

**Terms & Conditions**

**EM-0005 Mar-19**

1. **OFFER AND ACCEPTANCE**— This Purchase Order constitutes HAECO Cabin Solutions, LLC ("HCS")'s offer to purchase from Seller the goods or services described herein ("Products") only upon the terms and conditions stated herein, and shall become a binding agreement when accepted by Seller in writing or when the Products are delivered. If Seller is unable to accept this Purchase Order or in addition to any terms stated herein unless specifically accepted in writing by HCS, and HCS hereby objects to any such terms expressed by Seller. No responsibility is assumed by HCS for any goods shipped before this Purchase Order is signed and issued by a duly authorized representative of HCS' Supply Chain Department.

2. **PRICE, INVOICES AND PAYMENT**— All invoices shall include the Purchase Order number, part and serial numbers and description. All invoices shall be due and payable within sixty (60) days after the later of (i) HCS' receipt of the invoice, and (ii) HCS' receipt of the Products. In the event of a dispute, HCS shall pay any undisputed portion of the invoice in accordance with the foregoing sentence; the disputed portion shall be paid within ninety (90) days after resolution of the dispute. HCS may set off any amount due to HCS from Seller, whether under this Purchase Order or otherwise, against any amounts due to Seller under this Purchase Order.

3. **DELIVERIES**— Seller shall deliver the Products EXW (Incoterms 2010) Seller's facility (provided Seller shall load the Products on vehicle for transport) unless otherwise set forth herein. If Seller is responsible for delivery of the products to Seller's facility, delivery shall not be earlier than 30 days in advance of the due date on the Purchase Order for each line item. For any products that do arrive prior to 30 days before the due date, HCS may elect to (A) refuse delivery, (B) return the Products at Seller's expense, or (C) hold on to the Products, but not receive them until 30 days before the due date; thereby the payment terms are not started until the 30 days before the due date when the Products are officially received. Seller shall be responsible for all customs documentation. Seller further agrees to indemnify, defend and hold harmless HCS from any duty or charge that may be assessed by the United States Government for any customs violations or any violation of the Anti-Dumping Act or other law or regulation.

4. **INSPECTION AND ACCEPTANCE**— All Products will be subject to final inspection and acceptance at HCS' facility and title to Products will not pass to HCS until HCS inspects and accepts the Products. Such inspections shall be made within a reasonable time after delivery. Any goods that do not comply with the applicable specifications or which contain defective material or workmanship may be rejected by HCS irrespective of date of payment therefor. No inspection or test of any article by HCS shall relieve Seller from its obligations to comply with the Specifications and the requirements of this Purchase Order. HCS, at its option, may (i) require Seller to remedy the defects or replace the rejected Products; (ii) return the rejected Products to Seller at Seller's risk and expense; (iii) correct or employ a third party to correct the rejected Products at Seller's expense, including without limitation the cost of labor, engineering and certification tests; or (iv) accept the Products and equitably adjust the price thereof in HCS's sole reasonable discretion. If instructed to ship replacement Products to HCS Seller shall ship such replacement Products at Seller's risk and expense. Seller will use its best efforts to ship such replacement Products at the earliest possible date and shall use expedited shipping options. Without limiting any other right or remedy of HCS under this Purchase Order, for each Product which is found to be defective or non-compliant upon or after receiving inspection at HCS's facility ("Discrepant Product"), Seller shall pay HCS as liquidated damages and not as a penalty Three Hundred Fifty Dollars (\$350) per Discrepant Product to cover HCS's administrative costs.

5. **PACKAGING AND SHIPPING REQUIREMENTS**— Seller shall prepare and package all Products for shipment so as to prevent damage or deterioration. All hazardous/dangerous goods and chemicals must be accompanied by the appropriate SDS (Safety Data Sheets) or MSDS (Material Safety Data Sheet). Packing sheets must accompany each shipment and Purchase Order number and part and serial numbers shall appear on all shipping labels, packing slips, transport documents, invoices and correspondence. Seller will provide appropriate cartons, wrappings, packing, boxing and crating at no charge to HCS. International shipments require country of origin and harmonized tariff code. HCS shall have the right to reject any shipment, at Seller's expense, which does not meet HCS' shipping requirements as specified herein. 6. **CUSTOMS DOCUMENTATION**— Seller shall be responsible for all customs documentation. Seller further agrees to indemnify, defend and hold harmless HCS from any duty or charge that may be assessed by the United States Government for any customs violations or any violation of the Anti-Dumping Act or other law or regulation.

7. **SPECIFICATIONS, CERTIFICATION AND AUDITS**— All Products delivered hereunder shall comply with all of HCS' requirements, specifications and notes provided by HCS through drawings or HCS' Specification Control Documents (the "Specifications"). Seller shall not substitute or alter any materials, processes or parts in the Products, nor shall Seller use any materials, processes or parts that conflict with such Specifications. Without limiting the foregoing, the Specifications set forth on HCS's Purchase Order Supplement— Quality Requirements (Form EQ-0020), as in effect on the date of this Purchase Order, are hereby incorporated into this Purchase Order by reference. Seller agrees to allow HCS or HCS' customer's representatives, upon reasonable notice, to audit Seller's quality systems.

8. **SHELF LIFE**— If a Product described in this Purchase Order has a shelf life, the shelf life must be clearly indicated on the individual item, and the remaining shelf life at the time of delivery shall not be less than eighty percent (80%) of the total shelf life of such item. 9. **CHANGES**— HCS may direct changes within the general scope of this Purchase Order in any of the following: (i) the Specifications; (ii) shipment or packing methods; (iii) place of delivery, inspection or acceptance; (iv) reasonable adjustments in quantities or delivery schedules or both; (v) description of services to be performed including the place or time of performance; and (vi) any other term of this Purchase Order. HCS deems necessary to meet its obligations to its customers. Seller shall comply immediately with such direction. If such change increases or decreases the cost or time required to perform this Purchase Order, HCS and Seller shall negotiate an equitable adjustment in the price or schedule, or both, to reflect the increase or decrease, and HCS shall issue a modified Purchase Order accordingly. Seller must assert any claim for adjustment to HCS' Supply Chain Department within ten (10) days after Seller's receipt of such direction. Seller shall provide all information requested by HCS to allow HCS to verify the amount of Seller's claim. Failure of the parties to agree upon an adjustment shall not excuse Seller from performing in accordance with HCS' direction.

10. **DELAYS**— With respect to the delivery dates set forth herein, time is of the essence and Seller shall strictly adhere to HCS' delivery schedule. If any delay in Seller's performance of its obligations occurs or is anticipated by Seller, the nature and anticipated duration of the delay shall be communicated promptly by Seller to HCS in writing after the earlier of the occurrence of the event which gives rise to such delay and the date that Seller becomes aware that the delay is likely to occur. Notwithstanding such notice, HCS reserves all rights and remedies to which it is entitled hereunder or at law resulting from any delay.

11. **WARRANTIES**— Seller warrants, for a period of five (5) years after acceptance by HCS, that (i) the Products are fit for their intended purposes, conform to the Specifications, are marketable, of good quality and free from defects in material and workmanship, and (ii) the Products and each part thereof shall be free and clear of all liens, charges, mortgages or encumbrances and rights of others of any kind whatsoever. If any Product is determined by HCS to be non-conforming or defective, then, at HCS's option: (i) Seller shall replace the defective Products or components thereof, or (ii) HCS or its customer may reject the defective Products or components thereof. Seller shall reimburse HCS or HCS's customer for all costs associated with any such repair or replacement, including, without limitation, all labor and materials for access, removal, disassembly, investigation, rework, reassembly, testing and reinstallation of the Products and the higher-level components in which the Products are installed. In addition, Seller shall be responsible for all freight costs incurred by HCS or HCS's customer associated with any warranty claims. This warranty shall be exercisable by HCS, its customers and their successors and assignees.

12. **PRODUCT SUPPORT**— Seller shall support all Products manufactured by Seller so long as an aircraft using such Products remains in service, but, without limitation, continuing to make available all spare parts, documentation and technical assistance for such Products to the same extent and on substantially the same terms as such spare parts, documentation and technical assistance are available at the time that this Purchase Order is issued. For any Product not manufactured to HCS' specifications, if Seller intends to discontinue production of such Product, Seller shall provide HCS with all drawings, data and special tooling necessary to manufacture such Product.

13. **OBsolescence**— Seller shall work to minimize the impact of obsolescence of Products and components throughout the term of this Purchase Order. Seller shall minimize the impact of all known obsolescence and Diminishing Manufacturing Source (DMS) issues from design through support. Seller shall choose components with reasonable life cycle expectancy during design, and shall regularly monitor the obsolescence status of component content in the equipment. HCS recommends that Seller use one or more third party obsolescence monitoring applications for this purpose.

14. **CANCELLATION FOR DEFAULT**— In the event that (i) Seller fails to comply with any of the material terms, conditions or restrictions of this Purchase Order, or so fails to make progress as to endanger performance of this Purchase Order in accordance with its terms, and such failure is not cured within ten (10) days after written notice specifying such failure is delivered to Seller (or such longer period as HCS may authorize in writing), or (ii) Seller becomes insolvent or is subject to proceedings under any law relating to bankruptcy, insolvency or the relief of debtors, then HCS shall have the right to terminate this Purchase Order in whole or in part at its sole and exclusive discretion, in which event HCS shall have no further obligation or liability to Seller. Such right of termination shall be in addition to, and not in substitution for, any other right or remedy that HCS may have under this Purchase Order or otherwise.

15. **CANCELLATION OTHER THAN FOR DEFAULT**— HCS may, at any time, terminate this Purchase Order, in whole or in part, by written notice to Seller. If this Purchase Order is not filled in accordance with its terms, HCS reserves the right to cancel this Purchase Order with respect to any or all of the Products without any liability to Seller. For any Products to be manufactured to HCS' specifications, Seller shall inform HCS of the applicable lead times in writing, and if HCS terminates this Purchase Order in whole or in part for convenience after commencement of such lead times, Seller shall stop work on the terminated Purchase Order or part thereof and promptly identify any work in progress or finished goods or component parts thereof produced for the terminated Purchase Order or part thereof ("Work in Progress"). If requested by HCS, Seller shall complete work on such Work in Progress. Within ten (10) days after receipt of such termination notice, Seller shall submit to HCS a termination claim setting forth (i) the contract price for Products which have been completed, and (ii) the actual costs incurred by Seller which are properly allocable or apportioned under recognized commercial accounting practices to terminated work (including the cost of discharging liabilities), along with reasonable evidence to substantiate such amounts (the "Termination Claim"). Within thirty (30) days after receipt of the Termination Claim, HCS shall pay the Termination Claim or notify Seller that HCS disputes the amount of the Termination Claim, in which case both parties will use reasonable efforts to resolve such dispute within a further thirty (30) days. Upon payment of the Termination Claim by HCS, Seller shall deliver the Work in Progress to HCS and Seller shall have no further liability to Seller on account of such termination.

16. **PROPRIETARY INFORMATION AND INTELLECTUAL PROPERTY**— Seller shall have no right in any drawings, designs, files, prints or other materials, original or otherwise, provided to Seller hereunder ("Proprietary Information"), regardless of whether any portion thereof is or may be copyrighted or patented. Proprietary Information may not be copied or duplicated in any manner without HCS prior written consent except to the extent reasonable required for the performance of Seller's work under this Purchase Order. Any original materials created by Seller or created jointly by HCS and Seller, or discoveries, ideas, inventions, or improvements arising from the work performed under this Purchase Order or in anticipation of this Purchase Order ("Work Product"), is work for hire and belongs exclusively to HCS, and Seller will not undertake to secure any proprietary rights, royalties, licenses or patents pertaining to the Work Product without HCS' prior written consent. To the extent that Seller has any right, title or interest in the Work Product, Seller hereby assigns such right, title and interest to HCS. Except to the extent arising from such Work Product, Seller shall indemnify, defend and hold harmless HCS's customers from and against all claims brought by any third party arising out of or in any way connected with any Product alleging that such Product infringes or may infringe upon a third party's patent, copyright, trademark, service mark, trade secret, or other intellectual property or related rights.

17. **SPECIAL EQUIPMENT**— All material, tooling (e.g. molds, dies, jigs, etc.), designs and other property furnished by Seller to HCS, whether owned by HCS or a third party ("HCS Property"); (i) shall not be used by or furnished to anyone or to any other entity without HCS's written consent; (ii) shall not be used for any purpose other than for the purposes of this Purchase Order; (iii) shall be maintained in good working condition at Seller's expense; and (iv) shall be returned to HCS immediately upon HCS's request or upon completion of the work hereunder or the cancellation or termination of this Purchase Order for any reason, whichever occurs first. Seller shall bear all loss and damage to the HCS Property until such property is returned to HCS. Seller shall not claim, and hereby waives any right, title, or interest, whether legal or equitable, in any HCS Property. Seller shall keep the HCS Property free of all liens and encumbrances of any kind and shall indemnify and hold HCS harmless from any lien or encumbrance filed or otherwise asserted against any HCS Property, including all costs, expenses and reasonable attorneys' fees incurred by HCS in connection with such lien or encumbrance. WITHOUT LIMITING IN ANY MANNER THE GENERALITY OF THE FOREGOING, SELLER EXPRESSLY WAIVES ANY RIGHT TO A LIEN OR OTHER CLAIM (WHETHER POSSESSORY OR OTHERWISE) ON ANY HCS PROPERTY, WHETHER ARISING UNDER CHAPTER 44A OF THE NORTH CAROLINA GENERAL STATUTES OR OTHERWISE.

18. **INDEMNIFICATION**— Seller shall indemnify, defend and hold harmless HCS, its affiliates, officers, servants, agents and employees from and against any and all liabilities, losses, damages, demands, fines, penalties, and claims of any kind whatsoever, including all costs, expenses and reasonable attorneys' fees incurred thereto or incurred in enforcing this clause, which may be suffered by, accrued against, chargeable to, or recoverable from HCS by a third party as a result of injury to or death of any person, or damage to, loss or destruction of property arising out of Seller's performance or failure to perform under this Purchase Order.

19. **CONFIDENTIALITY**— Seller shall not, without first obtaining consent of HCS, in any manner, advertise or publish the fact that the Seller has furnished or contracted to furnish to HCS, the goods or services described herein. Seller shall not disclose to any third party any information received from HCS in connection with this Purchase Order or HCS' written authorization. The foregoing sentence notwithstanding, HCS and Seller are parties to a non-disclosure agreement ("NDA"), whether such NDA is entered into before or after the date hereof, and such NDA shall govern the rights and obligations of HCS and Seller with respect to all proprietary or confidential information disclosed by either of HCS or Seller to the other in connection with this Purchase Order. Further, if it is necessary for Seller to have access to any third-party confidential information in connection with this Purchase Order, Seller shall enter into reasonable and customary non-disclosure agreements with HCS or such third party upon request.

20. **ASSIGNMENT AND SUBCONTRACTING**— Seller may not assign this Purchase Order, or delegate or subcontract any substantial part of Seller's obligations hereunder, without first obtaining the written consent of HCS. Seller agrees to flow down all requirements set forth in this Purchase Order to any subcontractor that Seller uses to complete this Purchase Order.

21. **CHOICE OF LAW AND JURISDICTION**— This Purchase Order shall be construed and governed according to the law of the State of North Carolina, except for any conflict of laws provision that may cause another state's laws to apply. Any disputes arising from this Purchase Order shall be brought exclusively in the Federal District Court for the Middle District of North Carolina or the North Carolina state courts located in Guilford County. Seller hereby consents to the personal jurisdiction and venue of such courts.

22. **NON-WAIVER**— Any and all failures of HCS or delays (or force majeure) by HCS in enforcing any provision of this Purchase Order or any rights or remedies related hereto shall not be construed as a waiver thereof or of this clause or of HCS' rights of subsequent enforcement. 23. **PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT** (OCT 2015) FAR 52.222-26 Equal Opportunity FAR 52.222-35 Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era FAR 52.222-36 Affirmative Action for Workers with Disabilities FAR 52.222-50 Combating Trafficking in Persons (MAR 2015) except as modified below. The term "Contractor" shall mean "Seller", except the term "prime contractor" shall remain unchanged. The term "Contracting Officer" shall mean "Contracting Officer and Buyer's Authorized Procurement Representative in paragraph (d)(1). Paragraph (d)(2) shall read as follows: "If the allegation may be associated with more than one contract, the Seller shall inform the contracting officer, the agency Inspector General, and the Buyer's Authorized Procurement Representative for each affected contract." The term "the Government" shall mean "the Government and Buyer" in paragraph (e) (1). The term "termination" shall mean "cancel" and "cancellation for default", respectively, in paragraph (e)(6). Insert the following at the end of paragraph (e): "If the Government exercises one of the remedies identified in the paragraph (e) against Buyer as a result of the Seller's violation of its obligations under this clause, Buyer may impose an equivalent remedy against Seller." The term "Contracting Officer" shall mean "Contracting Officer and Buyer" in paragraph (f), except in paragraph (f)(2), where it shall mean "Contracting Officer or Buyer." Paragraph (h)(2)(ii) shall read as follows: "To the nature and scope of the activities involved in the performance of a Government subcontract, including the number of non-United States citizens expected to be employed and the risk that the contract or subcontract will involve services or supplies susceptible to trafficking in persons." The term "Contracting Officer" shall mean "Contracting Officer or Buyer" in paragraph (h)(4)(ii). The term "Contracting Officer" shall mean "Buyer" in paragraph (h)(5).

FAR 52.244-6 Subcontracts for Commercial Items (JUN 2016) FAR 52.247-64 Preference for Privately Owned U.S.-Flagged Commercial Vessels. DFARS 252.244-7000 SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (DOD CONTRACTS) (JUN 2013). DFARS 252.204-7012 Safeguarding Covered Defense Information and Cyber Incident Reporting (DEC 2015). DFARS 252.223-7008 Prohibition of Hexavalent Chromium (JUN 2013). DFARS 252.227-7015 Technical Data—Commercial Items (FEB 2014), applies if any technical data related to commercial items developed in any part at private expense will be obtained from Seller for delivery to the Government. DFARS 252.227-7037 Validation of Restrictive Markings on Technical Data (JUN 2013). DFARS 252.246-7003 Notification of Potential Safety Issues (JUN 2013).

24. **ETHICS AND COMPLIANCE**— (a) Seller shall comply with all federal, state and local laws and regulations applicable to Seller, Seller's business and Seller's employees, including, without limitation, laws and regulations governing the obtaining of consumer reports and/or investigative reports with respect to employees or potential employees and all equal opportunity/nondiscrimination laws and regulations. (b) Without limiting any other provision of this Purchase Order, Seller commits that any material violation of law by Seller relating to basic working conditions and human rights, including laws regarding slavery and human trafficking, applicable to Seller's performance under this Purchase Order, may be considered a material breach of this Purchase Order for which HCS may elect to cancel open orders between HCS and Seller, for cause, without first giving Seller an opportunity to cure such breach. (c) Without limiting any other provision of this Purchase Order, Seller shall ensure its compliance and that of each Product and/or any spare/replacement part/service that may be supplied and/or delivered under this Purchase Order with: (i) the European regulation (EC) No. 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH"), (ii) the European directive, EURATOM 96/29, laying down basic safety standards against the effects of ionising radiation and/or other similar principles, each as enacted into national legislation ("RA Laws and Regulations"), (iii) the European directive (2002/95/EC) concerning the restriction of hazardous substances ("ROHS"), as enacted into national legislation; and (iv) the European regulation (EC) No. 1005/2009 concerning ozone depleting substances ("ODS"). (d) Seller shall not under any circumstance offer or make any cash or cash equivalent gift, payment, loan or other advantage to any HCS employee, contractor or agent. The offer or giving of such advantage may constitute an offense made under any jurisdiction. The offer or giving of such advantage will entitle HCS to terminate this Purchase Order without any compensation whatsoever to Seller and without prejudice to rights and remedies on the part of HCS. Seller shall notify HCS of any gifts or entertainment given or received with a value of \$250 or more in relation to its businesses with HCS. (e) Seller shall comply with the HAECO Americas Seller Corporate Social Responsibility Code of Conduct ("Code of Conduct"), as may be amended from time to time, and shall certify such compliance in writing upon request.

# HAECO Cabin Solutions, LLC

8010 Piedmont Triad Parkway Greensboro NC 27409

Phone: 336-668-4410



PO Number: 162877

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<http://www.boeing.com>. Seller shall perform appropriate due diligence on its supply chain in order to fulfill the reporting obligations of this clause.

(iv) Implementation of DFARS 252.246-7007 Contractor Counterfeit Electronic Part Detection and Avoidance System (MAY 2014) REVISED JUN 2015: This clause implements Department of Defense and Federal Aviation Authority regulatory requirements relating to the acquisition of electronic parts. If Seller supplies electronic parts, end items, components, parts, or assemblies containing electronic parts, or services where Seller will supply electronic parts or components, parts, or assemblies containing electronic parts as part of the service, Seller shall comply with the requirements set forth in Boeing document D6-55583 "Electronic Parts Management" and the following:

(A) Definitions. As used in this clause:

"Counterfeit electronic part" means an unlawful or unauthorized reproduction, substitution, or alteration that has been knowingly mislabeled, misidentified, or otherwise misrepresented to be an authentic, unmodified electronic part from the original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used electronic parts represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.

"Electronic part" means an integrated circuit, a discrete electronic component (including, but not limited to, a transistor, capacitor, resistor, or diode), or a circuit assembly (section 818(f)(2) of Pub. L. 112-81). The term "electronic part" includes any embedded software or firmware. "Obsolete electronic part" means an electronic part that is no longer in production by the original manufacturer or an aftermarket manufacturer that has been provided express written authorization from the current design activity or original manufacturer. "Suspect counterfeit electronic part" means an electronic part for which credible evidence (including, but not limited to, visual inspection or testing) provides reasonable doubt that the electronic part is authentic.

(B) Acceptable counterfeit electronic part detection and avoidance system. Seller shall establish and maintain an acceptable counterfeit electronic part detection and avoidance system.

(C) System criteria. A counterfeit electronic part detection and avoidance system shall include risk-based policies and procedures that address, at a minimum, the following areas: (1) The training of personnel. (2) The inspection and testing of electronic parts, including criteria for acceptance and rejection. Tests and inspections shall be performed in accordance with accepted Government- and industry-recognized techniques. Selection of tests and inspections shall be based on minimizing risk to HCS and its customers. Determination of risk shall be based on the assessed probability of receiving a counterfeit electronic part; the probability that the inspection or test selected will detect a counterfeit electronic part; and the potential negative consequences of a counterfeit electronic part being installed (e.g., human safety, flight safety, property damage, system failure) where such consequences are made known to Seller. (3) Processes to abolish counterfeit parts proliferation. (4) Processes for maintaining electronic part traceability (e.g., item unique identification) that enable tracking of the supply chain back to the original manufacturer, whether the electronic parts are supplied as discrete electronic parts or are contained in Products. This traceability process shall include certification and traceability documentation developed by manufacturers in accordance with Government and industry standards, clear identification of the name and location of supply chain intermediaries from the manufacturer to the direct source of the product for Seller; and, where available, the manufacturer's batch identification for the electronic part(s), such as date codes, lot codes, or serial numbers. If IUID marking is selected as a traceability mechanism, its usage shall comply with the item marking requirements of DFARS 252.211-7003, Item Unique Identification and Valuation. (5) Use of suppliers that are the original manufacturer, or sources with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer or suppliers that obtain parts exclusively from one or more of these sources. When parts are not available from any of these sources, use of suppliers that meet applicable counterfeit detection and avoidance system criteria. (6) Reporting and quarantining of counterfeit electronic parts and suspect counterfeit electronic parts. Reporting is required to HCS when Seller becomes aware of, or has reason to suspect that, any electronic part or end item, component, part, or assembly containing electronic parts purchased by HCS, or purchased by Seller for delivery to, or on behalf of, HCS, contains counterfeit electronic parts or suspect counterfeit electronic parts. Seller shall follow the procedures of AS5553, Fraudulent/Counterfeit Electronic Parts; Avoidance, Detection, Mitigation, and Disposition, for counterfeit electronic parts and suspect counterfeit electronic parts. (7) Methodologies to identify suspect counterfeit parts and to rapidly determine if a suspect counterfeit part is, in fact, counterfeit. (8) Design, operation, and maintenance of systems to detect and avoid counterfeit electronic parts and suspect counterfeit electronic parts. Seller may elect to use current Government- or industry-recognized standards to meet this requirement. (9) Flow down of counterfeit detection and avoidance requirements, including applicable system criteria provided herein, to subcontractors at all levels in the supply chain that are responsible for buying or selling electronic parts or Products containing electronic parts, or for performing authentication testing. (10) Process for keeping continually informed of current counterfeiting information and trends, including detection and avoidance techniques contained in appropriate industry standards, and using such information and techniques for continuously upgrading internal processes. (11) Process for screening credible sources of counterfeiting information to avoid the purchase or use of counterfeit electronic parts. (12) Control of obsolete electronic parts in order to maximize the availability and use of authentic, originally designed, and qualified electronic parts throughout the product's life cycle. (D) HCS shall have the right to review and evaluate Seller's policies and procedures relating to its counterfeit electronic part detection and avoidance system.

26. EXPORT CONTROLS - (a) In performing the obligations of this Purchase Order, both parties will comply with United States export control and sanction laws, regulations and orders, as they may be amended from time to time, applicable to the export and re-export of goods, software, technology, or technical data ("Items") or services, including without limitation the Export Administration Regulations ("EAR"), International Traffic in Arms Regulations ("ITAR"), and regulations and orders administered by the Treasury Department's Office of Foreign Assets Control. (b) The party conducting the export shall be responsible for obtaining the required authorizations. The party conducting the re-export shall be responsible for obtaining the required authorizations. Each party shall reasonably cooperate and exercise reasonable efforts to support the other party in obtaining any necessary licenses or authorizations required to perform its obligations under this Purchase Order.

(c) Seller shall, upon request, notify HCS of the export control classifications numbers ("ECCNs") of the Items provided hereunder as well as the ECCNs of any components or parts thereof if they are different from the ECCN of the Item at issue. (d) By accepting this Purchase Order, Seller represents that (i) the Items, and the parts and components thereof, it is providing under this Purchase Order are not "Defense Articles" as that term is defined in 22 CFR subsection 120.6 of the ITAR, and (ii) the services it is providing under this Purchase Order are not "Defense Articles" as that term is defined in 22 CFR subsection 120.9 of the ITAR. Seller acknowledges that this representation means that an official capable of binding Seller knows or has otherwise determined that such Items, and the parts and components thereof, are not on the ITAR's munitions list at 22 CFR subsection 121.1. Seller agrees to provide, upon request, documentation or other information that supports or confirms this representation.

(e) To the extent that such Items, or any parts or components thereof, were specifically designed or modified for a military end use or end user, Seller shall notify HCS of this fact and shall also provide HCS with written confirmation from the United States Department of State that such Items, and all such parts and components thereof, are not subject to the jurisdiction of the ITAR.

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## Purchase Order Supplement - Quality Requirements

**FORM# EQ0020**

**Date: 31 Aug '18**

This Purchase Order Supplement shall form a part of HAECO Cabin Solutions purchase orders and is required to be flowed down to all sub-tier suppliers. Specific clauses of this supplement are applicable for each commodity as specified by the matrix shown on page 5. Acceptance of the materials or services specified on HAECO Cabin Solutions purchase orders may be withheld by HAECO Cabin Solutions, pending receipt of all applicable data and/or documentation required by this form and could delay payment. Notes on the Purchase Order can request specific extensions of or exceptions to these clauses.

- CLAUSES:**
- INSPECTION SYSTEM REQUIREMENTS / RIGHT OF ENTRY** The supplier's inspection system shall be consistent and compliant with HAECO Cabin Solutions' Quality System and is subject to review and approval by HAECO Cabin Solutions Quality Assurance prior to purchase agreement. Certification to a higher standard quality system, such as AS 9100, ISO 9001, etc. is recommended, but not mandatory. Compliance with the provisions of this clause in no way relieves the seller of the final responsibility to furnish acceptable supplies or services in accordance with HAECO Cabin Solutions purchase order and this form's requirements. The supplier shall keep accurate records of work and inspection and allow representatives from HAECO Cabin Solutions, its customers, and regulatory agencies (FAA, etc.) to review such records. Additionally, the supplier shall provide access to their facilities and ensure access to their sub-tier supplier facilities for surveillance of the product, documentation, processes, procedures, equipment, and tests performed as required by the applicable purchase orders.
  - SAFETY CRITICAL PART INSPECTION Safety Critical Parts**, as defined by HAECO Cabin Solutions Standard Operating Procedure EQSOP-0018, are parts that HAECO Cabin Solutions have deemed to be safety critical. All safety critical parts will be subjected to 100% inspection upon receipt at HAECO Cabin Solutions. Additional inspections for these parts may be required; reference any notes on the Purchase Order for details of the additional inspections as applicable.
  - MATERIAL / PRODUCT IDENTIFICATION AND TRACEABILITY** The supplier shall have an established system for traceability during the manufacturing or services performed for HAECO Cabin Solutions. All materials and/or products must be traceable to records of inspection acceptance at all stages, including receipt of materials and/or product, storage, production, and delivery. \* Supplier shall mark all deliverable products as required by the purchase order, engineering drawing, specification, and manufacturing planning. \* When the part is too small to ink, stamp, or label, or is 100% cosmetic in nature, an individual bag-and-tag method will be accepted (Ref: Mil-Std-130). If parts / items fall into small part category, they may be bagged and tagged, with fifty (50) per bag. \* As a minimum, parts manufactured for HAECO Cabin Solutions shall be identified with the following information: \* - Part number; \* - Drawing revision; \* - Date of manufacture; \* - FAA-PMA for all PMA parts (if supplier is the PAH); \* - Any selection of HCS PO number, lot number, job number, or heat number may be utilized, but must be traceable back to the original PO number issued by HAECO Cabin Solutions. \* The supplier is also responsible for marking the packaging or containers with the PO Number, Part Number, and Quantity.
  - NONCONFORMING MATERIAL** Supplier will report all Quality Escapes utilizing the Standard SAE AS9131. Parts or materials not conforming to drawing, parts list specification, purchase order requirements, or EQSOP-0009 (Inspection Plan for Aesthetics) shall be identified as nonconforming and be withheld from shipment. Supplier's request for Material Review Action must be submitted to HAECO Cabin Solutions. When nonconforming materials / items are shipped to HAECO Cabin Solutions without authorization, acceptance of the materials / items at HAECO Cabin Solutions does not relieve the supplier from their responsibility to comply with the drawing, specification, or purchase order requirements. These items may be returned to the supplier for repair, replacement, or cost reimbursement. Supplier manufactured product rejected at HAECO Cabin Solutions shall require a response from the supplier, documenting actions taken to correct the product (if applicable) and actions taken to prevent recurrence of the nonconformance. HAECO Cabin Solutions may issue a formal Supplier Corrective Action Request (SCAR) containing a timeframe for supplier response and completion. If a SCAR is issued by HCS, the supplier will be charged \$500 to cover the costs incurred by HCS in the SCAR process. Supplier shall respond to RMA requests within three (3) business days, from the day of request. Failure to respond will result in product being returned without RMA. A debit memo will be issued for all returned product. If a supplier identifies a quality escape that affects product shipped to HAECO, the supplier must immediately notify HAECO of this escape.
  - CERTIFICATION OF CONFORMANCE** The supplier shall provide a certification of conformance with the parts and/or materials supplied unless an FAA Form 8130-3 is provided for the parts supplied. The certification shall attest to compliance with the applicable drawing and/or specification requirements. The supplier shall maintain objective evidence of conformance on file and shall make such records available to HAECO Cabin Solutions, upon request. One copy of the certification that is signed / stamped by the supplier's Quality Representative, shall be included with each shipment. All certifications of compliance must include: - Company Logo / Name - PO Line Item (when applicable) - Date - Quantity - Part Number - Certification of Conformance Statement - Revision - Signature / Unique Stamp of Supplier's Quality Representative - PO Number - A statement that indicates compliance with HCS PO requirements, in addition to, applicable drawing / specification requirements. **6. SAMPLING INSPECTION** Suppliers that perform acceptance sampling inspection shall have HAECO Cabin Solutions review the sampling inspection plan before it may be used. If products are received without the appropriate documentation as required in these terms and conditions, the Supplier will be assessed a \$200 charge to cover HCS' cost for product that cannot immediately go to stock. After the initial \$200 fee, an additional \$100 will be assessed for every 7 calendar days that the documentation is not provided.
  - ALTERNATE MATERIAL** Alternate metallic material may be used if authorized by the drawing or parts list. To utilize one of these alternate materials (as permitted by drawing or Parts List), refer to Standard Operating Procedure EQSOP-0020 for instructions on documentation and validation of alternate material usage.
  - FLAMMABILITY CERTIFICATION** All non-metallic materials, such as: plastic, foam, fabric, muslin, Velcro, fire-blocking, rubber, nylon, fiberboard, and leather, must include a certification showing acceptance for flammability requirements, in accordance with 14 CFR Part 25.853.
  - RAW METALS MATERIAL TEST REPORT** Sellers who provide raw material shall maintain chemical and physical test reports and certifications that show compliance to the specification / drawing requirements with each shipment and shall be identifiable to the material submitted. These test reports must contain the specification and lot/heat number, as applicable, and results of the test from the approved agency performing the test. In addition, each test report must stipulate acceptance criteria (minimum and maximum tolerance). All items shipped to HAECO Cabin Solutions locations shall require the supplier to furnish copies of this documentation with each shipment.
  - SHELF LIFE CONTROL** Materials (such as paints, glues, adhesives, inks, o-rings, seals, etc.) that are sensitive to age and temperature shall include, with each shipment, the date of manufacture and/or manufacturer's recommended shelf life. All shelf life materials shall be shipped to HAECO Cabin Solutions with a minimum of 80% of the material's remaining shelf life. The Material Safety Data Sheet (MSDS) or Safety Data Sheet (SDS) shall be submitted with the shipment for all chemical products.
  - ELECTROSTATIC SENSITIVE DEVICE / MATERIALS (ESDS)** All ESDS materials shipped to HAECO Cabin Solutions (such as digital PCUs, video monitors, electrical boxes, etc.) shall be properly labeled with ESDS warning labels and bagged within ESDS protective bags.
  - SUPPLIER FIRST ARTICLE INSPECTION First Article Inspection (FAI)** shall be performed by the Seller in accordance with requirements of AS9102. When documenting FAI, the Seller may use the forms contained within AS9102 or their equivalent so long as the forms contain all information required by AS9102. Seller shall notify the HAECO Quality Control Manager within 48 hours of receipt of this contract to coordinate and plan for HAECO Cabin Solutions First Article Inspection to be conducted, as determined appropriate, by the HAECO Quality Control Manager. Seller will include a copy of the FAI report, and the FAI report (s) for any lower level items noted on form 1, with the initial shipment of the FAI item. Any partial or re-accomplished FAI performed as required by AS9102 for any FAI document provided in the previous sentence, is required to be provided with the shipment of the partial or re-accomplished item. FAIs are required when any of the following conditions apply. a. First time part is produced from a new tool. b. A change in the design affecting fit, form, or function of the part. c. A change in manufacturing source(s), processes, inspection method(s), location, tooling, or materials with the potential of affecting fit, form, or function. d. A change in numerical control program or translation to another media. e. A natural or man-made occurrence, which may adversely affect the manufacturing process. f. A lapse in production for two years unless relief is provided in accordance with this procedure or as specified by the Customer. The FAI requirements may be satisfied by either a full or a partial FAI, in accordance with AS9102. A partial FAI addresses only differences between the current configuration and prior approved configuration and is generally conducted if data changes subsequent to the accomplishment of a full FAI or a tool is reworked, etc. Failure to perform or include the FAI report with the product will be subject to the same charge schedule as outlined in Clause 5.
  - HAECO CABIN SOLUTIONS SOURCE INSPECTION** Source inspection will be identified on the purchase order, if required. When source inspection is specified, all quality requirements, goods, and services under this contract are subject to Buyer Source Inspection throughout the manufacturing process and testing operations, on a random or 100% basis, and at all times and places, including Seller's subcontractor's facilities, and in any event prior to shipment. When in-process Buyer Source Inspection is required, the HAECO Quality Control Manager will coordinate with Seller's Quality department and select the mandatory in-process inspection points are not bypassed. Seller shall ensure that mandatory Buyer Source in-process inspection points are not bypassed. Seller shall provide reasonable facilities and assistance, including all quality records and related data (in hard copy unless otherwise arranged), for safe and efficient performance of Buyer's inspections. Seller shall notify the HAECO Quality Control Manager and Procurement Representative at least 48 hours in advance of the time that the goods or services will be available for Buyer's Source Inspection review. Seller shall ensure evidence of Buyer's Source Inspection is indicated on or attached to the shipping report / documents accompanying each shipment. NOTE: Seller shall not deliver goods that have not been inspected as required by this Contract without a specific written waiver or deferral from the Buyer's authorized Procurement Representative. The written waiver or deferral shall be included with the shipment. Verification of product by the source inspection does not relieve the supplier from the responsibility to provide acceptable product, nor shall it preclude subsequent rejection.
  - STATISTICAL PROCESS CONTROL** When specified by purchase order, drawing, or specification requirements, the supplier shall implement statistical process control methods on KEY Characteristics identified by HAECO Cabin Solutions. The implementation shall include statistical data collection on those KEY Characteristics during the production process and shall be used as a tool to identify and reduce variation in the process. When KEY Characteristics are not specified, Seller is encouraged to utilize variability reduction methods to improve product quality and reduce quality costs. The supplier may contact HAECO Cabin Solutions for technical assistance, when needed.
  - FAA PMA & TSO APPROVED PARTS** When PMA or TSO parts are shipped to HAECO Cabin Solutions, an 8130-3 Airworthiness Certification Tag shall be supplied with the shipment.
  - SPECIAL PROCESSES** Special processes shall be defined as: painting, powder coating, anodizing, plating, chemical finishing, heat treating, and welding. Suppliers who perform special processes for HAECO Cabin Solutions shall ensure that the processes are carried out in accordance with the drawing and process specification requirements. The supplier shall maintain a Process Certification Statement that certifies that the parts were processed in accordance with the drawing and specification requirements. All documentation for special processes shall be maintained on file by the Supplier and readily available upon request by HAECO, if / when required. This requires the certification to include: - Applicable Drawing Note complied with. - Full Part Number as specified on the Purchase Order (including color code, when applicable). - Process Specification, as called out on the drawing.
  - CALIBRATION LABORATORIES** Calibration laboratories shall comply with ISO 10012 and/or ANSI / NCSL Z 540-1.
  - NOTIFICATION OF CHANGES IN DESIGN OR PROCESSES** For supplier-owned designs, written notification of processes or design changes for products sold to HAECO Cabin Solutions is required. For HAECO-owned drawings, supplier must initiate HAECO Engineering Change Request (Form EN-0090) and forward to Supply Chain representative. Form and instructions can be requested through the Supply Chain representative. Suppliers must notify HAECO Cabin Solutions, in writing, of changes to sub-tier suppliers and manufacturing facility locations. All changes must be communicated to HAECO Cabin Solutions prior to shipment. NOTE: Changes to HAECO Cabin Solutions-owned drawings is not acceptable without HAECO Cabin Solutions Engineering approval. **19. COUNTERFEIT PARTS PREVENTION** Suppliers must make every effort to assure safe, reliable product and mitigate the risk of counterfeit parts entering the system. A counterfeit part is any item misrepresented as having been designed and/or produced under an approved system or other acceptable method. The term also includes parts that have reached a design life limit or have been damaged beyond possible repairs but are altered and misrepresented as acceptable. All suppliers must establish a Counterfeit Parts Prevention and Control Plan to assure that parts meet or exceed HAECO Cabin Solutions, regulatory, and HAECO Cabin Solutions customer requirements. This shall ensure counterfeit parts are not delivered to HAECO Cabin Solutions or its customers. Aerospace Standard AS-5553 is an excellent guideline for developing a Counterfeit Parts Prevention Program. Supplier shall immediately notify HAECO Cabin Solutions with the pertinent facts regarding any confirmed or suspected counterfeit parts. In any case, the Counterfeit Parts Prevention Program must include but not be limited to: a. A robust receiving inspection process. b. Documentation traceability requirements (certifications, packing slips, etc.). c. Counterfeit Part recognition keys: 1) Absence of manufacturer's logos or labels; 2) Alterations or changes to documents; 3) Inconsistent finishes, painting, etc.; 4) Poor quality part ink or laser marking; 5) Bar codes that do not match the printed part number. If counterfeit parts are furnished under a purchase agreement, such items shall be impounded. The Supplier, or when applicable their Sub-Tier Supplier, shall promptly replace such items with items acceptable to HAECO Cabin Solutions and the Supplier, or when applicable their Sub-Tier Supplier, may be liable for all costs relating to impoundment, removal, and replacement. HAECO Cabin Solutions may turn such items over to US Government authorities (Office of Inspector General, Defense Criminal Investigation Service, Federal Bureau of Investigation, etc.) for investigation and reserves the right to withhold payment for the suspect parts pending the results of the investigation.
  - QUALITY RECORDS RETENTION** The Supplier shall maintain Quality records in accordance with the applicable Quality System standard (i.e., ISO 9001, AS 9100, CFR's, etc.). The records shall be retained for a period of not less than ten (10) years from completion of purchase order. All records must be in the English language and must be legible. In the event a Supplier ceases doing business, regardless of the reason, all records affecting HAECO Cabin Solutions delivered product shall be transferred to HAECO Cabin Solutions forthwith. The Supplier must impose this requirement on their Sub-Tier Suppliers. Records shall include, but not be limited to: a. Evidence of inspection to assure conformance to current drawings and specifications. b. First Article Inspection Report. c. Test Reports (e.g., metallic physical & chemical, acceptance test, functional test, etc.) d. Periodic inspection and control of inspection media. e. Records to indicate control of special Tooling and Special Test Equipment. f. Data records of all Qualification and Acceptance/Function tests performed. g. Certification of personnel as required by specification and/or contract. h. Standard of Special Process certification, including those from subcontractors. i. Material Review Board reports. **21. REPAIR STATION** Maintenance vendors (certificated repair stations) and maintenance contractors (un-certificated facilities) providing repair services are required to maintain their quality system as audited by HAECO Cabin Solutions. Any change in this quality system or company certification status must be reported to HAECO Cabin Solutions. The supplier shall keep accurate records of work and inspection for at least two (2) years from date article is returned to HAECO and allow representatives from HAECO Cabin Solutions, its customers, and regulatory agencies (FAA, etc.) to review such records. Additionally, the supplier shall provide access to their facilities for surveillance of the product, documentation, processes, procedures, equipment, and tests performed as required by the applicable purchase orders. Certified repair stations must provide FAA Form 8130-3 (or equivalent) for work performed. Maintenance contractors must provide Certificate of Conformance meeting the requirements of clause 5. All documentation sent with articles must be returned to HAECO. Any supplier quality escapes pertaining to product shipped to HAECO require immediate notification to HAECO of the escape. NOTE: The "R" prefix of the article number on the Purchase Order is for internal use at HAECO only and shall not be on any documentation returned to HAECO from the supplier. **22. FOREIGN OBJECT DEBRIS (FOD)** The supplier shall develop / maintain a FOD program IAW AS9100D and/or ISO9001:2015 as required by their Quality Management System. The FOD program shall utilize IAGG9146 / AS9146 standards or equivalent.

# HAECO Cabin Solutions, LLC

8010 Piedmont Triad Parkway Greensboro NC 27409  
 Phone: 336-668-4410



PO Number: 162877

## Purchase Order

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<b>PURCHASE ORDER SUPPLEMENT - QUALITY REQUIREMENTS</b>		Form No.: EQ-0020 Date: 31/Aug/15																		
		"X" marks signify required clauses for each commodity / supplier	COMMODITY	Fabric & Leather Supplies	Metals, Raw Material	Plastic, Raw Materials	Raw Material Extrusions	Hardware, Fasteners, Hinges, etc.	Adhesives, glues, paint, ink, etc.	Injection molded parts	HAECO Cabin Solutions furnished materials manufactured to HAECO Cabin Solutions drawings	Supplier furnished materials manufactured to HAECO Cabin Solutions drawings	Supplier proprietary parts	IFE Equipment (PCUs, cables, video monitors, etc.)	Welding	Heat Treating	Plating, Surface Finishing, Anodizing, Chem-film, etc.	Paint, powder coat, etc.	Calibration Laboratory	Distributors
<b>EQ-0020 CLAUSES</b>																				
1	Inspection System Requirements / Right of Entry	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
2	Safety Critical Part Inspection	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
3	Material Identification / Traceability	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
4	Nonconforming Material	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5	Certification of Conformance	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6	Sampling Inspection	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7	Alternate Material								X	X										
8	Flammability Certification	X		X					X		X	X								
9	Raw Metals Material Test Report		X		X					X										
10	Shelf Life Control						X													X
11	Electrostatic Devices (ESDS)												X							X
12	Supplier First Article Inspection				X			X	X	X										
13	HAECO Cabin Solutions Source Inspection		X	X	X	X		X	X	X	X	X	X	X	X	X	X			
14	Statistical Process Control								X	X										
15	FAA - PMA & TSO Approved Parts										X									
16	Special Processes												X	X	X	X	X			
17	Calibration Laboratories																	X		
18	Notification of Design / Process Changes	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
19	Counterfeit Parts Prevention	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
20	Quality Records Retention	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
21	Repair Station	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
22	Foreign Object Debris (FOD)	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X