



REV: October 2020

TC-1: GENERAL TERMS AND CONDITIONS OF PURCHASE

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| 1. DEFINITIONS | 13. TERMINATION FOR CONVENIENCE |
| 2. FEDERAL ACQUISITION REGULATION (FAR) AND DEFENSE FAR SUPPLEMENT (DFARS) FLOWDOWN PROVISIONS | 14. TERMINATION FOR DEFAULT |
| 3. ACCEPTANCE OF PURCHASE ORDER | 15. FORCE MAJEURE |
| 4. ORDER OF PRECEDENCE | 16. DISPUTES AND GOVERNING LAW |
| 5. CHANGES | 17. REMEDIES |
| 6. INFRINGEMENT | 18. PRESERVATION OF THE GOVERNMENT'S RIGHTS |
| 7. TAXES AND DRAWBACKS | 19. GOVERNMENT OR BUYER'S PROPERTY |
| 8. WARRANTY | 20. ASSIGNMENTS, SUBCONTRACTING, ORGANIZATIONAL CHANGES, AND PLACE OF PERFORMANCE |
| 9. INSPECTION | 21. COMPLIANCE WITH LAWS |
| 10. SHIPPING INSTRUCTIONS | 22. RELEASE OF INFORMATION |
| 11. PACKAGING, PACKING, MARKING | 23. SPECIAL CLAUSES (H) |
| 12. DELIVERY: NOTICE OF DELAY; OBSOLESCENCE | 24. CERTIFICATIONS |
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1. DEFINITIONS

- A. "Sparton" means Sparton De Leon Springs, LLC, 5612 Johnson Lake Road, De Leon Springs, Florida 32130.
- B. "Commercial Product" means any product of a type customarily used by the general public or by non-governmental entities for purposes other than governmental purposes, and has been sold, leased, or licensed to the general public; or, has been offered for sale, lease, or license to the general public; Any product that evolved from a product described in subparagraph (1) of this definition through advances in technology or performance and that is not yet available in the commercial marketplace, but will be available in the commercial marketplace in time to satisfy the delivery requirements under a Government solicitation; (3) Any product that would meet the definition in subparagraphs (1) or (2) above, except it has modifications of a type customarily available in the commercial marketplace; or it has minor modifications of a type not customarily available in the commercial marketplace made to meet Federal Government requirements.
- C. "Commercial Service" means services of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog or market prices for specific tasks performed or specific outcomes to be achieved and under standard commercial terms and conditions.
- D. "Conflict Minerals" has the same meaning as given to the term by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and its implementing regulations.
- E. "Contract" means a written, binding agreement obligating a Seller to furnish products or services and for Sparton to pay for those products and services.
- F. "DFARS" means the Defense Federal Acquisition Regulation Supplement.
- G. "FAR" means the Federal Acquisition Regulation.



REV: October 2020

- H. "Hazardous material" means any material defined as hazardous under the latest version of Federal Standard No. 313 as maintained by the General Services Administration (GSA) <https://www.gsa.gov/portal/content/101201>.
- I. "Noncommercial Product" means any product that does not meet the definition of Commercial product in this Subcontract.
- J. "Noncommercial Service" means any service that does not meet the definition of Commercial Service in this Subcontract
- K. "Order" means a written, mutually binding agreement obligating Seller to furnish products or services to Sparton and Sparton to pay for them that is issued under the terms of [this/a] Subcontract. It includes all types of agreements issued under this Subcontract, including but not limited to, Orders, Purchase Orders, or Task Orders and any documents issued thereunder, including but not limited to, these Terms and Conditions, plans, drawings, and specifications.

2. FEDERAL ACQUISITION REGULATION (FAR) AND DEFENSE FAR SUPPLEMENT (DFARS) FLOWDOWN PROVISIONS

When Goods or services furnished by the SELLER to SPARTON for use in connection with a U.S. Government contract or subcontract, in addition to Sparton's Commercial General Terms and Conditions, the following provisions shall apply, as required by the terms of the prime contract, or by operation of law or regulation. Otherwise, Sparton's General Terms and Conditions (TC-1C) shall govern the contractual relationship of the Parties.

The following clauses set forth in the FAR and DFARS in effect as of the date of the prime contract are incorporated herein by reference with the same force and effect as if they were in full text. In all clauses listed herein, the terms "Government," "Contracting Officer" and "Contractor" shall be applied and revised to suitably identify the contracting parties herein and affect the proper intent of the provision except where further clarified or modified below. "Subcontractor," however, shall mean "SELLER's Subcontractor" under this purchase order (PO).

Clauses listed below may not be applicable to specific orders due to the type of subcontract/purchase order to be issued, dollar thresholds under requirements of the FAR, DFARS or public Law or Mandatory Flow Down requirements of a particular prime contract. Clauses that are not applicable due to monetary threshold, place, performance, type of effort or contract are deemed self-deleting, shall not be removed from this document, and will be considered by all parties to be without force and effect. It is the SELLER's obligation to contract Sparton regarding any confusion, ambiguity, or questions the Seller may have regarding applicability of the following clauses.

In certain circumstances, applicable law, statute, or regulation may require submission of a signed certificate of compliance from the SELLER to Sparton. By accepting the order from Sparton,



REV: October 2020

SELLER expressly agrees to provide the required signed certification within 14 days of the original request.

In the even that SERLLER is offering for sale commercial items or services, as defined in FAR § 2.101 and when deemed necessary by Sparton, SELLER agrees to provide a written commercial item assertion that fully documents and supports the contention that the items or services are sold or offered for sale in the commercial market place, or is similar in form, fit and function to an item sold or offered for sale in the commercial market place at a fair and reasonable price.

Sparton reserves the right to include additional FAR and/or DFARS clauses, as required by the express terms of a U.S. Government or prime contract.

A. THE FOLLOWING FAR CLAUSES ARE APPLICABLE TO PURCHASE ORDERS FOR COMMERCIAL ITEMS UNDER GOVERNMENT CONTRACTS:

PURCHASE ORDERS EXCEEDING \$10,000

1. **52.222-21** “Prohibition of Segregated Facilities” (Applicable to Purchase Orders exceeding \$10,000 or the dollar threshold in effect as of the date of the prime contract.)
2. **52.222-26** “Equal Opportunity” (Applicable to Purchase Orders exceeding \$10,000 or the dollar threshold in effect as of the date of the prime contract.)
3. **52.222-40** “Notification of Employee Rights Under the National Labor Relations Act” (Applicable to Purchase Orders that exceed \$10,000 or the dollar threshold in effect as of the date of the prime contract and are issued under prime contracts resulting from Solicitations issued after December 12, 2010.)

PURCHASE ORDERS EXCEEDING \$15,000

1. **52.222-36** “Affirmative Action for Workers with Disabilities” (Applicable to Purchase Orders exceeding \$15,000 or the dollar threshold in effect as of the date of the prime contract.)

PURCHASE ORDERS EXCEEDING \$25,000

1. **52.204-10** “Reporting Executive Compensation and First-Tier Subcontract Awards” (Applicable to Purchase Orders (i) of \$25,000 or more or (ii) the dollar threshold in effect as of the date of the prime contract and when Buyer is the Prime Contractor.) (The usual substitution of the parties is not applicable to this clause. Seller shall report to Buyer the information required under the clause.)

PURCHASE ORDERS EXCEEDING \$35,000



REV: October 2020

1. **52.209-6** “Protecting the Government’s Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment” (Applicable to Purchase Orders exceeding \$35,000 or the dollar threshold in effect as of the date of the prime contract.)

PURCHASE ORDERS EXCEEDING \$100,000

1. **52.222-35** “Equal Opportunity for Veterans” (Applicable to Purchase Orders of \$100,000 or more, or the dollar threshold in effect as of the date of the prime contract.)
2. **52.222-37** “Employment Reports on Veterans” (Applicable to Purchase Orders of \$100,000 or more, or the dollar threshold in effect as of the date of the prime contract.)

PURCHASE ORDERS EXCEEDING \$150,000

1. **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.)
2. **52.203-12** “Limitation on Payments to Influence Certain Federal Transactions” (Applicable to Purchase Orders exceeding \$150,000 or the dollar threshold in effect as of the date of the prime contract.)
3. **52.202-1** Definitions (Simplified Acquisition Threshold - \$150,000)

PURCHASE ORDERS EXCEEDING \$2,000,000

1. **52.403-4** Required Certified Cost or Pricing Data

PURCHASE ORDERS EXCEEDING \$5,000,000

1. **52.203-13** “Contractor Code of Business Ethics and Conduct” (Applicable to Purchase Orders (i) that have a value more than \$5,000,000 or the dollar threshold in effect as of the date of the prime contract; and (ii) that have a performance period of more than 120 days.) (In Paragraph (b)(3)(i), the meaning of “agency office of the Inspector General” and “Contracting Officer” does not change, in Paragraph (b)(3)(ii) the meaning of “Government” does not change, and in Paragraphs (b)(3)(iii) and (c)(2)(ii)(F), the meaning of “OIG of the ordering agency”, “IG of the agency” “agency OIG” and “Contracting Officer” do not change.)

ALL PURCHASE ORDERS



REV: October 2020

1. **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.)
2. **52.203-18** “Prohibition on Contracting with Entities that Require Certain Internal Confidentiality Agreements or Statements—Representation” (Applicable to solicitations, regardless of dollar value, when the clause is in Buyer’s customer’s solicitation.)
3. **52.203-19** “Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements” (Applicable to Purchase Orders, regardless of dollar value, when the clause is in Buyer’s prime contract.)
4. **52.204-21** “Basic Safeguarding of Covered Contractor Information Systems” (Applicable to Purchase Orders, other than those for commercially available off-the-shelf items, in which Seller may have Federal contract information residing in or transiting through its information system.)
5. **52.204-26** “Covered Telecommunications Equipment or Service-Representation”
6. **52.215-22** “Limitations on Pass-Through Charges – Identification of Subcontract Effort” (Applicable to solicitations for Purchase Orders that will incorporate FAR clause 52.215-23 or 52.215-23 Alt I.)
7. **52.215-23 & Alt I** “Limitations on Pass – Through Charges” (Include Alternate I if it is Included in the prime contract) (Under other than DoD prime contracts, applicable to time and material and labor hour Purchase Orders that exceed the simplified acquisition threshold; and under DoD prime contracts, applicable to time and material, labor hour, and fixed price Purchase Orders, except those identified in FAR 15.408(n)(2)(i)(B)(2), that exceed the threshold for obtaining cost or pricing data in accordance with FAR 15.403-4.)
8. **52.219-8** “Utilization of Small Business Concerns”
9. **52.222-41** “Service Contract Labor Standards” (Applicable to Purchase Orders that are subject to the Service Contract Labor Standards statute.)
10. **52.222-50** “Combating Trafficking in Persons”
11. **52.222-54** “Employment Eligibility Verification” (Applicable to Purchase Orders (i) for construction or commercial or noncommercial services (except commercial services that are part of a purchase of a COTS item, or an item that would be a COTS item, but for minor modifications, performed by the COTS provider, and that are normally provided for that COTS item); (ii) has a value more than \$3,000 or the dollar threshold in effect as of the date of the prime contract; and (iii) includes work performed in the United States.)
12. **52.222-55** “Minimum Wages Under Executive Order 13658” (Applicable to Purchase Orders regardless of dollar value, that are subject to the Service Contract Labor Standards statute or the Wage Rate Requirements (Construction) statute, and are to be performed in whole or in part in the United States.)

REV: October 2020

13. **52.222-62** “Paid Sick Leave Under Executive Order 13706” (Applicable to Purchase Orders, regardless of dollar value, that are subject to the Service Contract Labor Standards statute or the Wage Rate Requirements (Construction) statute and are to be performed in whole or in part in the United States.)
14. **52.223-7** “Notice of Radioactive Materials” (Insert 45 days in the blank in paragraph (a) of the clause unless otherwise indicated in the Purchase Order.)
15. **52.224-3** “Privacy Training” (Applicable to Purchase Orders, regardless of dollar value, when Seller’s employees will (i) have access to a system of records; (ii) create, collect, use, process, store, maintain, disseminate, disclose, dispose, or otherwise handle personally identifiable information; or (iii) Design, develop, maintain, or operate a system of records.)
16. **52.225-1** “Buy American – Supplies” (Not applicable to Purchase Orders for commercially available off-the-shelf items (COTS) as defined at FAR 2.101.)
17. **52.225-26** “Contractors Performing Private Security Functions Outside the United States” (Applicable to Purchase Orders issued under (i) DoD contracts that that will be performed in areas of contingency operations, combat operations, as designated by the Secretary of Defense, or other significant military operations, as designated by the Secretary of Defense upon agreement of the Secretary of State or (ii) non-DoD contracts that will be performed in areas of Combat operations, as designated by the Secretary of Defense, or other significant military operations, upon agreement of the Secretaries of Defense and State that the clause applies in that area.)
18. **52.232-40** “Providing Accelerated Payments to Small Business Subcontractors” (Applicable to Purchase Orders awarded after December 26, 2013 to small business when Buyer receives Accelerated Payments under its prime contract.)
19. **52.244-6** “Subcontracts for Commercial Items”
20. **52.247-64** “Preference for Privately Owned U.S.-Flag Commercial Vessels”

B. THE FOLLOWING DFARS CLAUSES ARE APPLICABLE TO PURCHASE ORDERS FOR COMMERCIAL ITEMS UNDER DoD CONTRACTS:

1. **252.203-7002** “Requirement to Inform Employees of Whistleblower Rights”
2. **252.204-7012** “Safeguarding of Unclassified Controlled Technical Information” (Applicable to Purchase Orders under DoD contracts awarded after November 17, 2013 and before August 26, 2015.)
3. **252.204-7012** “Safeguarding Covered Defense Information and Cyber Incident Reporting” (Applicable to Purchase Orders under DoD contracts awarded after August 25, 2015 and before October 8, 2015.)
4. **252.204-7012** “Safeguarding Covered Defense Information and Cyber Incident Reporting” (DEVIATION 2016-O0001) (Applicable to Purchase Orders under DoD contracts awarded after October 7, 2015 and before December 30, 2015.)



REV: October 2020

5. **252.204-7012** “Safeguarding Covered Defense Information and Cyber Incident Reporting” (INTERIM RULE 12/30/2015) (Applicable to Purchase Orders under DoD contracts awarded after December 29, 2015 and before October 21, 2016 for operationally critical support, or for which Purchase Order performance will involve a covered contractor information system.)
6. **252.204-7012** “Safeguarding Covered Defense Information and Cyber Incident Reporting” (FINAL RULE 10/21/2016) (Applicable to Purchase Orders under DoD contracts awarded after October 20, 2016 for operationally critical support, or for which Purchase Order performance will involve covered defense information.)
7. **252.204-7015** “Disclosure of Information to Litigation Support Contractors”
8. **252.211-7003** “Item Unique Identification and Valuation” (Seller’s obligations under this clause are limited to cooperating with Buyer’s efforts to comply with this clause, including granting Buyer access to Seller’s deliverables at its facilities and to appropriate property records.)
9. **252.223-7008** “Prohibition of Hexavalent Chromium” (Applicable to all Purchase Orders for supplies, maintenance and repair services, or construction materials.)
10. **252.225-7008** “Restriction on Acquisition of Specialty Metals” (Applicable to Purchase Orders for the delivery of specialty metals as end items to Buyer or Seller to the extent necessary to ensure compliance of the end products that Buyer will deliver to the Government when DFARS clause 252.225-7009 is in the prime contract.)
11. **252.225-7009** “Restriction on Acquisition of Certain Articles Containing Specialty Metals” (excluding paragraph (d) and paragraph (e)(1) which are deleted from this clause). (Applicable to Purchase Orders for items containing specialty metals to ensure compliance of the end products that Buyer will deliver to the Government under prime contracts awarded, or modified to include the clause, after July 28, 2009 according to the clause.)
12. **252.225-7040** “Contractor Personnel Authorized to Accompany U.S. Armed Forces Deployed Outside the United States” (Applicable to Purchase Orders that will be performed when Seller’s personnel or Seller's subcontractors are supporting U.S. Armed Forces deployed outside the United States in contingency operations, peace operations consistent with Joint Publication 3-07.3, or other military operations or military exercises, when designated by the Combatant Commander or as directed by the Secretary of Defense.)
13. **252.225-7048** “Export-Controlled Items”
14. **252.227-7013** “Rights in Technical Data Noncommercial Items” (Applicable whenever any technical data for commercial items developed in part at Government expense will be provided for delivery to the Government under this Purchase Order.)

REV: October 2020

15. **252.227-7015** “Technical Data – Commercial Items” (Applicable whenever any technical data related to commercial items developed in any part at private expense will be provided under this Purchase Order for delivery to the Government.)
16. **252.227-7037** “Validation of Restrictive Markings on Technical Data” (Applicable to Purchase Orders requiring the delivery of technical data.)
17. **252.239-7010** “Cloud Computing Services” (Applicable to Purchase Orders that involve or may involve cloud services)
18. **252.239-7018** “Supply Chain Risk” (Applicable to Purchase Orders involving the development or delivery of any information technology under DoD contracts awarded after November 18, 2013.)
19. **252.244-7000** “Subcontracts for Commercial Items and Commercial Components (DoD Contracts)”
20. **252.246-7003** “Notification of Potential Safety Issues” (Applicable to Purchase Orders for (i) parts defined as critical safety items in accordance with this clause; (ii) systems and subsystems, assemblies, and subassemblies integral to a system; and (iii) repair, maintenance, logistics support, or overhaul services for systems and subsystems, assemblies, subassemblies, and parts integral to a system.)
21. **252.246-7007** “Contractor Counterfeit Electronic Part Detection and Avoidance System” (Applicable to Purchase Orders when the goods or services include *electronic parts* or assemblies containing *electronic parts*. This clause applies to all Sellers, at all tiers, without regard to whether the Seller itself is subject to CAS.)
22. **252.246-7008** “Sources of Electronic Parts” (Applicable to Purchase Orders when the goods or services include *electronic parts* or assemblies containing *electronic parts*. This clause applies to all Sellers, at all tiers, without regard to whether the Seller itself is subject to CAS.)
23. **252.247-7023** “Transportation of Supplies by Sea”
24. **252.247-7024** “Notification of Transportation of Supplies by Sea”

3. ACCEPTANCE OF PURCHASE ORDER

This Order is Buyer’s offer to Seller to purchase the Products and/or Services described in this offer. Any additional terms proposed in Seller’s acceptance of Buyer’s offer including, but not limited to, shrink-wrapped or click-through terms not specifically negotiated and identified on the Order, which add to, vary from, or conflict with the terms herein are hereby objected to by Buyer. Any such proposed terms shall be void and the terms herein shall constitute the complete and exclusive statement of the terms and conditions of the contract between the Parties and may hereafter be modified only by written instrument executed by the authorized representatives of both Parties. Any of the following shall constitute Seller’s unqualified acceptance of this Order and these terms and conditions: (a) acknowledgment of this Order; (b) furnishing of any part of the Products and/or Services under this Order; (c) acceptance of any payment for the Products/Services under this Order; or (d) commencement



REV: October 2020

of performance under this Order. Notwithstanding the foregoing, if this Order carries a Defense Priorities & Allocations System (DPAS) rating, Seller shall provide unqualified written acceptance or rejection to Buyer's Authorized Representative within fifteen (15) working days after receipt of a DO rated order and within ten (10) working days after receipt of a DX rated order. If, after acceptance of the Order or at any time during the performance of this Order, Seller believes that any portion of this Order is inaccurate, inconsistent or incomplete, Seller shall promptly notify Buyer in writing identifying any discrepancies and requesting resolution before proceeding or continuing with the portion of this Order in question. In the event that the Seller fails to contact Buyer in a timely manner to resolve said discrepancies or inconsistencies and Seller proceeds with or continues any work in question, Seller shall be deemed to have proceeded on its own accord and shall be solely responsible for any errors or omissions, including all associated cost or schedule impacts or both resulting therefrom.

4. ORDER OF PRECEDENCE

In the event of any inconsistency between any parts of this Order, the inconsistency shall be resolved by giving precedence in the following order:

- A. Change Order Document
- B. Order Document
- C. Order Terms and Conditions (including any referenced Addenda)
- D. FAR/Defense FAR Supplement (DFARS) and Other Agency Supplemental Clauses
- E. Statement of Work
- F. Specifications/Drawings
- G. Quality/Mission Assurance Requirements
- H. Supplier Data Requirements List (SDRL)/Data Item Description (DID)
- I. Other Referenced Documents

5. CHANGES

Buyer shall have the right by written notice to suspend or stop work or to make changes from time to time in the services to be rendered or the goods to be furnished by Seller hereunder or the delivery schedule. If such suspension, stoppage, or changes cause an increase or decrease in the cost of performance of this Purchase Order or in the time required for its performance, an equitable adjustment shall be negotiated promptly and the Purchase Order shall be modified in writing accordingly. Any claim by Seller for adjustment under this Paragraph (3) must be asserted in writing within twenty (20) days from the date of receipt by Seller of notification of the change or suspension and shall be followed as soon as practicable with specification of the amount claimed and supporting cost figures. Failure to agree to any such change shall be resolved in accordance with Section 15 Disputes and Governing law herein. However, nothing herein shall excuse Seller from proceeding with this Purchase Order as changed pending resolution of the claim.

6. INFRINGEMENT

Seller represents and warrants that all goods and services provided by Seller pursuant to this Purchase Order, which are not of Buyer's design, do not infringe or misappropriate any third party intellectual property rights and that any use or sale of such items by Buyer or any of Buyer's Customers, to include the U.S. Government, shall be free from any claims of infringement. Seller shall indemnify and hold Buyer, and its customers harmless from any and all expenses, liability, and loss of any kind (including all costs and expenses including attorneys' fees) arising from claims, suits, or actions alleging such infringement, which claims, suits, or actions Seller, agrees to defend at Seller's expense, if requested by the Buyer to do so. As such, Seller may replace or modify items that have been infringed upon by using items that substantially perform, fits, and functions to remove the source of infringement and Seller's obligations under this Purchase Order.

7. TAXES AND DRAWBACKS

- A. Unless this Purchase Order specifies otherwise, if any goods are imported into the United States pursuant to this Purchase Order, Seller shall pay all duties, taxes, and fees imposed as a result of such importation. The prices shall not include any duties, taxes, or fees for which Buyer has furnished a valid exemption certificate or other evidence of exemption. The price may include applicable sales and use taxes that are separately stated on Seller's invoice, but Seller retains the responsibility to remit taxes collected from Buyer to the relevant tax authority. To the extent that Buyer is required to do so under applicable law or tax regulations, Buyer may deduct from any payments due to Seller pursuant to this Purchase Order such taxes as Buyer is required to withhold from such payments and to pay to the relevant tax authorities; provided, however, that Buyer provides Seller with relevant tax receipts or other suitable documentation evidencing the payment of such taxes promptly after such taxes are paid.
- B. Any refund, credit, or rebate of any import duties, taxes, or fees (including any drawback claim) shall inure solely to Buyer's benefit and shall be assigned to Buyer by Seller. Seller shall reasonably assist Buyer in Buyer's effort to realize any such available amounts.

8. WARRANTY

Seller warrants that at the time of delivery the Supplies will be free from any defects in material or workmanship and will conform to the requirements of this Order. Buyer shall give notice to Seller of any such defect or nonconformance within twelve (12) months of the delivery of the defective or nonconforming Supplies. If required by Buyer within a reasonable time after such notice, Seller shall with all possible speed correct or replace the defective or nonconforming Supplies or part. When such correction or replacement requires transportation of the Supplies

REV: October 2020

or part thereof, all shipping costs shall be borne by Seller. The warranty shall then continue as to corrected or replaced Supplies or, if only parts are corrected or replaced, to such corrected or replacing parts, until fourteen (14) months after the date of redelivery. If Buyer does not require correction or replacement of defective or nonconforming supplies, Seller, if required by Buyer within a reasonable time after the notice of defect or nonconformance, shall repay such portion of the Purchase Order price of the Supplies as is equitable in the circumstances. If correction or replacement is required, Supply shall also repay costs of removal of the supplies from any component, assembly or system into which the supplies may have been incorporated, and reinstallation of non-defective supplies, and cost of return of the supplies.

Seller shall also reimburse Buyer for any incidental and consequential damages caused by such nonconforming supplies including, but not limited to costs, expenses and losses incurred by Buyer: (a) in inspecting, sorting, repairing or replacing such goods; (b) resulting from any production interruptions; (c) conducting any recall campaigns or other corrective actions and (d) claims for personal injury or property damage. This clause shall not limit any rights of Buyer otherwise. Acceptance or payment by Buyer does not relieve Seller of liability for warranties, latent defects, fraud or such gross error or defects as amount to fraud. Buyer shall have the right to reject any goods found not to be in compliance with these warranty provisions, the specifications, or other requirements of this Order.

9. INSPECTION

- A. Buyer and its customer may inspect and test material, work in progress, Products and/or Services at all times and places during manufacture and otherwise. No inspection (including source inspection), test, approval (including design approval), or Acceptance of Products or Services, or failure to inspect and Accept or reject Products or Services, shall relieve Seller from responsibility for any defects or other failure to meet the requirements of this Order, or for latent defects, fraud, such gross mistakes that amount to fraud, or Seller's warranty obligations, nor impose liability on Buyer.
- B. Seller shall not substitute materials or accessories, even if Seller believes they are of superior quality, without written consent of Buyer.
- C. Unless otherwise stated in Buyer's specifications, the latest revision of applicable standards, specifications or similar documents as of the date of this Order shall apply. If the Products are specifically manufactured for Buyer in accordance with drawings, designs, or specifications furnished by Buyer:
 1. Seller shall provide and maintain an inspection and quality control system acceptable to Buyer and provide access to Seller's facilities and applicable documented information including all lower-tier subcontractors' facilities used in performance of this Order at all reasonable times, and without additional charge, for inspection by Buyer's agents, employees, Buyer's Customer and any applicable regulatory authority, and shall provide all tools, facilities, and assistance reasonably necessary for inspection relating to the performance of this Order; and (2) Seller shall maintain adequate and authenticated inspection and test

documents which relate to work performed under this Order for a period of five (5) years after completion of this Order or as otherwise specified in this Order, and shall make such records available to Buyer upon request; (3) Seller shall supply Buyer with inspection and test reports, affidavits, certifications, technical documents generated or related to this Order, or any other documents as may reasonably be requested by Buyer; (4) Seller shall notify Buyer's Authorized Representative in writing of any changes in Product and/or process definition and obtain Buyer's written approval prior to proceeding; and (5) Seller agrees to insert the substance of this clause, including this sentence, in any lower-tier subcontract.

D. Final inspection and Acceptance by Buyer shall be at point of delivery, unless otherwise specified in this Order.

10. SHIPPING INSTRUCTIONS

- A. Seller shall be responsible for ensuring the proper packaging of goods hereunder. No charges will be allowed for packing, crating, freight, local cartage, and/or any other services unless so specified in this Purchase Order.
- B. Seller shall at all times comply with Buyer's written shipping instructions. Unless otherwise directed, all items shipped on the same day from and to a single location must be consolidated on one bill of lading or airbill, as appropriate. Seller shall submit all required shipping papers to Buyer prior to final payment. Title to goods furnished under this Purchase Order shall pass to Buyer upon formal acceptance, regardless of when or where Buyer takes physical possession, unless the Purchase Order specifically provides for earlier passage of title.
- C. For goods purchased F.O.B. Origin (as "F.O.B. the place of shipment" is described in the Uniform Commercial Code Section 2-319), Seller shall bear the expense of and risk of loss of, or damage to, the goods until the goods are put into the possession of the carrier designated by Buyer. Seller shall not insure and not declare a value except when transportation rates are based on "released value," in which instance Seller shall annotate on the bill of lading the lowest released value provided in applicable tariffs.
- D. For goods purchased F.O.B. Destination (as "F.O.B. the place of destination" is described in the Uniform Commercial Code Section 2-319) Seller shall bear the expense of transport of, and risk of loss or damage to, the goods to the named place.
- E. Purchase Order number(s) must appear on all correspondence, shipping labels, and shipping documents, including all packing sheets, bills of lading, airbills, and invoices.

11. PACKAGING, PACKING, and MARKING

- A. Seller shall be responsible for ensuring the proper packaging, packing, and marking of Product(s) delivered hereunder in accordance with this Order. Packaging, packing, and marking will conform to the instructions specified or provided by Buyer. Seller must assure package integrity throughout the shipping cycle. Each package and pack shall provide physical, chemical, and cleanliness protection to prevent damage or

deterioration of the Product during handling, shipment and storage under anticipated environmental conditions. All materials, fabrication techniques and workmanship shall conform to the requirements specified herein or, if not specified, otherwise meet or exceed good commercial quality and practice. Damage resulting from improper Product packaging will be charged to Seller. Seller must comply with all applicable carrier regulations, including National Motor Freight Classification and Department of Transportation Regulations. No extra charge for packaging or insurance shall be allowed unless specifically noted herein. Products received without proper packaging, packing, marking and/or bar coding as set forth herein may be rejected by Buyer and returned to Seller at Seller's expense.

- B. All goods shall be prepared (cleaned, preserved, etc.) and packed per Military Standard Packaging, when required, or best commercial practice for export shipment in a manner to comply with carrier regulations and to prevent damage or deterioration during handling, shipment and indoor storage for up to ninety (90) days at destination. Wood Packaging Materials must meet International Standards for Phytosanitary Measures (ISPM) No. 15. If requested, Seller shall submit two (2) copies of its proposed packaging procedure and packing design to Buyer for review not less than sixty (60) days prior to the fabrication of the container required for first shipment, and shall prepare and package in accordance with said procedure and design.

12. DELIVERY

- A. All Parties expressly agree that time is and shall remain a material element of this Order and no acts of Buyer, including without limitation, modifications to this Order or Acceptance of late deliveries, shall constitute a waiver of this provision.
- B. Title free of liens or encumbrances shall pass to Buyer upon Acceptance (except as otherwise specified within this Order); however, passing of title shall not relieve Seller of any other obligations under this Order.
- C. All deliveries shall be strictly in accordance with the applicable quantities and schedules set forth in this Order. Buyer reserves the right to (i) return over shipments and early shipments at Seller's expense, (ii) have payment therefore withheld by Buyer until the date that Products or Services are actually scheduled for delivery, or (iii) be placed in storage, for which Seller shall be liable for the cost, until the delivery date specified herein. Unless otherwise provided in this Order, delivery in whole or part shall not be made more than ten (10) days prior to required delivery dates.
- D. Whenever it appears Seller will not meet the delivery schedule, Seller shall immediately notify Buyer of the reason and estimated length of the delay. If Seller's delivery shall fail to meet the delivery schedule, Buyer, without limiting its other rights or remedies, may direct expedited routing, and any excess cost incurred thereby shall be debited to Seller's account.
- E. If Seller is unable to meet the required delivery schedules for any reason, other than a change directed by Buyer, Buyer shall have the option to (1) terminate this Order, or (2) fill such Order or any portion thereof, from sources other than Seller and to reduce Seller's

Order quantities accordingly at no increase in unit price, without any penalty to Buyer, or (3) accept late delivery and recover from Seller any costs Buyer incurs caused by the late delivery. This condition shall not limit Buyer's other rights and remedies Buyer may otherwise have under this Order or applicable law.

- F. If Seller intends to source or ship direct from outside of the U.S. to Buyer then, in addition to complying with all applicable Export Regulations, Seller shall provide the name, country and contact information of the non-U.S. sources within ten (10) days after Order acceptance. Seller proposed sources outside of the U.S. must have a reputation for honesty and a company policy prohibiting bribes and facilitating payments intended to expedite or secure performance of a routine governmental action, such as, customs clearance. Buyer retains the right to deny Seller's use of Seller proposed sources within thirty (30) days of Seller notification. Seller shall ensure that Buyer's purchase does not transit through one of the proscribed countries listed in U.S. ITAR, 22 C.F.R. 126.1.

13. TERMINATION FOR CONVENIENCE

- A. **GENERAL:** Buyer may terminate the performance of work under this Order, in whole or from time to time in part, whenever it shall determine that such termination is in the best interests of Buyer. Any such termination shall be effected by delivery to Seller of a notice of termination specifying the extent to which performance of work under this Order is terminated and the date upon which such termination becomes effective. If such notice does not indicate the termination is pursuant to Section herein entitled "Termination for Convenience," or the section herein entitled, "Default," Buyer shall have the right to so indicate with a reasonable time thereafter not to exceed thirty (30) days.
- B. **U.S. GOVERNMENT:** Buyer may at any time terminate all or any part of this Order in accordance with the contract clause entitled "Termination for Convenience of the Government (Fixed-Price)" set forth at 52.249-2 of the FAR, which clause is hereby incorporated herein and made a part hereof by this reference, except that the term "contract" therein shall mean this Order, the term "Contracting Officer" therein shall mean "Buyer", the term "Government" therein shall mean "Buyer" except that in subparagraph (b) (8) and at the first occurrence thereof in paragraph (h) it shall mean "Buyer or the Government" and in paragraph (n) it shall mean "Buyer and the Government", the term "Contractor" therein shall mean "Seller", paragraphs (d) and (j) thereof are deleted, the period "120 days" in paragraph (c) is changed to "60 days", the period "1 year" in paragraph (e) is changed to "3 months" and the period "90 days" in paragraph (l) is changed to "45 days"; provided, however, that if this Order is a first-tier subcontract under a U.S.G. Prime Contract, the period "1 year" in paragraph (e) is changed to "180 days."

14. TERMINATION FOR DEFAULT

- A. **GENERAL:**

REV: October 2020

1. Buyer may, after providing Seller with ten (10) calendar days written notice, and upon Seller's failure to cure such default in that ten (10) day period ("Cure Period"), terminate this Purchase Order in whole or in part at any time by notice in writing for (i) breach of any one or more of its terms, (ii) failure to deliver goods or services within the time specified by this Purchase Order or any written extension, (iii) failure to make progress so as to endanger performance of this Purchase Order, or (iv) failure to provide adequate assurance of future performance; provided, however, there shall be no Cure Period for default related to failure to meet the delivery schedule or defaults incapable of cure. Buyer may also terminate this Purchase Order in whole or in part without a Cure Period in the event of Seller's suspension of business, insolvency, appointment of a receiver for Seller's property or business, or any assignment, reorganization or arrangement by Seller for the benefit of its creditors. In the event of partial termination, Seller is not excused from performance of the non-terminated balance of work under the Purchase Order.
2. In the event of Seller's default hereunder, Buyer may exercise any or all rights and remedies accruing to it, both at law, including without limitation, those set forth in Article 2 of the Uniform Commercial Code, or in equity, including but not limited to, Seller's liability for Buyer's excess re-procurement costs for goods or services.
3. If this Purchase Order is terminated for default, Buyer may require Seller to transfer title to, and deliver to Buyer, as directed by Buyer, any (1) completed supplies, and (2) partially completed supplies and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights that Seller has specifically produced or acquired for the terminated portion of this Purchase Order. Upon direction of Buyer, Seller shall also protect and preserve property in its possession in which Buyer has an interest.

B. U.S. GOVERNMENT:

The FAR 52.249-8 "Default (Fixed Price Supply and Service)" clause is by this reference incorporated herein and made a part hereof except that the term "contract" therein shall mean this Order, the term "Contractor" therein shall mean "Seller", the term "Contracting Officer" therein shall mean "Buyer", the term "Government" in all paragraphs thereof except paragraph (c) shall mean "Buyer" and all reference therein to "Disputes" shall mean the "Disputes" clause of this Order. Buyer may terminate this Order in whole, or in part, for Seller's default in accordance with this clause. In addition, Buyer may terminate this Order in whole, or in part, in the event one of the following occurs, is threatened, or is imminent with respect to Seller: insolvency; bankruptcy; suspension of business; sale of a substantial part of Seller's assets; filing for dissolution; liquidation proceedings; appointment of a trustee or receiver for Seller's property or business; or assignment.

15. FORCE MAJEURE

Except for a default of Seller's subcontractor at any tier, neither Buyer nor Seller shall be liable for any failure to perform due to any cause beyond their reasonable control and without their fault or negligence. Such causes include, but are not limited to, acts of God or of the public enemy, acts of the government in its sovereign or contractual capacity, fires, floods, epidemics, terrorism, quarantine restrictions, strikes, freight embargoes, and unusually severe weather. In the event that performance of this Purchase Order is hindered, delayed or adversely affected by causes of the type described above ("Force Majeure"), then the Party whose performance is so affected shall so notify the other Party's authorized representative in writing and, at Buyer's option, this Purchase Order may be completed with such adjustments to delivery schedule as may reasonably be required by the existence of Force Majeure.

16. DISPUTES AND GOVERNING LAWS

- A. Any dispute arising under or in connection with this Order with respect to the rights, duties, or obligations of the Parties shall be submitted in writing for resolution to ascending levels of management of the respective Parties.
- B. If a dispute cannot be resolved to both Parties' mutual satisfaction, after good faith negotiations, within ninety (90) days from the date the written claim is received by the other Party, or such additional time as the Parties agree upon in writing, either Party may bring suit only in the state or federal court located in the State of Florida. Seller consents to personal jurisdiction for this purpose in the State of Florida.
- C. Pending any prosecution, appeal, or final decision referred to in this clause, or the settlement of any dispute arising under this Order, both Parties shall proceed diligently, with their respective obligations under this Order.
- D. To the maximum extent permitted by law, the Parties waive any right to a jury trial.
- E. In no event shall Buyer be liable for anticipated profits, incidental or consequential damages. Buyer's liability on any claim, of any kind and for any loss or damage arising out of, connected with or resulting from this Order, or from the performance or breach thereof shall, in no case, exceed the price allocable to the Products and/or Services, or unit thereof, which gives rise to the claim. Buyer shall not be liable for penalties of any description. Any action resulting from any breach on the part of Buyer as to the Products and/or Services delivered hereunder must be commenced within one year after the cause of action has accrued.
- F. **In no event shall Seller acquire any direct claim, or direct course of action against the U.S.G. except as approved by Buyer pursuant to this clause or as otherwise authorized by law.**

17. REMEDIES

- A. Except as otherwise provided herein, the rights and remedies of both Parties hereunder shall be in addition to their rights and remedies at law or in equity. Failure of either Party to enforce any of its rights shall not constitute a waiver of such rights or of any other rights and shall not be construed as a waiver or relinquishment of any such provisions, rights or remedies; rather, the same shall remain in full force and effect.
- B. Buyer shall be entitled at all times to set off any amount owing at any time from Seller to Buyer, against any amount payable at any time by Buyer to Seller.

18. PRESERVATION OF GOVERNMENT'S RIGHTS

If SPARTON furnishes designs, drawings, special tooling, equipment, engineering data or other technical or proprietary information (Furnished Items) to which the U.S. Government owns or has the right to authorize the use of, nothing herein shall be construed to mean that SPARTON, acting on its own behalf, may modify or limit any rights the Government may have to authorize the SELLER's use of such Furnished Items in support of other U.S. Government Prime Contracts.

1. Government reserves the right to inspect materials and services at Seller's facility IAW FAR Part 52.246-2, 52.246-7 and 52.246-5.
2. Government Indemnity. In no event shall the Government be liable to Subcontractor or to any third party for any indirect, special, consequential, punitive, or incidental damages, including, but not limited to, damages for loss of business profits, business interruption, loss of business information, or failure to realize expected savings, even if Government has been advised of, or could have reasonably foreseen, the possibility of such damages.

19. GOVERNMENT OR BUYER'S PROPERTY

- A. Title to all property furnished to Seller by Buyer or U.S.G., or paid for by Buyer or U.S.G. shall remain with Buyer or U.S.G., as applicable.
 - a. Seller shall not alter or use such property for any purpose or for any other party other than that specified by Buyer or U.S.G., without the prior written consent of Buyer or U.S.G. If Buyer or U.S.G. agrees to pay Seller for acquisition of tooling and equipment, either separately or as a stated part of the unit price of Products purchased herein, title to the same shall pass to Buyer or U.S.G., as applicable, upon (i) commencement of processing for use in performance of this Order, or (ii) Buyer payment therefore, whichever occurs first.
- B. Seller shall assume the risk of, and be responsible for, any loss, theft, destruction of or damage to Buyer property while in Seller's possession or control. If Seller damages any property, Seller shall be responsible for making repairs, or replacement, at no cost to Buyer.
- C. Seller shall assume full risk of loss, and be responsible for, any loss, theft, destruction of or damage to U.S.G. property while in Seller's possession or control and shall be responsible for making repairs or replacing the item at no cost to the U.S.G. when FAR 52.245-1, Alternate 1, applies to this Order (Reference Section 58 of the terms and conditions for applicability). If FAR 52.245-1 is applicable, then Seller shall have limited risk of loss for lost or damaged U.S.G. property and shall seek relief of accountability to the Buyer in accordance with FAR 52.245-1 (f)(1)(vii).
- D. Upon Buyer's or U.S.G.'s written request to Seller for any property under this clause, if Seller cannot locate Buyer or U.S.G. property within five (5) days, Seller shall notify



REV: October 2020

Buyer or U.S.G. that the item was not located and Seller subsequently has twenty (20) days to find the misplaced property. After such period, if it has not been located, the property shall be deemed "lost" and at Buyer's or U.S.G.'s election, Seller shall either reimburse Buyer or U.S.G. for the replacement and all related delay costs, or remake the lost property at no cost to Buyer or U.S.G., or seek relief of accountability depending the applicable risk of loss provisions of this Order.

- E. Seller shall return all Buyer or U.S.G. owned property in a condition as good as when received except for reasonable wear and tear. Seller shall establish and maintain a property control system approved by Buyer and in accordance with the provisions of FAR 52.245-1 for the control of U.S.G. or Buyer owned property. Seller shall also notify Buyer if its property system is deemed inadequate by the U.S.G. If Seller's property control system is deemed inadequate at the time of award of this Order or becomes disapproved anytime during performance of this Order, then the provisions FAR 52.245-1 **Alternate 1** shall automatically apply and Seller shall assume full risk of loss for U.S.G. property regardless of the contract type of the Order or the basis of award. At all times, Buyer and the U.S.G., as applicable, shall have access to Seller's facilities for the purpose of reviewing its compliance with the management of U.S.G. or Buyer property related to this Order.

20. SUBCONTRACTING, ORGANIZATIONAL CHANGES, AND PLACE OF PERFORMANCE

- A. Seller shall not subcontract the entirety or any part of this Order without the prior written authorization of Buyer, and Seller shall require an agreement with conforming performance requirements from immediate and lower-tier suppliers. This restriction on subcontracting shall not apply to authorized distributors, dealers, jobbers or industrial suppliers nor shall it apply to purchases of standard commercial articles, including electronic components or raw materials including castings, forgings, and rough welded structures on which Seller will perform further work.
- B. No subcontract placed under this Order shall provide for payment on a cost-plus-percentage-of-cost basis and Seller agrees to select subcontractors/suppliers on a competitive basis to the maximum practical extent consistent with the objectives and requirements of this Order.
- C. Any subcontract, assignment, or other transfer of rights or obligations arising under this Order and made to a foreign person, as defined in the International Traffic in Arms Regulations or the Export Administration Regulations, must comply with the Export and Import Compliance clause herein.

21. COMPLIANCE WITH LAWS

- A. Seller, in the performance of this Purchase Order, warrants that it shall comply with all relevant laws, orders, rules, ordinances, and regulations (whether federal, state, or local), including but not limited to:
 - 1. all U.S. laws and regulations including:



REV: October 2020

- i. the Fair Labor Standards Act of 1938, as amended (the "FLSA"), and the regulations and orders of the United States Department of Labor under the FLSA;
 - ii. the Occupational Safety and Health Act of 1970 (OSHA), as amended;
 - iii. the U.S. Department of Transportation regulations on hazardous materials and any other pertinent federal, state, or local statutes, laws, rules, or regulations;
 2. the laws and regulations of Seller's place of performance;
 3. the applicable domestic and international prohibitions on child labor, human trafficking, and slavery;
 4. the United States Foreign Corrupt Practices Act, 15 U.S.C. § 78 et seq. (the "FCPA"), and other Anti-Corruption Requirements as defined in paragraph 19(b), below; and
 5. the Anti-Kickback Act of 1986.
- B. Anti-Corruption Requirements:
 1. Seller acknowledges that its actions may subject it and Buyer to liability under the FCPA, the anti-corruption laws, regulations, and policies of the home country of any supplier to this Purchase Order, the United States of America, and/or the anti-corruption laws, regulations, and policies of any other country with jurisdiction over the activities performed pursuant to this
 2. Purchase Order (together and individually hereinafter referred to as the "Anti-Corruption Requirements"). Seller acknowledges that it is familiar with the prohibitions under, and the requirements of, the Anti-Corruption Requirements.
 3. Neither Seller nor any of its principals, consultants, subcontractors, shareholders, directors, officers, employees, or agents has performed or will perform any act which Buyer could reasonably believe would constitute a violation of the Anti-Corruption Requirements or which Buyer could reasonably believe would cause Buyer to be in violation of the Anti-Corruption Requirements, or present a credible risk, as determined by Buyer, of a violation of the Anti-Corruption Requirements.
 4. If at any time Seller becomes aware of information or circumstances that suggest any of the provisions of this may not be accurate, it shall notify Buyer immediately in writing, but not more than seven (7) days after becoming aware of such circumstances.
 5. No payment will be made hereunder to any person other than Seller; and no payment will be made to Seller under this Purchase Order other than the payment of the compensation in accordance with the terms hereof. Seller's price quotations and invoice prices shall accurately and fairly reflect the commensurate value of the goods and services provided under this Purchase Order.
 6. In connection with this Purchase Order, Seller shall maintain books, records, and accounts, which in reasonable detail, accurately and fairly reflect the transactions and asset dispositions of Seller and allow Buyer to (i) maintain accurate books and records, and (ii) comply with the requirements for internal management controls set forth in the Anti-Corruption Requirements as well as relevant U.S. laws and regulations.



REV: October 2020

7. Seller shall cooperate with, and provide assistance to, Buyer in implementing adequate due diligence procedures in connection with the selection and retention of consultants and subcontractors by Buyer or Seller.
- C. Seller warrants that it and its officers, employees or representatives (i) have complied with the Anti-Kickback Act of 1986 and has not offered or given and will not offer or give to any employee, agent, or representative of Buyer any gratuity or any kickback within the meaning of the Anti-Kickback Act of 1986 and (ii) have not, for the purpose of improperly obtaining or rewarding favorable treatment in connection with the award of this Purchase Order to Seller from Buyer: (1) provided, attempted to provide, or offered to provide any kickback; (2) solicited, accepted, or attempted to accept any kickback; or (3) included, directly or indirectly, the amount of any kickback prohibited by (1) or (2) of this Section in the price charged by Seller to Buyer under this Purchase Order. Any breach of this warranty shall constitute a material breach of this Purchase Order. For purposes of this Section, the term "kickback" means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to Buyer or Buyer's officers, employees or representatives, including any of their family members, subcontractors, or subcontractor employees, for the purpose of improperly obtaining or rewarding favorable treatment in connection with this Purchase Order. Any breach of this warranty shall be a material breach of each contract between Buyer and Seller.
- D. Seller warrants that it has and shall maintain all registrations and licenses and shall obtain permits as required to perform the work hereunder.
- E. Buyer and Seller acknowledge and agree that Seller's goods and / or services under this Purchase Order are not provided pursuant to a United States Government contract.
- F. Seller agrees to defend, indemnify, and save Buyer harmless from any loss, damage, fine, penalty, or expense that Buyer may suffer because of Seller's failure to comply with the warranties and certifications in this Section 19.

22. RELEASE OF INFORMATION

Seller shall not publish, distribute, or use any information developed under or about the existence of this Purchase Order, or use the SPARTON company name (or the name of any division, affiliate or subsidiary thereof), logo, trademark, service mark, or trade dress for the purpose of advertising, making a news release, creating a business reference, creating a website content or for goods or service endorsement without prior written approval of Buyer.

23. SPECIALTY CLAUSES (H)

H.1. Privity of Contract

In order to properly perform and/or execute this Agreement, the Seller may require frequent interface with SPARTON's client (the Client). However, no Privity of contract exists between the Seller and the Client. Seller shall not take any direction from the Client which changes the scope of work or the terms and conditions herein, nor discuss any terms and conditions of this Agreement with the Client unless SPARTON is present and authorizes such discussions. Seller shall immediately notify SPARTON's Technical Representative if at any time he believes the



REV: October 2020

Client is effecting a change to this Subcontract. Breach of this clause is cause for Termination in accordance with the termination for convenience or default clauses in Section I.

H.2. Timely Performance

- A. Seller's timely performance is a critical element of this Subcontract.
- B. Unless advance shipment has been authorized in writing by SPARTON Subcontract Administrator, SPARTON may store at Seller's expense, or return, shipping charges collect, all work or supplies/materials received in advance of the schedule delivery date.
- C. If Seller becomes aware of difficulty in performing the Work, Seller shall timely notify SPARTON Subcontract Administrator, in writing, giving pertinent details. This notification shall not change any delivery Schedule.
- D. In the event of termination or change, no claim will be allowed for any manufacture or procurement in advance of Seller's normal flow time unless there has been prior written consent by SPARTON Subcontract Administrator.

H.3. Priority Rating

If so identified on the cover page of this Subcontract, this Subcontract is a "rated order" certified for national defense use, and the Seller shall follow all the requirements of the Defense Priorities and Allocation Systems Regulation (15 CFR Part 700) when placing order with United States suppliers.

H.4. Subcontracting

The Seller shall not subcontract any of the services to be performed or items to be delivered hereunder without the prior written approval of SPARTON's Procurement Specialists/ Subcontract Administrator. Any approval, if given, shall be without prejudice to SPARTON and Seller shall assume all liability for subcontracts issued hereunder and the work or services performed. Any subcontractor retained by the Seller must be obliged in writing to the same obligations as are set forth herein with respect to the Seller. In the event that the Seller receives approval to subcontract Seller agrees that any subcontractor's charges for work for which the Seller seeks reimbursement from SPARTON hereunder shall be no higher than if performed by the Seller, unless otherwise agreed to in writing by SPARTON.

H.5. Continuing Terms and Severability

The "Proprietary Information," "Suspect or counterfeit Parts," "Indemnification – Government Requirements," "Indemnification – Third Party Claims," "Patent, Trademark, Trade Secret, And



REV: October 2020

Copyright Indemnity,” “Release of Information and Advertising,” and “Warranty” provisions and the indemnification provisions contained in the “Disputes,” and “Export and Import Compliance,” provisions shall survive termination or cancellation of this Order. If any provision in this Order is or becomes void or unenforceable by force or operation of law, all other provisions shall remain valid and enforceable.

H.6. Non-Solicitation of Personnel

During the period of this Purchase Order and for a period of one year after the termination or expiration of such Purchase Order, neither party shall solicit any employee(s) of the other party whose work is associated with this Purchase Order or the prime contract without the prior written consent of such other party. This clause does not preclude either party from hiring any employee(s) of the other party who have pursued employment opportunities with them on their own initiative or in response to public advertisements published by such hiring party

H.7. Overtime/Expediting Premiums

Payment of overtime/expediting premiums are not authorized under this Purchase Order. However, SPARTON may, in its sole discretion, authorize payment for overtime/expediting premiums whenever deemed beneficial for a specific task. In no case shall overtime/expediting fees be authorized to compensate for shortcomings in the Subcontractor's performance.

H.8. Warranties

- A. Seller warrants that, for a fourteen-month period that begins upon Sparton’s acceptance of a Product Seller delivers under this Subcontract, Seller’s accepted product will be (i) free from defects in materials, workmanship, and manufacturing processes; and (ii) conform to all requirements of this Purchase Order.
- B. If during that fourteenth-month period a Product delivered under this Purchase Order is prevented from entering service or taken out of service because it fails to meet any of the performance obligations of this Purchase Order shall not count towards determining the end date of the warranty period.
- C. Seller shall promptly remedy all deficiencies that arise during the warranty period at no cost to Sparton. If Seller fails to remedy the deficiency within a reasonable time after having been notified of the deficiency, Sparton may, at its option, remedy the deficiency by contract or otherwise and charge to Seller any increased costs incurred by Sparton or Sparton’s customer or make an equitable reduction in the price of this Order or any other Purchase Order or Order that Seller has with Sparton.



REV: October 2020

- D. If Sparton elects to correct the deficiencies in the Product itself, Seller shall pay Sparton's actual costs and Sparton's labor at Sparton's fully-burdened hourly rates (as appropriate) utilizing the then-current Government-approved rate set authorized for change-order activity.
- E. Sparton's approval of any documentation prepared by Seller or Sparton's participation in design reviews or first article approval process or similar reviews shall not relieve Seller of any obligation under this warranty.
- F. Seller shall reimburse Sparton for any incidental and consequential damages caused by such nonconforming supplies including, but not limited to costs, expenses and losses incurred by Sparton: (a) in inspecting, sorting, repairing or replacing such goods; (b) resulting from any production interruptions; (c) conducting any recall campaigns or other corrective actions and (d) claims for personal injury or property damage.
- G. This clause shall not limit any rights of Sparton otherwise. Acceptance or payment by Sparton does not relieve Seller of liability for warranties, latent defects, fraud or such gross error or defects as amount to fraud.

H.9. Restriction of Employment of Federal Government Personnel

Subcontractor shall not, in the performance of this Purchase Order, use as a consultant or employ (on either a full-time or part-time basis), any active duty federal government personnel (civilian or military) without prior written approval of SPARTON and SPARTON's Government Contracting Officer. Approval may be possible only in those cases where there is a clearly no violation of government instruction, directives, laws, regulations or policies and no conflict or appearance of conflict of interest.

H.10. Performance of Work at SPARTON's or Government's Premises

Any work under this Purchase Order which is performed by the Subcontractor or any of its sub-subcontractors on premises under SPARTON/Government control is subject to the following:

1. All Subcontractor and sub-subcontractor personnel shall obtain base identification passes and shall at all times conspicuously display a distinctive badge provided by SPARTON/Government identifying such personnel as employees of the Subcontractor. They shall observe and otherwise be subject to such facility rules and security regulations as are in effect for the particular premises involved.
2. Except as may be otherwise specified herein, the Subcontractor shall furnish all services required for the work to be performed.
3. The Subcontractor shall provide direct supervision of its own employees and shall exercise control of its sub-subcontractor's employees.



REV: October 2020

4. The Subcontractor shall designate to SPARTON, in writing, an on-premises representative to serve as a point of contact for the Subcontractor with SPARTON.
5. Performance of work on SPARTON/Government premises shall be confined to the area(s) specified by SPARTON/Government in the delivery order issued by the SPARTON to the Subcontractor.
6. If any personnel to be assigned to this Purchase Order are not United States Citizens, Subcontractor shall notify SPARTON's Subcontracts Administrator immediately and such personnel shall not work under this Purchase Order until authorized by SPARTON's Procurement Specialist or Subcontract Administrator in writing.

H.11. Independent Subcontractor

In the conduct of the work under this Purchase Order, each party is acting in the capacity of an independent contractor in all matters and is not an agent or employee of the other. The employees or agents of the other party shall not be deemed to be the employees or agents of the other for any purpose under any federal or state Unemployment Insurance law, old Age Benefits Law or Social Security Law, Workers Compensation Law, or under Internal Revenue Tax Legislation, or any other law, and shall not be construed. Neither party shall have the right, power or authority to bind, create any obligation, express, or implied, on behalf of the other, except as authorized herein. Nothing herein creates any rights in or for the benefit of third parties. Nothing in this Purchase Order shall be deemed, held or construed as creating a partnership, a pooling arrangement or joint enterprise for any purpose.

H.12. Incorporation by Reference

All specifications, standards, drawings, exhibits and documents attached hereto or referenced in this Subcontract are incorporated herein and applicable to the work to be performed.

H.13. Remedies and Non-Waiver

Failure of either party to insist upon strict conformance with any provision of this Subcontract shall not constitute a waiver of any provision hereof of any technical requirements, specifications or drawings, or of any default provisions hereunder. A waiver of any breach of this Subcontract shall not constitute a waiver of any subsequent breach of such provision except as specified and agreed to in writing by both parties.

Except as may be otherwise expressly stated, the remedies provided herein shall be non-exclusive and in addition to any other remedies in law or equity

H.14. Third Party Litigation and Claims



REV: October 2020

- A. The Subcontractor shall give SPARTON immediate notice in writing regarding the following:
 - 1. Any action, including any proceedings before a federal, state, or local governmental or civilian agency, filed by or against the Subcontractor arising out of the performance of this Subcontract; and,
 - 2. Any claim by a third party against the Subcontractor, the cost and expense of which is, or may be, allowed under this Subcontract.
- A. In the event of the occurrence of either of the above, the Subcontractor shall immediately furnish to SPARTON copies of all non-proprietary pertinent papers and documents received by the Subcontractor with respect to such action or claim.

H.15. General Indemnity

For any claim related to the subject matter of this Subcontract, Subcontractor's exclusive remedy and SPARTON's entire liability for any cause, whether in contract, warranty, or in tort, shall be limited to the total amount paid by SPARTON to Subcontractor for those services provided hereunder upon which the liability is based.

- 1. In no event shall SPARTON be liable to Subcontractor or to any third party for any indirect, special, consequential, punitive, or incidental damages, including, but not limited to, damages for loss of business profits, business interruption, loss of business information, or failure to realize expected savings, even if SPARTON has been advised of, or could have reasonably foreseen, the possibility of such damages.
- 2. The Subcontractor agrees to defend and hold harmless SPARTON, its agents, employees, consultants, subcontractors, officers, directors, affiliates, parent, and subsidiaries, against any and all loss or damage incurred or to be incurred arising out of or related to (1) the Subcontractor's negligence or willful misconduct during the performance of its duties under this Subcontract or (2) the Subcontractor's infringement under this Subcontract of any intellectual property right of any third party. If the loss or damage is caused in part by the negligence or willful misconduct of SPARTON, Subcontractor shall be liable under the provisions of this clause only to the extent of Subcontractor's contributory negligence or willful acts. To qualify for such defense and payment, SPARTON must (i) give the Subcontractor prompt written notice of any such claim, (ii) allow the Subcontractor to control the defense and all related settlement discussions, and (iii) fully cooperate with the Subcontractor in the defenses and in any related settlement negotiations. SPARTON may engage independent counsel of its choosing, at its own cost and expense. Upon notice of an alleged intellectual property infringement or if, in the Subcontractor's opinion, such a claim is likely, the Subcontractor shall have the right, at its option, to (i) obtain the right from the third party to continue to provide the infringing product or service, (ii) substitute another product or service with similar capabilities or functionalities, or (iii) modify the product or service so that it no longer infringes.



REV: October 2020

3. Subcontractor agrees that they shall indemnify and hold harmless SPARTON and its respective officers and employees from any loss, cost, damage, expense or liability of every kind and nature which SPARTON may incur, arising out of, or in connection with performance under this Agreement, occasioned in whole or in part, by the actions or omissions of the Subcontractor, or its lower tier subcontractors. Subcontractor agrees to indemnify SPARTON to the full extent of any price or cost reduction effected by the Government, which may be as a result of Subcontractor or its lower-tier subcontractor cost accounting practices and standards that are found to be noncompliant with the Federal Acquisition Regulation (FAR) promulgated by Cost Accounting Standard Board, any violation of the Truth in Negotiations Act (TINA), and final audit rates.

H.16. Disputes

Disputes arising between the parties shall be resolved in accordance with Paragraph (1) below. Disputes that involve the federal Government shall be resolved in accordance with paragraphs (2) through (8) below:

1. Any claim, controversy or dispute arising between the parties hereunder shall be resolved amicably by the parties, if possible. Any action brought on a claim hereunder shall be barred unless filed and served on the other party within one year after the claim arose. All such actions shall be brought in the state or federal courts having jurisdiction over Fairfax County or Alexandria, Virginia, and each party acknowledges that such courts shall have personal jurisdiction over each party, and neither shall object to venue or the convenience of the forum in any such court. **THE PARTIES HEREBY WAIVE TRIAL BY JURY WITH RESPECT TO ANY DISPUTE RELATING TO THIS AGREEMENT.** Neither party shall be entitled to any indirect, consequential, or punitive damages in connection with this Subcontract or any action or proceeding hereunder.
2. Subcontractor acknowledges that SPARTON's Prime Contract contains a "Disputes" clause, pursuant to which SPARTON may pursue certain procedural remedies in the event of a dispute between SPARTON and the Government under the Prime Contract. Any decision of a Government Contracting Officer under the Prime Contract relating to this Subcontract and binding on SPARTON, including a "final decision" as contemplated under FAR 33.211 ("Final Decision") shall be conclusive and binding upon Subcontractor, and SPARTON shall notify Subcontractor of any such decision or Final Decision.
3. If SPARTON elects to appeal any Final Decision, Subcontractor shall provide SPARTON with reasonable assistance, including access to Subcontractor's personnel and non-privileged information. SPARTON may, in its reasonable discretion, permit Subcontractor to participate in such appeal in order to protect Subcontractor's interests, provided that such participation is through and under the coordination of SPARTON.
4. If SPARTON elects not to appeal such a Final Decision, SPARTON will notify Subcontractor. If, within (15) fifteen days of receiving such notice, Subcontractor notifies SPARTON that it wishes to appeal the Final Decision, SPARTON may, in its reasonable discretion, grant Subcontractor the right to appeal the Final decision in the name of



REV: October 2020

SPARTON under the Disputes Clause of the Prime Contract. Any such appeal by Subcontractor shall be at its sole expense, and Subcontractor shall be solely responsible for the prosecution of such appeal. Further, Subcontractor shall be solely responsible for providing all certifications that may be required under the Disputes Clause and applicable laws and regulations. Subcontractor will indemnify and hold SPARTON harmless from any breach of its obligations hereunder. Subcontractor shall keep SPARTON reasonably apprised of progress in any such appeal, and shall give SPARTON copies of any non-privileged pleadings and correspondence in such appeal. SPARTON shall render reasonable assistance to Subcontractor in its appeal, by way of making its personnel available and by providing non-privileged documents and information as requested. Subcontractor agrees that its remedies in such an appeal (including the measure of damages or equitable adjustment and interest) shall be determined by, and be no greater than, the remedies that could have been granted to SPARTON.

5. As used herein, the term “appeal” includes all proceedings undertaken by Subcontractor pursuant to this provision, including proceedings before any court or tribunal with jurisdiction over such appeal. As between the parties, Subcontractor agrees to be conclusively bound by any final, non-appealable decision of such court or tribunal.
6. If SPARTON submits any contract claim or request for equitable adjustment under the prime Contract, and such claim or request includes or is based on a Subcontractor claim or request exceeding \$100,000, Subcontractor shall furnish the certification specified in FAR 33.207, and shall provide SPARTON with a full disclosure of all relevant facts, including cost and pricing data, supporting Subcontractor’s claim or request.
7. Nothing herein shall grant Subcontractor a direct right to obtain a decision or Final decision of a Government Contracting Officer, or to take an appeal of any such decision.
8. Notwithstanding the pendency of any claim, dispute, or action between the parties, or between any of the parties and the Government, Subcontractor shall at all times proceed diligently with its performance hereunder.

H.17. Certifications

All certifications and representations including, but not limited to, those submitted to SPARTON in connection with the award of this Subcontract are incorporated herein and made part hereof and such have been relied upon by the SPARTON in issuing this Subcontract. The Seller shall promptly advise SPARTON should there be any change in the Seller's status with respect to the matters covered by such representations and certifications.

H.18. Assignment of Agreement

This Subcontract shall inure to the benefit of and is binding upon each of the parties hereto and their respective successors and permitted assigns. It may not be assigned in whole or in part by Subcontractor without the prior written consent of SPARTON, except upon the merger,



REV: October 2020

consolidation, sale or other transfer of all or substantially all of the assets of Subcontractor, which consent will not be unreasonably withheld.

H.19. Taxes

Unless otherwise provided herein, the price of the supplies/services to be provided under this Subcontract includes all applicable federal, state, and local taxes.

H.20. Insurance

The Seller shall at its own expense acquire and thereafter maintain the kinds of insurance in accordance with FAR 28.307-2 with respect to performance under this Subcontract in the minimum amounts specified. However, the minimum liability amounts under FAR 28.307-2 are replaced with the following:

- 1) Workers Compensation and employer's liability – Employer's liability limit at a minimum of \$500K.
- 2) General liability limits at a minimum of \$1ML.
- 3) Whenever performance requires driving onto a U.S. Government installation, Sparton's premises or premises under the care, custody or control of premises or premises under the care, custody or control of Sparton, Sparton's Customer, or the Government, Seller and its suppliers shall, at their sole cost and expense, procure and maintain the automobile insurance coverage with a Combined Single Limit \$2,000,000 bodily injury and property damage covering all owned, hired and non- owned vehicles.

The Seller shall also maintain insurance required by any other clause incorporated in this subcontract

Seller shall name SPARTON as an additional insured at no additional cost to the subcontract price contained herein. Prior to the commencement of work hereunder, the Seller shall furnish to SPARTON a certificate or written statement evidencing issuance of the above required insurance. The Seller shall notify SPARTON when cancellation or any material change in the policies adversely affects the interests of SPARTON in such insurance and such changes shall not become effective until thirty (30) days after written notice is provided to SPARTON. Upon expiration of such insurance before this Subcontract is completed, the Subcontractor shall automatically submit renewal certificates.

In the event the Seller fails to furnish such certificates prior to the commencing of work or to continue to maintain such insurance during the performance of the subcontract, SPARTON shall have the right to terminate this Subcontract for default or to withhold any payments or partial payments required to be made under this Subcontract and shall have the right to continue withholding any or all of said payments so long as the Seller has not complied with the requirements of this clause.

H.21. Notice of Delay

In addition to its obligation herein with respect to notice of labor disputes, whenever any other actual or potential event is delaying or threatening to delay delivery of the goods or performance of the services under this Subcontract, the Seller shall as soon as possible give notice thereof to SPARTON.

H.22. Proprietary Information

- A. The parties agree to maintain the Proprietary/Privity of, and not disclose to third parties or those of their employees without a need to know, all Proprietary or proprietary information (“Proprietary Information”) received from the other party. Such Proprietary Information shall be marked as such, or its Proprietary nature shall be made known to the receiving party when given or as soon thereafter as is possible. Each party shall safeguard Proprietary Information it receives, using the same degree of care that it exercises with respect to its own Proprietary information, but no less than reasonable care. All Proprietary Information shall be used by the receiving party only for purposes of performing hereunder.
- B. The restrictions of this provision shall not apply to information which the receiving party can demonstrate is or was:
- i. publicly available, otherwise than through the fault of the receiving party;
 - ii. already in the receiving party’s possession prior to receipt from the providing party, or independently developed by the receiving party;
 - iii. disclosed to the receiving party by a third-party without notice of any restriction on further disclosure; and
 - iv. publicly disclosed by the providing party.
- C. If either party should receive a subpoena or other governmental order compelling disclosure of Proprietary Information, it shall promptly notify the providing party so the latter may take necessary steps to prevent or limit disclosure. In any event, the receiving party shall disclose only so much of the Proprietary Information as is required by law.
- D. Proprietary Information may be disclosed by the receiving party to its consultants or subcontractors performing hereunder, if they have first agreed in writing to protect such Proprietary information as required herein, and then only if such Proprietary Information is marked as such.
- E. The disclosure of Proprietary Information by either party to the other shall not be construed to grant any license or right in such Proprietary Information and all such Proprietary Information will remain the property of the providing party. Upon the expiration or termination of this Subcontract, or upon the request of the providing party, the receiving party shall cease use of



REV: October 2020

all Proprietary Information, and shall return, or destroy and so certify, any Proprietary Information in its possession.

- F. The parties acknowledge that the unpermitted disclosure of Proprietary Information may cause the providing party irreparable harm for which money damages are inadequate, and for which equitable remedies may be sought by the providing party.
- G. This provision will survive the expiration or termination of this Subcontract.

H.23. Bankruptcy/Insolvency

In addition to the rights set forth in FAR 52.249-6, SPARTON may terminate this Subcontract for default, in whole or in part, by written or telegraphic notice to the Subcontractor if:

1. The Subcontractor shall become insolvent or make a general assignment for the benefit of creditors;
2. A petition under any bankruptcy act or similar statute is filed by or against the Subcontractor and not vacated within ten (10) days after it is filed;
3. Subcontractor calls a meeting of creditors, an appointment of a dissolution or liquidation agent or committee is appointed, or an application is made for the appointment of a receiver.

H.24. Invention Disclosures and Reports

- A. SPARTON shall not be obligated to make final payment of this Subcontract until the Subcontractor has submitted all invention disclosures and reports required under the Patent Rights clause in Section I of this Subcontract. The Subcontractor will provide SPARTON with a copy of this report ten (10) days prior to the end date of all Task Orders issued under this Agreement.
- B. Neither party shall acquire, directly or by implication, any rights in any patents, inventions, works, copyrights, or Proprietary Information developed, authored, conceived, or reduced to practice prior to the effective date of this Subcontract.
- C. Subject to any rights of the Customer, each party shall retain title to any data, information, copyrighted works or inventions developed, authored, conceived or reduced to practice independently and solely by that party during the performance hereof and without the other party's Proprietary Information. In such event, no license, express or implied, shall inure to the benefit of the other party, to make, use or sell products or processes incorporating such data, works or inventions, or to prepare copies or derivative works of the foregoing.
- D. In the event either party develops inventions or copyrighted works during the performance hereof, which derive from or incorporate Proprietary information of the other party, such invention or work shall be and remain the property of the inventing party; provided, however,



REV: October 2020

that the inventing party shall and does hereby grant to the other party a nonexclusive, worldwide, royalty-free, irrevocable right and license to make, use, and sell such invention, products, or processes, and to make copies and derivative works of such works.

- E. As to any inventions or copyrighted works jointly developed by the parties in the performance of this Subcontract, such inventions or copyrighted works shall be jointly owned by the parties, with each having an undivided one-half interest therein. Neither party may take action with respect thereto which will adversely affect the rights of the other, without the prior written consent of the other. Each party shall have the right to make copies and derivative works of any such copyrighted works, and to make, use, or sell any such inventions, without accounting to the other party.

H.25. Security Administration

- A. Where classified information/data is involved, the Subcontractor shall comply with the "National Industrial Security Program Operating Manual (NISPOM)". The Department of Defense Contract Security Classification Specification, DD Form 254, itemizes the classified portions of work to be performed hereunder if required. Upon completion and final delivery of the work requirements, the Subcontractor shall promptly so notify SPARTON's Subcontract Representative in writing, and shall request information regarding the disposition of any classified documents.
- B. Retention of Classified Documents. Upon completion of this Subcontract, and when the final deliverable has been accepted, the following actions will be accomplished:
 - i. Conduct an inventory/audit of all classified documents received or generated under this Subcontract and forward a copy to SPARTON Security POC listed below.
 - ii. Documents necessary for Subcontract close out may be retained by the Subcontractor after Subcontract completion if determined by SPARTON to be required for final audit and subsequent close out. A written request for authorization to retain specific documents should be forwarded to SPARTON.
 - iii. In accordance with written SPARTON direction, destroy administrative security records and related documents using established DoD Directives for destruction procedures/methods and convey to SPARTON the certificates of destruction. **NO ADMINISTRATIVE OR OTHER SECURITY RECORDS OR DOCUMENTATION SHALL BE DESTROYED WITHOUT THE PRIOR WRITTEN AUTHORIZATION OF SPARTON.**
- C. If necessary, the Subcontractor shall obtain (via GFE), operate, and maintain secure telephonic communications compatible with STU IIIs.



REV: October 2020

D. All security matters and questions shall be directed to the POC listed below, with a copy to the Contracts representative and technical representative listed in Section G.1.

H.26 Security Badges and Vehicle Passes

A. Where any work under this Subcontract requires access to classified material or secured facilities by Subcontractor personnel, the Subcontractor shall comply with all pertinent Government/SPARTON security regulations.

B. The Subcontractor shall, on a best effort basis, ensure that security badges and vehicle passes issued to Subcontractor personnel are returned when one of the following conditions exist:

- i. upon completion of the requirement thereof;
- ii. upon separation of the employee from employment;
- iii. upon the expiration date of such badge or pass; or
- iv. upon request of the Facility Security Office.

C. The above requirements apply only to SPARTON's security requirements and the security requirements of its facilities.

D. All security requirements for access to Government facilities will be handled by the Subcontractor's security office.

H.27. News and Information Release

No news or informational releases, including photographs and films, public announcements or confirmation of same, on any part of the subject matter of this Subcontract or any phase of any program hereunder shall be made by Subcontractor without the prior written approval of SPARTON. All relevant releases by SPARTON shall give due credit to Subcontractor as a subcontractor under this program.

H.28. Export Control

A. Seller agrees to comply with all applicable U.S. export control laws and regulations, specifically including, but not limited to, the requirements of the Arms Export Control Act, 22 U.S.C.2751-2794, including the International Traffic in Arms Regulations (ITAR) 22 C.F.R. 120 et seq.; and the Export Administration Act, 50 U.S.C. app. 2401-2420, including the Export Administration Regulations, 15 C.F.R. 730-774; including the requirement for obtaining any export license or agreement, if applicable. Without limiting the foregoing, Seller agrees that it will not transfer any export controlled item data, or services, to include transfer to foreign persons employed by or associated with, or under contract to Seller or Seller's lower-tier



REV: October 2020

suppliers, without the authority of an export license, agreement, or applicable exemption or exception.

B. Seller agrees to notify SPARTON if any deliverables under this Subcontract is restricted by export control laws or regulations.

C. Seller shall immediately notify SPARTON Subcontract Administrator 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 U.S. Government entity or agency.

D. If Seller is engaged in the business of either exporting/importing United States Munitions List (USML) items or produce USML items (whether exporting or not) including defense articles or furnishing defense services, Seller must provide written confirmation to SPARTON prior to commencement of work, that it is registered with the Office of Defense Trade Controls, as required by the ITAR 122.1; or the Department of Commerce and Treasury as required by each respective organization.

E. Seller will maintain an effective export/import compliance program in accordance with the ITAR.

F. If the technical data required to perform this Contract is exported pursuant to the Seller under a License, Agreement or Exemption, Seller shall comply with the following:

- a) The technical data shall be used only to manufacture the Work required by this Contract; and
- b) Any technical data shall bear the appropriate Destination Control Statements in compliance with ITAR 123.9(b).
- c) The data shall not be disclosed to any other person except lower-tier subcontractors within the same country; and
- d) Any rights in the data may not be acquired by any foreign person; and
- e) Seller, including lower-tier subcontractors, shall return, or at SPARTON's direction, destroy all of the technical data exported to Seller pursuant to this Contract upon fulfillment of its terms; and
- f) Unless otherwise directed by SPARTON, Seller shall deliver the Work only to SPARTON or to an agency of the U.S. Government.
- g) Seller shall include the terms of this paragraph F. in all lower-tier subcontracts issued when technical data is provided to the lower-tier subcontractor.

G. Seller shall provide prompt notification to SPARTON Subcontract Administrator in the event of changed circumstances including, but not limited to, ineligibility, a violations or potential violation of the ITAR, and the initiation or existence of a U.S. Government investigation, that could affect the Seller's performance under this Contract.

H. If Sublicensing is authorized in writing by SPARTON and the U.S. Government under the export agreement, Seller shall comply with the following:

- a) Obtain an ITAR Non-Disclosure Agreement (NDA) from each same country lower-tier Supplier which Seller would like to sublicense ITAR controlled technical data; and



REV: October 2020

- b) Provide a copy of the fully executed ITAR NDA to SPARTON Subcontract Administrator; and then
- c) Upon completion of (a) and (b) above, Seller is authorized to provide SPARTON ITAR Controlled Technical Data to its same country lower-tier Suppliers;
- d) SPARTON ITAR Controlled Technical Data can also be provided to Seller's same country national employees only;
- e) Third Country national employees of Seller are not authorized to receive SPARTON ITAR Controlled Technical Data without separate authorization and approval by SPARTON and the U.S. Government.

I. If any personnel to be assigned to this subcontract are not United States Citizens, Subcontractor shall notify SPARTON's Subcontracts Administrator immediately and such personnel shall not work under this subcontract until authorized by SPARTON's Subcontract Administrator in writing

J. Seller shall be responsible for all losses, costs, claims, causes of action, damages, liabilities and expense, including attorneys' fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of Seller, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this clause.

H.29. Gratuities/Kickbacks

- A. No gratuities (in the form of entertainment, gifts or otherwise) or kickbacks shall be offered or given by Seller, to any employee of SPARTON for the purpose of obtaining or rewarding favorable treatment as a supplier.

By accepting this Contract, Seller certifies and represents that it has not made or solicited and will not make or solicit kickbacks in violation of FAR 52.203-7 or the Anti-Kickback Act of 1986 (41 USC 51-58), both of which are incorporated herein by this specific reference, except that paragraph (c)(1) of FAR 52.203-7 shall not apply

H.30. Foreign Corrupt Practices Act

Seller represents and warrants that it fully understands and will comply with all provisions of the Foreign Corrupt Practices Act (FCPA) of 1977 (as amended.) Seller further represents and warrants that it has its own ethics code and internal procedures for compliance with the FCPA, and that it will not interact with a foreign government, political party or public international organization on behalf of SPARTON.

H.31. Organization Conflict of Interest



REV: October 2020

- A. For purposes of this clause, an organizational conflict of interest (OCI) means that a relationship exists whereby the Subcontractor has past, present, or potential contracts or financial interests that either directly or indirectly relate to the work to be performed under the subcontract and which may (1) diminish its capacity to give impartial, technically sound, objective assistance and advice, or (2) may result in it being given an unfair competitive advantage. It does not include the normal flow of benefits from incumbency.
- B. The Subcontractor warrants that, to the best of the Subcontractor's knowledge and belief, there are no relevant facts or circumstances concerning any past, present, or potential contracts or financial interests relating to the work to be performed which could give rise to an OCI as defined above, or that any actual or potential OCI with respect to the work to be performed under subcontract has been communicated in writing to SPARTON's Contracts Representative.
- C. The Subcontractor agrees that if actual or potential OCI arises after award, with regard to any portion of work or modification thereto, the Subcontractor will make a full disclosure in writing to SPARTON's Contract Administrator. This disclosure shall include a description of actions, which the Subcontractor has taken or proposes to take, after consultation with SPARTON's Contract Administrator, to avoid, mitigate, or neutralize the actual or potential conflict.
- D. In the event an OCI cannot be avoided or mitigated, SPARTON reserves the right, at its sole option, to i) terminate the subcontract or any affected Task/Delivery Order (if Applicable) and perform the work itself and/or issue the work to another Subcontractor or ii) require the Subcontractor to subcontract the work to another technically qualified Subcontractor, subject to the approval of SPARTON, and at the same or less than the negotiated rates and/or level of effort contained in the subcontract. In the event there is a difference between the Subcontractor's negotiated rates and/or level of effort and/or level of effort required by the replacement Subcontractor selected, that fact shall not form the basis for an equitable price adjustment.

H.32. Severability

If any provision of this Agreement shall be determined to be illegal, invalid, or unenforceable, the remaining provisions shall remain in full force and effect.

H.33. Certification of Anti-Bribery

By execution of this Subcontract, Subcontractor certifies, to the best of its knowledge and belief, that no funds have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with this Agreement.



REV: October 2020

In connection with its work on behalf of SPARTON, Subcontractor shall not give, offer or promise to give, or authorize the giving directly or indirectly through any other person or firm, of any money or thing of value to any employee or official of any government, employee or official of any public international organization, any political party or official or employee of such party, or any candidate for political office, for the purpose of inducing or rewarding favorable action or the exercise of influence by such official, party or candidate in any governmental matter.

In connection with its work on behalf of SPARTON, Subcontractor shall not give, offer or promise to give, or authorize the giving directly or indirectly through any person or firm, of any money or thing of value to any foreign party or its representative as an inducement or reward for the party or representative doing or forbearing to do any act in relation to the business or affairs of SPARTON or Subcontractor, or for showing or forbearing to show favor or disfavor to any person in relation to the business or affairs of SPARTON or Subcontractor.

H.34. Tooling and Fixtures

All Sparton purchased tooling, (hard, soft, and/or electronic) and test fixtures are the property of Sparton. Tooling and fixtures should not be used for any purpose other than the performance of this Subcontract or any Orders issued under it. Sparton purchased tooling and fixtures may not be destroyed or transferred without the written permission of Sparton. Seller must maintain Sparton tooling in good working condition and fully covered, with insurance, without expense to Sparton.

H.35. Mercury (Hg) and/or PB-Free (Lead-Free) Prohibition

No Product shall be sold or shipped to Sparton without prior Approval.

H.36. Hexavalent Chromium Prohibition

Unless Sparton expressly requires otherwise in writing, Seller shall not provide any deliverable or construction material under this Order that (i) contains hexavalent chromium in a concentration greater than 0.1 percent by weight in any homogenous material; or (ii) requires the removal-or reapplication of hexavalent chromium materials during subsequent sustainment phases of the deliverable or construction material. For purposes of this Clause, “homogeneous material” means a material that cannot be mechanically disjointed into different materials and is of uniform composition throughout but does not include conversion coatings that chemically modify the substrate.

[End of Section]

24. CERTIFICATIONS

The offeror, by signing its offer, hereby certifies compliance with the following clauses and is, therefore eligible for award.

- A. 52.203-11 Certification and Disclosure Regarding Payment to Influence Certain Federal Transactions (over \$100,000)
- B. 52.209-5 Certification Regarding Debarment, Suspension, Proposed Debarment and other Responsibility Matters (\$35,000)
- C. 52.222-22 Previous Contracts and Compliance Reports (over \$150,000)
- D. 52.222-25 Affirmative Action Compliance – Statement of Affirmative Action
- E. 52.223-13 Certification of Toxic Chemical Release Reporting
- F. 52.230-1 Cost Accounting Standards Notices and Certifications ((15 CFR 700 DPAS Certification) (\$35,000))
- G. 52.403-4 Required Certified Cost or Pricing Data ((10 USC 2306a and 41 USC Chapter 35) (\$2,000,000))