



Additional Terms And Conditions (Collectively the "Terms") For The Purchase Of Goods And Services

Quallion LLC

Last revised July 15, 2014

For the purposes hereof, the term "Buyer" shall mean Quallion LLC, and the term "Supplier" shall refer to the party from whom Buyer is purchasing such goods or services as defined on the applicable Purchase Order (the "PO").

1. Property. Unless otherwise agreed in writing, all special tools, dies, molds, patterns, jigs, templates, fixtures and all drawings, designs, specifications (together with any other copies made thereof) and other property furnished to Supplier by Buyer or specifically paid for by Buyer as part of this order, for use in the performance of this order shall be and remain Buyer's property, or in the case of special tools, drawings, or other property made by or for Supplier and paid for by Buyer as part of this order, shall become Buyer's property upon their manufacture or acquisition by Supplier. Any such property of Buyer shall be subject to repossession and/or removal by Buyer upon Buyer's instructions, shall be used only in filling this order and any similar orders from Buyer shall be held at Supplier's risk and shall be kept insured by Supplier at Supplier's expense while in Supplier's custody and control in an amount equal to replacement cost thereof, with loss payable to Buyer. When so instructed by Buyer, Supplier shall deliver such property to Buyer (or to any other person Buyer may designate) in good condition (ordinary wear and tear excepted). All deliverables created specifically for Buyer hereunder shall be owned by Buyer and shall be considered work made for hire by Supplier for Buyer. If any such deliverable is not considered a work made for hire, Supplier shall assign, or obtain an assignment to, as applicable, all of the rights, title and interest in and to such deliverables to Buyer.

2. Cancellation. Buyer may cancel or terminate any PO, or any portion thereof, at any time, for any reason, including for the convenience of Buyer without being liable for any termination fee or any other penalty or charge. Enumeration of certain rights does not exclude others given by law. In the event that Buyer cancels or terminates any PO, Buyer shall pay to Supplier, as liquidated damages, an amount equal to the actual direct costs incurred by Supplier in performing under such PO up to the date of cancellation or termination less any amounts previously paid by Buyer for conforming goods or services properly performed under such PO; provided, however, that Buyer shall not be obligated to pay Supplier any costs incurred by Supplier to the extent Supplier can use or incorporate the goods, services or products for or into other purchase orders of Buyer, or for purchase orders, or for the benefit, of any other customer of Supplier.

3. Changes. Buyer may change the specifications, description of services, goods, or any aspect thereof or anything relating thereto prior to receiving goods from, or the completion of services to be performed by, Supplier. If such change changes the cost or time required for performance under any PO, Supplier shall promptly notify Buyer of such change and Buyer shall have fifteen (15) business days within which to withdraw its request for change or accept the new terms. If Buyer does not respond to Supplier's notice within twenty (20) business days, the request for changes shall be deemed withdrawn and Supplier shall perform such PO under its original terms.

4. Timing. Time is of the essence in the performance of any PO. If services are not completed or goods are not delivered by the delivery date set forth in a PO, Buyer may terminate a PO by written notice effective upon receipt by Supplier and obtain substitute services or goods elsewhere. Supplier shall promptly reimburse Buyer for any loss or increased costs, including downtime or overtime costs, incurred by Buyer as a result of obtaining such substitute goods or services. Notwithstanding the foregoing, neither party shall be liable for damages for any delay arising out of causes beyond its reasonable control and without its fault or negligence, including but not limited to acts of God, acts of the other party, acts of civil or military authority, labor disputes, fire, riot, war, embargoes, epidemics, floods or other unusually severe weather, or shortage of power. If any such delay is caused by the delay of a subcontractor, and is beyond the control and without the fault or negligence of either the Supplier or subcontractor, Supplier shall incur no liability for such delay unless the goods or services to be furnished by such subcontractor were obtainable from other sources in sufficient time to meet the required delivery hereunder. Supplier shall notify Buyer forthwith upon learning of any event which may result in any delay.

5. Taxes. Supplier is solely responsible for the payment of any sales, use or other tax or duty levied or based on the price of any goods, work or services provided pursuant to any PO. If Buyer pays any such tax or duty, Supplier shall promptly reimburse Buyer therefore.

6. Price; Warranty. If no price is stated in any PO, Supplier shall charge the lowest prices previously quoted or charged Buyer for like goods or services in like quantities under similar conditions. Supplier warrants that the prices stated in any PO are the lowest net prices charged by Supplier to any other customer for like goods or services in like quantities under similar

conditions. If such lower price is quoted within thirty (30) days after delivery to Buyer, Supplier shall promptly pay to Buyer a rebate in the amount of the difference of such amounts within ten (10) days of such lower quote.

7. Invoice Disputes. Buyer may dispute invoiced amounts and withhold the disputed amount while the parties try to resolve the dispute. Pending such dispute resolution, the parties shall continue to meet their other obligations under the applicable PO and any other POs from Buyer. Payment of any fees by Buyer shall not waive any rights, claims or remedies.

8. LIMITATION OF LIABILITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY, IN NO EVENT SHALL BUYER'S CUMULATIVE LIABILITY TO SUPPLIER FOR ALL CLAIMS, LIABILITIES, LOSSES, DAMAGES, COSTS AND EXPENSES RELATING TO A PO, OR THE GOODS OR SERVICES PROVIDED THEREUNDER, EXCEED THE AMOUNT OF THE PURCHASE PRICE FOR ANY SUCH GOODS OR SERVICES IN CONNECTION WITH THE APPLICABLE PO, LESS ANY AMOUNTS ALREADY PAID BY BUYER FOR SUCH GOODS OR SERVICES. BUYER SHALL NOT BE LIABLE TO SUPPLIER FOR ANY LOST PROFIT, LOSS OF BUSINESS, LOSS OF GOODWILL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES.

9. Indemnification. Supplier shall indemnify, defend and hold harmless Buyer, its shareholders, subsidiaries, affiliates, officers, directors, attorneys, employees, agents, successors and assigns from and against any and all losses, obligations, liabilities, claims, suits, judgments, damages (whether incidental, consequential, or otherwise), penalties, fines, costs and expenses (including, without limitation reasonable attorney's fees) arising out of, or in connection with (a) the violation or alleged violation of any law, ordinance, regulation, or rights of third parties by reason of performance or nonperformance by Supplier of any PO; (b) breach of any term, condition, covenant, agreement, representation or warranty by Supplier; (c) any infringement or alleged infringement of any patent, copyright, trademark, or other intellectual property relating to the use or design of any equipment, materials, goods or services furnished by Supplier under any PO or the processes or actions employed by or on behalf of Supplier in connection with any PO; (d) injury or death to persons or any real or personal property damage, arising from or relating to the goods or services provided by Supplier under any PO or acts or omissions of Supplier or its officers, directors, employees, agents, contractors or subcontractors; or (e) claims arising from or relating to injuries to or death of Supplier's employees, including but not limited to claims based upon allegations of negligence of Buyer. The indemnity provided in clause (e) is applicable to claims for which Supplier has or may have immunity under the Pennsylvania Workmen's Compensation Act, or other similar law, and Supplier agrees and acknowledges that by undertaking to indemnify Buyer, Supplier is expressly undertaking indemnification liability by written contract pursuant to Section 303(b) of the Pennsylvania Workmen's Compensation Act, or any other similar law. Supplier's obligations under this section shall not be limited to its insurance coverage.

10. Insurance. Supplier agrees to maintain commercially reasonable levels of insurance coverage, including: (1) Commercial General Liability and Errors and Omissions Insurance with a limit of not less than one million U.S. dollars (\$1,000,000) covering liability for property damage and bodily injury, including death to any person; (2) Automobile liability insurance with bodily injury and property damage limits of not less than one million U.S. dollars (\$1,000,000); and (3) "Umbrella" liability insurance in an amount not less than five million U.S. dollars (\$5,000,000) to cover claims in excess of the coverage limits provided above. If Supplier is performing any services for Buyer, Supplier agrees to also maintain: (1) Commercial Crime covering employee dishonesty in an amount of not less than one million U.S. dollars (\$1,000,000); (2) Workers' compensation insurance for Supplier's employees at the applicable statutory limit and in an amount of not less than five-hundred thousand U.S. dollars (\$500,000) per occurrence; and (3) Property insurance covering "All Risk" of loss or damage to Supplier real and personal property. Buyer shall be named as an additional insured on the Commercial General Liability, Automobile Liability and Umbrella Liability policies, and Supplier shall provide Buyer with Certificates of Insurance. If applicable, all policies of insurance shall be underwritten through insurance companies licensed to do business in the jurisdiction where the services are being provided, and with an A.M. Best rating of A- (X) or higher.

11. Confidentiality. Buyer, or third parties on Buyer's behalf, may disclose to Supplier, certain confidential or proprietary information ("Buyer Confidential Information"). For a period of five (5) years after termination or expiration of this PO, Supplier shall not disclose and shall, to the extent within its control, prevent the disclosure by others of the Buyer Confidential Information to any third party without the prior written consent of Buyer. Supplier agrees not to use, or make copies, of the Buyer Confidential Information except as required for the performance of its obligations under the PO, and agrees to limit access to the Buyer Confidential Information to its own employees, agents and consultants strictly on a "need to know" basis; provided, however, that such agents and consultants have executed an agreement with Supplier with confidentiality provisions at least as restrictive as those contained herein. Upon expiration or termination of this PO and if requested by Buyer, Supplier shall, to the extent possible, promptly return all of the Buyer Confidential Information. Each party acknowledges that the disclosure of confidential or proprietary information of the other may give rise to irreparable injury which may be inadequately compensable in damages. To the extent Supplier breaches, or Buyer could reasonably believe Supplier may breach, its confidentiality obligations stated herein, Supplier consents to Buyer obtaining injunctive relief to prevent, or otherwise limit the damages of, any such breach or threatened breach.

12. Subcontractors. Supplier may subcontract any portion of a PO to another person furnishing labor or materials to Supplier for the performance of any PO (collectively the "Subcontractors"), but Supplier shall nevertheless remain primarily liable and fully responsible for the performance of the obligations under such PO. If Supplier is subcontracting a service,

Supplier must first obtain Buyer's written consent to use Subcontractors prior to subcontracting or otherwise permitting Subcontractors to perform services. No subcontract shall increase the fees or the scope or amount of expenses passed through to Buyer. Supplier shall cause its Subcontractors to, and remains fully responsible if they do not, comply with these Terms.

13. Mechanics Liens. If any PO calls for work or services to be performed upon Buyer's property, Supplier shall not file or cause to be filed, directly or indirectly, and shall keep such property and work free and clear of, any mechanics, construction or other similar liens (the "Liens"), and shall perform such other acts and provide such other assurances, including but not limited to obtaining payment and performance bonds and furnishing mechanics lien waivers, as Buyer may request from time to time or that is otherwise required to prevent or waive such Liens. Supplier shall give any Subcontractors notice of this provision and, prior to subcontracting any work or services to Subcontractors, shall require its Subcontractors to agree to waive any rights to Liens it may otherwise have with respect to Buyer, and to cooperate fully with Buyer to fill out forms, file documents, or otherwise perform any such acts or assist in waiving or preventing Liens prior to allowing any Subcontractor, or representative of Subcontractor, to furnish any labor or materials to Supplier for the performance of any PO or portion thereof.

14. Compliance with Law. Supplier shall comply with all applicable laws, rules, regulations, standards and other governmental requirements in connection with the performance of its obligations under any PO including but not limited to, (a) Act of March 3, 1933, Title III, c.212.47 Stat. 1520 (Buy American Act), (b) Act of June 30, 1936 (c.881.49 Stat. 2036) 41 U.S.C.A., Secs. 35-45 as amended by Act of June 28, 1940, c.440, Title I, 54 Stat. 676, Sec. 1-12, and 54 Stat. 681, Sec. 13 (Walsh-Healey Act), (c) Act of June 25, 1983, c.676k, 52 Stat. 1060, as amended (Fair Labor Standards Act), (d) Sec. 3 Act March 27, 1934 (48 Stat. 505; 34 U.S.C.A. Sec. 494 et seq.) and amendments and supplements thereto (Vinson Act), (e) Act of December 29, 1970, Public Law 91-596, 91st Congress S2193 (Occupational Safety and Health Act), (f) Renegotiation Act of 1951, (g) Civil Rights Act of 1964 and Executive Order 11246, (h) Department of Defense Industrial Security Manual and (i) Toxic Substances Control Act (P.L. 94-469), and all amendments thereto and all rules, regulations and orders issued thereunder. In accordance with FAA regulations and to satisfy 14 Code of Federal Regulations (CFR) Part 21, Supplier hereby acknowledges and agrees that to the extent Supplier is supplying a part to an FAA Assembly, Supplier is subject to an inspection and audit by the FAA, which inspection and audit may occur at any time upon notice by the FAA or its representatives.

If applicable, the requirements of 41 CFR §§ 60-1.4(a) and 29 CFR Part 471, Appendix A to Subpart A, are incorporated herein by reference.

If applicable, vendor shall abide by the requirements of 41 CFR § 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans.

If applicable, vendor shall abide by the requirements of 41 CFR § 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

15. Conflict Minerals. Suppliers are expected to ensure that parts and products supplied to Buyer do not contain "Conflict Minerals" (gold, tin, tantalum and tungsten) or their derivatives that are sourced from Eastern provinces of the Democratic Republic of Congo ("DRC") or adjoining countries. Suppliers are expected to establish policies and perform due diligence consistent with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*.

16. Toxic Substances. Upon receipt by Buyer of information which would reasonably lead to the conclusion that a chemical substance or any other toxic substance which is the subject of any PO was manufactured, processed, transported or distributed in commerce in violation of the Toxic Substances Control Act, Buyer may suspend or terminate such PO.

17. Non-Discrimination. Supplier warrants that it shall not, in performing its obligations under any PO, discriminate against any employee or applicant for employment on the basis of race, creed, color, age, sex, or national origin or on the basis of the employee or applicant being disabled, a disabled veteran or other protected veteran, in regard to a position for which the employee or applicant is qualified.

18. Assignment. Supplier shall not assign any of its rights or obligations under any PO without the prior written consent of Buyer. Any merger, consolidation, reorganization, recapitalization, sale of a substantial portion of Supplier's business or assets or any other transaction by which there is a change in control of Supplier's, or any of Supplier's owners' or parents', business shall be deemed an assignment by Supplier.

19. Jurisdiction; Venue. Any suit, action or other proceeding seeking to enforce, or in any way relating to, any provision of a PO shall be brought only in the Court of Common Pleas of Berks County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania. Supplier irrevocably consents and submits to the jurisdiction and venue of such courts and irrevocably waives any objection which it may have to the laying of the venue of any suit, action or proceeding brought in

such courts and any claim that such suit, action or proceeding brought in such courts has been brought in an inconvenient forum or that such courts lack jurisdiction.

20. Severability. If any provision of any PO or these Terms, or any portion thereof, is held invalid or unenforceable by any court of competent jurisdiction, the other remaining provisions will remain in full force and effect. Any provision of any PO held invalid or unenforceable only in part will remain in full force and effect to the extent not held invalid or unenforceable.

21. Waiver. Neither the failure nor any delay by Buyer in exercising any right, power or privilege under these Terms or any PO, will operate as a waiver of any such right, power or privilege, and no partial exercise of any such right, power or privilege will preclude further exercise of such right, power or privilege or the exercise of any other right, power or privilege.

22. Governing Law. All POs and transactions contemplated thereby shall be governed by, and construed in accordance with, the domestic internal laws of the Commonwealth of Pennsylvania without regard to its principles pertaining to the conflict of laws.

23. Delivery; Marking. Unless otherwise indicated, goods described in this PO shall be delivered F.O.B. Buyer's address as set forth above. All packaging and labels must include Buyer's PO Number, Buyer's Part Number and Revision Designator, Quantity, Lot Number and Date of Shipment. Buyer may reject and return to Supplier at Supplier's sole cost and expense, any shipment which does not include the foregoing information.

24. Acceptance of Goods. Buyer's payment of the purchase price, or any part thereof, does not constitute acceptance of the goods or services. Goods and services are subject to inspection and rejection by Buyer within a reasonable time following receipt by Buyer. Risk of loss does not pass to Buyer until acceptance of the goods or services. To the extent practicable, defective or nonconforming goods will be returned to Supplier at Supplier's sole cost and expense, and the risk of loss with respect to such defective or nonconforming goods shall never pass to Buyer and shall remain with Supplier.

25. Warranties. Supplier warrants that all goods, work or services furnished pursuant to this PO shall, as appropriate: (a) be new and free from defects; (b) conform to all designs, plans, specifications, responses to RFPs, marketing brochures and letters, oral and written claims made by Supplier, samples and statements on containers, labels and advertisements; (c) be performed in a good, professional and workmanlike manner; (d) be merchantable, safe, fit and appropriate for Buyer's particular purpose and use; and (e) be delivered free and clear of any claims, liens or encumbrances whatsoever. Such warranty shall be in addition to any warranties of broader scope and service warranties and guarantees given Buyer by Supplier, shall survive inspection test, acceptance of and payment for the goods and services and shall run to Buyer, its successor, assigns and customers. Buyer may, at its option, either return for full credit or require prompt correction or replacement of defective or nonconforming goods or parts thereof, which right shall be in addition to such other rights as Buyer may have by law. Return to Supplier of any defective or nonconforming goods or parts shall be made at Supplier's expense, and no replacement of defective or nonconforming goods or parts shall be made unless specified by Buyer. Goods required to be corrected or replaced shall be subject to the provisions of this Section 25 and Section 27 herein to the same extent as goods originally delivered under this order.

26. Sub-Tier Supplier. When the Supplier needs to outsource some subsidiary processes or procure raw materials from their supplier (a sub-tier Supplier), the Supplier will clearly convey to the sub-tier Supplier the applicable requirements in this purchasing agreement, including key characteristics where required. Where such requirements can be conveyed without disclosing the Buyer name or the proprietary documentation no special action on the part of the Supplier is required. If Buyer's proprietary documentation must be conveyed to the sub-tier Supplier in order to fulfill obligations under this purchase order, Supplier must execute a non-disclosure agreement with the sub-tier Supplier that is substantially equivalent to that in force between the Supplier and Buyer. Notwithstanding the foregoing, Supplier shall obtain Buyer's written approval prior to making any such disclosures.

27. Facilities Access; Inspection. Buyer, customer and authorities, reserves the right to view equipment, processes and documents related to the manufacture of our products upon reasonable advanced notice. Buyer reserves the right to require inspection of any goods purchased hereunder at Supplier's premises. If any inspection and test is made on Supplier's premises, Supplier shall without additional charge, provide all reasonable facilities and convenience to Buyer's inspectors. Buyer reserves the right to reject goods which do not comply with the warranty hereinafter stated. Buyer may charge Supplier for the cost of an above normal level of inspection if rejection of the shipment based on Buyer's normal inspection level endangers production schedules and if the inspected goods are necessary to meet production schedules. If rejected after delivery, rejected goods will be returned to Supplier at Supplier's risk and expense. Payment for any item or service shall not be deemed acceptance thereof.

28. Changes to Products. No changes to Buyer products that affect the specification or have significant impact on form fit or function shall be made without prior written consent from Buyer.

29. Compliance with Export Laws and Regulations. Supplier's acceptance of this purchase contract confirms that (a) It is not a foreign corporation, (b) It is not a representative of a foreign interest, and (c) Supplier agrees to notify Buyer of any change in status set forth above.

30. Export Licensing Information/Offshore Procurement. (a) This contract, including any attachments, exhibits, and related products hereto, may contain items and information which is subject to the International Traffic in Arms Regulations ("ITAR") or Export Administration Regulations ("EAR") which may not be released to foreign concerns or foreign persons either inside or outside the United States without first obtaining the proper export authority. Supplier hereby certifies that it understands and will comply with its obligations under all applicable import and export control laws and regulations including, but not limited to, the International Traffic in Arms Regulations ("ITAR"), the Export Administration Regulations ("EAR"), and the sanctions and embargoes enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"). Supplier agrees to adhere to the terms of any U.S. Government export license or temporary import exemption/exception that may be applicable to this Purchase Order. In no event shall Supplier use, transfer, release, import, or export any materials, technical data, or technology pursuant to this Purchase Order in violation of any applicable laws, regulations, orders, or requirements. Exports and re-exports to parties who have been denied export privileges or debarred from an export transaction are prohibited. Supplier shall obtain an export license pursuant to the requirements set forth herein for any goods that Supplier either manufactures or subcontracts outside the U.S or before allowing access to any technical data by a foreign person in the United States. If Supplier is a "Foreign Person" (as defined by the ITAR reference 22 CFR Subchapter M) the Supplier shall, upon request of Buyer's Procurement Agent and without additional cost, provide such information as may be necessary to support Buyer's application for export license(s) covering any goods ordered from Supplier hereunder. (b) This Contract may contain defense related technical data. Buyer has obtained, or will obtain, the approval of the U.S. Government to furnish to Supplier the data, and any other goods hereunder requiring such approval, which are necessary for Supplier to perform this Contract. Supplier agrees to provide Buyer with any documentation reasonably necessary to support Buyer's application for U.S. Government import or export authorization. Supplier shall comply with ITAR and shall not disclose any technical data for any purpose not contemplated under the terms of this Contract and licenses obtained to facilitate this contract. Sublicensed disclosure of technical data to any authorized third party requires a Non-Disclosure Agreement ("NDA"). Third parties, for purposes of this paragraph (b), include Supplier's foreign subcontractors and potential subcontractors. The NDA must require compliance with ITAR and NDAs with foreign subcontractors and potential foreign subcontractors must specifically include the required provisions for Technical Assistance Agreements (TAAs) or Manufacturing License Agreements (MLAs) in the ITAR. Supplier, upon execution of each NDA obtained pursuant to this Section, shall provide a copy to Buyer. The NDA must be maintained on file by Supplier for a period of five (5) years after Purchase Order completion. U.S. Government approval is based upon the following ITAR requirements with which Supplier agrees to comply: (i) Supplier shall use the technical data furnished by Buyer only in the manufacture of defense articles in accordance with this Contract; (ii) Supplier shall not disclose or provide technical data furnished by Buyer to any person except an authorized U.S. citizen, protected person, or permanent resident alien (immigrant alien). If Supplier is a "Foreign Person," it may also disclose or provide technical data furnished by Buyer to its employees who are citizens of the same country and qualified subcontractors in the same country which require the data in performance of the subcontracts; (iii) Supplier shall not disclose or provide technical data furnished by Buyer to any foreign person either in the United States or abroad without obtaining prior authorization directly from the U.S. Department of State Office of Defense Trade Controls (ODTC). ITAR defines a "foreign person" as any person who is not a U.S. citizen, permanent resident alien, or a protected individual as defined by 8 USC 1324B(a)(3). Foreign person also means a foreign corporation (corporation not incorporated in the United States), foreign government, and any agency or subdivision of foreign governments (i.e. diplomatic mission); (iv) Supplier shall not acquire any rights in the data furnished by Buyer except to use it in the performance of this Contract. Supplier also shall not convey to its qualified subcontractors any greater rights in the data than Supplier has. Supplier's qualified subcontractors shall only have the right to use the data as required in performance of their subcontracts; (v) Supplier shall deliver the defense articles manufactured in accordance with this Contract only to Buyer or to the U.S. Government; and (vi) upon completion or termination of this Contract, Supplier shall destroy or return to Buyer all technical data furnished to Supplier by Buyer pursuant to this Contract. At Buyer's election, Buyer may direct Supplier to return or destroy the data and may require Supplier to certify in writing that Supplier has complied. Supplier shall impose these requirements, (i) through (vi), suitably revised to identify the parties properly, on all of its subcontractors to which Supplier intends to furnish technical data provided by Buyer for use by the subcontractors in performance of the subcontracts. (c) Supplier shall immediately notify Buyer if it is or becomes listed on any Excluded or Denied Party List of an agency of the U.S. Government or its export privileges are denied, suspended or revoked by the United States Government or the government of Seller. (d) Supplier agrees that no goods, technology, software or services supplied under this Contract are sourced from or originate with: (i) a country or government subject to sanctions enforced by OFAC or the State Department ("Sanctioned Country"); (ii) a person or entity listed on OFAC's Specially Designated National list or any other U.S. government list restricting the acquisition of items from an entity or person located outside or inside the United States ("Sanctioned Entity"); (iii) an entity or person that is owned or controlled by any Sanctioned Country or Sanctioned National; or (iv) a restricted country or debarred party under the International Traffic in Arms Regulations or U.S. Department of Defense Federal Acquisition Regulations.

31. Material Review Board Authority. Buyer has established a Material Review Board ("MRB") to evaluate any non-conforming material contained in the goods or parts thereof that are the subject of this Purchase Order and, if any such non-

conformance is identified, to determine whether or not the material should be returned, reworked, used as is or scrapped. The Supplier is NOT authorized to conduct its own MRB review on the goods or parts thereof that are the subject of this Purchase Order when (a) material was provided by Buyer, Buyer's customer or Buyer's agent even when non-conforming goods or parts thereof can be reworked to have form, fit, or function equivalent to conforming parts, or (b) repair is not permitted without Buyer's written approval and Buyer has not provided such written approval. Any nonconformance on the purchase order, product drawing, specification, or any other applicable documents must be submitted to Buyer, through Buyer's Procurement department, for the Buyer's MRB approval prior to shipment. This does not preclude the Supplier from conducting preliminary reviews to establish rework to drawing / contract requirements and/or scrap dispositions. *Buyer reserves the right to require root cause of the nonconformance and describe the implemented corrective action taken by the Supplier.*