



BAKER ENGINEERING LLC.

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BAKER ENGINEERING SUPPLIER TERMS & CONDITIONS

General: As part of Baker Engineering's Quality Management System standards, when purchasing products/materials for aerospace and applications or uses, Baker Engineering is required to ensure that its suppliers are following all of quality requirements described below. These terms and conditions are deemed to be incorporated into any purchase order (in whatever form) in which they are referenced. By executing or accepting any such purchase order, supplier acknowledges the rights and restrictions set forth in these terms and conditions and agrees to be bound by the same. Supplier acknowledges and agrees that these terms limit supplier's acceptance of the purchase order to the means specified in these terms and conditions and that these terms expressly exclude the applicability of any supplier terms and conditions of sale or any other terms issued by supplier in connection with any purchase order.

For suppliers providing products/materials or services under a contract with a government customer, these terms and conditions are in addition to any Federal Acquisition Regulations Contract Clauses that flow-down to Baker Engineering's subcontractors and suppliers under the terms of Award/Contract to which any purchase order incorporating these terms and conditions apply.

General Terms and Conditions

1. **Choice of Law; Forum for Resolution of Disputes.** These terms and conditions and any purchase order shall be governed by the laws of the State of Michigan, except that any provision in the contract or purchase order that is (i) incorporated in full text or by reference from the Federal Acquisition Regulation ("FAR"), or (ii) incorporated in full text or by reference from any agency regulation that implements or supplements any FAR provision, shall be construed and interpreted according to the federal common law of government contracts as enunciated and applied by federal judicial bodies, Board of Contract Appeals, and quasi-judicial agencies of the Federal Government. All disputes brought by either party arising under these Terms and Conditions or any purchase order with Baker Engineering will be brought exclusively in a federal or state court of competent jurisdiction with venue in Kent County, Michigan, as permitted by law, and each party submits to the exclusive jurisdiction and venue in such courts and waives any objection it may have to venue or to convenience of forum.
2. **Order of Precedence.** In the event of any conflict between these general terms and conditions and the terms of any purchase order or other applicable materials, except as otherwise explicitly agreed in writing by Supplier and Baker Engineering, the order of precedence will be: (i) in the case of any purchase order ultimately relating to a U.S. government contract, the FAR; (ii) the terms of any signed long term contract between the parties; (iii) these Terms and Conditions; (iv) the terms of any purchase order to the extent they are other than those set forth in these Terms and Conditions; (v) project specifications; and (vi) project drawings.
3. **Shipment; Packing.** All materials shipped shall be shipped FOB Baker Engineering's facility or such other place identified in Baker Engineering's purchase order. Title to and risk of loss for items shipped shall pass to Baker Engineering upon receipt and acceptance by Baker Engineering. Supplier shall ensure that Bill(s) of Lading for all materials or product are marked "Prepaid" and exclude all "no recourse" provisions. Supplier shall defend, indemnify and hold Baker Engineering harmless from all claims and damages (including costs and reasonable attorney fees) by freight companies for claims alleging unpaid freight charges, including accessorial or under charges. Supplier will deliver acceptable goods and services in strict conformity with any delivery schedule set forth in any purchase order, subject to any delays as a result of any force majeure, or other circumstance or event beyond the reasonable control of Supplier. Supplier will bear the cost of any normal (except to the extent explicitly specified otherwise under the relevant purchase order) or extraordinary (in any case)

shipping charges necessary to meet the delivery schedule specified in any purchase order. The Supplier shall follow all applicable transportation regulations and good commercial practice for protection to preserve, package and contain shipments in order to prevent deterioration and damage during shipping. Baker Engineering specific instructions for packaging and shipping shall be flowed down in the purchase order as needed. The use of newsprint for packaging is prohibited. Damage resulting from improper packing or shipping will be charged to the Supplier.

4. Invoicing. All invoices are to be sent to Baker Engineering at the address stated in the purchase order. In order to be considered for payment, each invoice must show the relevant Baker Engineering purchase order number, itemize any taxes to be paid by Baker Engineering, contain line item number from the purchase order, description, unit price, quantity and extended price, if any; and contain the name of the person requesting the material or service, if requested by Baker Engineering.
5. Warranties. Supplier warrants to Baker Engineering that all goods and services furnished will conform to applicable specifications, instructions, drawings, blueprints, data, samples and any other descriptions, will be of good material and workmanship and free from defects, including defects in design where design is Supplier's responsibility, and will be free from all liens and encumbrances, and will be new, merchantable and fit for the purpose intended. All warranties will survive inspection, test and acceptance of and payment for the relevant goods and services. This warranty shall be for a period sixty (60) months, unless a different term is stated in prevailing contract documents.
 - a. This warranty shall run to Baker Engineering and its successors, assigns and customers. This warranty shall begin after Baker Engineering's final acceptance. Baker Engineering may, at its option, either (i) return for credit or refund, or (ii) require prompt correction or replacement of the defective or non-conforming goods. Supplier will bear all direct and indirect costs associated with Return to Supplier of defective or non-conforming goods and redelivery to Baker Engineering and its customers of corrected or replaced goods, all of which shall be at Supplier's expense. Supplier shall be liable for all costs of inspecting, assessing, gaining physical access to, and removal and reinstallation of any installed non-conforming goods or services or adjoining goods at Baker Engineering or Baker Engineering's customer. Baker Engineering may, at its discretion, invoice or debit the Sellers account in the amount of the warranty costs incurred.
 - b. Deliveries of corrected or replaced goods or services shall be accomplished promptly and shall be accompanied by written notice specifying that such goods or services are corrected, repaired or replaced. Baker Engineering's remedies with respect to this warranty shall not be limited, restricted or disclaimed in whole or part by any other terms or conditions. Baker Engineering retains all its rights at law and in equity for Supplier's breach of warranty.
 - c. Goods required to be corrected or replaced shall be subject to this article and further inspection rights in the same manner and to the same extent as goods originally delivered under this contract, but only as to the corrected or replaced part or parts thereof. Even if the parties disagree about the existence of a breach of this warranty, Supplier shall promptly comply with Baker Engineering's direction to (i) repair, rework or replace the goods or (ii) furnish any materials or parts and installation instructions required to successfully correct the defect or nonconformance.
6. Proprietary Information. Supplier will maintain the confidentiality of all information furnished by Baker Engineering as confidential and will not disclose any such information to any other person, or use such information for any purpose other than performing under the purchase order to which it relates. The preceding sentence applies, without limitation, to designs, inventions, software programs, source codes, materials, models, processes, drawings, specifications, data, reports and other technical or business information and the features of all parts, equipment, tools, gauges, patterns and processes disclosed to Supplier by Baker Engineering; and, to information supplied in electronic form, including CAD/CAM and computer aided engineering data. Supplier will not sell any such information, and will deface or otherwise render unsuitable for use any such information of which Supplier disposes. Upon fulfillment or termination of any purchase order, and as otherwise directed by Baker Engineering, Supplier will at its own expense, subject to the specific instructions of Baker Engineering, either dispose of all information supplied by Baker Engineering or return such information to Baker Engineering. Baker Engineering or its representatives may at any time audit all pertinent books, records and files of Supplier in order to verify compliance with this paragraph. Supplier will, in all of its contracts with its suppliers relating to any Baker Engineering purchase order, include provisions, which secure for Baker Engineering the rights and protections provided for by this paragraph.

Notwithstanding the foregoing, the term "Confidential Information" shall not include any information that is: (a) in the public domain through no fault of Supplier; or (b) independently developed by Supplier without breaching this Contract or by parties who have not had, either directly or indirectly, access to or knowledge of the Confidential Information. The foregoing obligations are in addition to and not as a replacement for any obligations under any nondisclosure agreements in place between the parties.

7. Intellectual Property Rights.
 - (a) All intellectual property rights (including without limitation patents, utility models, design rights, copyrights, trade marks, rights in confidential information including know-how, in each case whether registered or unregistered and including all applications or rights to apply for such rights) in any and all specifications, designs, drawings, notes, data, documentation, information and other intellectual property that: (i) are supplied by or on behalf of Baker Engineering to the Supplier; and/or (ii) arise from the performance of work in pursuance of a purchase order; and/or (iii) are included in the goods or services supplied by Supplier under any purchase order, shall (in the case of (i) above) remain the property of Baker Engineering and (in the case of (ii) and (iii) above) be considered as a work for hire and be deemed to be the property of Baker Engineering, and the Supplier shall promptly take all necessary steps and do all necessary acts (at Supplier's sole expense) to vest such intellectual property rights in Baker Engineering. Supplier assigns all rights, title and interest to any such design and any such copyright to Baker Engineering including all rights to registration, publication, rights to create derivative works and all other rights that are incident to ownership. In the event that any court holds such creative works not to be works for hire, Supplier agrees to assign such intellectual property rights to Baker Engineering at its request in consideration of the price paid for goods or services hereunder.
 - (b) Such intellectual property and intellectual property rights shall not be used by Supplier except to the extent required for the purposes of the purchase order, nor copied or communicated by Supplier to any other party, without the prior express written consent of Baker Engineering.
 - (c) All such specifications, designs, drawings, notes, data, documentation, information and other intellectual property referred to above shall be returned/provided (together with all copies thereof) to Baker Engineering immediately upon request or in any event on completion or termination of the purchase order or upon termination of this Contract.
 - (d) The Supplier represents and warrants that the purchase, use, sale and/or other exercise of the goods or services by Baker Engineering and/or its customers will not infringe any intellectual property right(s), including without limitation any patent, utility model, design right, copyright, trade mark, right in confidential Public
 - (e) Information including know-how, in each case whether registered or unregistered, in existence or pending anywhere in the world at the date of delivery of the goods or services supplied.
8. Export Compliance; Release of Technical Information. Technical information or data, whether classified or otherwise, shall not be disclosed by Supplier to any person or entity in violation of the Export Administration Regulations (EAR) of the United States Department of Commerce, 15 C.F.R. Subtitle B, Chapter 7, Subchapter C; the International Traffic in Arms Regulations (ITAR) of the United States Department of State, 22 C.F.R. Chapter 1, Subchapter M; OFAC Sanctions of the Department of Treasury, 31 C.F.R. Subtitle B, Chapter 5; or any other applicable laws or regulations of the United States ("Export Regulations"). Supplier shall require each person to whom they wish to disclose EAR-controlled and/or ITAR-controlled information to certify agreement to EAR and/or ITAR non-disclosure requirements. Supplier will provide verification of the individual certifications upon request from Baker Engineering. Supplier will also provide citizenship verification information, evidence of completed denied parties checks and description of applicable export authorizations obtained upon request from Baker Engineering for each person or entity to whom they wish to disclose EAR and/or ITAR controlled information or for whom they wish to request badge access to any Baker Engineering's facility. Supplier will complete these compliance activities prior to disclosure of controlled information. In performing under any purchase order, Supplier shall further perform all of its obligations in compliance with the Export Regulations.
9. Indemnification. Supplier will defend, indemnify and hold harmless Baker Engineering and its affiliates, and their officers, agents, employees, successors and assigns, against any claims, loss, damage or expense, including, without limitation, payment of direct damages, and expenses of defending claims including attorneys' fees, arising out of or relating to Supplier's breach of obligations or negligence or willful misconduct with respect to the order. This duty to defend, indemnify and hold harmless extends

only to any suit, claims, judgment or demand which arises out of or in connection with Supplier's performance or nonperformance of any purchase order placed by Baker Engineering, out of or in connection with Supplier's breach of warranty, out of any defect in the goods or services whenever discovered, out of any patent infringement or misappropriation of trade secrets by Supplier other than pursuant to specifications or instructions provided by Baker Engineering, or failure of Supplier to pay royalties, or any other breach of Supplier's obligations hereunder whether such claim or suit is based upon contract, warranty, strict liability in tort, negligence, or other legal theory, and also extends not only to "third party claims" but also to any loss suffered by Baker Engineering.

10. Force Majeure. Deliveries or acceptance will be subject to extension of time made necessary by reason of delays or disabilities directly affecting Supplier or Baker Engineering, respectively, occasioned by fires, floods or other catastrophes, wars, riots or embargo delays, government allocations or priorities, unforeseeable government restrictions or controls, or unusually severe weather conditions, to the extent such delays and disabilities are beyond their reasonable control in spite of prudent precautions. Performance may be delayed only to the extent reasonably caused by such event, and upon prompt written notice of the event. If such delay continues for more than 90 days, Baker Engineering may terminate in accordance with these Terms and Conditions.
11. Government Contracts. With respect to any purchase order ultimately relating to a U.S. government contract, any applicable Federal Acquisition Regulations required to flow-down to suppliers and subcontractors will form an integral part of these Terms and Conditions. By notice to Supplier, Baker Engineering may supplement these Terms and Conditions with additional sections when Federal Acquisition Regulations are modified to provide for additional mandatory flow-down requirements, and these changes shall be made without cost to Baker Engineering.
12. Waiver; Severability. The failure or delay of either party to insist on performance of any provision of these Terms and Conditions or any purchase order, or to exercise any right or remedy available under these Terms and Conditions or any purchase order, will not be construed as a waiver of that provision, right, or remedy in any later instance. Further, if any provision of these Terms and Conditions or any purchase order is or becomes void or unenforceable by operation of law, the remaining provisions shall be valid and enforceable.

Quality Assurance Requirements:

As a supplier to Baker Engineering, it is understood that when accepting our purchase orders, your organization agrees to meet the following stipulations. These requirements are, therefore, to be considered as terms and conditions to all purchases:

1. Supplier's Quality Management System must be compliant with AS9100, ISO 9001, and/or equivalent systems. Suppliers QMS compliance is subject to audit by a Baker Engineering representative and supplier must provide documentation related to its QMS when requested by Baker Engineering. Further, supplier must ensure that all of its personnel are aware of their contribution to product/service conformity, safety and ethical behavior.
2. Where required on any Baker Engineering Purchase Order, its suppliers must use Baker Engineering's customer-approved special process sources.
3. Supplier must ensure that raw materials used and parts shipped are authentic parts and do not contain primary or sub-component counterfeit parts.
4. Supplier shall ensure that nonconforming product/material is identified and controlled to prevent unintended use or deliver. Supplier shall notify Baker Engineering and not ship any nonconforming product/materials without prior written authorization. If supplier determines that nonconforming product has been shipped to Baker Engineering, supplier shall notify Baker Engineering in writing within 24 hours of discovery. Supplier is also required to review any work in progress and stock to confirm that no additional product/material will be affected.
5. Supplier is required to notify Baker Engineering of any changes to a product and/or process and to obtain approval from an authorized Baker Engineering when applicable.
6. Baker Engineering, its customers, and regulatory authorities retain the right of access to all supplier facilities to perform inspections and surveillance audits of work involved in the aerospace order and to inspect records related to such work.

7. The AS9100 standard requires that all applicable customer/regulatory/AS9100 requirements for the supplier to flow-down to sub-tier suppliers (includes requirements in the purchasing documents and key characteristics where required). However, Baker Engineering does not allow its aerospace suppliers to subcontract any product or process to a sub-tier supplier without Baker Engineering's expressed written consent.
8. Supplier shall maintain and store product history records and records of its QMS for a minimum of 7 years. Records must be stored as to prevent loss or deterioration. Records must remain legible, readily identifiable and retrievable.
9. Baker Engineering performs inspection activities to ensure that purchased product meets purchase requirements. These inspection activities may include:
 - a. Receiving inspections (of supplier products / services / documents) may be / are performed by a designated employee. Baker Engineering verifies the authenticity of the appropriate certificate of conformity, material certificates, etc. and other accompanying documentation by review and comparison (as is appropriate) to the drawing and/or industry specifications or by other means. When necessary, Baker Engineering may inspect or audit at the supplier's facility.
 - b. Products are inspected to ensure they meet requirements (dimensions, etc.) and the results are recorded (as appropriate). All special processes (anodizing, heat treat etc.) where the compliance cannot be verified by inspections will require a Certificate of Conformity.

When appropriate, Baker Engineering may delegate the inspection authority to one of its approved suppliers. Baker Engineering will communicate the inspection requirements (including approved monitoring and measurement equipment/methods) and Baker Engineering will maintain a record of those approved to carry out such inspections.

10. When Baker Engineering or its customer intends to perform verification at the supplier's premises; Baker Engineering will first state the intended verification arrangements and the method of product release. This information will be communicated on the Baker Engineering Purchase Order or via another acceptable purchasing arrangement. Baker Engineering will first state the intended verification arrangements and the method of product release. This information will be communicated on the Baker Engineering Purchase Order or via another acceptable purchasing arrangement.
11. Where specified in the contract, the Baker Engineering's customer or customer's representative will be afforded the right to verify at the supplier's premises and Baker Engineering's premises that subcontracted product conforms to specified requirements. Verification by the customer is not used by Baker Engineering as evidence of effective control of quality by the supplier and does not absolve Baker Engineering or its supplier of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the customer.
12. To prevent the purchase of counterfeit or suspect/unapproved products and to ensure product identification and traceability (and for other reasons), Baker Engineering will institute controls that may include the requirement of Material Certificates, Certificates of Conformity, and/or other supporting documentation from its suppliers as is appropriate. These requirements may be specified on Baker Engineering's Purchase Order or may otherwise be communicated to the supplier.
13. Records are available for review by customers and regulatory authorities in accordance with contract or regulatory requirements.
14. Baker Engineering expects 100% on time delivery. If the agreed upon delivery cannot be met, the appropriate Baker Engineering must be notified in advance. If Baker Engineering annual supplier evaluation identifies a supplier with an on time delivery rate of 95% or less a corrective action can be issued.
15. Baker Engineering requires that products provided by its Approved Suppliers be correct and free of defect per the supplied Purchase Order. If Baker Engineering annual supplier evaluation identifies a supplier with a scrap/rework rate that exceeds 10% of their Baker Engineering work orders; a corrective action can be issued.
16. Baker Engineering may also require specific actions where timely and/or effective corrective actions to a supplier issue(s) are not achieved. These actions may include but are not limited to any, or all of the following: withholding payment until the issue is resolved, removal of the supplier from Baker Engineering's Approved Supplier List, and/or legal action.