

**AV8 GROUP**  
**SUPPLIER TERMS AND CONDITIONS**

These standard Supplier Terms and Conditions (“Terms”) apply to any goods or services (“Goods”) purchased by AV8 Group and its subsidiaries and affiliates (AV8) from a provider of such Goods (the “Supplier”).

1. **General.** These Terms together with any terms contained on an AV8 purchase order or change order are the only relevant terms for the provision of Goods and shall take precedence over and specifically reject any terms appearing on any work order, confirmation, invoice or similar document provided by the Supplier.

2. **Specifications.** All goods and services provided hereunder shall conform with the standards and delivery or performance schedule agreed by the parties. All goods provided by Supplier shall strictly conform to the specifications, designs, drawings, samples or descriptions for such Goods provided by AV8. Time of delivery and quantity is of the essence, and Supplier will promptly notify AV8 of any delay or anticipated delay in the performance, the reasons for the delay and the actions being taken by Supplier to overcome or mitigate the delay. AV8 reserves the right to refuse any goods and to cancel all or any part of an order if Supplier fails to deliver all or any part of the Goods in accordance with the Terms. Acceptance of any part of an order shall not bind AV8 to accept future shipments, nor deprive it of the right to return goods already accepted. No goods rejected by AV8 shall be replaced by Supplier without AV8's express written approval.

3. **Compliance with Laws.** Supplier shall (a) Comply with all laws, ordinances, rules, regulations, orders, licenses, permits and other governmental requirements applicable to Supplier and Goods (collectively the “Laws”), that may be applicable to Supplier’s performance of its obligations and duties required by the Terms or that are otherwise applicable to the manufacture and sale of any Goods, and these Terms shall include and incorporate by reference all the clauses required by the provisions of said Laws; (b) Supplier agrees that it will perform its duties and obligations under the Agreement so as to satisfy current government and safety constraints on restricted, toxic and hazardous materials as well as environmental, electrical and electromagnetic considerations, in each case as applicable to the country of manufacture and sale; (c) Supplier shall certify to AV8 that any hazardous substances furnished pursuant to this Agreement have been properly labeled and that proper information of the substances has been provided to AV8 pursuant to any Laws; (d) Supplier agrees to comply, and will ensure that its suppliers, subcontractors, employees and agents comply, and will take all necessary steps to assist AV8 in complying, with any standards of business conduct prescribed by Law or by AV8’s Code of Conduct as may be in effect from time to time and incorporated herein by this reference, including the obligation to conduct business in a proper ethical manner and according to best business practices; (e) Without limiting the generality of the foregoing, Supplier warrants that neither it nor any of its suppliers or subcontractors shall utilize child, slave, prisoner or any other form of forced or involuntary labor, or engage in abusive employment or corrupt business practices or pay bribes to anyone for any reason, whether in dealings with governments or the private sector, in the supply of Goods under this Agreement; (f) At AV8's request, Supplier shall certify in writing its compliance with the foregoing and will provide AV8 with whatever information or documentation is necessary for AV8 to comply with applicable Laws.

4. **Further Requirements.** The Goods provided hereunder are intended for manufacture and/or sale and any defect therein may result in special damage to AV8. Acceptance of all or any part of the Goods shall not be deemed to be a waiver of AV8’s right either to cancel or return all or any part thereof because of failure to conform to order by reason of defects,

latent or patent, or other breach of warranty, or to make any claim for damages, including manufacturing costs and loss of profits or other special damages occasioned by AV8. Such rights shall be in addition to any other remedies provided by law. The following special notes apply to Suppliers of Goods that directly impact the deliverable Goods of AV8:

- a. **Right of Access.** Suppliers and their sub-tier suppliers shall provide AV8, its customers and/or Regulatory Authorities access to its Facilities and Quality Records for the purposes of verifying progress on, and the status of, any work being performed under associated Purchase Orders.
- b. **Drawings & Specifications.** Applicable issues (revision levels) of all Drawings, Standards and/or Specifications provided by AV8 to the Supplier for the performance of a Purchase Order shall be returned to AV8 at the completion of the order. The Supplier is responsible for providing these documents to their sub-tier suppliers as applicable to the performance of the order.
- c. **Material Provided by Av8.** Material traceability requires that all scrap parts and excess material shall be returned to AV8 at the completion of an order.
- d. **Record Retention.** Unless otherwise specified, Suppliers and their sub-tier suppliers will retain on file all data relative to the manufacture or processing of a purchase order for a period of not less than 20 years or as otherwise specified after final shipment, and records will be available to AV8 personnel, customers and/or Regulatory Authorities.
- e. **Nonconforming Material.** Material or Goods with a nonconformance that cannot be reworked into a conforming condition must be documented and submitted for review and disposition by AV8 and/or its customers. Suppliers shall not utilize nonconforming material or ship nonconforming Goods without receipt and completion of AV8 or its customers’ disposition instructions without prior written authorization.
- f. **Nonconforming Product.** Suppliers shall immediately notify AV8 when it is suspected or known that nonconformance exists or nonconforming Goods have been delivered. This notification shall include written notice which provides complete detailed information concerning the shipped product, the nature and cause of the nonconformance and the appropriate corrective action taken to preclude recurrence.
- g. **Corrective Action Request.** Responses to requests for corrective action must be received within the time noted on the request. Failure to provide corrective action responses in a timely manner may result in a reduction of Supplier approval status. Continued failure may result in the removal as an approved Supplier.
- h. **Material Heat Lot Control.** All same sized materials or components used to fulfill the requirements of a Purchase Order must maintain heat number traceability and therefore must not be combined. Supplier’s comingling of same size material of different heat lots is NOT allowed.
- i. **Foreign Object Damage (Fod) Prevention.** Suppliers shall establish and maintain an effective Foreign Object Damage (FOD) Prevention Program (ref: MIL-STD-980 or similar) or deburring process of product. The program shall be proportional to the sensitivity of the design and application of the purchased product as well as the FOD/or remnants of material or product generated during the manufacturing process.
- j. **Competence of Equipment and Personnel.** Supplier shall verify that it has the necessary equipment, tooling, personnel, capacity and capability to fulfill the requirements of purchased orders assigned to Supplier. In the event Supplier cannot verify the requirements of equipment, tooling, personnel, capacity and capability, Supplier must notify AV8 within 24 hours after receipt of purchase order.

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- k. **Flowdown Requirements.** Suppliers are required to flow down to sub-tier suppliers all applicable requirements in the purchasing documents, including key characteristics where required.
- l. **Suppliers Contribution to Product Conformity.** Supplier shall perform all tasks as defined within AV8 purchase orders and special instructions as required. Supplier is responsible for maintaining the agreed time schedule and requirements set forth in the purchase order.
- m. **Product Safety.** Supplier will process and handle product as defined in technical and purchase order requirements.
- n. **Prevention of Counterfeit Parts/Unapproved Parts.** Supplier shall plan, implement, and control processes, appropriate to AV8 and the product, for the prevention of counterfeit or suspected counterfeit part or unapproved parts use and their inclusion in product of Goods delivered to AV8 as per AS9100/AS9110/AS9120 Clause 8.1.4 and 8.1.5.
- o. **Notification of Changes In Organization.** Supplier shall provide AV8 with 24 hour written approval with respect to any changes to processes, Goods, services, including changes of Supplier's external providers or manufacturing location, which are subject to AV8's approval.
- p. **Quality Management System.** Supplier and its sub-tier providers, must have implemented a Quality Management System (QMS). AV8 reserves the right to review and approve Supplier's Quality Management System.
- q. **Failures, Malfunctions or Defects.** Supplier shall provide AV8 with written notification of any failures, malfunctions or defects found in the product or Goods within 24 hours of discovery.
5. **Payment Terms.** AV8 purchase orders will establish the payment terms for the specified purchase. In the event the Supplier fails to meet the agreed upon terms as outlined within the specified purchase order, the Supplier will be notified of such failure to meet the terms and a payment arrangement will be entered into between AV8 and Supplier.
6. **Change Orders.** AV8 may at any time initiate changes by issuing a written Change Order to the Supplier that alters, adds to, or deducts from the Goods of the original purchase order. Any such changes are subject to the Terms hereof and Supplier agrees to promptly comply with the terms of any Change Order.
7. **Force Majeure.** Neither party will incur any liability to the other party on account of any loss or damage resulting from any delay or failure to perform all or any part of its this Agreement if such delay or failure is caused, in whole or in part, by events beyond the control and without negligence of the party. Such events shall include the following: (a) acts of God, flood, fire, earthquake, explosion, or other natural disasters such as hurricanes, tornados, tsunamis; (b) epidemics or pandemics; (c) war, invasion, terrorist acts, riot, or other civil unrest; (d) government order, law, actions; embargoes or blockades and any state of emergency declared by a Governmental Authority; ("Force Majeure Events"). For the avoidance of doubt, changes in circumstances or the occurrence of events which merely increase the cost of performance by a party, or events that decrease the availability of raw materials to be sourced by a party shall not constitute a Force Majeure Event. The party impacted by a Force Majeure Event shall give notice within five (5) days of the occurrence of a Force Majeure Event to the other party, stating the nature of the Force Majeure Event, the period of time the Force Majeure Event is expected to continue, and the party's proposed actions to resolve the impact of the Force Majeure Event. Such party shall use commercially reasonable efforts to end the failure or delay of performance and/or minimize the effects of such Force Majeure Event and shall resume the performance of its obligations as soon as reasonably practicable. In the event a Force Majeure Event continues for a period of fourteen (14) days following written notice given by it under this Section, the non-impacted party may terminate this Agreement under this section upon providing written notice to the other party.
8. **Termination.** AV8 may terminate any agreement with Supplier by providing written notice in the event of (a) Supplier's insolvency, filing of involuntary petition in bankruptcy or similar event; (b) Supplier's breach, repudiation or threatened breach of any agreement or warranty; (c) Supplier's failure to deliver Goods as required; or upon providing thirty (30) days prior written notice to the Supplier.
9. **Assignment.** Supplier shall not, without AV8's prior written consent, assign or transfer this agreement or any of its rights or obligations hereunder, except that no such consent is needed for any assignment by either party to a wholly-owned or majority-owned subsidiary of the party or a successor in interest to such party whether by merger, consolidation, sale of all or substantially all assets or otherwise. Subject to the foregoing, this agreement will be binding upon and will inure to the benefit of the parties and their respective successors and assigns.
10. **Warranty.** In addition to any warranty or representation that Supplier has published or otherwise extended to AV8 regarding the Goods and without limiting any warranties otherwise set forth in an agreement between the parties, Supplier expressly warrants that all Goods will strictly conform to the Specifications, all applicable industry standards, and all Laws and other governmental requirements in force in countries where the Goods or Goods equipped with such Goods are to be installed, sold or utilized. Supplier warrants that Goods will not infringe on the intellectual property rights of third parties, and will be merchantable, of good material and workmanship and free from defects. Supplier shall convey good, marketable title for all Goods to AV8 and expressly warrants that Goods shall be delivered free and clear of all liens, claims or other encumbrances. Supplier knows of AV8's intended use for the Goods and expressly warrants that all Goods will be fit and sufficient for the particular purpose intended by AV8, including, without limitation, the specified performance in the component, system, and/or subsystem specified by AV8 and the environment in which the Goods are or reasonably may be expected to perform. Supplier shall replace or repair any defective Goods at Supplier's cost and expense (including, without limitation, all parts, labor and transportation costs) immediately after being notified of any such defect or defects by AV8. All warranties and applicable remedies shall be available to AV8 and its customers. THE WARRANTIES CONTAINED HEREIN SHALL NOT BE DISCLAIMED OR LIMITED IN ANY WAY.
11. **Indemnification.** To the fullest extent permitted by law, Supplier hereby agrees to indemnify, defend and hold harmless AV8, its subsidiaries, affiliates, customers, and their respective shareholders, members, managers, directors, officers, employees, and agents, (the "Indemnified Parties") from and against any and all actions, claims, demands, judgments, recall campaigns, losses, costs, liabilities, damages, including, but not limited to, property damage, personal or bodily injury, or death, expenses and/or fees (including reasonable attorneys' fees), penalties and/or citations of whatsoever kind, character or description ("Claims") that are incurred by or asserted against AV8 and that are related to: (a) the actual or alleged infringement of any United States or foreign patent, trademark, copyright, industrial design right, or other proprietary right, related to the Goods; (b) any defect or alleged defect in the Goods; (c) any noncompliance with Supplier's representations, warranties or obligations under the Agreement; or (d) the negligence or willful misconduct of Supplier in connection with the design, manufacture, or provision of Goods. Supplier shall have no indemnification obligation in the event of a finding by the trier of fact that such Claims were the result of the sole gross negligence or willful misconduct of AV8.

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12. **Insurance.** Supplier shall maintain in full force and effect during the term and a period of five (5) years thereafter commercially reasonable insurance coverage in amounts to cover at least its minimum potential liability with respect to the provision Goods and its related obligations hereunder.

13. **Limitation of Liability.** EXCEPT FOR ITS GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, UNDER NO CIRCUMSTANCES WILL AV8 BE LIABLE TO SUPPLIER OR ANY THIRD PARTY FOR AN AMOUNT GREATER THAN THE AGGREGATE AMOUNTS PAID FOR THE GOODS GIVING RISE TO THE CLAIM.

14. **Choice of Law.** The validity, construction and enforceability of the Agreement shall be interpreted in accordance with the laws of the State of Texas without regard to conflicts of law principles. The Parties hereby consent to the exclusive jurisdiction of the Federal and State courts located in Harris County, Texas for a determination of any and all issues between them with respect to the Agreement, Transaction or subject matter thereof. The parties waive their right to a jury trial.

15. **Miscellaneous.** The rights and remedies reserved to AV8 under the Agreement shall be cumulative and in addition to any further rights or remedies provided at law or in equity. AV8's failure or delay to enforce any provision of this Agreement or any right or remedy available hereunder or at law or equity shall not be construed to be a waiver of such provision or of any available right or remedy.