

1. DEFINITIONS

As used in this Purchase Order, the below terms will have the following meanings:

- a) Contractor or Buyer will mean the Kratos legal entity identified on the Purchase Order or other ordering document issued to Subcontractor;
- b) Buyer's Authorized Representative means an authorized representative of Buyer's Purchasing Department.
- c) Subcontractor, Seller, Supplier, or Vendor means the legal entity that has entered into this agreement with the Buyer;
- d) Contract, Subcontract, Purchase Order, Agreement, and Order (whether capitalized or not) are used interchangeably and refer to this contractual instrument.
- e) Party means each of Buyer and Seller

2. ACCEPTANCE OF PURCHASE ORDER

The Purchase Order, to which these terms are attached and incorporated, becomes a binding contract when it is accepted by Seller either by written acknowledgement of the Purchase Order or by any performance, including, but not limited to, providing any part of the goods or services under this Contract or accepting payment under this Contract. No condition or additional terms stated or purportedly incorporated by reference by Seller in accepting or acknowledging this Purchase order will be binding upon Buyer if it is in conflict with, is inconsistent with, or is in addition to the Terms and Conditions contained herein unless expressly accepted in writing by Buyer. If this order contains a Defense Priorities & Allocations Systems (DPAS) rating, Seller will provide written acceptance or rejection to Buyer's Authorized Representative within 15 business days after receiving a DO rated order or 10 business days after receiving a DX rated order.

3. APPLICABLE LAW

This Purchase Order will be governed by and construed in accordance with the laws of the State of California, without regard to its conflict of laws provisions, except that any provision in this Contract that is (i) incorporated in text or by reference from the Federal Acquisition Regulation (FAR) or (ii) incorporated by text or reference any agency or regulation that supplements the FAR or (iii) that is substantially based on any such agency regulation or FAR provision, will be construed and interpreted

according to federal common law of Government contracts as applied by federal judicial bodies, boards of contract appeals, and quasi-judicial agencies of the federal Government.

4. COMPLIANCE WITH LAWS

Seller will comply with all applicable federal, state, and local laws, rules, regulations, ordinances, and orders (Laws). Seller will comply with all applicable guidelines and directives of any U.S. local, state, and/or federal governmental authority. Seller, at its expensive, will provide reasonable cooperation to Buyer in conducting any investigation regarding the nature and scope of any failure by Seller or its personnel to comply with applicable Laws that may affect the performance of Seller's obligations under the Contract. Seller agrees to indemnify and hold Buyer harmless against any loss or liability due to Seller's violation or noncompliance with such Laws.

5. SUBCONTRACT

Seller will not subcontract any portion of the work, nor any payments due or to become due hereunder, without the prior written consent of Buyer. This will not apply to standard commercial items or raw materials. Seller understands, acknowledges, and agrees that its use of subcontractors will not in any way alter its obligations, representations, and warranties made to Buyer, including its obligations to indemnify Buyer.

6. WARRANTY

Seller represents and warrants (1) that all goods delivered pursuant hereto will be new, unless otherwise specified, and free from defects in material and workmanship; (2) that all goods will conform to applicable specifications, drawings, and standards of quality and performance, and that all items will be free from defects in design and suitable for their intended purpose; and (3) that all services performed pursuant hereto will be performed in accordance with the specifications and instructions of Buyer, provided nevertheless that Seller retain discretion and control with respect to the manner and means of performing such services and will at all times remain an independent contractor. All the representations and warranties of Seller together with its service warranties and guarantees, if any, will run to Buyer and Buyer's customers. The foregoing warranties will survive any delivery, inspection, acceptance, or payment by Buyer. The term of the warranty for goods is for three years after delivery or for a period of one year after the date the

goods are first placed in use by Buyer's customer, whichever expires first. The term of the warranty for services is one year after the services are complete. Buyer will give Seller notice after discovery of a defect or nonconformance in the goods or services. In the event of a defect, Buyer, at its sole discretion, may, (a) require that Seller, at Seller's expense, inspect, remove, reinstall, ship, and repair or replace/re-perform nonconforming goods or services with goods or services that conform to this Contract; (b) take such actions as may be required to cure all defects and/or bring the goods and/or services into conformity with the Contract; and (c) reject and/or return at Seller's expense any or all portion of such goods and/or services. Any repaired or replaced good, or part thereof, or reperfomed services, will carry warranties on the same terms as set forth above, with the warranty period being the greater part of the original unexpired warranty or twelve (12) months after replacement. Seller will perform, at its expense, any tests requested by Buyer to verify conformity to the Contract on repaired or replaced items.

7. INDEMNITY

Seller will indemnify, defend, and hold Buyer, its officers, directors, employees, affiliates, consultants, and customers harmless from all claims, liability, loss, damage, causes of action, and expense arising from any act or omission of Seller, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this Contract. Buyer agrees to provide notice to Seller of such claim, liability, damage, or loss to allow Seller to defend itself and participate in any such proceedings.

8. WORK ON BUYER'S OR BUYER'S CUSTOMER'S PREMISES

If this order requires Seller to perform work on Buyer's or Buyer's customer's premises, Seller will take all necessary precautions to prevent any injury to persons or damage to property during the progress of such work. Seller's personnel will comply with any on-premises policies, including, but not limited to (a) bringing weapons of any kind onto the premises, (b) manufacturing, selling, possessing, distributing, use, or be under the influence of any controlled substance or alcoholic beverage while on the premises, (c) not conducting any business activities such as interviews, solicitations, hiring, or dismissals and (d) do not possess any hazardous materials of any kind without Buyer authorization. Seller will immediately notify Buyer of any accidents or incidents involving misuse or damage to Buyer, customer, or third party intellectual or

physical assets, including any physical altercations or harassment. Except to the extent that any injury to persons or damage to property is due solely and directly to Buyer's or its customer's fault or negligence, Seller agrees to indemnify Buyer and its customer against all loss or liability resulting from any act or omission of Seller, its employees, agents, or subcontractors.

9. TAXES

The price of the goods/services procured hereunder includes all applicable federal, state, and local taxes and duties unless otherwise stated in the Purchase Order.

10. PACKAGING AND PACKING

Seller will be responsible for properly packing and packaging the goods in suitable containers for protection during shipment in accordance with transportation regulations and good commercial practice. Buyer's order number must be plainly marked on all invoices, packages, bills of lading, and shipping orders. Packing lists will accompany each shipment showing materials.

11. TITLE AND RISK OF LOSS

Unless otherwise stated on the Purchase Order, The F.O.B. point will be the delivery destination indicated in this order, and title to the goods and risk of loss or damage will pass to Buyer upon Buyer's acceptance of the goods regardless of where Buyer takes physical possession. Acceptance and passage of title will not impair Buyer right to inspect and reject any item. Seller will bear all risks of the rejected items after notice of rejection.

12. INSPECTION AND TEST

All goods supplied and services performed pursuant hereto will be subject to inspection and test by Buyer and its agents at all times and places during manufacture or performance of services. Seller will maintain an inspection and quality control system at or above industry standards and maintain inspection and test data related to this Contract for a period not less than four years, or greater if indicated on the face of the Purchase Order. Seller will notify Buyer's Authorized Representative of any changes in Product and/or process and obtain Buyer's approval prior to proceeding with the Contract. This notification and approval must be in writing. If a defect exists and if Seller is unable or refuses to replace the goods or render the service again promptly, Buyer may terminate those sections of the contract for cause and replace such goods

or obtain such services and charge Seller, or deduct from amounts owed by Buyer to Seller, the costs, expenses and losses including incidental and consequential damages incurred thereby which are in excess of Seller's price for such goods or services. After notification to Seller that goods are defective, all risk of loss with respect to such goods will be on Seller and Seller will pay all packing and shipping charges in connection with defective goods returned by the Buyer. Buyer's approval of design furnished by Seller will not relieve Seller of its obligations herein. All rights and remedies of the Buyer hereunder will be in addition to any other remedies provided by law.

13. TIMELY PERFORMANCE

- a) Seller's timely performance is a critical element of this Contract.
- b) Unless advance shipment has been authorized by Buyer's Authorized Representative in writing, Buyer may store at Seller's expense, or return, shipping charges collect, all goods received in advance of the scheduled delivery date.
- c) Seller will provide Buyer status of performance of the Contract when requested. If Seller becomes aware of an impending issue involving Seller or a lower tier subcontractor that may affect Seller's performance under this Contract, or any other difficulty in performing the work under this Contract, Seller will promptly notify the Buyer, providing pertinent details. Any notifications will not change the delivery schedule.
- d) In the event of a termination for convenience or change, no claim will be allowed for any manufacture or procurement in advance of Seller's normal flow time unless there has been prior written consent by Buyer's Authorized Representative.

14. DELIVERY

It is Seller's responsibility to furnish the quantity of goods/services called for in this order. No variation in the quantity specified herein will be accepted as compliance with this order. Buyer reserves the right to return excess shipments at Seller's expense. Seller agrees to advise Buyer, as soon as possible, of any delays in meeting the order delivery schedule and the reasons therefore. If a delay is due to causes beyond Seller's and, when applicable, its subcontractor's control, and without fault or negligence of either of them, Buyer may, at its sole discretion, either adjust the delivery schedule or terminate the order for convenience. If the delay is due to Seller's, or its subcontractor's, failure and the failure is not

cured within 10 days after Seller's receipt of Buyer's notice thereof, Buyer may, at its sole discretion, either accept a revised delivery schedule and an equitable reduction in the order price or terminate the order for default. Acceptance of late deliveries will not constitute a waiver thereof by Buyer.

15. INVOICES

An itemized invoice will be submitted to the address shown on the face of the order to the attention of the Accounts Payable Department. The invoice should contain the Purchase Order number, description of goods/services furnished, quantity, unit prices, and total price, and must include labor hours worked if a cost-reimbursable type effort or subject to the Service Contract Reporting Requirements at FAR 52.204-14. Approval and payment of invoices may be delayed pending correction of any errors or omissions.

16. INTELLECTUAL PROPERTY RIGHTS

- a) Intellectual Property includes, but is not limited to, discoveries, improvements, patents (including patent applications and patentable material), works of authorship and other copyrightable works, computer software (including source code, executable code, databases, data, and related documentation), technical data, and all improvements and modifications to the foregoing.
- b) Each party retains and exclusively owns all rights in its Intellectual Property that existed prior to the effective date of this order.
- c) Seller hereby grants to Buyer a nonexclusive, worldwide, irrevocable license, which may be sublicensed to Buyer's customer, to Seller's Intellectual Property that is incorporated into the goods or services solely to permit Buyer to use such goods or services in connection with its performance under this order and any higher tier contract.
- d) Buyer will own all rights and interest in any intellectual property developed in connection with this order.

17. INTELLECTUAL PROPERTY, PATENT, COPYRIGHT, AND TRADEMARK INDEMNITY

Seller will at its expense indemnify and defend Buyer and Buyer's successor in interest to the goods (collectively called Buyer) against any claim, suit, or proceeding (collectively called suit) brought against Buyer that is based upon a claim or allegation, whether rightful or

otherwise, that the goods or services, or any part thereof, furnished under this order, or Buyer's use (including resale) thereof, constitutes an infringement of any intellectual property, patent, trademark, or copyright in the United States, if Seller is given reasonable notice of such suit; and Seller will pay all damages and costs awarded against and reasonable expenses incurred by Buyer in connection with such suit. In case the goods or services or use thereof is in such suit held to constitute infringement and the use thereof is enjoined, Seller will at its expense and at its option either procure for Buyer the right to continue the use of such goods or services; or in a manner acceptable to Buyer make replacement or modification to avoid infringement.

18. CHANGES

Buyer will have the right at any time to make changes in quantities; provided drawings, designs, specifications; materials; packaging; time of delivery; place of delivery; method of transportation; and any other terms of this Purchase Order. If any such changes cause an increase or decrease in the cost of, or time required for performance under this Purchase Order, Seller will have 10 days to request, in writing, adjustments to the price and/or delivery schedule for material ordered or service provided directly affected by Buyer's changes. To the extent that Buyer agrees to such adjustments, Buyer will revise this Purchase Order in writing accordingly. Any request by Seller for adjustments under this clause will be deemed waived if not asserted within 10 days or if Seller commences performance of the change without objection to such terms. Failure to timely request an adjustment will not excuse Seller from performing in accordance with the revised Purchase Order. No such adjustment or any other modification of the terms of this Purchase Order will be allowed unless authorized by Buyer by means of a written revision to this Purchase Order.

19. DISPUTES

Any controversy, claim, or dispute arising out of or relating to this Agreement will be resolved by arbitration before one arbitrator in Sacramento, California and administered by the American Arbitration Association. Any provisional or equitable remedy available from a court of law shall be available from the arbitrators. The parties consent to the jurisdiction of the courts of the State of California or to any Federal Court located within such State for any action to compel arbitration or enforce the award of the arbitrators and to service of process therein by registered mail, return receipt requested, or by any other means provided by law.

The award of the arbitrators will be enforceable in any court of competent jurisdiction. Pending final resolution, Seller will proceed, in all good faith, with the performance of this order in accordance with Buyer's instructions.

20. TERMINATION

- a) **FOR CONVENIENCE.** Buyer reserves the right to terminate, upon written notice, this Purchase Order, in whole or in part for its convenience. In the event of such termination, Seller will immediately stop all work hereunder, and will immediately cause any suppliers or subcontractors to cease such work.
- b) **FOR DEFAULT.** Buyer may, without liability, and in addition to any other rights or remedies provided herein or by law, terminate this order in whole or in part by written notice of default if Seller: (a) fails to deliver the goods or perform the services within the time specified; (b) fails to make sufficient progress with the work, thereby endangering completion of performance within the time specified; or (c) fails to comply with any of the other instructions, terms, or conditions of this order. Buyer's right to terminate for default may be exercised if Seller does not cure the failure within 10 days after receiving Buyer's notice of such failure. If Buyer terminates this order in whole or in part, Buyer may purchase similar goods or services from others and Seller will be liable for any additional costs above the original price for the terminated goods/services. In the event of a partial termination, Seller will continue the work not terminated. Seller will not be liable for any additional costs if failure to perform arises from causes beyond Seller's or Seller's subcontractor's control and without fault or negligence of either of them, including such examples as acts of God or public enemy, floods, fires, strikes, pandemics/epidemics/quarantine restrictions, and terrorism; provided, however, that the goods/services to be furnished by Seller's subcontractor (at any tier) were not obtainable from others in time for the Seller to meet the order delivery requirements. Buyer will pay Seller the order price for any completed goods/services delivered and accepted.

21. SELLER CONTACTS

WITH BUYER'S CUSTOMER. If Seller is a subcontractor to Buyer under a Buyer prime contract, Buyer will be responsible for all liaison and communications with Buyer's customer for the term of this Purchase Order. Seller will not communicate with Buyer's customer regarding this Purchase Order unless authorized to do so

by Buyer. Any deviation from this provision by Seller will be considered a material breach of this Purchase Order.

22. BUYER'S PROPERTY AND INFORMATION

Title to any property furnished to Seller by Buyer, Buyer's customer, or the U.S. Government for performance of the work will remain the property of Buyer or the U.S. Government, whichever applicable. Seller will not alter or use such property for any purpose other than that specified by the U.S. Government, unless the Buyer's Authorized Representative provides written authorization. Seller will mark, maintain inventory of, and keep segregated or identifiable all of Buyer's or the U.S. Government's property and any property to which Buyer acquires an interest by virtue of this Contract. Seller will notify Buyer's Authorized Representative if Buyer's property or the U.S. Government's property under this Contract is lost, damaged, or destroyed. Upon order completion, all Buyer furnished property will be returned to the Buyer in the same condition as received, allowing for reasonable wear and tear, except to the extent that the property has been incorporated into goods delivered or consumed in the performance of the work. Seller is responsible for the loss, damage, or destruction of any Buyer or U.S. Government property furnished to Seller under a purchase order.

23. UNAUTHORIZED CHANGES TO GOODS/SERVICES

Seller will make no changes affecting form, fit, or function of the goods without Buyer's prior written approval. Any approvals by Buyer will not relieve Seller of responsibility for any errors or deficiencies that may exist, or for performing the work and furnishing the goods/services in strict accordance with the Purchase Order requirements.

24. INSURANCE

Seller will carry or obtain insurance as required by the Buyer, at Seller's sole cost and expense, prior to commencement and throughout the entire period of Contract performance. Such insurance will include, at a minimum:

- a) Commercial General Liability with limits of no lower than \$1,000,000 per occurrence and of \$2,000,000 aggregate for personal injury, bodily injury, and property damage.
- b) If licensed vehicles will be used in connection with the performance of the work, Seller will maintain Business Automobile Liability insurance covering all

vehicles, whether owned, hired, rented, borrowed, or otherwise, with available limits of not less than \$1,000,000 per occurrence combined single limit.

- c) Employer Liability Insurance coverage with a limit no less than \$1,000,000 per claim.
- d) Employee Workers' Compensation insurance as may be required by law, regulation, or ordinance.

Should Seller be required to perform on Buyer's or a third party's premises at Buyer's request, Seller will include Buyer as a named insured on its Commercial General Liability policy. Seller will provide a certificate of insurance upon request.

25. LIMITATION OF LIABILITY

Neither party will be responsible or held liable to the other party for consequential, incidental or special damages, which will include without limitation, loss of profits, or lost revenue, arising out of or relating to this agreement, even if such party has been advised of the possibility of such damages. The foregoing limitation of liability will apply notwithstanding the fault, negligence or other theory of liability which may be asserted against the party whose liability has been limited. The limitations of liability under this clause will not apply to any (a) claims by a third party against seller; (b) the indemnification obligations under article 7 of these terms arising from personal injury or death; (c) liability arising from intellectual property infringement; and (d) liability resulting from seller's gross negligence, willful misconduct, or fraud.

26. WAIVER OF RIGHTS

Failure of either party to insist on performance of any provision of this Purchase Order will not be construed as a waiver of that provision or a waiver of Buyer's or Seller's right to require compliance with such provision in any later instance.

27. SEVERABILITY

If any provision of this Purchase Order is found to be illegal or unenforceable under law, that provision will be deleted; however, all other provisions of this Purchase Order will not be affected thereby and will remain in full force and effect.

28. ORDER OF PRECEDENCE

Conflicting provisions hereof, if any, will prevail in the following descending order of precedence: the Purchase Order and any continuation pages thereof; these Standard Terms & Conditions; any attachments to these Terms and Conditions; statements of work, specifications, and drawings.

29. ENTIRE AGREEMENT

This Purchase Order and the Terms and Conditions constitute the entire agreement between Buyer and Seller regarding this procurement and supersedes all previous written or oral agreement and commitments. No terms or conditions of sale set forth in Seller's quotation or acknowledgment will be included as a part hereof, nor will any prior course of dealing, custom, or usage in the trade supersede or modify any Purchase Order provisions. Any subsequent additions, deletions or modifications to this agreement will not be binding upon the parties unless same are mutually agreed upon and incorporate herein in writing.

30. EXPORT REQUIREMENTS

The receiving Party will not export any information furnished by the disclosing party without first complying with all requirements of applicable U.S. export control laws and economic sanction laws and regulations, specifically including, but not limited to, the International Traffic in Arms Regulations (ITAR) and the Export Control Administration Act (EAR), and the Foreign Assets Control Regulations (FACR), including the requirement for obtaining any export license, if applicable. The receiving Party will first obtain the written consent of disclosing Party prior to submitting any request for authority to export any such information. The receiving Party will defend, indemnify and hold the disclosing Party harmless from all claims, demands, damages, costs, fines, penalties, attorney's fees and all other expenses and costs arising from failure to comply with this paragraph or the International Traffic in Arms Regulations and the Export Administration Act. Seller will immediately notify the Buyer's Authorized Representative if Seller, or any parent of Seller becomes listed on any Restricted Party List or if Seller's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. or non-U.S. government entity or agency.

31. GOVERNMENT CONTRACT

If this Purchase Order is placed under a U.S. Government contract, additional Terms and Conditions from the

Federal Acquisition Regulation or agency supplements will be attached and listed below:

- a) PROHIBITION ON CONTRACTING FOR CERTAIN TELECOMMUNICATIONS AND VIDEO SURVEILLANCE SERVICES OR EQUIPMENT. Section 889(a)(1)(A) and Section 889(a)(1)(B) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. 115-232) prohibits the Seller from providing to the Government or from using any equipment, system, or service that uses covered telecommunications equipment or services, as defined under FAR 52.204-25(a), as a substantial or essential component of any system, or as critical technology as part of any system, unless an exception at paragraph (c) of FAR 52.204-25 applies or the covered telecommunication equipment or services are covered by a waiver described in FAR 4.2104. This prohibition applies to the use of covered telecommunications equipment or services, regardless of whether that use is in performance of work under a Federal contract. In the event the Seller identifies covered telecommunications equipment or services used as a substantial or essential component of any system, or as critical technology as part of any system, during contract performance, or the Seller is notified of such by a subcontractor at any tier or by any other source, the Seller will report the information outlined in FAR 52.204-25(d)(2) to the Buyer within one business day from the date of such identification or notification.
- b) 52.204-25 - Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment. 252.204-7018 - Prohibition on the Acquisition of Covered Defense Telecommunications Equipment or Services.
- c) Terms & Conditions FAR (including DFARS) for firm fixed price, cost reimbursement, or commercial item orders.
- d) Other.

32. PROPRIETARY INFORMATION

Supplemental to any existing Nondisclosure or Proprietary Information Agreement between the parties, all information including, but not limited to drawings, prints, publications, specifications, process manufacturing techniques, software products and programs (in object code or any other form), and other Intellectual Property, provided by the Buyer to the Seller, or by Seller to Buyer, prior to and during the performance of this order that is identified as proprietary or confidential to the disclosing party will be received in confidence by the receiving party

and will remain the property of the disclosing party. Neither party will reproduce, distribute or disclose the other party's proprietary information without written consent, provided, however, Buyer is authorized to reproduce, distribute, and disclose Seller's proprietary information to Buyer's customers, subcontractors, or other parties as necessary to use to complete any of the work under this Contract.

The receiving party may use the disclosing party's proprietary information solely as required to perform its obligations or to exercise its rights under this order. The receiving party may disclose the disclosing party's proprietary information to those of its employees or employees of the disclosing party's affiliate who have a "need to know" the proprietary information to perform its obligations and exercise its rights under this order; provided that: (a) such persons are made aware of the obligations under this order and are bound by written agreements or professional obligations prohibiting the unauthorized disclosure or use of proprietary information that are at least as protective as the terms of this order; and (b) the receiving party remains liable for the acts and omissions of such affiliate with respect to the proprietary information of the disclosing party.

Each party will take all reasonable measures to protect the other party's proprietary information, but in no case will that be less than reasonable care. Upon completion of the order, all proprietary information, including digital and hard copies, will be provided to the original disclosing party, or destroyed, at that party's election. A party will not be required to hold the foregoing obligations of confidentiality with respect to proprietary information that was a) in such party's possession prior to its receipt from the other party b) is or becomes publicly known through no fault of the receiving party, c) is obtained from a third party who had a right to disclose it, or d) was or is independently developed without access to any proprietary information of the other party.

33. ASSIGNMENT

Neither the rights nor the duties of either Party under this order may be assigned in whole or in part by either Party without having first obtained the prior written consent of the other Party, which will not be unreasonably withheld. Any attempted assignment or delegation without such consent will be void.

34. PUBLICITY

Buyer must approve in writing, prior to releases and any other public statements concerning this Purchase Order or its contents. This includes any marketing commentary, documentation, or imagery that could be potentially shared by Seller in any presentation, proposal, or platform.

35. STOP WORK ORDER

Buyer may require Supplier to stop all, or any portion of the work called for by the order for a period of up to 90 days, or such longer period of time as may be required by Buyer's customer ("Stop Work Period"). After receiving written notice detailing the length and scope of the Stop Work Period, Supplier will immediately comply with its terms at no charge. Within the Stop Work Period, Buyer may either: (i) cancel the stop-work order and Supplier will resume work; or (ii) terminate the work covered by the stop-work order, for default or convenience, as the context requires, in accordance with the provisions of the order. If Buyer has not exercised its rights set forth in either (i) or (ii) above prior to the expiration of the Stop Work Period, then at least 30 days prior to said expiration, Supplier will notify Buyer of its intent to resume work under the applicable order and will obtain Buyer's written consent prior to resuming work. Buyer will be liable for all reasonable costs incurred by Supplier if the Stop Work Period exceeds 90 days, or such longer period of time as may be required by Buyer's customers.

36. COUNTERFEIT GOODS

- a) Counterfeit Goods means Goods that are or contain items misrepresented as having been designed and/or produced under an approved system or other acceptable method, including any of the following: (i) an unauthorized copy or substitute of an Original Equipment Manufacturer or Original Component Manufacturer (collectively, "OEM") item; (ii) not traceable to an OEM sufficient to ensure authenticity in OEM design and manufacture; (iii) do not contain proper external or internal materials or components required by the OEM or are not constructed in accordance with OEM design; (iv) have been re-worked, re-marked, re-labeled, repaired, refurbished, or otherwise modified from OEM design but are represented as OEM authentic or as new; or (v) have not passed successfully all OEM required testing, verification, screening, and quality control processes.
- b) Seller will ensure that Goods furnished to Buyer under this Order are not Counterfeit Goods. Seller's strategy for ensuring that Counterfeit Goods are not delivered will include, but is not limited to, the direct

procurement of items from OEMs or authorized suppliers, conducting approved testing or inspection to ensure the authenticity of items, and, when items are to be procured from non-authorized suppliers, obtaining from such non-authorized suppliers appropriate certificates of conformance that provide one or more of the following: (i) the OEM's original certificate of conformance for the item; (ii) sufficient records providing unbroken supply chain traceability to the OEM; or (iii) test and inspection records demonstrating the item's authenticity.

- c) Counterfeit Goods delivered or furnished to Buyer under this contract are deemed nonconforming. If Seller becomes aware or suspects that it has furnished Counterfeit Goods to Buyer under this contract, Seller promptly will notify Buyer and replace, at Seller's expense, such Counterfeit Goods with OEM or Buyer-approved Goods that conform to the requirements of this contract. Seller will be liable for all costs related to the replacement of Counterfeit Goods and any testing or validation necessitated by the installation of authentic Goods after Counterfeit Goods have been replaced, such validation to be determined by Buyer. The remedies contained in this article are in addition to any remedies Buyer may have at law, equity, or under other provisions of this contract.
- d) If Buyer or its Customer becomes aware that counterfeit parts have been provided by Seller, the Buyer will notify the Seller of the situation as soon as practical. In such case, Seller will be responsible as described in sub-condition (c) above.
- e) Seller bears responsibility for procuring authentic Goods or items from its subcontractors and will ensure that all such subcontractors comply with the requirements of this article.
- f) This clause applies in addition to, and is not altered, changed or superseded by any quality provision, specification, statement of work, regulation, or other provision in the Contract that may address authenticity of good or items.
- g) Seller must include equivalent provisions of this clause in lower tier subcontracts for items than will be included in goods provided to Buyer.

37. INDEPENDENT CONTRACTOR

In its performance of the services to be provided to Buyer hereunder, Seller will act as, and have the status of, an independent contractor, and will determine its own means and method of operation, subject to compliance with the requirements of the statement of work and the Terms and

Conditions herein. Neither party hereto is a legal representative or agent of the other party hereto; and the employees of each party hereto are not and will not be deemed for any purpose to be, the employees of the other party hereto.

38. DEFECTIVE COST AND PRICING DATA (only applies to Contracts over \$2,000,000)

If Seller, or its subcontractors, prospective or otherwise, of any tier, fail to submit accurate, complete and current cost and pricing data, and as a result of that failure, the Government reduces the price of Buyer's prime contract, Buyer may recover from Seller an amount equal to the price reduction of the prime contract. If, as a result of Seller's foregoing conduct, the Government imposes a penalty or charges Buyer interest, Buyer may recover the amount of that interest or penalty.

39. QUALITY

Seller will establish and maintain a quality management system in accordance with ISO 9001:2015 (or a more current revision) for goods or services purchased under this Contract. If Seller is not ISO 9001 compliant, Seller must maintain a quality control system acceptable to Buyer and provide access to Seller's facilities and documented information at all reasonable times for inspection by Buyer's employees or agents.