1. CONTRACT FORMATION

If this order is an offer, Seller’s acceptance of this order shall be on, and expressly limited to, the terms and conditions hereof. If this order is an acceptance of an offer, acceptance is expressly limited to the terms and conditions of this order. The terms and conditions of this order applies to the goods, services or other deliverables (collectively, the “Items” as described herein. Shipment of any Items, or provision of any service contemplated herein, shall constitute acceptance or assent. Seller may not ship under reservation. None of Seller’s terms and conditions of sale contained in any quotation, acknowledgment, invoice, acceptance of this order or any other document shall apply. These terms and conditions along with the related purchase order issued by Buyer constitute the entire agreement between parties with regard to the Items and will be collectively referred to herein as this “Contract.”

2. SCHEDULE

a. Time is of the essence in this Contract. Seller shall strictly adhere to the shipment or delivery schedules specified in this Contract. In the event of any anticipated or actual delay, including but not limited to delays attributed to labor disputes, Seller shall: (i) promptly notify Buyer in writing of the reasons for the delay and the actions being taken to overcome or minimize the delay; (ii) provide Buyer with a written recovery schedule; and (iii) if requested by Buyer, ship via air or other expedited routing to avoid or minimize delay to the maximum extent possible. Unless Seller is excused from prompt performance as provided in the “Delivery” Section of this Contract, the added premium transportation costs are to be borne by Seller.

b. Seller shall not deliver Items prior to the scheduled delivery dates unless authorized by Buyer.

c. Buyer shall be required to pay an additional cost, retain Items furnished in excess of the specified quantity or in excess of any allowable overage unless, within 45 days of shipment, Seller requests return of such excess. In the event of such request, Seller shall reimburse Buyer for reasonable costs associated with storage and return of the excess.

3. PACKING AND SHIPPING

a. Seller shall pack the Items to prevent damage and deterioration. Regardless of transportation mode, all Items shall be suitably packed and properly marked (including notice of hazardous substances) or otherwise prepared for shipment so as to secure the lowest transportation rates and to meet carrier’s requirements. No charge will be allowed for packing, crating or carriage unless stated in this Contract. Unless otherwise authorized by Buyer in writing, all surface shipments shall be declared at the lowest value allowed by the carrier and (ii) domestic and international expedited air shipments shall be waived. If Buyer has agreed to pay for freight charges (e.g. Collect), the Seller shall ship by the carrier and service level designated by Buyer on the Contract. If not, Seller shall pay all costs of shipping.

b. HAZMAT material must be packaged, marked and labeled in accordance with applicable federal and international regulations, e.g. 49 CFR, ICAO, and IMO.

c. For those items that are shipped by Seller directly to Buyer where Buyer is the Importer of Record into the United States and its insular possessions, the Seller agrees to comply with the Customs – Trade Partnership Against Terrorism (C-TPAT) requirements from the Point of Origin. The term “Point of Origin”, as used in this paragraph, will mean and refer to the site where such Products are assembled, manufactured, packaged and shipped. Buyer’s C-TPAT Security requirements and guidelines can be obtained at http://www.boeing-suppliers.com/supplier_portal/Boeing-C-TPATSecurityGuidelines_01-15-09.pdf.

d. For any security purposes, the Seller shall complete any questionnaires or form letters upon request within 30 days of request. The Seller and its subcontractors shall be subject to announced periodic site visits by Buyer to confirm compliance with the terms contained in the requirements and guidelines. The Seller shall provide requested corrective action plan responses within 30 days of request unless a different number of days is required by Buyer. The Seller will maintain procedures for employees to report security incidents and/or suspicious behavior and notify Buyer within 24 hours of any actual or suspected breach of security involving Buyer’s cargo to Trade Compliance at import@Aviall.com.

e. Seller agrees to use supply chain security program certified carriers, local companies and others involved with the transport and handling of Buyer’s shipments. In the absence of supply chain security program certified transport and handling providers, Seller may use companies that have agreed in writing to follow supply chain security program guidelines and will promptly notify Buyer of such usage. If no certified transport and handling providers or companies that have agreed to follow the supply chain security program guidelines are available, the Buyer’s CTPAT requirements and guidelines will apply.

f. Seller shall notify Buyer in writing when discrepancies in Seller’s process or Items are discovered or suspected regarding Items delivered or to be delivered under this Contract.

4. QUALITY CONTROL

Seller shall establish and maintain a quality control system acceptable to Buyer for the Items purchased under this Contract. Seller shall permit Buyer to review procedures, processes, and related related documents to determine such acceptability. The Seller will provide to Buyer any quality surveys provided by Buyer upon request within 15 days of request. Seller shall have a continuing obligation to promptly notify Buyer of any violation of or deviation from Seller’s approved inspection/quality control system and to advise Buyer of the quantity and specific identity of any Items delivered to Buyer during the period of any such violation or deviation. Additionally, Seller is responsible for maintaining all records required to document Seller’s manufacturer’s certifications. Records must be maintained for the length of time required by the relevant authority. If the relevant authority provides no time frame, the documents must be maintained for at least seven years before being destroyed.

5. SELLER’S NOTICE OF DISCREPANCIES

Seller shall notify Buyer in writing when discrepancies in Seller’s process or Items are discovered or suspected regarding Items delivered or to be delivered under this Contract.

6. INSPECTION

a. If the Items are not delivered at the contract price, Seller shall be responsible for the cost of removing the Items; (iii) correct the Items; or (iv) obtain replacement Items from another source.

b. Seller shall not deliver substitute, superseded or alternate Items without the prior written approval of Buyer.

c. If Buyer performs an inspection or test on the premises of Seller or its subcontractors, Seller shall furnish, and require its subcontractors to furnish, without additional charge, reasonable facilities and assistance for the safe and convenient performance of these duties.

7. DELIVERY

Time is of the essence in this Contract. If any Items are not delivered within the time specified in this Contract, Buyer, in addition to other remedies provided by law, may refuse to accept such Items and cancel this Contract without penalty or cost. However, Seller shall not be liable for delays in delivery or failure to manufacture or deliver due to acts of God, acts of civil or military authorities, governmental priorities, fires, strikes, floods, epidemics, war or riot, provided that the cause for such delay is reported in writing to Buyer within 7 days from the time commencement of such delay.

8. ITEM ACCEPTANCE AND REJECTION

a. Buyer may, at no additional cost to Buyer, Items and all related records shall be subject to inspection, surveillance and test by Buyer, its customers and regulatory authorities at reasonable times and places, including Seller’s subcontractors’ locations. Any inspections, surveillance and tests performed by Buyer will be conducted in a manner designed not to unduly delay the work.

b. Seller shall maintain an inspection system acceptable to Buyer for the Items purchased under this Contract.

c. In addition, Seller shall perform an inspection or test on the premises of Seller or its subcontractors, Seller shall furnish, and require its subcontractors to furnish, without additional charge, reasonable facilities and assistance for the safe and convenient performance of these duties.

9. CERTIFICATION AND TRACEABILITY

The Items furnished under this Contract are intended for export as defined in paragraph 1.8(d) of the Technical Implementation Procedures (TIP) for Airworthiness and Environmental Certification between the United States and European countries. The FAA European Aviation Safety Agency (EASA). As such, the items covered by the Contract must be accompanied by FAA Form 8130-3 as required by paragraph 5.0.1 of the TIP and section B, appendix 1, paragraph 10(k)(1)(i), (ii) and (vi) of the Maintenance Annex Guidance between the FAA and EASA. Any packing list delivered with Items must include: Seller name and address, Buyer ship to address, Buyer purchase order number and purchase order line number, Part Number for all Items, country of origin for all Items, no pricing or cost information, Item description, quantity shipped, serial number if applicable, manufacture’s certificate of conformance and expiration date, and manufacturer’s batch or lot number. All applicable manufacturer’s certification(s) must be provided to evidence that the Item was manufactured in accordance with the drawings and specifications approved by the manufacturer and relevant authority. Specifically, (a) if the Item is FAA approved, the certificate must state that the Item was manufactured in accordance with applicable FAR’s (14 CFR §21, Subparts G, K, O, or N). PMA, TSO items and critical components must be marked and labeled in accordance with 14 CFR §45.15; (b) if the Item is EASA approved, the certificate must state that the item was manufactured in accordance with EASA 21, Subpart G. For new engines, propellers, appliances and parts; an EASA Form 21 must be issued, for EASA Standards Parts a manufacturer’s certificate of conformance may be issued (FAA/EASA TIP for Airworthiness and Environmental Certification); (c) for aerospace standard hardware Items, Seller must furnish a written certificate that such items conform to then applicable established U.S. Government or industry-accepted specifications for the items established by the manufacturer(s) thereof. In addition, each such Item must be manufactured in the United States unless specifically exempted in advance by the Buyer, and packed in a sealed
container on which is plainly marked with Buyer’s purchase order number, the manufacturer, the manufacturer’s lot number, the quantity and cure date (if applicable); (d) for commercial type item, the certification will state that the item is supplied in accordance with the manufacturer’s procedures. The certification statement must be signed and may be at the bottom of the packing list on a separate page referring to the packing list. All handwritten data, including corrections, must be dated and initialed by an authorized person; (e) if the item is hazardous, as defined applicable regulation, Seller must provide a (Material) Safety Data Sheet that is compliant to the federal standards of the Buyer ship-to location, along with the United Nations Hazardous Material Code (see 49 CFR 100 et., seq.) before or with the shipment. Hazardous Items must also be properly labeled per federal standards of the Buyer ship-to location (e.g. OSHA, CLP, WHMIS, or WHS). If the items include explosives, as defined by the Bureau of Alcohol Tobacco and Firearms, U.S. Department of Treasury (see 27 CFR et. seq.), Seller must provide Buyer with an ATF Exemption Letter prior to shipment; (f) If Items contain substances of very high concern (SVHCs), as defined by EU Directive EC 1907/2006, Registration, Evaluation and Authorization of Chemicals, identification must be included by Seller with the shipment or sent to Buyer at MSDSAdminAvial.com within 45 days of request listing the SVHC chemical name, chemical weight, part weight and any applicable safe or handling information. Seller acknowledges and agrees that Buyer is authorized to disclose such information to customers and any applicable regulatory agencies. Buyer reserves the right to require such information for up to one (1) year after delivery of any SVHC Items.

10. WARRANTIES

Seller warrants that:
- The items furnished under this contract shall conform to all specifications and requirements of this contract and shall be free from defects in materials and workmanship;
- For items that have a shelf life, such items will have the greater of (i) 90% of its shelf life or (ii) two (2) years of shelf life remaining at the time of shipment;
- For items that are services, such items shall be performed by employees or agents of Seller who are experienced and skilled in their profession and in accordance with industry standards;
- The items shall not infringe any patent, copyright, trademark, or other proprietary right of any third party or misappropriate any trade secret of any third party;
- The items shall be free from liens or encumbrances;
- The items shall not contain any viruses, malicious code, trojan horse, worm, time bomb, self-help code, back door, or other software code or routine designed to: (a) damage, destroy or alter any software or hardware; (b) reveal, damage, destroy, or alter any data; (c) disable any computer program automatically; or (d) permit unauthorized access to any software or hardware; and
- The items shall not contain any third-party software (including software that may be considered free software or open source software) that: (a) may require any software to be published, accessed or otherwise made available without the consent of Buyer; or (b) may require distribution, copying or modification of any software free of charge.

The warranties set forth herein are in addition to and not in limitation of all expressed or implied warranties of Buyer and all warranties provided by law.

11. INDEMNITY

Seller shall indemnify Buyer, its affiliates including its parent and subsidiaries, and their directors, officers, employees and agents, and anyone buying or using any of the items or any party to which Buyer provides services, and shall defend and hold each of them harmless against all losses, liabilities, damages, costs, and expenses arising from (a) infringement or alleged infringement of any United State or foreign trademark, or any other intellectual property right with respect to any of the items delivered hereunder or their use, (b) claims by any party to have been harmed by defective items hereunder or by any act or omission, negligent or otherwise, of Seller or any subcontractor of Seller or any of their employees, workmen, servants, or agents, or any customer of Buyer or any other third party, (c) labor or material liens arising out of or on account of the items or their use or of any work performed by Seller or a subcontractor of Seller, (d) claims by any third party for any fee, commission or other compensation for services performed or allegedly performed on behalf of Seller in connection with this contract, and (e) fines and civil or criminal penalties arising out of the manufacture or delivery or performance by Seller of item hereunder. The negligence of Buyer, its customers or third parties shall not mitigate or otherwise invalidate Seller's liability under this paragraph. Promptly on Buyer’s request, Sellers shall pay all such losses, liabilities, damages, costs and expenses and all expenses including without limitation reasonable attorney's fees for any claim, demand, suit, action, proceeding, litigation, settlement relating thereto.

12. TAXES

The price the items includes, and Seller is liable for and will pay, all taxes, impositions, charges and exacts imposed on or measured by the Contract except for applicable sales and use taxes that are separately stated on Seller’s invoice. Prices will not include any taxes for which Buyer has furnished a valid exemption certificate or other evidence of exemption.

13. INVOICES AND PAYMENT

SALER MUST PROVIDE TO BUYER A COMMERCIAL INVOICE PRIOR TO OR IN CONJUNCTION WITH SHIPMENT OF THE ITEMS PURCHASED HERECUNDER. WHICH CONTAINS SUCH INFORMATION AS IS REQUIRED BY BUYER INCLUDING: (A) NAME AND ADDRESS OF SELLER AND BUYER, (B) SELLER’S PURCHASE ORDER NUMBER, (C) DATE OF INVOICE, (D) ITEM NUMBERS, (E) COMPLETE AND CLEAR DESCRIPTION OF ITEMS, (F) SIZES, (G) QUANTITIES, (H) UNIT PRICES AND FINAL PRICE, (I) CURRENCY, (J) SHIPPING DATES, (K) INCOTERMS, (L) COUNTRY OF ORIGIN, AND (M) IF APPLICABLE, TIME AND MATERIAL CHARGES AND SUBCONTRACT CHARGES. Unless freight or other charges are itemized, Buyer may take any offered discount on the full amount of the invoice. Payment due date, including discount periods, shall be computed from the later of the scheduled delivery date for the items, the actual delivery date of the items, or the date of receipt by Buyer of a corrected invoice. Payment will be deemed made on the date Buyer's check is mailed or payment is otherwise tendered. Buyer will make payment for the items in accordance with the payment terms established by Buyer in Buyer’s system.

14. PRICE OFFSET

Any price decrease announced by Seller for the same or similar items shall automatically reduce the price of the items purchased under this contract by a comparable amount or percentage. Buyer shall have the right (but no duty) to withhold monies payable by it hereunder and apply them to the payment of any obligation of Seller to Buyer or any other party arising in any manner out of this contract.

15. TERMINATION AT BUYER'S OPTION: SUSPENSION OF WORK

a. Should Buyer’s need for the items be reduced or eliminated, Buyer may terminate this contract in whole or in part. If Seller is unable to make other disposition of the items, Buyer shall have the right to retain title to such items up to the time of written notification of termination by Buyer. Buyer's liability under this paragraph shall never exceed the aggregate price specified in this contract.

b. Buyer may, by written order, suspend all or part of the work to be performed under this contract for a period not to exceed 100 days. Within such period, Buyer will (i) cancel the suspension of work order; (ii) terminate this contract pursuant to the provisions of this contract; or (iii) extend the stop work period upon mutual agreement of the parties. Seller shall notify Buyer only if the suspension is cancelled or expired. Buyer and Seller shall negotiate an equitable adjustment in the price or schedule or both if (i) this contract is not cancelled or terminated; (ii) the suspension results in a change in Seller’s cost of performance or ability to meet the contract delivery schedule; and (iii) Seller submits a claim for adjustment within 20 days after the suspension is cancelled or expires.

16. DEFAULT AND REMEDIES

The occurrence of any one or more of the following events shall constitute an "Event of Default": (a) any failure by Seller to deliver Items on time that conform to the specifications in this contract; (b) Seller knowingly, willfully, or with gross negligence has participated in the sale, purchase or manufacture of airplane parts without the required approval or appropriate non-U.S. equivalent regulatory agency; (c) Buyer reasonably revoke and has not reinstated its determination that Seller is in compliance to Buyer’s quality requirements; (iv) any failure by Seller to perform or comply with any obligation set forth in this contract that is not specified in another subsection and that continues un-remedial for a period of 30 days after written notice from Buyer (filing writing or offsetting) of such failure; (v) failure of Seller to maintain an adequate line of business; (vi) Buyer’s or Seller’s inability to pay debts, or its nonpayment of debts, generally as they become due; (vii) the institution of reorganization, liquidation or other such proceedings by or against Buyer or Seller or the appointment of a custodian, trustee, receiver or similar Person for any such company's properties or business; (viii) any assignment by Buyer or Seller for the benefit of its creditors; or (ix) any action of Buyer or Seller for the purpose of effecting or facilitating any of the foregoing; (x) any material failure by Seller to comply with Section 20 “Business Conduct” of this contract; (x) any failure by Seller to comply with Section 29 “Assignments and Subcontracting” of this contract. If any Event of Default by Seller shall occur:

a. Buyer may engage any other entity to manufacture, rework, repair, produce or provide, any items in substitution for the items to be delivered or provided by Seller which Buyer reasonably believes will be affected by the Event of Default; (b) Buyer may recover from Seller the difference between the price for each item and the reasonable aggregate additional expense paid or incurred by Buyer to manufacture, produce or provide, or engage other persons to manufacture, produce or provide, each such item (c) Buyer may, by written notice to Seller, cancel all or part of this contract upon the occurrence of an Event of Default: if, within 10 days after receipt of notice from Buyer specifying the failure, does not cure the failure or provide Buyer with a written detailed plan adequate to cure the failure if such failure reasonably cannot be cured within such 10 days and such plan is acceptable to Buyer.

b. Seller shall continue all work not cancelled.

c. Buyer may require Seller to transfer title and deliver Buyer, by directed, any completed Items. Upon direction from Buyer, Seller shall also protect and preserve property in its possession in which Buyer or its customer has an interest.

d. Buyer may pay the Contract price for completed Items accepted. Buyer may withhold from any amount due under this contract any sum Buyer determines to be necessary to protect Buyer against such losses, or (v) the surrender of liens or other security.

e. Buyer may sell the contract price for completed Items accepted. Buyer may withhold from any amount due under this contract any sum Buyer determines to be necessary to protect Buyer against such losses, or (v) the surrender of liens or other security.

f. The non-defaulting party shall, at their option, have the right to set off against and apply to the payment of any obligation, sum or amount owing at any time to the other party (pursuant to this Contract or any other that exist between the parties) all deposits, amounts or balances held by the non-defaulting party for the account of the other party and any amounts owed by the non-defaulting party to the other party, regardless of whether any such deposit, amount, balance or other amount is then due and owing.
17. RESPONSIBILITY FOR PROPERTY

Seller shall clearly mark, maintain an inventory of, and keep segregated or identifiable all of Buyer’s and customer’s supplied property and all property to which Buyer has acquired an interest. Seller shall assume all risk of loss, deterioration, destruction or damage of such property and lost paperwork while in Seller’s or its subcontractors’ or suppliers’ possession, custody or control. Deterioration does not include items deteriorated due to the lapse of shelf-life or other inherent deterioration. Upon request, Seller shall provide Buyer with adequate proof of insurance against such risk of loss. Buyer shall not use such property other than in performance of this Contract without prior written consent from Buyer. Buyer shall promptly notify Seller if Buyer’s property is lost, damaged or destroyed. As directed by Buyer, upon completion, termination or cancellation of all or a portion of this Contract, Seller shall make available to Buyer as directed, all the property and all records, including computer printouts, that Buyer shall request, or shall sell such property to Buyer and any improvements, alterations or additions thereto, for a fair market value, and Buyer shall provide any documentation necessary to complete such sale within 30 days after final acceptance of the work by Buyer. Buyer shall indemnify, defend and hold Seller harmless from any liability or claim pertaining to such property, including lost paperwork, that arise after final acceptance of the work by Buyer.

18. COUNTERFEIT PARTS

a. Seller agrees that it shall not furnish Counterfeit Goods to Buyer, defined as goods or separately-identifiable items or components of goods that: (i) are an unauthorized copy or substitute, are counterfeit, or are manufactured in violation of applicable regulations; (ii) are not genuine or original parts or components thereof with an adequate warranty; or (iii) are not genuine or original parts or components thereof with an adequate warranty.

b. Seller shall ensure that any parts or components thereof with an adequate warranty are genuine, and shall maintain documentation of such parts or components thereof with an adequate warranty.

c. Buyer is committed to protecting its reputation and ensuring that the work is performed to the highest standards. Buyer shall have the right to reject any part or component thereof with an adequate warranty that does not meet Buyer’s specifications.

d. Seller is responsible for ensuring that all parts or components thereof with an adequate warranty are genuine, and shall provide adequate documentation to prove their genuineness.

19. SELLER FINANCIAL REVIEW

If the Contract exceeds $250,000 and extends for more than one year, and if requested, Seller shall provide financial data as specified below, on a quarterly basis, or as requested, to Buyer for credit and financial condition reviews. Such data shall include but is not limited to, balance sheets, schedule of accounts payable and receivable, major lines of credit, creditors, income statements (profit and loss), cash flow statements, firm backlog, and headcount. Copies of such data are to be made available within 72 hours of any written request by Buyer. All such information shall be treated as confidential.

20. BUSINESS CONDUCT

a. Compliance with Laws. Seller and the items shall comply with all applicable statutes and government rules, regulations and orders. Without acting as a limitation, Seller shall comply with (i) all applicable country laws relating to anti-corruption or anti-bribery, including, but not limited to, legislation implementing the Organization for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (“the OECD Convention”) or other anti-corruption/antibribery laws; (ii) all relevant requirements of the “Code of Federal Regulations” (15 U.S.C. § 78d-f) and/or any “Foreign Corrupt Practices Act” regulations pertaining to fair wages and treatment, freedom of association, personal privacy, collective bargaining, workplace safety and environmental protection. Further, any material violation of law relating to Seller’s operations in a manner that is fully compliant with all applicable laws and regulations pertaining to fair wages and treatment, freedom of association, personal privacy, collective bargaining, workplace safety and environmental protection. Any material violation of law relating to Seller’s operations shall be considered a material violation of law by Seller relating to basic working conditions and human rights, including laws regarding slavery and human trafficking, of the country or countries in which Seller is located. Seller shall, in such a case, take all possible measures to ensure that all subcontractors and their respective employees comply with the provisions of this paragraph.

b. Gratuities. Seller warrants that neither it nor any of its employees, agents, or representatives have offered or given, or will offer or give, any gratuities to Buyer’s employees, agents or representatives for the purpose of securing favorable treatment under this Contract.

c. Code of Basic Working Conditions and Human Rights. Seller is committed to providing a safe and secure working environment and the protection and advancement of basic human rights in its worldwide operations. In furtherance of this commitment, Buyer has adopted a Code of Basic Working Conditions and Human Rights (the “Code”) setting out in detail the measures it takes to ensure this commitment is fulfilled. The Code may be downloaded at http://www.boeing.com/aboutus/culture/code.html. Buyer strongly encourages Seller to adopt a similar code and to apply the principles set forth herein to Seller’s operations in a manner that is fully compliant with all applicable laws and regulations pertaining to fair wages and treatment, freedom of association, personal privacy, collective bargaining, workplace safety and environmental protection.

d. Environmental Health and Safety Performance. Seller acknowledges and accepts full and sole responsibility to maintain an environment, health and safety management system (“EMS”) appropriate for its business throughout the performance of this Contract. Buyer expects that Seller’s EMS will promote health and safety, environmental stewardship, and pollution prevention by appropriate source reduction strategies. Seller shall conform the requirement of this clause to its suppliers. Seller shall not deliver items that contain hazardous substances, including but not limited to, asbestos, lead, mercury, or any other hazardous substances that are regulated under federal, state or local laws.

e. Certification of Compliance. Seller shall provide Buyer with a certificate of compliance with the Code, which includes a statement attesting to Seller’s compliance with the Code and the EMS.

f. Buyer Policies. Seller agrees that Buyer’s internal policies, procedures and codes are intended to guide the internal management of the Buyer and are not intended to, and do not, create any obligations or liabilities on the part of Seller, or its employees, agents, contractors, subcontractors, suppliers, or any other party, except to the extent of the direct procurement of items from OEMs or authorized Sellers, conducting approved testing or inspection to ensure the accuracy of the items, and, when items are to be procured from non-authorized Sellers, obtaining from such non-authorized Sellers appropriate certification of conformance that provide one or more of the following: (i) the OEM’s confirmation of the 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.

21. INSURANCE AND, PROTECTION OF PROPERTY

Where Seller is either designing or performing work at premises owned or controlled by Buyer or Buyer’s customer or obtaining access electronically to Buyer systems or information, Seller shall comply with (i) all the rules and regulations established by Buyer or Buyer’s customer for access to and activities in and around premises controlled by Buyer or Buyer’s customer, and (ii) Buyer requests for information and documentation to validate citizenship or immigration status of Seller’s personnel or subcontractor personnel. In addition, Seller acknowledges that Buyer may perform routine background checks on Seller personnel. Seller shall include the substance of this clause, including this flow-down requirement, in all subcontracts awarded by Seller where subcontractors will be performing work at Buyer premises.

a. Commercial General Liability. Seller shall carry and maintain, and ensure that all subcontractors thereof carry and maintain, throughout the period when work is performed and until final acceptance by Buyer, Commercial General Liability insurance with available limits of not less than $1,000,000 per occurrence for bodily injury and property damage combined. Such insurance shall contain coverage for all premises and operations, broad form property damage, contractual liability (including, without limitation, that specifically assumed by indirect (or "cross") indemnity clause) and $1,000,000 combined single limit for the liability of twenty-four (24) months after final acceptance of the work by Buyer. Such insurance shall not be maintained on a per-project basis unless the respective Seller or subcontractor thereof does not have blanket coverage.

b. Automobile Liability. If licensed vehicles will be used in connection with the performance of the work, Seller shall carry and maintain, and ensure that all subcontractors thereof carry and maintain, automotive insurance with limits of not less than $500,000 per occurrence for bodily injury and property damage, $50,000 per occurrence for damage to others, and $50,000 per occurrence for uninsured motor vehicle coverage.

c. Workers’ Compensation and Employers’ Liability. Throughout the period when work is performed and until final acceptance by Seller, Buyer shall, and shall ensure that any subcontractor or supplier thereof carry and maintain, workers’ compensation insurance with limits not less than $100,000 per accident and $500,000 per occurrence, and employers’ liability insurance with limits not less than $1,000,000 per incident with respect to all of their respective employees working on or about Buyer’s premises. If Buyer is required by any applicable law to pay any Workers’ Compensation premiums with respect to an employee of Seller or any subcontractor, Seller shall reimburse Buyer for such payment.

d. Certificates of Insurance. Prior to commencement of the work, Seller shall provide for Buyer’s review and approval certificates of insurance reflecting full compliance with the requirements of paragraphs a, b, c and d above. Throughout the period when work is being performed, and until final acceptance by Buyer, and shall provide for 30 days advance written notice to Buyer in the event of cancellation. Failure of Seller or any subcontractor thereof to furnish certificates of insurance, or to procure and maintain the insurance required herein or failure of Buyer to request such certificates, endorsements or other proof of coverage shall constitute a waiver of Seller’s or subcontractor’s obligations hereunder.

e. Self-Insured Statements. Seller shall provide to Buyer self-insured statements and exclusions and coverage in the policies required under this Section shall be assumed by, for the account of and at the sole risk of Seller or the subcontractor which provides the insurance and, to the extent applicable, shall be paid by such Seller or subcontractor. In no event shall the liability of Seller or any subcontractor thereof be limited to the extent of any of the minimum limits of insurance required herein.

f. Protection of Property. Seller assumes, and shall ensure that all subcontractors thereof and their respective employees assume, the risk of loss or destruction of or damage to any property of such parties, whether owned, hired, rented, borrowed or otherwise, brought to a facility owned or controlled by Buyer or Buyer’s customer. Seller waives, and shall ensure that any subcontractor thereof and their respective employees waive, all rights of recovery against Buyer, its subsidiaries and their respective directors, officers,
22. **TRADE CONTROL COMPLIANCE**

a. The Parties shall comply with all export, import, sanction laws, regulations, decrees, orders, and policies (as amended) of the United States Government, the government of any country in which the Parties conduct business pursuant to this Contract and the government of any country which may exercise lawful jurisdiction over the controlled items, including but not limited to the Export Administration Regulations ("EAR") of the U.S. Department of Commerce, the International Traffic in Arms Regulations ("ITAR") of the U.S. Department of State, the U.S. Customs & Border Protection Regulations, the Harmonized Tariff Schedule, and the antiboycott and embargo regulations and guidelines as set forth in the EAR and in the U.S. Department of the Treasury, Office of Foreign Assets Control (collectively, "Trade Laws").

b. Seller shall disclose, control, or technical data provided by Buyer related to performance of this Contract in compliance with all applicable Trade Control Laws. Seller shall not transfer (to include transfer to foreign persons employed by or associated with, or under contract to Seller, or Seller's sub-tier suppliers or Seller's non-U.S. subsidiaries) any export controlled item, data or services, without providing advance notice to Buyer and obtaining the requisite export and/or import authorization.

c. Subject to applicable Trade Control Laws, Seller shall provide Buyer with the export control classification of any commodity or technology including software. The Party providing controlled items under this contract shall, upon request, notify the other Party of the items' export classification (e.g., the Export Control Classification Numbers or United States Munitions List [USML] category and subcategory) as well as the export classification of any components or parts thereof if the same are different from the export classification of the item at issue. The Parties further agree that this export classification determinations shall be made by a qualified person (employee, consultant, advisor) empowered on behalf of the Party making the export classification and supported by bona fides evidence. Each Party agrees to reasonably cooperate with the other in providing, upon request documented evidence, proof or other supporting information that validates the export software determination.

d. Seller shall promptly notify Buyer if Seller is, or becomes, listed in any Denied Parties List or if Seller's export privileges are otherwise denied, suspended or revoked in whole or in part by any governmental entity.

e. Seller shall promptly inform Buyer of any actual or alleged violations of any applicable Trade Control Laws, including any suits, actions, proceedings, notices, citations, inquiries, or other communications from any government agency concerning any actual or alleged violations, in Seller's performance under any Contract and shall comply with all reasonable requests from Buyer for information regarding any such violations.

f. Seller shall incorporate into any contracts with its sub-tier suppliers obligations no less restrictive than those set forth herein requiring compliance with all applicable Trade Control Laws.

g. If a Party engages in the export or import of a controlled item in support of its duties and obligations imposed under this Contract, then such Party conducting the export or import shall obtain all authorizations that are required under the applicable Trade Control Laws. Each Party shall cooperate and exercise reasonable efforts at its own expense to support the other in obtaining any necessary export and import authorizations required to perform its obligations under this contract. Reasonable cooperation shall include providing such documentation, (e.g., export license applications, (e.g., export license applications).

h. For country of origin and preference processing purposes, Seller shall promptly complete and return any questionnaires, forms, or inquiries associated with country of origin, preference criterion, or any data associated with free trade within thirty (30) days. Buyer may make requests for certification of country of origin electronically through email or by portal access. Data provided to Buyer will be used to produce free trade documentation, including but not limited to the North American Free Trade Agreement (NAFTA) Certification. If Seller elects to provide hard-copy certificates to Buyer, Seller acknowledges and agrees that such certificates will be valid for an entire calendar year. Should the country of origin or trade data provided to Buyer change within the validity date range of the certification, Seller must notify Aviall of such changes either by sending a notice or via portal access.

23. **INDEPENDENT CONTRACTOR**

Nothing in this Contract or any acceptance hereof shall constitute Seller or any of its officers, directors, or employee's as Buyer's agent, legal representative or employee. Seller is an independent contractor for all purposes.

24. **NOTICE TO BUYER OF LABOR DISPUTES**

Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this Contract, Seller shall immediately give Buyer written notice thereof, including the relevant information, to Buyer.

25. **UTILIZATION OF SMALL BUSINESS CONCERNS**

For work subcontracted in the US, Seller agrees to actively seek out and provide the maximum practicable opportunities for small businesses, small disadvantaged businesses, women-owned small businesses, minority business enterprises, historically black colleges and universities and minority institutions, Historically Underutilized Business Zone small business concerns and U.S. Veteran and Service-Disabled Veteran Owned small business concerns to participate in the subcontracts Seller awards to the fullest extent consistent with the terms of this Contract.

26. **ASSIGNMENT AND SUBCONTRACTING**

Seller shall not delegate any duty or assign this Contract in whole or in part or subcontract its performance of this Contract without Buyer's prior written consent after advance written notice to Seller. Any attempted delegation, subcontract or assignment shall be void.

27. **CONTRACT MODIFICATION**

No modification of this Contract shall be binding on Buyer unless written and signed by Buyer or its agent. Usage of trade, course of performance, and course of dealing cannot supplement or modify the written terms of this Contract. Buyer reserves the right and Seller agrees to accept reasonable changes to this Contract, including changes as to packaging, testing destinations, specifications, designs, and delivery schedules, but changes and alterations shall be authorized only by Buyer's written release order. Buyer's (a) failure to insist on strict performance of any term or condition hereof or (b) failure or delay in exercising any right or remedy provided herein or by law or properly to notify Seller in the event of breach or (c) acceptance of or payment for items hereunder or (d) approval of any design shall not release Seller from any of the warranties or obligations of this Contract and shall not be deemed a waiver of any right of Buyer to insist upon strict performance hereof or of any of its rights or remedies as to any prior or subsequent default hereunder or shall have any purported oral modification or rescission of this Contract by Buyer operate as a waiver of any term or condition hereof.

28. **PARTIAL INVALIDITY, RIGHTS AND REMEDIES**

The rights and remedies set forth in this Contract are cumulative and in addition to any other rights or remedies that the parties may have at law or in equity. If any provision of this Contract is or becomes void or unenforceable by law, the remainder of the Contract shall be valid and enforceable. Seller acknowledges and agrees that monetary damages would not be an adequate remedy for any actual, anticipatory or threatened breach of this Contract by Seller with respect to its delivery of the Items to Buyer. Buyer may at any time deduct or set-off money owed, due or to become due to Seller from Buyer against any claims that Buyer has or may have arising out of this Contract or other transactions between Buyer and Seller.

29. **CONFIDENTIAL, PROPRIETARY AND TRADE SECRET INFORMATION AND MATERIALS**

Buyer and Seller shall each keep confidential and protect from unauthorized use and disclosure all (a) confidential, proprietary and/or trade secret information; (b) tangible items and software containing, conveying or embodying such information; and (c) tooling identified as being subject to this Section and obtained, directly or indirectly, from the other in connection with this Contract or other agreements referencing this Contract (collectively referred to as "Proprietary Information and Materials"). Buyer and Seller shall each use Proprietary Information and Materials of the other in the performance of and for the purpose of this Contract and any other agreement referencing this Contract. However, despite any other obligations or restrictions imposed by this Section, Buyer shall have the right to disclose and reproduce Seller's Proprietary Information and Materials, and make others derive therefrom, for the purposes of testing, certification, use, sale or support of any items delivered under this Contract or any other agreement referencing this Contract. Any such use, disclosure, reproduction or derivative work by Buyer shall, whenever appropriate, include a restrictive legend suitable for the particular circumstances. The restrictions on disclosure or use of Proprietary Information and Materials by Seller shall apply to all materials derived by Seller or others from Buyer's Proprietary Information and Materials. Upon Buyer's request at any time, and in any event upon the completion, termination or cancellation of this Contract, Seller shall return to Buyer all of Buyer's Proprietary Information and Materials, and all materials derived therefrom, unless specifically directed otherwise in writing by Buyer. Seller shall not, without the prior written authorization of Buyer, sell or otherwise dispose of (as scrap or otherwise) any parts or other materials containing, conveying, embodying or made in accordance with or by reference to any Proprietary Information and Materials of Buyer. Prior to disposing of such parts or other materials as scrap, Seller shall render them unusable. Buyer shall have the right to audit Seller's compliance with this Section. Seller may disclose Proprietary Information and Materials of Buyer to its subcontractors as required for the performance of this Contract, provided such subcontractor first agrees in writing to the same obligations imposed upon Seller under this Section relating to Proprietary Information and Material. Seller shall be liable to Buyer for any breach of such obligation by such subcontractor. The provisions of this Section are effective in lieu of any restrictive legends or notices applied to Proprietary Information and Materials. The provisions of this Section shall survive the performance, completion, termination or cancellation of this Contract.

30. **DISPUTES**

Buyer and Seller shall use their best reasonable efforts to resolve any and all disputes, controversies, claims or differences between Buyer and Seller, arising out of or relating in any way to the Contract or a Party's performance thereunder, including, but not limited to, any questions regarding the existence, validity or termination hereof ("Disputes"), through negotiation. Pending final resolution of any dispute, Seller shall proceed with performance of this Contract according to Buyer's instructions so long as Buyer continues to pay amounts not in dispute.

31. **APPLICABLE LAW**

The definitions of terms used, interpretation of this Contract, and rights of parties hereeto shall be construed under and governed by the laws of the State of Texas without regard to the conflict of law rules thereof. This Contract excludes the application of the 1980 United Nations Convention on Contracts for the International Sale of Items.
32. ORDER OF PRECEDENCE
All documents and provision in this Contract shall be read so as to be consistent to the fullest extent possible. In the event of a conflict or inconsistency between the documents or provisions as incorporated into or attached to the Contract, the terms of this Contract will prevail over all other attachments, exhibits, appendices, documents or other terms incorporated by reference in or attached to this Contract.

33. CONDITIONS APPLICABLE ONLY IF THIS CONTRACT IS PLACED UNDER GOVERNMENT CONTRACT OR SUBCONTRACT
If this Contract is placed pursuant to a Government prime contract or subcontract referenced by a number or otherwise in this Contract, Seller must comply with all FAR or DFAR flow down clauses deemed necessary or advisable by Buyer including, but not limited to, the following mandatory flow down clauses for commercial items set forth in FAR 52.212-5(e)(1) and DFARS 252.244-7000 are effective as applicable to this Contract:


FAR 52.203-7, Anti-Kickback Procedures. (Excepting paragraph (c)(1)) (Applicable to Purchase Orders that exceed $150,000 or the dollar threshold in effect as of the date of the prime contract other than those for commercial items) (OCT 1988)

FAR 52.203-12, Limitation on Payments to Influence Certain Federal Transactions. (Applicable to Purchase Orders exceeding $150,000) (OCT 2010)

FAR 52.203-13, Contractor Code of Business Ethics and Conduct (OCT 2015)

FAR 52.203-17, Contractor Employee Whistleblower Rights and Requirement To Inform Employees of Whistleblower Rights (Applicable to Purchase Orders over the simplified acquisition threshold under prime contracts awarded by civilian agencies other than NASA and the Coast Guard). (APR 2014)

FAR 52.203-19, Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements (JAN 2017)

FAR 52.204-7, System for Award Management. as applicable. (OCT 2016)

FAR 52.204-8(d), Annual Representations and Certifications as applicable. (JAN 2017)

FAR 52.204-21, Basic Safeguarding of Covered Contractor Information Systems. (Jun 2016)

FAR 52.204-10, Reporting Executive Compensation and First-Tier Subcontract Awards. (OCT 2016)

FAR 52.209-6, Protecting the Government’s Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment (Applicable to Purchase Orders of $35,000 or more). (MAY 1989)

FAR 52.211-15, Defense Priority and Allocation Requirements. (SEP 1990)(Required in all rated contracts)

FAR 52.212-3, Offer Representations and Certifications-Commercial Items (Provides a single, consolidated list of representations and certifications for the acquisition of commercial items and is attached to the solicitation for offers to complete) (JAN 2017)

FAR 52.212-5, Contract Terms and Conditions Required to Implement Statutes or Executive Orders – Commercial – Items. (Provides by reference only those clauses required to implement provisions of law or Executive orders applicable to the acquisition of commercial items) (JAN 2017)

FAR 52.219-8, Utilization of Small Business Concerns (NON 2016) (Applicable to all Subcontracts that offer further subcontracting opportunities)

FAR 52.222-17, Nondisplacement of Qualified Workers (MAY 2014)

FAR 52.222-21, Prohibition of Segregated Facilities. (Apr 2015)

FAR 52.222-26, Equal Opportunity (SEPT 2016)

FAR 52.222-35, Equal Opportunity for Workers with Disabilities (JULY 2014)

FAR 52.222-36, Equal Opportunity for Workers with Disabilities (JUL 2014)

FAR 52.222-37, Reports on Veterans. (FEB 2016)(Insert the terms of this clause in subcontracts of $150,000 or more unless exempted by rules, regulations, or orders of the Secretary of Labor)

FAR 52.222-40 Notification of Employee Rights Under the National Labor Relations Act (DEC 2010)

FAR 52.222-41, Service Contract Labor Standards (MAY 2014)

FAR 52.222-50, Combating Trafficking in Persons (MAR 2015)

FAR 52.222-51, Exemption from Application of the Service Contract Labor Standards to Contracts for Maintenance, Calibration or Repair of Certain Equipment – Requirements (MAY 2014)

FAR 52.222-53, Exemption from Application of the Service Contract Labor Standards to Contracts for Certain Servcs – Requirements (MAY 2014)

FAR 52.222-54, Employment Eligibility Verification. (OCT 2015)

FAR 52.222-55, Minimum Wages Under Executive Order 13658 (DEC 2015)

FASR 52.222-59, Compliance with Labor Laws (OCT 2016)

FAR 52.222-60, Paycheck Transparency (OCT 2016)

FAR 52.222-62, Paid Sick Leave Under Executive Order 13706 (JAN 2017)

FAR 52.224-3, Privacy Training (JAN 2017)

FAR 52.223-18, Encouraging Contractor Policies to Ban Text Messaging While Driving. (AUG 2011)(In all subcontracts that exceed the micro-purchase threshold).

FAR 52.225-26, Contractors Performing Private Security Functions Outside the United States (OCT 2016)

FAR 52.226-6, Promoting Excess Food Donation to Nonprofit Organizations (MASY 2014)

FAR 52.232-39, Unenforceability of Unauthorized Obligations. (Applicable to all Purchase Orders when any supply or service acquired that includes any clause requiring the Government to indemnify the Contractor or any person or entity for damages, costs, fees, or any other loss or liability that would create an Anti-Deficiency Act violation) (JUN 2013)

FAR 52.232-40, Providing Accelerated Payments to Small Business Subcontractors. (DEC 2013)

FAR 52.244-6, Subcontracts for Commercial Items. (Applicable to all Purchase Orders other than those for commercial items invoking the requirements of 52.203-13, Contractor Code of Business Ethics and Conduct (Dec 2008) 52.203-15, Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009, 52.219-8, Utilization of Small Business Concerns. 52.222-26, Equal Opportunity; 52.222-35, Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans; 52.222-36, Affirmative Action for Workers with Disabilities; 52.222-40, Notification of Employee Rights Under the National Labor Relations Act (DEC 2010) (E.O. 13496), if flow down is required in accordance with paragraph (f) of FAR clause 52.222-40; 52.222-50, Combating Trafficking in Persons (Feb 2009); 52.222-26, Equal Opportunity (MAR 2007) (E.O. 11246) and, 52.247-64, Preference for Privately Owned U.S.-Flag Commercial Vessels). (DEC 2010)
FAR 52.247-64, Preference for Privately Owned US Flag Commercial Vessels (FEB 2006)

DFAR 252.203-7002, Requirement to Inform Employees of Whistleblower Rights (Applicable to Subcontractors at all tiers to inform its employees in writing, in the predominant language of the workforce, of employee whistleblower rights and protections under 41 USC 4712) (SEP 2013)

DFAR 252.204-7008, Compliance with Safeguarding Covered Defense Information Controls (Applicable in all Purchase Orders using FAR part 12 procedures for the acquisition of commercial items) (OCT 2016)

DFAR 252.204-7009, Limitations on the Use or Disclosure of Third-Party Contractor Reported Cyber Incident Information (Applicable to Purchase Orders in subcontracts, or similar contractual instruments, for services that include support for the Government’s activities related to safeguarding covered defense information and cyber incident reporting, including subcontracts for commercial items, without alteration, except to identify the parties) (OCT 2016)

DFAR 252.204-7012, Safeguarding Covered Defense Information and Cyber Incident Reporting. (OCT 2016)

DFAR 252.204-7015, Disclosure Of Information To Litigation Support Contractors (Applicable to those subcontractors that wish to have further protection of proprietary information.) (MAY 2016)

DFAR 252.223-7008, Prohibition of Hexavalent Chromium. (Applicable to all Purchase Orders for supplies, maintenance and repair services, or construction materials) (JUN 2013)

DFAR 252.225-7009, Restriction on Acquisition of Certain Articles Containing Specialty Metals. (OCT 2014)

DFAR 252.225-7012, Preference for Certain Domestic Commodities. (DEC 2016)

DFAR 252.225-7048, Export-Controlled Items. (Applicable to Purchase Orders Requires subcontractors at all tiers to comply with all applicable laws and regulations regarding export controlled items, including, but not limited to the requirement for contractors to register with the Department of State in accordance with the ITAR. "Export-controlled items" as used in this clause means items subject to the Export Administration Regulations (EAR) or to the International Traffic in Arms Regulations (ITAR)). (JUN 2013)

DFAR 252.239-7010, Cloud Computing Services (Applicable ONLY in subcontracts that involve or may involve cloud services, including subcontracts for commercial items) (OCT 2016)

DFAR 252.244-7000, Subcontracts for Commercial Items. (JUN 2013)

DFAR 252.246-7007, Contractor Counterfeit Electronic Part Detection and Avoidance System. (AUG 2016)

DFAR 252.247-7023, Transportation of Supplies by Sea (Applicable ONLY to first tier subcontractors for construction, non-commercial items and commercial items that are drop shipped directly to the Government or that are in direct support of specific military operations) (APR 2014)