

# Carmel Forge, Ltd. – Standard Terms and Conditions of Purchase of Goods

## 1. DEFINITIONS

1.1 "Buyer" means the Carmel Forge, Ltd, its parent corporation and their affiliated legal entities that issues an Order, as defined herein, that references these terms and conditions or accepts and order issued by the Supplier, pursuant to the terms and conditions herein, and any successor or assignee of any such entity.

1.2 "Delivery Date" means date of delivery as specified in this Order.

1.3 "Goods" means goods, supplies, or items that include, but are not limited to, those part numbers, model numbers, and/or descriptions set forth on the face of an Order. These terms also include computer software or hardware (including any software, firmware or other hardwired logic embedded within the hardware) delivered or to be delivered under an Order. Where the context permits, the use of the term Goods shall include Services.

1.4 "Order" means a paper or electronic document used to initiate the order of Goods or Services such as a purchase order, a firm schedule or other authorization, including change notices, supplements or modifications thereto.

1.5 "Supplier" means the legal entity (alone or those entities working together, including subcontractors, regardless of their relationship) providing Goods and Services or otherwise performing work.

## 2. ACCEPTANCE

2.1 This Order must be accepted as indicated therein or, if it does not specify, within a reasonable time of Supplier's receipt of the Order.

2.2 If for any reason Supplier fails to accept this Order in writing, the shipment by Supplier of any Goods (or lots thereof) ordered hereby, the furnishing or commencement of any Services called for hereunder (including preparation for manufacture), the acceptance of any payment by Supplier hereunder, or any other conduct by Supplier that recognizes the existence of a contract pertaining to the subject matter hereof, may, at Buyer's election, be treated as an unqualified acceptance by Supplier of this Order and all terms and conditions hereof.

2.3 Any terms and conditions proposed in Supplier's acceptance or in any acknowledgment, invoice, or other form of Supplier that add to, vary from, or conflict with the terms herein are hereby rejected, whether or not they would materially alter the terms of this Order. Any such proposed terms shall be void and the terms and conditions of this Order and any applicable agreement shall constitute the complete and exclusive statement of the terms and conditions of the contract between the parties and shall apply to each shipment received by Buyer from Supplier hereunder, and such terms and conditions may hereafter be modified only by written instrument executed by an authorized representative of

Buyer's Purchasing Department and an authorized representative of the Supplier. In the event any such proposed terms would, if accepted by Buyer, vary the liability or warranty, aspects of these terms then such proposed terms will be null and void unless the acceptance by Buyer is made in writing by a member of Buyer's legal department.

2.4 If this Order is issued by Buyer in response to an offer by Supplier and if any of the terms herein are additional to or different from any terms of such offer, then the issuance of this Order by Buyer shall constitute an acceptance of such offer subject to the express condition that Supplier assent to all such additional and different terms herein and acknowledge that this Order constitutes the entire agreement between Buyer and Supplier with respect to the subject matter hereof. Supplier shall be deemed to have so assented and acknowledged unless Supplier notifies Buyer to the contrary in writing within ten (10) calendar days of receipt of this Order, or if any part of the Goods and/or Service covered by this Order is shipped or an invoice is presented in connection with the said Goods and/or Services.

2.5 Notwithstanding any other provision of this Order, Buyer reserves expressly the right to revoke this Order at any time prior to receipt of notice of acceptance by Supplier.

## 3. DELIVERY SCHEDULE

3.1 Time is of the essence in the fulfillment of this Order. This Order is subject to cancellation, without liability to Buyer, if not received by the Delivery Date. The Buyer reserves the right to refuse deliveries made in advance of the Delivery Date. Merchandise shipped after the time specified may be returned at the Supplier's expense for full credit or refund, as Buyer determines in its sole discretion.

3.2 Retention of all or any part of this Order shall not be considered acceptance of same. Acceptance of such merchandise shall not be deemed a waiver of the Buyer's right to hold the Supplier liable for any loss or damage resulting from late delivery, nor shall it act as a modification of the Supplier's obligation to make future deliveries in accordance with the delivery schedule. Buyer shall be reimbursed in full for all merchandise returned pursuant to Section 3.1 herein.

3.3 In addition to any other remedy Buyer may have herein or at law, Buyer shall have the right, if shipment is not made on time, to purchase similar merchandise in the open market in such quantities as they may find necessary not exceeding the amount called for in this Order and hold Supplier responsible for the difference, if any, between the price so paid and the Order price

## 4. TRANSPORTATION

4.1 Unless otherwise stipulated on the face of this Order or as modified by routing letter from Buyer's Purchasing agent, Goods covered by this Order shall be shipped "CIF destination", per Incoterms 2000, risk of loss and title to said Goods to pass to Buyer only upon

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delivery to Buyer's specified end destination. Transportation charges on Goods delivered CIF destination shall be prepaid. No charges for unauthorized transportation will be allowed. Any unauthorized shipment which results in excess transportation charges must be fully prepaid by the Supplier. A delay in shipment caused by the Supplier shall be shipped air freight CIF destination.

### 5. SHIPMENT

5.1 Any loss or damage, whenever occurring, which results from Supplier's improper packaging or crating shall be borne by Supplier. All items shall be properly identified with Buyer's Order number releasing shipments against this Order and the Order item number or other identification number provided by Buyer.

5.2 The Supplier shall comply with the Buyer's routing and shipping instructions set forth in the relevant Order.

5.3 No additional charge will be allowed for packing, crating, freight, express or cartage unless specified on the face of the Order.

5.4 Supplier shall advise Buyer in writing when the Order is ready for dispatch. Buyer will then issue a "Release For Shipment" form signed by Buyer's agent to release the Goods to the transportation agent identified by Buyer. Shipments dispatched without such release form are subject to be returned by the Buyer to the Supplier at Supplier's expense.

### 6. DELAY

6.1 Supplier shall be liable for its failure or delay in making deliveries except when such failure or delay is due to a cause beyond the control and without the fault or negligence of Supplier, provided that Supplier gives to Buyer prompt notice in writing when it appears that such cause will result in failure or delay in making deliveries under this Order. Late or shortage of raw materials or failure to procure the appropriate export authorizations or licenses shall not be considered causes beyond Supplier's control. In the event of any such failure or delay, Buyer shall have the right, at its option and without being under any liability to Supplier, to cancel this Order (in whole or part) by notice in writing to Supplier. Correspondingly, Buyer shall be excused for failure or delay in performance herein due to any cause beyond its control, including any cause of its customers.

### 7 INSPECTION, ACCEPTANCE AND REJECTIONS

7.1 If any of the Goods and/or Services furnished hereunder are found at any time to be defective in material or workmanship or otherwise not in conformity with the requirements of the this Order ("Nonconforming Goods"), Buyer, in addition to any other rights which it may have under all applicable warranties or otherwise, may at its option correct or have corrected the nonconformity at Supplier's expense, or reject and return

such Goods and/or discontinue such services at Supplier's expense.

7.2 Nonconforming Goods: Notwithstanding (i) the inspection of by Supplier or Buyer, (ii) payment for, (iii) use of or (iv) delivery to a third party warehouse of the Goods, acceptance shall not be deemed to occur until one (1) year following Buyer's receipt of Goods ("Inspection Period").

7.3 During the Inspection Period, Buyer, in its absolute discretion, shall have the following rights with respect to any Goods that does not conform in any respect to an Order including, without limitation, all drawings and Specifications: (i) reject such Goods; (ii) accept such Goods with a price reduction for the cost of repair or the diminution of value, or (iii) accept any conforming Goods and reject the rest.

7.4 With respect to rejected Goods, rejected Goods shall be removed promptly by the Supplier at its risk and expense, transportation collect and declared at full value, and a full credit or refund, at Buyer's discretion, provided to Buyer within a reasonable amount of time.

7.5 The rejected Goods returned to Supplier shall not be replaced by Supplier except upon written instructions from Buyer. Rejected Goods shall not be tendered again to Buyer for acceptance unless: (i) permitted by applicable law; (ii) all deficiencies have been addressed to Buyer's sole satisfaction; and (iii) accompanied by a disclosure of prior rejection(s). If requested by Buyer, Supplier shall mutilate and/or destroy all rejected Goods at its sole expense.

7.6 With respect to Nonconforming Goods that are accepted, Buyer may, in its absolute discretion, elect to have the Nonconforming Goods repaired at Supplier's expense, or setoff against Supplier an equitable reduction in price for any diminution in value. If Buyer elects to repair the Nonconforming Goods, all terms and conditions of this Order, other than equitable price reductions, shall remain in full force and effect as to the Goods furnished by Supplier.

7.7 Upon Buyer's notification of any nonconformity in Goods, Supplier shall: (i) within thirty (30) days from Buyer's notice, fully investigate the nonconformity and its root causes, deliver to Buyer a written report of its investigation and its conclusions as to the root causes, and meet with Buyer to formulate a corrective action plan, and (ii) within thirty (30) days after providing Buyer the results of Supplier's investigation, implement the corrective action plan, including any corrective action recommended by the Buyer, and eliminate the root cause of the nonconformity

7.8 Title to Goods delivered to Buyer shall not vest in Buyer and shall remain with Supplier until Buyer's acceptance.

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7.9 Acceptance of Goods or Services shall not be deemed to diminish Buyer's rights under any other provision including the warranty provision or be final or binding on Buyer if latent defects, fraud, or gross mistakes amounting to fraud on the part of Supplier or Supplier's subcontractors exists.

### **8 PRICING AND INVOICING**

8.1 The Order price shall not be increased, nor the terms hereof changed without the Buyer's written consent.

8.2 The Supplier warrants that the prices of the items covered by this Order are not in excess of the Supplier's lowest lawful prices in effect on the date of this Order for comparable quantities of similar items.

8.3 If cash discounts for early payment are offered by Supplier, the period of time agreed upon as constituting "early payment" shall begin with the later of the invoice date or receipt of merchandise.

8.4 All shipments received or invoices dated after the twenty-fifth (25th) of the month will be considered received on the first business day of the following month. All accounts subject to cash discount will be paid on the tenth (10th) of the following month in which the invoice was received, provided such invoices are received no later than the third (3rd) of the month. "Net invoices" will be paid on the last day of the following month in which the invoice is received. Unless freight or other charges are itemized, the discount, where applicable, will be taken on the full amount of the invoice.

**9 PAYMENT** Upon submission of proper invoices and any other documents required on face of this Order, Buyer shall pay price set forth in this Order for material and supplies delivered and accepted or services rendered and accepted; however, payment may be withheld or portions thereof deducted or set-offs made against Supplier pursuant to the terms herein.

### **10 WARRANTY**

10.1 Goods: Supplier warrants to Buyer, its successors, assigns, customers and users of Goods sold by Buyer that all Goods provided hereunder or serviced hereunder shall be: (i) merchantable and fit for the purpose intended, (ii) new (unless specifically agreed to in writing), (iii) free from defects in material and workmanship, (iv) with regard to any elements of design supplied by Supplier, free from defects in design, (v) in compliance with all applicable Specifications, drawings, and performance requirements and (vi) free from security interests, liens or encumbrances and of good title. This representation and warranty is in addition to any other representations and warranties in this Order.

10.2 Services: Supplier warrants to Buyer that any Services or technical data provided by Supplier under this Order (i) have been performed or prepared in a professional and workmanlike manner by personnel who are adequately, trained, supervised and experienced and

according to best industry standards and practices, (ii) are suitable for the purposes intended whether expressed or implied, and (iii) are in compliance with all applicable specifications and performance requirements. This representation and warranty is in addition to any other representations and warranties in this Order.

10.3 Delivery, inspection, test, acceptance or use of or payment for the Goods and Services furnished hereunder shall not affect Supplier's obligation under this warranty, and such warranties, and all other warranties, express or implied, shall survive delivery, inspection, test, acceptance, payment and use

10.4 Supplier's warranty shall remain in effect for a one (1) year period after acceptance of the items by the Buyer's customers, or for such longer period of time as the item is normally warranted.

10.5 Buyer retains all its rights at law and in equity for Supplier's breach of warranty. In addition to any other available remedies, Buyer may: (1) retain such defective items and an equitable adjustment will be made in the Order price for such defective items; (2) require Supplier to repair or replace such defective items, at the Supplier's sole expense, including all shipping, transportation, and installation costs; or (3) correct or replace such defective items with similar items and recover the total cost thereof from the Supplier. The aforesaid warranties shall run to Buyer, its customers and their successors in title.

### **11 TERMINATION FOR DEFAULT**

11.1 Buyer may, by written notice of default to Supplier, terminate this Order in whole or any part hereof in any one of the following circumstances: (i) if Supplier fails to perform within the time specified herein or any extension thereof; or (ii) if Supplier fails to perform any of the other provisions of this Order, or so fails to make progress as to endanger performance of this Order in accordance with its terms; or (iii) if an order is made or resolution is passed for the winding-up of Supplier or if a provisional liquidator or trustee is appointed in respect of Supplier and/or the Supplier has been declared bankrupt or in liquidation and/or a receiver or trustee is appointed in respect of Supplier or all or any of its assets and/or Supplier has entered into any voluntary arrangement with its creditors under Section 350 of the Companies Law, 1999 (iii) does not cure such failure within a period of ten (10) days or such longer period as Buyer may authorize in writing.

11.2 Upon termination pursuant to Section 11.1. Buyer may procure, upon such terms as it shall deem appropriate, Goods or Services similar to those so terminated, in which case Supplier shall continue performance of this Order to the extent not terminated and shall be liable to Buyer for any excess costs for such similar Goods or Services.

11.3 As an alternate remedy, and in lieu of termination for default, Buyer, at its sole discretion, may elect (i) to extend the delivery schedule and/or (ii) to

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waive other deficiencies in Supplier's performance, in which case an equitable reduction in the Order price shall be granted. In the event Supplier for any reason anticipates difficulty in complying with the required delivery date or performance schedule, or in meeting any of the other requirements of this Order, Supplier shall promptly notify Buyer in writing.

11.4 If Supplier does not comply with Buyer's delivery schedule or performance schedule, Buyer may require delivery by fastest means and charges resulting from the premium transportation (e.g. airfreight) must be fully prepaid and absorbed by the Supplier.

### **12 ASSIGNMENT, SETOFF AND WITHHOLDING**

12.1 Upon written notice to the Supplier, Buyer may assign any Order or any interest there under, without recourse, to any subsidiary or affiliate of Buyer or Buyer's parent company or to any entity that acquires Buyer or any subsidiary or affiliate of Buyer or, in each instance, substantially all of their assets, and Supplier hereby consents to any such assignment without further action by Buyer or Supplier.

12.2 Performance of this Order shall not be assigned by the Supplier in whole or in part without the prior written consent of Buyer. Any assignment by Supplier in whole or in part without the prior written consent of Buyer shall be null and void, shall be deemed a material breach of this Order, and Supplier shall remain liable to Buyer for full performance of its covenants, duties, liabilities and obligations hereunder.

12.3 Claims for money due or to become due to Supplier from Buyer arising out of this Order may not be assigned, unless such assignment is made to one assignee only and covers all amounts payable under this Order and not already paid. Buyer shall be under no obligation to pay such assignee unless and until Buyer has received written notice of the assignment from Supplier, a certified copy of the instrument of assignment, and suitable documentary evidence of Supplier's authority to so assign. However, any payments made to a third party subsequent to Buyer's receipt of notice that any claims for money due or to become due hereunder have been assigned or should be paid thereto shall fulfill Buyer's requirements to make any such payments hereunder.

12.4 Buyer, and any affiliate of Buyer, may withhold, deduct and/or setoff all money due, or which may become due, from Buyer, or any affiliate of Buyer, arising out of Supplier's performance under this Order or any other transaction Buyer and its affiliates may have with Supplier.

### **13 OFFSET**

13.1 Buyer may be required by its customers to fulfill offset and other industrial cooperation obligations in specific countries. These obligations may take the form of technology transfer, purchase of components or services,

technical and export assistance or other business transactions.

13.2 Supplier acknowledges Buyer's exclusive rights in and to any offset credit that is generated as a result of this Order and any subsequent subcontracting by the Supplier to fulfill this Order. Buyer may use all or any part of the value of this Order, including the value of subcontracts placed by the Supplier for this Order, for satisfying offset obligations of Buyer, Buyer's affiliates or any entity that Buyer transfers such value to. Supplier may use the offset credit generated by this Order or the subcontracting of this Order only upon the receipt of written approval from the Buyer.

13.3 Supplier shall also support Buyer, in any manner reasonably requested by Buyer, and at no additional cost to Buyer, in meeting Buyer's offset requirements in the amounts and in the countries specified by Buyer. The amount of the support shall not exceed the proportion of the offset obligation, that is the ratio of the value of the component or system supplied by Supplier to the value of the end item sold by Buyer into the particular country. Supplier shall furnish upon request any certificates or other documents reasonably required by Buyer in fulfillment of Buyer's offset obligations, including, any documents transferring title to the offset credits to Buyer and any documents perfecting any rights granted to Buyer in this Order and take other action as Buyer deems appropriate in order to protect Buyer's interests in offset credits.

13.4 If Supplier fails to satisfy its obligations under Section (13.2) or (13.3) above then Buyer may, in addition to any other rights and recourses it may have at law or pursuant to any agreement with Supplier, require Supplier to either: (i) compensate Buyer for additional costs or penalties incurred by Buyer due to Supplier's failure; or (ii) participate to an equivalent value in offset activities of Buyer in another country identified by Buyer.

### **14 TOXIC, HAZARDOUS OR CARCINOGENIC SUBSTANCES**

14.1 If any of the items ordered herein, including wrapping and packing materials, constitute or contain "hazardous or toxic chemicals" as defined by any applicable law, rule or regulation, Supplier shall provide at the time of delivery all required notices and information, including without limitation all material safety data sheets in an approved form. Supplier agrees to maintain such information current and shall provide Buyer with any amended, altered or revised information on a timely basis. When this Order or the specifications referred to herein, requires documentation or certification, this requirement is a material requirement of this Order; Supplier's failure to provide such information prior to or at the time of delivery may result in withholding of payment until such is provided. Labeling tagging and classification of such materials shall be conducted according to IMO and IMDG codes. In addition to its obligations specified above, the Supplier undertakes to comply with ISO 14001 and any other environmental legal requirements

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as required in the Buyer's destination country and the countries in which the Buyer, its parent company, and the Supplier reside.

14.2 The Supplier shall prefer and strive to recyclable packing materials made of recycled matters that are considered "green materials". The Supplier shall plan and strive to minimize the packing materials and yet would serve the purpose of protecting the goods.

### **15 SUPPLIER SECURITY AND CRISIS MANAGEMENT POLICY**

15.1 Supplier shall have and comply with a company security and crisis management policy. Upon Buyer's request, the Supplier shall provide Buyer with a copy thereof and certification of Supplier's compliance with this policy.

15.2 The Supplier's security and crisis management policy, at a minimum, shall identify, and require the Supplier's management and employees to take all reasonably necessary measures to do the following: (i) Provide for the physical security of the people working on Supplier's premises and others working for and behalf of the Supplier; (ii) Provide for the physical security of the Supplier's facilities and physical assets related to the performance of work, including, in particular, the protection of Supplier's mission critical equipment and assets; (iii) Protect from loss of, misappropriation of, corruption of, and/or other damage to software related to the performance of work; (iv) Protect from loss of, misappropriation of, corruption of, and/or damage to Buyer's and Supplier's drawings, technical data, and other proprietary information related to the performance of work; and (v) Provide for prompt recovery, including through preparation, adoption, and maintenance of a disaster recovery plan, of facilities, physical assets, software, drawings, technical data, other intellectual property, and Supplier's business operations in the event of a security breach, incident, crisis or other disruption of Supplier's ability to use the necessary facilities, physical assets, software, drawings, technical data, or other intellectual property or to continue operations.

### **16 INFRINGEMENT INDEMNITY**

16.1 For work performed hereunder or Goods or Services delivered hereunder, Supplier shall be liable for and shall indemnify and save Buyer and each subsequent purchaser or user thereof, harmless from any claim, suit or action, export or import proceeding, alleging that manufacture, export, import, use, sale or offer for sale infringes any patent, trademark, copyright, semiconductor chip product mask work right, other right or misappropriation of information or other violation of an intellectual property right; except, however, when such alleged infringement arises as a necessary consequence of Supplier's compliance with specifications or designs furnished by Buyer that describe that aspect of the Goods or Services on which such alleged infringement is based. In such event, Buyer shall save Supplier harmless there from, but this exception shall not apply if the subject

matter giving rise to the claim for infringement was derived from, or selected by Supplier.

16.2 The party against whom such infringement claim is made, or such suit or action is made, or such suit or action is commenced, shall promptly notify the other party in writing. The party required to indemnify under the provisions hereof shall promptly assume and diligently conduct the entire defense of such alleged infringement at its own expense, provided that such party receives prompt written notice of such claim, suit, or action as such is commenced against the other party. Insofar as its interests are affected the other party shall have the right, at its own expense and without releasing any obligation, liability, or undertaking of the party required to indemnify, to: (i) cooperate in the defense of such claim, and (ii) with permission of the court, if needed, to intervene in any such suit or action. Buyer shall have the right to reasonably reject counsel selected by Supplier and the right to reject any settlement that would negatively impact Buyer as determined solely by Buyer. Buyer shall have the right to participate with Supplier in determining the strategy to defend any such suit or action.

16.3 Notwithstanding any of the above provisions, Buyer shall have the further right, at its own election, to supersede Supplier in the defense of any such alleged infringement and thereafter to assume and conduct the same according to Buyer's sole discretion, in which event supplier shall be released from its obligation to pay for attorneys fees and court costs. Further, Supplier, if requested in writing by Buyer, shall cooperate with Buyer in Buyer's defense of any alleged infringement claim.

### **17 INDEMNIFICATION**

17.1 Supplier shall indemnify, protect, and hold harmless Buyer, its officers, directors, employees and agents ("Indemnified Person") from any and every liability, claim of liability, allegation, judgment, cost, expense, reasonable attorneys fees, cause of action, loss, or damage whatsoever, including, without limitation, death or injury to any person or damage to any property, resulting from or arising out of Supplier's performance under this Order, howsoever arising, unless caused by the sole negligence of the Indemnified Person. In the event Buyer should bring an action for enforcement of this indemnification provision, Supplier agrees that Buyer shall be entitled to be awarded its reasonable attorneys' fees and costs if Buyer prevails in such proceeding.

17.2 Supplier agrees, in any instance where any claims, suits, actions or legal proceedings are brought against the Supplier and in any way affect Buyer's interests under this Order or otherwise, that: (i) Supplier shall notify Buyer in a timely manner (not to exceed five (5) business days) after learning of any actual or threatened claims, suits, actions or legal proceedings, and shall not at any time consummate any settlement without Buyer's prior written consent; and (ii) Without releasing any obligation, liability or undertaking of Supplier to indemnify Buyer hereunder, Buyer shall have the right to cooperate in the defense of such claim and,

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with the permission of the court, intervene in any such action and/or supersede Supplier in the defense of any such claim.

**18 TAXES.** Unless prohibited by law, the Supplier shall pay all applicable tax, transportation tax, or other tax which is required to be imposed upon the items ordered hereunder by country of origin, or by reason of their sale or delivery; the Order price shall be deemed to include such taxes.

### **19 TERMINATION BY BUYER.**

19.1 Buyer may terminate performance of work under this agreement in whole or, from time to time, in part if Buyer determines that a termination is in Buyer's interest. Buyer shall terminate by delivering to Supplier a notice of termination specifying the extent of termination and the effective date.

19.2 Upon receipt of notice of termination, Supplier shall immediately discontinue performance and shall comply with Buyer's instructions concerning disposition of completed and partially completed items, work in progress and materials acquired pursuant to this Order.

19.3 Within ten (10) days of termination, Supplier shall submit a final termination settlement proposal to Buyer. Supplier shall be paid an amount in settlement to be mutually agreed upon by the parties which shall cover Supplier's reasonable costs of performance incurred prior to termination in connection with the items for which this Order is terminated. Payment to Supplier, however, shall not exceed the price specified in the terminated Order. Said settlement shall be regarded as reasonable under the circumstances of this Order and shall be the Supplier's sole remedy for termination and in no event shall the Supplier be entitled to recover incidental, indirect or consequential damages.

19.4 The amount to be paid under this provision shall be subject to any limitations or defined amounts agreed to in the Agreement or any Order.

**20 GRATUITIES.** All officers, employees and agents of the Buyer are prohibited from soliciting or accepting entertainment, gifts, gratuities, compensation or favors from the Supplier. The Supplier shall at all times comply with requirements of this policy.

**21 QUALITY ASSURANCE.** Buyer shall have the right to perform inspections on Supplier's premise related to the Order, including but not limited to review of the relevant production process. If inspection is made on the premises of the Supplier or its subcontractors, the Supplier shall, free of charge, provide all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties.

### **22 INTERNATIONAL TRADE COMPLIANCE**

22.1 Supplier shall comply with all international trade compliance laws.

22.2 Supplier shall not engage any personnel or subcontractor who is ineligible to perform hereunder because of any embargo, sanction, debarment, or designation as a denied party, as maintained by the U.S. Government, the United Nations, or the Government of Israel. Supplier shall perform denied party screenings on personnel and subcontractors at least once annually, and promptly notify Buyer in writing if any such personnel has been identified as ineligible because of the reasons listed above.

22.3 If any Order requires either Party to obtain government-approved export authorization to facilitate activities and obligations set forth under such Order, the Parties shall mutually exercise reasonable efforts to support the preparation and management of the authorization in full compliance with applicable international trade compliance Laws. The Parties shall respond to requests for supporting documentation, and any other requested information necessary to secure government authorization. Each Party, as applicable, shall be individually responsible for obtaining required documentation or other information from any third party required by such Party to perform its obligations under an Order. Upon request, the Parties shall exchange copies of all government export authorizations related to the Technical Data, Goods or Services, and all provisions, conditions, limitations, or information relating to the authorization. Each Party, as applicable, shall be individually responsible for compliance with all government export authorizations, including without limitation ensuring that all export-related paperwork and documentation are properly completed and timely filed.

22.4 Supplier shall provide the Buyer with the following export-related information concerning the Goods, Technical Data, and Services covered under this Order. (i) the applicable Harmonized Tariff Schedule (HTS) number, (ii) the export classification of the Technical Data, Goods, or Services as determined under the laws of the Supplier's country or any other applicable jurisdiction, and (iii) information pertaining to the U.S. origin of such Technical Data, Goods, or Services, including, where relevant, the appropriate United States Munitions List (USML) category or the Export Control Classification Number (ECCN).

22.5 Supplier shall not export, re-export, transfer, disclose or otherwise provide physical or electronic access to Technical Data to any person (including unauthorized third-party IT service providers) not authorized to receive Technical Data under existing international trade compliance laws and/or export authorization, or modify or divert such Technical Data to any military application or other end-use prohibited by applicable international trade compliance Laws. Supplier shall develop and implement IT security procedures which ensure that Technical Data is accessible only by authorized persons. Any subcontracts for the manufacture of Goods, provision of Technical Data, or the provision of Services shall contain all the limitations

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of this Section and shall require compliance with all applicable export licenses or authorizations.

22.6 Upon completion of performance under an Order, and expiration of recordkeeping obligations under this Agreement, Supplier and subcontractors shall destroy or return to Buyer all Technical Data, all controlled Goods, and controlled Buyer Items, as instructed by Buyer. With respect to Technical Data, destruction applies to both physical copies and electronic copies, which must be permanently deleted from all IT systems, and include archived copies. Destruction of Technical Data must preclude its use in full or partial form (e.g., shredding, burning, etc.). With respect to controlled Goods and controlled Buyer Items, destruction applies to controlled Goods and controlled Buyer Items in both serviceable and unserviceable conditions. Destruction of the foregoing must render such items useless beyond repair, rehabilitation and restoration, destroying any capabilities, recognition characteristics and unique identifiers (e.g., cutting, crushing, tearing, mangling, shredding, melting, burning, scrapping, etc.).

22.7 If Supplier is engaged in the United States in the business of either exporting, manufacturing or brokering ITAR Items, Supplier represents that it is registered with the Directorate of Defense Trade Controls (“DDTC”), as may be required by 22 C.F.R. 122.1 of the ITAR and that it maintains an effective export/import compliance program in accordance with DDTC guidelines.

### **23 SUPPLIER CODE OF CONDUCT**

23.1 Supplier shall adopt and comply with a code of conduct or policy statement regarding business conduct, ethics and compliance that satisfies, at a minimum, the principles and expectations set forth in the Supplier Code of Conduct available at the Carmel Forge Website. Supplier shall have management systems, tools and processes in place that (i) ensure compliance with applicable laws and regulations and the requirements set forth in the Supplier Code of Conduct; (ii) promote an awareness of and commitment to ethical business practices; (iii) facilitate the timely discovery, investigation (including cooperation with any Buyer initiated investigation involving Supplier), disclosure (to Buyer and others as appropriate) and implementation of corrective actions for violations of law, regulations, this Order, or the expectations set forth in the Supplier Code of Conduct; and (iv) provide training to its employees on compliance requirements, including the expectations set forth in the Supplier Code of Conduct

### **24 INTELLECTUAL PROPERTY**

24.1 In order to deliver the most effective and efficient Goods and/or Services possible and meet Buyer's requirements for those Goods and/or Services, Buyer and Supplier anticipate the need to exchange Proprietary Information (as defined below) for the design, development, testing, manufacture and/or repair of Goods and/or Services, as applicable in connection with such Order. In recognition of the value of that Proprietary Information, as well as to protect Buyer's goodwill and

reputation in its products, Supplier agrees to the terms and conditions of this Section.

24.2 “Proprietary Information” shall mean all information, knowledge or data (including without limitation financial, business, and product strategy information; product specifications; product designs; procedures; studies; tests; and reports) in written, electronic, tangible, oral, visual or other form, (i) disclosed by, or obtained from, Buyer or (ii) conceived, created, acquired, or first reduced to practice in connection with the Order. If Buyer furnishes sample products, equipment, or other objects or material to Supplier, the items so received shall be used and the information obtained from said items shall be treated as if they were Proprietary Information disclosed in connection with the Order.

24.3 Unless Supplier has received Buyer's express written consent to the contrary, Supplier shall (i) use the Proprietary Information solely for the purposes of the Order, and not for any other purpose (including, without limitation, designing, manufacturing, selling, servicing or repairing equipment for entities other than Buyer; providing services to entities other than Buyer; or obtaining any government or third party approvals to do any of the foregoing); (ii) safeguard the Proprietary Information to prevent its disclosure to or use by third parties; (iii) not disclose the Proprietary Information to any third party; and (iv) not reverse engineer, disassemble, or decompile the Proprietary Information.

24.4 Supplier represents and warrants that Supplier has sufficient rights in all Goods, Services, and Intellectual Property and other items that Supplier uses or transfers to Buyer in connection with the Order to allow Supplier to lawfully comply with the Order.

24.5 Except as expressly authorized herein, nothing in the Order shall be construed as Buyer granting Supplier a license in or any right to use any of Buyer's Intellectual Property other than in the performance of work under the Order.

### **25 CONFLICT MINERALS**

25.1 Supplier recognizes, consistent with the public policy underlying enactment of the Conflict Minerals provision (Section 1502) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”), the significant legal and non-legal risks associated with sourcing tin, tantalum, tungsten and gold (the “Conflict Minerals”) from the Democratic Republic of the Congo and adjoining countries (“DRC countries”). Accordingly, Supplier commits to comply with Section 1502 of the Act and its implementing regulations; to the extent Supplier is not a “Registrant” as defined in the Act, Supplier shall comply with Section 1502 of the Act and its implementation regulations except for the filing requirements. In particular, Supplier commits to have in place a supply chain policy and processes to undertake (i) a reasonable inquiry into the country of origin of Conflict Minerals incorporated into products it provides

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Buyer; (ii) due diligence of its supply chain, following a nationally or internationally recognized due diligence framework, as necessary, to determine if Conflict Minerals sourced from the DRC countries directly or indirectly support unlawful conflict there, and (iii) risk assessment and mitigation actions necessary to implement the country of origin inquiry and due diligence procedures. Supplier shall take all other measures as are necessary to comply with Section 1502 of the Act and its implementing regulations, including any amendments thereto.

### **26 GLOBAL CHEMICAL REGULATIONS**

26.1 To the extent the Goods contain, or the manufacturing processes for the Goods use, chemical substances subject to Global Chemical Regulations or Materials of Concern (“MOC”), as defined below, Supplier shall:

26.2 (i) comply with all applicable Laws in any jurisdiction in which the Goods are manufactured, produced, sold, and/or delivered (the “Global Chemical Regulations”), including but not limited to any: (i) registration, notification, authorization, restriction, or ban obligations, and (ii) hazard classification, labeling, packaging, Safety Data Sheet (“SDS”), or safe use compliance and communication obligations.

26.3 Cooperate with Buyer’s efforts to comply with Global Chemical Regulations and applicable customer requirements and to develop products and manufacturing processes that minimize risk to human health and the environment. Such cooperation includes, but is not limited to: (i) investigating and communicating to Buyer the nature and extent of any MOCs contained in the Goods or in the processes used to manufacture, assemble, use, maintain, or repair any Goods; (ii) providing all reasonably necessary documentation to verify the material composition, on a substance by substance basis, including quantity of each MOC contained in any Goods; (iii) providing Buyer with safe use communications and safety data sheets; (iv) promptly responding to Buyer’s requests for information, in the form requested by Buyer, regarding MOC used or intended to be used in connection with the Goods and related regulatory controls such as use restrictions and permit and authorization requirements; and (v) upon request, cooperating with efforts to obtain necessary regulatory approval(s), including, but not limited to, registrations and authorizations for the continued sale to and use of Goods by Buyer;

26.4 For purposes of this Section, “MOC” means substances that are (i) subject to Applicable Law or are substances of concern to Buyer or Buyer’s customer, and (ii) identified by Buyer in a Materials of Concern list published on the UTC Supplier Site or provided through other means.

### **27 INSURANCE POLICIES.**

27.1 The Supplier shall enter into and maintain the following insurances during the term of this agreement (in

case of raw material orders): (a) An aviation product liability insurance to a minimum amount of US\$ 200,000,000 covering the Suppliers liability, (b) An all risk property damage insurance to a minimum amount covering full replacement value of any Buyer’s property, (c) Commercial General Liability Insurance including Premises Liability and contractual Liability covering the liabilities assumed by the Supplier under this agreement, in which the limit of liability for property damage and bodily injuries, including accidental death, shall be at a minimum, a Combined Single Limit of \$50,000,000 for any one occurrence; and (d) War Risk Insurance covering the liabilities assumed by the Supplier hereunder. If the Supplier carries a higher limit of liability, the higher limit must be certified to Buyer;

27.2 The insurance coverages described herein shall be in form satisfactory to Buyer, and shall contain a provision prohibiting cancellation or material change except upon at least ten (10) days’ (seven (7) days in the case of War Risks Insurance) prior notice to Buyer. All such insurance policies will be primary in the event of a loss arising out of the Supplier’s performance of work and shall provide that where there is more than one insured the policy will operate, except for the limits of liability, as if there were a separate policy covering each insured and shall operate without right of contribution from any other insurance carrier by Buyer. Certified copies of said policies or certificates evidencing such insurance and endorsements naming the Buyer as an additional insured or, in the case of All Risk Property Insurance, naming the Buyer as a loss payee, shall be filed with Buyer upon execution of the Agreement and before commencement of any work hereunder, and within thirty (30) days after any renewals or changes to such policies are issued.

27.3 To the extent permitted by law, Supplier and its insurer(s) agree that subrogation rights against the Buyer are hereby waived. Supplier shall reflect such waiver in any policy(ies) required under this agreement and shall advise the amount of available policy limits as of execution of this contract and shall identify the amounts of any self-insured retention.

**28 REMEDIES.** Subject to any specific provisions herein or this Order, Supplier shall be liable for any damages incurred by Buyer as a result of Supplier’s failure to perform its obligations in the manner required by these terms and conditions. The rights and remedies herein reserved to Buyer shall be cumulative and additional to any other or further rights and remedies provided in law or equity.

**29 COMPLIANCE WITH LAWS.** Supplier shall comply with all domestic and international laws, rules and regulations, including without limitation, any such laws, rules and regulations in any way relating to shipping, pollution control, waste disposal, hazardous substances, protection of the environment, export, import and the manufacture, labeling, invoicing and sale of the goods covered by this Order and as required in the exporting country, the Buyer’s destination country and the countries



in which the Buyer and its parent company reside. Supplier shall indemnify and hold Buyer harmless from and against any and all liability due to the Supplier's failure to comply with this section.

**30 GOVERNING LAW AND DISPUTE RESOLUTION.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Israel. The competent courts of Tel Aviv-Jaffa shall have exclusive jurisdiction to hear all disputes arising in connection with this Agreement and no other courts shall have any jurisdiction whatsoever in respect of such disputes.

**31 NO WAIVER.** Buyer's failure to seek a remedy for any breach by Supplier or Buyer's failure to insist on performance of any of the terms or conditions herein or to exercise any right or privilege hereunder shall not thereafter be deemed a waiver for any such terms, conditions, rights or privileges or any other terms, conditions, or privileges whether of the same or similar type.

**32 ENTIRE AGREEMENT.** This Order constitutes the entire agreement between the parties and contains all the agreements and conditions of sale; no course of dealing or usage of the trade shall be applicable unless expressly incorporated in this Order. The terms and conditions contained in the Order may not be added to, modified, superseded or otherwise altered except by a written modification.