performed in advance of the time necessary to meet the delivery schedules hereunder, unless Peraton has given its prior written consent to such advance commitments of work.
- 9. PAYMENT**
- Invoice shall contain at least the following information: PO number, item number, description of articles or services, sizes, quantities, unit prices, and extended totals. Invoices submitted hereunder will be paid within thirty (30) days after receipt of invoices and acceptance of delivered items by Peraton. Any adjustment in Seller's invoices due to shortages, late delivery, rejections, or other failure to comply with the requirements of this PO may be made by Peraton before payment. Cash discounts will be taken from date of material acceptance. Payment does not constitute final acceptance.
- 10. TERMINATION**
- Buyer may, by written notice, terminate this order in whole or in part when it is in its interest to do so. Seller shall thereupon adjust its own work and its orders to the extent required to comply with such notice. In the event of such termination Seller shall be entitled to reasonable cancellation charges unless they shall be in default of performance of this order. Cancellation charges shall be limited to the cost incurred in the performance of the work terminated and in the settlement of all claims arising out of such termination. The total cancellation charges shall in no event exceed the total PO price reduced by the PO price of the work not terminated. Seller will transfer to Buyer ownership of the property, the cost of which is reimbursed to the Buyer under this Clause 9. However, the fair value of any such property destroyed, lost, stolen, or damaged shall be excluded from the cancellation charges. Nothing in this Clause 9 shall affect the right of the Buyer to cancel this order under the provisions of Clause 6 hereof. In the event of termination of services rather than supplies, Peraton shall be liable only for payment in accordance with the payment provisions of this PO for services rendered prior to the effective date of termination.
- 11. ASSIGNMENT AND SETOFF**
- Seller shall not assign any rights or claims under this PO without prior written consent of Peraton, and any such attempted assignment shall be void. All claims for monies due or to become due from Peraton shall be subject to deduction by Peraton for any setoff or claims which Peraton may have against Seller arising out of this or any other of the Peraton POs with Seller, whether such setoff or counterclaim arose before or after any such assignment by Seller. In no event shall copies of this PO, specifications or other similar documents relating to work under this PO if marked "Top Secret," "Secret," or "Confidential" be furnished to any assignee of any claim arising under this PO without the prior written consent of Peraton.
- 12. INSURANCE**
- Seller shall keep all Peraton materials and all tools and equipment, special or otherwise, in which Peraton 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 the Seller at Seller's own expense during such time as they remain in Seller's possession.
- 13. HOLD HARMLESS**
- Buyer and Seller agree to indemnify and save harmless the other from all damages and liabilities arising out of or in connection with presence on the other's premises pursuant to this PO; provided, however, that such damage and liability shall not have been caused by the negligence of the agents, servants, or employees of the indemnified parties. Buyer and Seller shall carry adequate insurance to cover such risks.
- 14. NOTICE TO PERATON 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 PO, Seller shall immediately give notice thereof including all relevant information with respect thereto to Peraton. Seller shall include this paragraph in each lower-tier Subcontract under this PO.
- 15. QUALITY**
- For the provision of any products or services related to aviation items or aviation supporting items the Supplier shall comply with the lasted addition of the document **Annex A, Peraton Canada Corp., Quality Requirement – Aviation Items**. If the Supplier has any question as to the applicability of the above, the Supplier shall be responsible for obtaining clarification from the Peraton authority identified on the PO.
- The Supplier shall maintain quality control, inspection and test records that substantiate performance to requirements, including records of corrective actions, for a minimum of three (3) years after the final item is shipped under any Peraton PO and present such records upon request of Peraton or the Government Quality Assurance (GQA) representative. Disposal of Records is to be in accordance with standard business practices associated with the sensitivity of the information contained therein.
- The Peraton Quality Assurance (QA) and GQA representatives shall be afforded unrestricted opportunity to evaluate and verify supplier compliance and product conformance with the PO quality requirements and be provided with the facilities required for the proper accomplishment of these functions. The Supplier shall make available for reasonable use by Peraton QA/GQA the equipment necessary for all validation purposes and any required personnel for operation of such equipment.
- 16. NON-CONFORMING PRODUCT**
- The seller must notify Peraton immediately in writing upon discovery of non-conforming product and must receive written instructions for disposal if deemed unfit for use. If deemed fit for use but non-compliant due to certification of product, the seller may seek Peraton approval for use in writing. Peraton will follow all airworthiness technical guidelines for the decision in use of this product.
- 17. GRATUITIES**
- Peraton employees are to refrain from soliciting or receiving any gift from a supplier or would-be supplier of products or services to the Corporation or from other organizations or individuals that have business relations with the company. Accordingly, Seller agrees not to offer or provide any gratuities to any employees of Peraton. Peraton may, by written notice to the Seller, terminate the right of the Seller to proceed under this PO if it is found that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by the Seller, or any agent or representative of the Seller, to any officer or employee of Peraton with a view toward securing a PO or securing favorable treatment with respect to the awarding or the making of any determinations with respect to the performing of this PO. In the event this PO is terminated as provided herein, Peraton shall be entitled to pursue the same remedies against the Seller as it could pursue in the event of a breach of contract by the Seller. The rights and remedies of Peraton provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this PO.
- 18. STOP WORK ORDERS**
- Peraton may at any time, by written order to the Seller, require the Seller to stop all, or part, of the work called for by this PO for a period of up to ninety (90) days

after the Stop Order is delivered to the Seller, and for any further period to which the parties may agree. Any such Order shall be specifically identified as a Stop Work Order issued pursuant to this article. Upon receipt of such an order, the Seller shall forthwith comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the Order during the period of work stoppage. Within a period of one hundred and eighty (180) days after a Stop Work Order is delivered to the Seller, or within any extension of that period to which the parties shall have agreed, Peraton shall either:

- a. cancel the Stop Work Order; or
- b. terminate the work covered by such Order as provided in the Termination clause of this PO.

19. ORDER OF PRECEDENCE

To the extent of Conflicts, if any, among the provisions of the printed terms and conditions herein and the typed provisions in the Schedule of this PO or any other special required provisions attached hereto, or any specifications attached hereto, such conflicting provisions shall prevail in the following order of precedence:

- a. typed Provisions in the Schedule of this PO;
- b. Annex A Peraton Quality Requirement Aviation Items;
- c. Annex B Annex B Requirements Pertaining to Repair;
- d. these General Provisions;
- e. other Provisions of the PO when attached or incorporated by reference (including the Statement of Work); and
- f. specifications.

20. COMPLIANCE WITH LAWS

Seller agrees in the performance of this PO to comply with all applicable laws, regulations, rules, and orders, including but not limited to all laws governing occupational health and safety, export/import, and protection of the environment, irrespective of the place of performance of any work hereunder.

21. APPLICABLE LAW AND VENUE

Both parties agree that, irrespective of the place of performance of this PO, it will be construed and interpreted according to the law of the Province of Alberta without resort to the Province's conflict of law rules. Unless otherwise agreed to in writing by the parties, venue and jurisdiction for all legal proceedings of any kind or nature brought to enforce any provisions of this PO shall lie within the Province of Alberta.

22. DISPUTES

If a dispute arises out of or relates to this PO, 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 refer the mediation to a mediator appointed by the International Chamber of Commerce. If not thus resolved and if both parties agree to binding arbitration, the dispute will be referred to arbitration under the rules of the Arbitration Act, Alberta.

- a. Any resolution reached through mediation or award arising out of arbitration:
 - 1) shall be limited to a holding for or against a party, and affording such monetary remedy as is deemed equitable, just and within the scope of this PO;
 - 2) may not include special, consequential, or punitive damages;
 - 3) may in appropriate circumstances include injunctive relief; and
 - 4) may be entered in court in accordance with the terms of the *Arbitration Act*.
- b. Arbitration shall not be deemed a waiver of any right of termination under this PO and the arbitrator is not empowered to act or make any award other than based solely on the rights and obligations of the parties prior to and including such termination.
- c. The arbitrator may not limit, expand, or otherwise modify the terms of this PO.
- d. 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.
- e. In the event a dispute results in litigation, Seller shall reimburse Peraton' legal expenses, including attorneys' fees and costs, which may be

enforced in a court of competent jurisdiction, whenever Peraton prevails. Likewise, Peraton shall reimburse Seller's legal expenses, including attorneys' fees and costs, which may be enforced in a court of competent jurisdiction, whenever Seller prevails.

- f. Pending any prosecution, appeal or final decision referred to in this Clause, or the settlement of any dispute arising under the agreement, the Seller shall proceed diligently as directed by Peraton with performance of the PO.

23. CERTIFICATE OF CONFORMANCE

If so specified on the front page of this PO, a Certificate of Conformance (CofC) in the manner specified in Annex A or Annex B.

24. TAXES

All prices and amounts of money in the PO are exclusive of Goods and Services Tax (GST), Provincial Sales Tax (PST), or Harmonized Sales Tax (HST), if applicable, unless otherwise indicated. The GST, PST, or HST is extra to the price herein and will be paid by Peraton.

GST, PST, or HST is not to be included in the total price. GST, PST or HST, to the extent applicable, shall be added to all invoices and progress claims and shown as a separate item on invoices and progress claims. All items that are zero-rated, exempt or to which GST, PST, or HST does not apply, shall be identified as such on all invoices. The Subcontractor shall remit to Revenue Canada any amounts of GST and HST paid or due.

For United States (U.S.) Seller's, the price set forth in this PO 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 Peraton for any such taxes.

25. COMPLIANCE WITH SPECIFICATIONS

Upon acceptance of this PO, Supplier agrees to supply Peraton all materials, products, or services, in the quantities listed, in conformance with all PO requirements. The required test and/or inspection reports/data resulting from Supplier's compliance with applicable PO requirements shall be kept on file at the Supplier's facility for a minimum of three (3) years after the final item is shipped under any Peraton PO and made available for review by Peraton representatives or Government inspectors at any reasonable time. Only the Peraton authority noted on the PO may direct any change to the Specification.

26. INDEMNIFICATION FOR VIOLATION OF LAWS AND REGULATIONS

Seller acknowledges that as an independent contractor, it is furnishing services or supplies to Peraton, which may be subject to certain laws and regulations. Seller therefore agrees to indemnify and hold harmless Peraton, its affiliates, subsidiaries, agents, directors, officers, and employees, against all claims, damages, losses, causes of action, liabilities, penalties, and expenses of any kind or nature, including reasonable attorneys' fees, which arise out of or relate to Seller's failure to comply with all applicable laws and regulations in the performance of Seller's obligations under this Contract.

27. COPYRIGHTS

For data other than computer software identified as a deliverable under this Agreement, the Seller grants to Peraton, and all others acting on its behalf, a paid-up, non-exclusive, irrevocable worldwide license, including a right to sublicense all such data including copyrighted data, to reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, by or on behalf of Peraton for Peraton's own use or in performance of Peraton's obligations under a Prime Contract. For computer software identified as a deliverable under this Agreement, the Seller grants to Peraton and others acting on its behalf, a paid-up, non-exclusive, irrevocable worldwide license, including a right to sublicense all such computer software, including copyrighted or patented software to reproduce, prepare derivative works, and perform publicly and display publicly, by or on behalf of Peraton for Peraton's own use or in performance of Peraton's obligations under a Prime Contract.

28. OWNERSHIP/TITLE

Title to and the ownership all tools, dies, patterns, software, numerically controlled media and programs, manufacturing programs, replacements, and materials first brought into existence as a result of this PO used by Supplier in manufacturing Goods or providing Services under this PO ("Special Tooling and Materials") will be and remain with Buyer (or Buyer's customer if applicable).

29. CONTROLLED GOODS

Peraton Canada Corp., is registered with the Government of Canada Controlled Goods Registration Program. Confirmation of this registration may be accomplished through their website at <http://ssi-iss.tpsgc-pwgsc.gc.ca/dmc-cgd/index-eng.html>.

30. IMPORT/EXPORT

Seller will be the importer of record for any articles or data Peraton ships to Seller outside of Canada, and Seller will be the exporter of record for any articles or data Seller ships from outside of Canada to Peraton. In such situations, Shipper's responsibilities will include, but will not be limited to, completing and submitting to appropriate governmental authorities all necessary customs entry documentation and export documentation, including a U.S. Shipper's Export Declaration, when applicable. The Articles and data provided under this PO may be subject to the provisions of 22 CFR 120-130, *International Traffic in Arms Regulations* (ITAR), and 15 CFR 730-774, *Export Administration Regulations* (EAR); the *Canadian Export and Import Permits Act* (RS Chapter 17); and the *Foreign Corrupt Practices Act*.

The parties acknowledge that these statutes and regulations impose restrictions on import, export and transfer to third countries of certain categories of data and Articles, and that licenses from the U.S. Department of State and/or U.S. Department of Commerce and/or Canadian Department of Foreign Affairs and International Trade may be required before such Articles and data can be provided hereunder, and that such licenses may impose further restrictions on use of such Articles and data. Disclosure of such Articles and data to foreign persons is subject to the above regulations regardless if the export occurs in the U.S. or abroad. Seller agrees to comply with all U.S. and Canadian Governmental regulations mentioned above as they relate to the import, export and re-export of Articles and data. Seller shall indemnify and hold Buyer harmless to the full extent of any loss, damage, or expense, including lost profit, attorney's fees, and court costs, for any failure or alleged failure of Seller to comply with the above referenced laws and regulations.

31. SHIPMENT OF ARTICLES AND DATA

- a. Seller will ship all articles and data to Peraton as per PO instructions and the instructions below. Failure to follow these instructions will result in the Seller being liable for associated costs.
- b. For international shipments mark waybill, **Customs Clearance by the prescribed freight forwarder SCS Account # SABH01002.**
- c. Seller shall use the prescribed freight forwarder, with all transportation, insurance, and freight forwarding charges billable to Peraton's account above. Seller will nevertheless act as the exporter of record and instruct the prescribed freight forwarder to show Seller as such on any relevant export documentation the prescribed freight forwarder prepares.
- d. Peraton will pay for all transportation, insurance, and freight forwarding charges associated with shipping articles or data to Seller. If Peraton is shipping articles or data to a facility of Seller outside Canada and Seller intends to use a customs broker other than the prescribed freight forwarder for import clearance purposes, Seller must inform Peraton of the name, address, and telephone number of such customs broker when Seller accepts this PO.
- e. All prices in this PO are exclusive of customs duties or other governmental charges, which Seller may owe as the importer of record, unless otherwise indicated. Peraton agrees to reimburse Seller for payment of any such customs duties or other governmental charges except fines or penalties Seller incurs as importer of record; provided Seller shows them as separate items on its invoices and submits evidence acceptable to Peraton, in its sole discretion, verifying Seller's payment of such customs duties and other governmental charges.
- f. If Seller determines the U.S. Munitions List (USML) articles or data provided by from Peraton are eligible for importation into the United States under section 123.4(a)(1) of the U.S. ITAR covering temporary import of unclassified U.S.-origin defense items for service, then Seller will ensure it meets the eligibility requirements set forth in section 120.1(c) of the ITAR for proceeding under that section and will comply with the following procedures set forth in section 123.4(d) of the ITAR.
 - 1) At the time of temporary import, (1) file and annotate the applicable U.S. Customs Service document (e.g., Form CF 3461, 7512, 7501, 7523, or 3311) to read: **"This shipment is being imported in accordance with and under the authority of 22 C.F.R. 123.4(a)(1),"** and (2) include, on

the invoice or other appropriate documentation submitted to the U.S. Customs Service, a complete list and description of the defense article(s) being imported, including quantity and U.S. dollar value.

- 2) At the time of export, file with the District Director of Customs at the port of exit a Shipper's Export Declaration (SED) (U.S. Department of Commerce Form 7525-V) and include on the SED or as an attachment the following information: (1) the U.S. Customs Service entry document number or a copy of the U.S. Customs Service documentation under which the article was imported; and (2) the following statement: **22 C.F.R. 123.4(a)(1) and 22 C.F.R. 120.1(c) applicable.** At the time of export, the ultimate consignee named on the SED must be the same as the foreign consignor or end-user of record named at the time of import.

32. NOTIFICATION OF SHIPMENT

The Supplier shall send notification of shipment to the Peraton Shipping Authority (SA) for each shipment (via fax or e-mail) disclosing shipping details and carrier waybill number. The SA will track the shipment to ensure proper delivery. If the item is not received, the Supplier shall cooperate with Peraton to the extent necessary to resolve the shipping discrepancy, including but not limited to providing verification that the item(s) were provided to the specified carrier for shipment.

33. PRIORITY RATING

Canada is a participant in the U.S. Defense Priorities and Allocations System and as such, this PO is eligible for a Priority Rating. This rated PO is certified for national defense use; therefore, the provisions of the Defense Priorities and Allocations System Regulations (15 CFR Part 700) U.S. Defense Priority Rating: D0-D1 must be adhered to.

34. PACKAGING AND PACKING MARKING

See Annex N for Repair Items. All items will be packaged according to Buyers instructions or, if none, as a minimum in accordance with ASTM D3951 Standard Practice for Commercial Packaging (current version in a manner sufficient to ensure receipt in an undamaged condition. All wood packaging/pallets/crates shall be in accordance with ISPM-15 and Supplier will not use packaging material made up of Styrofoam (peanuts, popcorn). Buyer will not be liable for any discharge, spill, or other environmental incident (including clean-up costs) involving any Goods shipped under the PO until received. All containers will be properly marked for identification as instructed on the PO and contain a packing slip that details, at a minimum, the PO number(s), product part number, detailed product description, total number of boxes in shipment, quantity of product shipped, the applicable export classification and/or export license number, and final delivery address.

35. FINANCIAL RECORDS

All financial records relating to this work shall be retained for a minimum of three (3) year after the final item is shipped under any Peraton PO.

36. STANDARDS OF CONDUCT

Peraton conducts its business in strict compliance with applicable laws, rules, and regulations and with honesty, integrity, and a strong commitment to the highest standards of business practices. Seller agrees at all times to adhere to Peraton's published policies in this regard, as well as any other customary standards of business conduct including conduct prescribed by law or regulation. Consultant shall be particularly careful to comply with all rules, laws, and regulations pertaining to the entertainment of or providing of gratuities to U.S. Government or foreign Government officials as well as those pertaining to the obtaining of U.S. Government or foreign Government procurement sensitive information. A copy of the Peraton Standards of Business Conduct pamphlet is available at <https://www.peraton.com/wp-content/uploads/2017/09/Peraton-Code-of-Conduct-1.pdf> for further guidance in this important area.

Annexes

- Annex A Quality Requirement—Aviation Items
- Annex B Requirements Pertaining to Repair

1. PURPOSE AND SCOPE

To define the quality requirements to be met by the Seller in providing products, materials, and services to Peraton. Quality requirements may include the Seller's process of procurement, planning, manufacturing, inspection and testing, design and development, storage, and packaging. These requirements are defined contractual requirements in addition to Peraton's PO terms and conditions.

2. QUALITY MANAGEMENT SYSTEM

The Seller QMS shall be developed and maintained in accordance with the latest revision of the AS 9100 standard or equivalent. If no QMS system exists, the Seller shall provide its quality documents and processes for evaluation and approvals by Peraton.

The procedures that form part the quality system shall vary based upon the complexity of the work, methods used, and the competence required by personnel carrying out the activities.

The Sellers Quality Manual shall include or make reference to the Sellers quality system procedures and an outline of the structure of documentation used.

GQA may be a requirement of this order.

Calibration System for measuring and Process Control Equipment shall comply with ANSI/NCSSLZ540, NIST, NRC, or equivalent National Standard.

3. MANAGEMENT RESPONSIBILITY

Seller management is responsible for providing and maintaining resources to the extent necessary to complete the requirement of the contract or PO. The Seller shall ensure its employees are trained to the extent necessary to complete the contract or PO requirements. Seller management shall focus on quality, on-time delivery, cost controlled, risk management, and mitigation. This shall also include, but is not limited to, identifying requirements for any special processes, quality inspection, test functions, and export compliance.

Seller shall have all necessary information, technical documents, and qualified and trained personnel required to carry out contractually obligations.

4. DESIGN AND/OR PRODUCTION

Where the item to be provided under the PO is a new design or requires a special process to meet Peraton's requirements, quality and/or technical plans must be submitted for Peraton review and approval. The plan must meet specific design and development requirements in accordance with the requirements of AS9100 and shall address manufacturing sequence, identify inspection verification points, including key or critical quality characteristics, and process control. The plan shall also include, as applicable, all characteristics that are not verifiable upon receipt but have been controlled and verified; where manufacturing processes uses consumable items such as parts the plan shall assure traceability of the consumable item.

The Seller shall not make any changes to Peraton approved quality/technical plans, prototypes, or samples without first obtaining the written consent of Peraton.

Software Quality Control shall be established for software related to design, fabrication, inspection, and/or test of deliverable articles to Peraton.

5. CONFIGURATION MANAGEMENT

Seller shall maintain a configuration management system, which has defined processes to review and incorporate drawings, specifications, supplemental instructions, and changes necessary to ensure that only current and proper documents are utilized. The process shall ensure the removal of all obsolete documentation from the manufacturing, inspection, and test areas. Unless otherwise specified in the PO, materials or parts shall be manufactured and/or processed to the latest material or process specification revisions in effect at the time of the start of the manufacturing and/or processing. Seller shall have a documented system to ensure changes are reviewed by all required.

6. WORK TRANSFERS

Sellers may not transfer the work unless specifically approved by Peraton. Seller shall ensure that the capability of all sub-tiers and the quality of all products meet the Peraton PO specifications and/or requirements. Sellers are also required to flow down to their lowest tier the applicable requirements listed in the Contract or PO.

7. STANDARDS

Sellers are required to meet the requirements specified in the contract and PO terms and conditions, including o the requirements for approval of product, procedures, processes, and equipment.

Additionally, the Seller must meet the requirement for:

- a. qualified personnel;
- b. a quality management system or a Peraton approved equivalent;
- c. use of current or Peraton or OEM specifications and drawings;
- d. design, test, inspection instructions and all other relevant technical data with status indicated;
- e. design Approval, test specimens, investigation, and audit;
- f. record retention for five years from final delivery;
- g. notification of non-conforming product and approvals for product disposition;
- h. change in manufacturing location for Peraton approvals;
- i. flow down requirements including customer requirements; and
- j. right of access for Peraton, regulatory authorities, and the customer to the applicable areas of all facilities and all applicable records.

All work in progress including, Seller's sub-tier Sellers shall be subject to inspection and test by Peraton or Peraton's customer or Peraton's customer's representative and may perform inspections and tests. If inspections and tests are made on Seller's (or Seller's sub-tier Seller's) premises, Seller shall furnish, at no additional charge, facilities and assistance for safe and convenient inspections and tests as required. All inspections and tests shall be performed in such manner as not to unduly delay the work.

Except as otherwise stated, all shipments shall be subject to final inspection and acceptance or rejection by Peraton after receipt and performance testing. Peraton shall have the right to require prompt correction of defective work by Seller, at Seller's risk and expense, or may elect to correct the defective work itself and back charge Seller for the cost of the correction. If correction is impracticable. Seller shall at Purchaser's request, promptly make all necessary replacements at Seller's expense. If Seller fails to make prompt replacements, Purchaser may make such replacements and back charge Seller for excess costs incurred by Purchaser.

Where product purchased by the Seller is released for production use by the Seller pending completion of all required verification activities, it shall be identified and recorded to allow recall and replacement if it is subsequently found that the product does not meet requirements. Product cannot ship to Peraton until all verification activities are complete, unless otherwise authorized by Peraton.

Seller shall have a system that ensures items that are procured in support of Peraton POs have all necessary approvals and prevents the shipment of counterfeit, fraudulent, substandard items, and non-conforming items. Seller receiving processes should include product and documentation review for indicators of counterfeit/fraudulent/substandard items. These include, but are not limited to, altered manufacturers name, logo, serial number, manufacturing date, items with different configuration, dimensions, fit, finish, colour, or other attributes from that expected, Markings that are inconsistent with that of what is expected, documentation from other sub-tier Seller or country, items exhibiting prior use when sold as new, specification and certification data inconsistent, documentation that appears altered in any form ,and poor workmanship.

8. PRODUCTION AND SERVICE

The Seller shall plan and carry out production and services under controlled conditions. Controlled conditions and documents shall include information that describes product characteristics such as work instructions, drawings, parts lists, materials, specifications, and product definitions. Production or test equipment used shall be provisioned with all required hardware and software to test conformance to appropriate standard or specification. Workmanship must meet a documented criteria with conformance standards tested.

Quality plans shall include processes to manage critical items, including process controls where key characteristics have been identified, measurement, and monitoring equipment to measure data when possible. Inspection and verification processes shall demonstrate conformance for late stages and special processes.

9. PRODUCTION AND DESIGN VERIFICATION

When required, the Seller shall perform and submit a report on First Article Test and/or Inspection (FATI). Variations to this may be defined on the contract and/or PO. The Seller shall perform and submit a full FATI for affected characteristics, when any of the following occurs:

- a. change in the drawing revision (e.g., drawings, parts list, engineering changes, specification changes) where a change that may affect fit, form, or function;
- b. location of manufacture moves to new facility;
- c. part change; and
- d. lapse in production greater than two years.

The first article sample shall be produced using material, tooling, and processes, to be used for subsequent deliveries. The first article inspection report may be submitted prior to or with delivery of the product. When an amended first article inspection report is required, showing characteristics whose actual values have been revised by the engineering drawing or process specification, the amended report may be submitted prior to, or with delivery of the product. The amended report must include all supporting documentation such as, but not limited to, material test reports when applicable.

10. PRODUCTION EQUIPMENT, TOOLS AND SOFTWARE

Production equipment, tools, and software programs used to automate, and control/monitor product shall be commissioned and validated prior to release for production and shall be properly maintained.

Software to inspect physical characteristics or attributes of the product or service delivered to Peraton shall establish, document, and maintain a software quality assurance program that is provisioned at minimum the following:

- a. control over revisions to software caused by customer and/or specification changes;
- b. work instructions for personnel who use the software;
- c. control of master and back-up discs (e.g., the prevention of unauthorized change, damage);
- d. approvals of software programs and revision status; and
- e. proof of new or revised software programming through inspection and/or test.

Sellers who receive digital data from Peraton (or Peraton customers) shall have a system to control and/or identify file transfers integrity, configuration management, defect reporting, corrective actions, media security, computer equipment controls, and traceability of data back to origin.

All special processes shall list sources for special processes on their CofC. The list shall include the process specification, the source that performed the process and the applicable end user Seller code. Sellers or sub-tier Sellers providing special processes shall comply with all requirements stipulated on the contract or PO and specified in the special process quality plan. Certification and/or test reports shall be included with each shipment unless otherwise specified by PO.

11. IDENTIFICATION AND TRACEABILITY

Seller shall maintain configuration control of the product so as to identify differences between the actual configuration and any revised configuration.

Seller shall identify product in accordance with drawing specifications and maintain product traceability to materials and processes.

Sellers are required to provide documented assurance to the unit traceability that it is maintained throughout all processes. Product, manufacturing, assembly, inspection, verification records, and material shall be identified by lot number, material type, specification and revision, and serial number where required to maintain traceability and part marking. Each assembly shall be traceable to the product acceptance records that are associated with the final product. The assembly shall also be traceable to each serialized or lot numbered subassembly or part and their product acceptance records. Serial nos. shall be unique and not duplicated for any part or assembly identification number, design, function, or usage of the item being manufactured. Seller shall identify shelf life limitations on the CofC.

12. INSPECTION AND TESTING

Seller shall maintain documented procedures for final inspections, test activities and any in process inspection deemed necessary to verify product meets specifications. All inspections and testing operations must be performed by authorized personnel.

Products are subject to source inspection at Sellers or sub-tiers facility by Peraton, Peraton's customer or GQA inspection. Peraton quality must be notified 72 hours in advance of the order being shipped and provided appropriate test data when required.

Seller shall carry out all inspection and testing in accordance with the Quality Plan or contract requirements. The inspection performed shall include, as applicable, receiving inspection, in-process inspection, special processes, final inspection and first article inspection. Only competent, qualified, or certified personnel shall perform inspection and testing.

100% inspection of all product is required, unless otherwise stated on the PO or contract. In all cases, no sampling is allowed on repair, overhaul, and industrial components. Inspection requirements identified by engineering drawing or specification that conflict with this Clause shall be reported immediately to the Peraton technical authority for clarification and action. When critical items, including key characteristics, have been identified, the Seller shall ensure they are monitored and controlled as required by the Quality Process Plan.

All work in progress including, but not limited to, work performed by Seller's sub-tier Sellers shall be subject to such inspection and tests as Purchaser may direct. Inspections and tests may include verification of documentation, inspection of material or services, witnessing re-inspection or re-test of a selected sample, or physical inspection/testing of the product in question to determine contract compliance. Purchaser, customer quality assurance representatives, may perform such inspections and tests on Seller's or Seller's sub-tier Sellers premises, in which case the Seller and their sub-tier Sellers shall furnish, at no additional charge, facilities, personnel, equipment, and assistance for safe and convenient inspections and test as required by the inspectors. For orders requiring inspection at the Seller's premises or Seller's sub tier, the Seller shall contact the purchaser's quality control representative in advance to allow timely inspection. Similarly, orders requiring GQA, the Seller shall make arrangements promptly with the Quality Assurance Representative (QAR) so that appropriate inspection can be accomplished prior to release of items. All inspections and tests shall be performed in such manner as not to delay the work.

Where first article inspection is required, the first article inspection report shall be provided before or at minimum as the Peraton representative performs inspection during their first visit. A copy of the Peraton, customer, or government witnessed inspection report signed by Peraton, customer, or government representative shall be included to Peraton along with the shipment. Peraton reserves the right to waive source inspection.

Process documents shall identify the inspection status of the part(s) being produced for conformance or non-conformance with regards to inspection and tests performed. The system shall assure that only product that has passed the required inspections and tests are advanced, used, or installed. Peraton must provide Seller release in writing for product production upon completed and Peraton's acceptance and approval of completed measurement and monitoring activities. If it is subsequently found that the product does not meet requirements, the Seller shall immediately stop production and identify root cause and corrective actions to resolve.

13. DELIVERY DOCUMENTATION

Material shipped for Peraton's acceptance must be accompanied by the appropriate documentation specified and meet the following requirements: All inspection and test documentation shall be traceable to the material shipped.

Each CofC shall be legible and traceable to the company's authorized release personnel and include at minimum:

- a. seller identity;
- b. unique identifier for certificate;
- c. PO number and line item;
- d. part number;
- e. Serial Number and lot number;
- f. lot/batch traceability; and
- g. specification and revision.

A statement indicating the material/part/process has been completed, inspected and is in conformance to all requirements of the applicable PO, contract, specification, drawing, and technical plan number including revision and/or issue level.

Test reports, data, or certifications confirming product acceptance or by Seller or sub-tier Seller may be requested by Peraton without costs at the discretion of Peraton.

Concessions by Peraton where applicable shall identify the non-conforming product or process and a copy of the Peraton Deviation Report approval shall be attached.

14. NON-CONFORMING PRODUCT CONTROLS

Seller shall ensure that product that does not conform to product specification is identified and controlled to prevent its unintended use or delivery. The Seller shall have documented procedures to define controls and all related responsibilities and authorities for dealing with non-conforming product. This includes dealing with non-conforming product returned from the customers. The Seller's procedure shall define the responsibility, authority, review, and disposition of non-conforming product, and a process for approving personnel making these decisions. The Seller shall deal with non-conforming product in some of the following ways:

- a. actions are taken to eliminate non-conformity;
- b. apply to get authorization for use, release, or acceptance by a relevant authority, and where applicable, the customer;
- c. take action to eliminate from use (document, control, and/or disposal actions will be reported to Peraton);
- d. when non-conforming product is detected after delivery or use has started, take action to eliminate or minimize if authorized by customer, the effects or potential effects of the non-conformity; and
- e. take all action to contain non-conforming product.

Non-conforming product that has not been authorized by Peraton or its customer may not be shipped. When non-conforming product is authorized to be shipped, it must be distinctly identified and packaged separately from all conforming material.

Sellers shall provide for containment and notification within 24 hours of non-conformances that affect product already delivered.

When non-conforming product is corrected, it is subject to re-verification to demonstrate conformity to the requirements at Peraton discretion.

Records of non-conformities and subsequent actions taken shall be maintained.

Scrap purchaser material is property of the purchaser and must be conspicuously and permanently marked and/or controlled, until rendered unusable. Peraton shall direct the Seller to return scrap material or provide evidence that material has been scrapped. Records of scrapped material must be maintained.

15. CORRECTIVE ACTION

The Seller shall take corrective action to eliminate the cause of all non-conformities to prevent re-occurrence. Corrective actions shall resolve all non-conformities encountered. A procedure shall be established that defines the requirements for reviewing non-conformities (including customer complaints), determining the causes of non-conformities, evaluation, and response to ensure no re-occurrence of non-conformity, determination and action plans, and implementation, recording results, flow down of correction action both internally and to the sub-tier Sellers. A timely response shall be determined and agreed to with Peraton or its customers.

For items reported to be non-conforming by Peraton or its customer, Peraton will issue the Seller a Corrective Action Request (CAR) document. The Seller's response shall be directed to the document's issuer on or before the **due date** shown on the document. Failure to respond to a CAR response or failure to provide follow-up documentation/records may impact the business relationship and Peraton may choose to invoke other clauses of the contract or PO.

When performing a corrective action investigation, the Seller shall consider at minimum the following corrective actions:

- a. identify and contain problem;
- b. identify extent of non-conforming condition;
- c. quarantine suspect material as required;
- d. notify all parties of non-conformance;
- e. identify root or direct cause (operator error is not a root cause);
- f. establish corrective action and dates of implementation and completion; and
- g. identify actions required to solve root cause.

Verification of corrective actions will be required to verify that the root cause corrective action plan has been implemented. This can include, but is not limited to, committed activities such as shop changes, training, and new and revised documents. Evidence of completion of committed activities shall be provided.

Follow up audits shall be scheduled to ensure correction of non-conformance and reported to Peraton. The follow up audits must evaluate the effectiveness of the root cause correction to prevent reoccurrence of the non-conformance.

At Peraton's request, the Seller shall provide records and/or documentation that attest the implementation of the corrective action and the resulting improvement. Peraton may elect to perform on-site Corrective Action follow-up.

1. **General:** The Supplier shall comply with the following for all items returned for repair.
2. **Repair and Test Schemes:** The supplier shall follow current Repair and Test Schemes approved by the Original Equipment Manufacturer, U.S. Government, Canadian Department of National Defence, or Peraton Canada Corp., for the performance of work under this PO.
3. **Test Equipment And Tools:** The Supplier shall furnish all test equipment and tools required for the in-depth repair of all items identified for repair in this PO and ensure that tools and measuring and test equipment employed under this contract are calibrated and certified in accordance with U.S. Government National Institute of Standards and Technology (NIST) standards or equivalent national standard.
4. **Packing and Shipping:** The Supplier shall inspect and reuse, wherever appropriate, all packing containers, blocking, bracing and cushioning materials as received from Peraton. The items shall be wrapped to protect against electrostatic discharge and environmental conditions prior to packaging. Where the original containers are not suitable for reuse, the items provided shall be so packed as to permit the application of the lowest available less than carload/truckload freight classification while ensuring arrival at destination in an operational condition. Preservation, packaging and packing shall be to Level C with marking in accordance with the latest issue of the MIL-STD-2073. Components after repair will be marked in accordance with the latest issue U.S. DOD MIL-STD-129, if required. All old, non-pertinent markings shall be obliterated by the use of a suitable masking paint. Loose or curled labels shall also be removed prior to the application of the new labels.
5. **Required Delivery Date:** Unless otherwise specified on the PO, the Required Delivery Date (RDD) is 90 Days from receipt. Should the RDD not be met, the Supplier shall identify the cause of the delay and the anticipated repair completion date for Peraton acceptance.
6. **Repair Data:** Supplier shall provide details as to the repair affected, including components changed unless otherwise agreed.
7. **Receipt Procedures:** The Supplier shall confirm, via facsimile or E-mail, receipt of all materiel to the Repair Coordinator; and ensure that any losses of or damage to materiel is promptly reported. The Supplier shall work directly with the Repair Coordinator to determine information that is missing or insufficient with respect to the repair of an item.
8. **Certificate of Conformance:** Supplier shall provide a "Repair Certification" for each item repaired and provide a visible indication on the item as to its condition. The "Repair Certification" must indicate the part number, part nomenclature and serial number of the repaired item, be signed by an authorized Quality representative for the Subcontractor and include the following statement: "This is to certify that the above described item has been inspected, repaired and tested in accordance with the requirements of your referenced PO ." The "Repair Certification" is to be included with the item when shipped. GQA certification must be included whenever required by the local GQA representative
9. **Obsolete/Scrap:** PO line items that are agreed to be scrapped must be returned to Peraton unless authorized in writing by Peraton. Piece part components that are obsolete, surplus or scrap shall be disposed of in accordance with ITAR regulations. Basic demilitarization requirements for most items can be found in the US Demilitarization Manual, DOD 4160.21-M-1. (<http://www.dla.mil/dlaps/dod/416021m1/guide.asp>).