

## SPACE MACHINE PURCHASE ORDER CODED NOTES

### **1: DOD RATED ORDER.**

A. This Order supports Buyer's work under a Prime Contract with the U.S. Government. Applicable priority rating defaults to "DO," unless otherwise stated on the face of this Order. This is a rated Order certified for national defense use. Seller is required to follow the requirements of the defense priorities and allocation system regulation (15 CFR Part 700) and all other applicable regulations for obtaining controlled Products and other Products and Services needed to fill this Order.

B. Seller shall include the substance of this provision in all subcontracts Seller places in support of this Order.

### **2. SUSPECT/COUNTERFEIT PARTS.**

A. "Suspect/counterfeit parts" are parts that may be of new manufacture, but are misleadingly labeled to provide the impression they are of a different class or quality or from a different source than is actually the case. The term "suspect/counterfeit parts" also includes refurbished parts, with or without false labeling, that are represented as new parts or any parts that are designated as suspect by the U.S. Government, including but not limited to parts listed in alerts published by the Defense Contract Management Agency under the Government-Industry Data Exchange Program (GIDEP).

B. Seller will ensure that suspect/counterfeit parts are not incorporated into any Products. The intentional or unintentional use, incorporation, or delivery of suspect/counterfeit parts is strictly prohibited. This includes a suspect/counterfeit part being provided either as an end item deliverable or as a component or subcomponent of an end item deliverable under this Order.

C. Seller represents and warrants that it has policies and procedures in place to ensure that none of the Products furnished to Buyer under this Order are or contain "suspect/counterfeit parts." Seller further certifies, to the best of its knowledge and belief, that no "suspect/counterfeit parts" have been or will be furnished to Buyer by Seller under this Order.

D. If Seller becomes aware or suspects that it has furnished suspect/counterfeit parts or if Buyer determines, including as a result of alerts from the U.S. Government, that Seller has supplied suspect/counterfeit parts to Buyer and so notifies Seller, Seller shall immediately replace the suspect/counterfeit parts with parts acceptable to Buyer and conforming to the requirements of this Order. Notwithstanding any other provision of this Order, Seller shall be liable for all costs incurred by Buyer to remove and replace the suspect/counterfeit parts, including without limitation all costs incurred by Buyer relating to the removal of such suspect/counterfeit parts, the reinsertion of replacement parts and any testing necessitated by the reinstallation of Seller's Products after suspect/counterfeit parts have been exchanged. The parties agree that Seller will pay Buyer's actual costs and Buyer's labor at Buyer's fully-burdened hourly rates (as appropriate) utilizing the then-current Government-approved rate set authorized for change-order activity. All such costs shall be deemed direct damages.

E. Buyer may, at its discretion:

(i) Remove and or retain or both all Products supplied by Seller that are suspected of being or containing suspect/counterfeit parts pending reporting to the appropriate law enforcement authorities and final disposition of the Products by them. Seller shall be liable for all costs relating to Buyer's removal and retention of the suspect/counterfeit parts.

(ii) Turn over to the appropriate authorities (*e.g.*, without limitation, the Defense Criminal Investigative Service, Naval Criminal Investigative Service, Federal Bureau of Investigation, Offices of the Inspector

General, etc.) any Products suspected of being or containing suspect/counterfeit parts and reserves the right to withhold payment for the Products pending the results of any investigation or proceedings related to the matter.

F. Seller's warranty against suspect/counterfeit parts shall survive any termination or expiration of this Order.

G. Seller shall insert a clause containing all of the terms of this provision in all subcontracts under this Order.

### **3. INSPECTION.**

A. Except as otherwise provided in this Order, Seller shall maintain an inspection and quality control system acceptable to Buyer to be performed on Products delivered under this Order. As part of the system, Seller shall prepare records evidencing all inspections made under the system and the outcome. Buyer or Buyer's customer shall have the right to perform reviews and evaluations as reasonably necessary to ascertain Seller compliance with an inspection or quality control system that is acceptable. The right of review, whether exercised or not, does not relieve Seller of its obligations under this Order.

B. Buyer or Buyer's customer has the right to inspect and test all Products to the extent practicable, at all places and times, including the period of manufacture, and in any event before acceptance. Buyer assumes no contractual obligation to perform any inspection and test for the benefit of Seller. If Buyer or Buyer's customer performs an inspection or test on the premises of Seller or a subcontractor of Seller, Seller shall furnish, and shall require its subcontractors to furnish, at no increase in Order price, all reasonable facilities and assistance for the safe and convenient performance of such inspection and test. Buyer reserves the right to charge to Seller any additional cost of inspection or test by Buyer or Buyer's customer when (1) Products are not ready at the time such inspection or test is required by this Order or has been otherwise scheduled by mutual agreement of the parties, or (2) reinspection or retest of the Products is necessitated by prior rejection.

C. Buyer has the right either to reject or to require correction of nonconforming Products. Products are nonconforming when they are defective in material or workmanship or are otherwise not in conformity with requirements of this Order. Buyer may reject nonconforming supplies with or without disposition instructions.

D. Seller shall remove Products rejected or required to be corrected; however, Buyer may require or permit correction in place, promptly after notice, by and at the expense of Seller. Seller shall not tender for acceptance corrected or rejected supplies without disclosing the former rejection or requirement for correction, and, when required, shall disclose the corrective action taken.

E. Seller, at its own expense, shall promptly rectify any defects discovered during any inspection or test.

F. If Seller fails to promptly remove, replace, or correct rejected Products that are required to be removed or to be replaced or corrected, Buyer may either: (i) Remove, replace, or correct the Product(s) and charge the cost to Seller; or  
(ii) Terminate this Order for default.

If Buyer elects to correct the deficiencies in the Product(s), then the parties agree that Seller will pay Buyer's actual costs and Buyer's labor at Buyer's fully-burdened hourly rates (as appropriate) utilizing the then-current Government-approved rate set authorized for change-order activity. If Seller fails to correct or replace the Product(s) within the delivery schedule, Buyer may require their delivery with an equitable price reduction. Failure to agree to a price reduction shall be a dispute.

G. Products that have been reworked or repaired by Seller after having been rejected by Buyer shall be identified as "Resubmitted." Seller shall annotate the packing slip with the words "Resubmitted Material," the reason for the previous rejection, and the Buyer Inspection Report, Discrepancy Report,

or Quality Notification Number if known. If the Products were inspected at source and rejected, such information shall also be annotated on the packing slip.

H. Seller shall flow down the substance of this provision to all of its suppliers engaged for performance under this Order.

I. Neither Buyer's in-process inspection nor Buyer's approval of any of Seller's drawings, procedures or other submittals shall: (i) constitute acceptance of any work; or (ii) relieve Seller of complying fully with all of the requirements of this Order.

#### **4. CONFLICT MINERALS DISCLOSURE.**

Pursuant to Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and its implementing regulations, Buyer is required to identify the presence and source of Conflict Minerals (gold, tantalum, tin or tungsten) contained in Buyer's manufactured products. Seller shall make all reasonable efforts to assist Buyer in identifying the presence and source of Conflict Minerals contained in the products sold by Seller to Buyer, as described further below.

A. As of the time of award of this Order, Seller represents that:

(i) The Product(s) Seller will be supplying under this Order do not contain (a) gold or (b) tantalum, tin, or tungsten (derivatives of columbite-tantalite (coltan), cassiterite, and wolframite); or

(ii) Alternatively, if the Product(s) contain gold, tantalum, tin, or tungsten, Seller agrees to provide the Buyer one of the following completed forms prior to delivery of the Product(s):

a. The Global E-Sustainability Initiative Conflict Minerals Reporting Template ("GeSI CMRT") available at <http://www.conflictreesourcing.org/conflict-minerals-reporting-template/>, with "Product" selected under the "Declaration Scope or Class" field;

b. Written documentation about the source of Conflict Minerals in the Product(s) that provides substantively similar information to that requested by the GeSI CMRT.

B. If the status of any Product(s) changes during performance of this Order so that the representation or information provided pursuant to paragraph A of this provision is no longer accurate, then Seller must within 30 days complete and submit updated, accurate and current information to Buyer.

C. If Buyer determines that any representation made by Seller pursuant to this provision is inaccurate or incomplete in any respect, or Seller fails to timely submit the information required by this provision, then Buyer may, at its option, either withhold up to 10% of the Order price until such information is provided or terminate this Order pursuant to the provision of this Order titled "Termination for Default."

#### **5. INSPECTION AT SUPPLIERS PLANT**

A. The Purchaser reserves the right to audit processes and systems and to verify the conformance of the item(s) and services to the purchase order at any location including the sub-tier suppliers at any stage of development or manufacture

B. The supplier shall provide assistance to the Purchaser's representative during source inspection, audits, or other activities as may be specified by contract. This will include, but not be limited, to the following:

1. Cooperation in establishing dates and times of visits to the plant facilities
2. Providing requested information, documents, end escorts during audits, surveys, and shop inspection tours.

3. Providing calibrated M&TE to the Purchaser representatives to check product compliance

6. Supplier is required to perform, and maintain records for Malpractice and Fraud and Falsification.

- A. Alert all employees to Malpractice Prevention during new hire indoctrination
- B. Annually provide refresher training
- C. Provide a visible reminder notice at a minimum of 1 copy per every 50 employees
- D. Include verification during internal quality audits that malpractice and F&F training is performed and reminder notices are posted
- E. Include an awareness in audit requirements that auditors be alert for malpractice and F&F during internal and external quality audits
- F. Perform periodic and independent overchecks of final inspections and testing
- G. Alert all sup-tier suppliers of malpractice and F&F by passdown of this specification
- H. While performing on-site quality audits at sub-tier supplier's facilities, confirm and verify sub-tier awareness of malpractice prevention.
- I. EXAMPLES OF MALPRACTICE AND FRAUD & FALSIFICATION (F&F)

Issuing a procedure or instruction known to contain unauthorized deviation(s) from contractual requirements.

Knowingly waiving or eliminating a contractual requirement without authority to do so.

Deliberately accepting unsatisfactory work.

Intentionally performing unacceptable work.

Failing to report problems or unsatisfactory conditions in one's own workmanship.

Verifying by signature that an action was taken, knowing in fact the action was not taken, or not performing the required checks or verification to assure the action was taken.

Verifying performance of action based on hearsay, not personal observation.

Tampering with calibrated instruments to avoid rejection of work.

Falsifying dates on records to comply with frequency or deadline requirements.

Falsifying data to cover - up a procedure or drawing deviation.

Falsifying data to have work accepted, thereby avoiding further work or rework.

Concealing or not reporting information on malpractice, fraud, or falsification known to have been committed by others.