

- A. **ANAC** means the Brazilian Agência Nacional de Aviação Civil
- B. **EASA** means the European Aviation Safety Agency
- C. **FAA** means the United States Federal Aviation Administration
- D. **FOB** is a delivery term which means "free on board" and has the same meaning and connotation as the term has in section 2-319 of the Uniform Commercial Code.
- E. **JCAB** means the Japan Civil Aviation Bureau
- F. **NDA** means Non-Disclosure Agreement
- G. **TCCA** means the Transport Canada Civil Aviation Directorate

III. Scope of Terms and Conditions

These terms and conditions apply to Company Purchase Transactions. Unless they are specifically incorporated by reference in a writing signed by Company, these Terms and Conditions do not apply to any transaction that is not a Company Purchase Transaction. Any terms and conditions that are offered by the Seller and that are inconsistent with these Terms and Conditions are automatically rejected.

IV. Purchase Price and Terms of Payment

- A. Unless otherwise specified in the Purchase Order, all payments, costs, and fees in the Purchase Transaction shall be in US Dollars.
- B. The prices set forth in a Purchase Order are all inclusive, including, but not limited to: taxes, the cost of packing, crating, material and delivery to the FOB point. Prices are not subject to revision.

V. Ownership and License

- A. Upon tender of Goods associated with a Purchase Transaction to a carrier, Seller shall relinquish, and Company shall gain title to, the Goods. Such passage of Title shall be subject to Acceptance by Company, which acceptance shall be a condition subsequent to passage of Title.
- B. Unless otherwise specified in the Purchase Order, Company is the sole and exclusive owner of all Goods supplied to Company by Seller and Seller hereby irrevocably assigns and transfers to Company all of its worldwide right and title to, and interest in, such Goods, including all associated Intellectual Property Rights.
- C. Unless otherwise specified in the Purchase Order, Seller warrants that the Goods are supplied free of any assignments, liens, or other encumbrances.
- D. Unless otherwise specified in the Purchase Order, Seller will obtain and assign to Company a nonexclusive, royalty-free, worldwide, perpetual, irrevocable, transferable, sub-licensable license to use all Third Party Intellectual Property Rights incorporated into, required to use, or delivered with the Goods. Seller will deliver copies of the above releases and licenses to Company upon Company's request.

VI. Shipment and Delivery

- A. Time is of the essence in Seller's performance of its obligations under the Purchase Order and under this Agreement. Seller will immediately provide Notice to Company if Seller's timely performance is delayed or is likely to be delayed. Company's acceptance of Seller's Notice will not constitute Company's waiver of any of Seller's obligations.
- B. If Seller follows the shipping instructions of a Purchase Order, then Company shall reimburse Seller for actual shipping costs associated with the Purchase Order from the FOB point named in the Purchase Order, and risk of

loss shall pass to Company at that FOB point. If Seller ships in a manner other than the manner directed in the Purchase Order, then Seller shall pay all shipping costs, and reimburse Company for any expenses incurred by Company in association with this transaction, and risk of loss shall pass to Company, FOB Company.

- C. If the Purchase Order does not state a shipping method, then Seller shall wait for shipping instructions from Company.
- D. Unless Company has specified a different address in the Purchase Order, Seller shall ship the Goods to Company at this address:

JALUX AMERICAS, Inc.
c/o Nippon Express, U.S.A. Inc
2233 East Grand Ave
El Segundo, CA 90245
- E. Shipments should reflect the entire Purchase Order. Written authorization from Company is required before Seller makes a partial shipment.
- F. Seller shall ensure that the Goods are packed and marked (including appropriate markings and labels for hazardous substances and/or materials) in accordance with industry standards and that such packages comply with applicable laws and carrier requirements. Seller shall pack the Goods in accordance with ATA Spec 300 or equivalent, or use Company-specified packaging when so stated on the Purchase Order.
- G. If the Goods are flammable, toxic, volatile or otherwise hazardous, then Seller shall package them in accordance with manufacturer's instructions, local regulations and hazardous materials (dangerous goods) regulations, as applicable.
- H. If Seller uses wood packaging material, then such material shall comply with ISPM#15 and its marking requirements when applicable.
- I. Seller shall not insure any shipment to Company unless specifically directed to do so, in a writing by a Company authorized representative.

VII. Inspection and Acceptance

- A. All Goods are subject to inspection prior to acceptance. Company may reject any or all of the Goods that do not conform to the applicable requirements (including the requirements of the Purchase Order) within 30 business days of Seller's delivery of the Goods [the "**Inspection Period**"]. Notwithstanding any other provision, Notice of Rejection may be delivered to Seller using any mode convenient to Company, including but not limited to email.
- B. If rejected, Goods shall be returned at the Seller's expense, and Seller shall promptly reimburse Company for any such expenses paid by Company.
- C. Cover Goods are subject to Automatic Rejection, unless Company has provided prior written authorization to submit Cover Goods.
- D. All As Removed (AR) articles provided by Seller are subject to Company inspection and to subsequent inspection by an Authorized Repair Facility. Seller warrants that AR articles shall be repairable and are not Beyond Economic Repair. Exceptions to this clause must be obtained in writing prior to shipment.
- E. Any Goods with DER repairs or Goods produced under PMA need to be approved in writing prior to shipment to Company, or else they are subject to Automatic Rejection.
- F. Any deviation from these terms or from a Purchase Order must be approved in writing prior to shipment.
- G. Goods are only accepted if they are (i) affirmatively accepted by Company in writing or (ii) used in a manner inconsistent with ownership by any other person than Company, or (iii) not rejected, nor deemed rejected, within the Inspection Period [**"Accepted"**].

- H. At Company's option, Company may (i) return any rejected Goods to Seller for a refund or credit, (ii) require Seller to replace the rejected Goods, or (iii) repair the rejected Goods so it meets the Purchase Order requirements. As an alternative to (i) through (iii), Company may accept non-conforming Goods conditioned on Seller providing a refund or credit in an amount Company reasonably determines to represent the diminished value of the non-conforming Goods. Company's payment to Seller for Goods prior to Company's timely rejection of such Goods as nonconforming will not be deemed as acceptance by Company.

VIII. Assignment and Subcontracting

- A. Seller may not assign any of its rights or delegate any of its obligations under the Purchase Order without Company's prior written consent. Company may, at its option, void any attempted assignment or delegation undertaken without Company's prior written consent.
- B. Seller may not subcontract any of its rights or obligations under the Purchase Order without Company's prior written consent. If Company consents to the use of Subcontractor(s), Seller shall: (i) guarantee, and remain liable for, the performance of all subcontracted obligations; (ii) indemnify Company for all damages and costs of any kind, subject to the limitations in Section XI (Indemnification), incurred by Company or any third party and caused by the acts and omissions of Seller's Subcontractor(s); and (iii) make all payments to its Subcontractor(s). If Seller fails to timely pay Subcontractor(s) for work performed, Company will have the right, but not the obligation, to pay Subcontractor(s) and offset any amount due to Seller by any amount paid to Subcontractor(s). Seller shall defend, indemnify, and hold Company harmless for all damages and costs of any kind, without limitation, to the extent caused by Seller's failure to pay Subcontractor(s).
- C. To the extent allowed by applicable law, no person who is not a party to Purchase Order shall be entitled to enforce or take the benefit of any of its terms whether as a result of applicable legislation, custom or otherwise.

IX. Term and Termination

- A. Each Purchase Order forms a separate contract and remains in effect with respect to that transaction until either the Purchase Order is terminated in accordance with this section or the Goods are delivered and accepted by Company as anticipated by the Purchase Order.
- B. Before the Goods are delivered and accepted by Company, Company may terminate any Purchase Order, for no reason or for any reason, upon written Notice to Seller. Company shall have no further payment obligation in connection with any terminated Purchase Order.
- C. Any obligations or duties which, by their nature, extend beyond the expiration or termination of the Purchase Order shall survive the expiration or termination of the Purchase Order.

X. Confidential Information and Publicity

- A. If the Company and Seller have entered into a NDA which covers disclosure of confidential information under the Purchase Order, and if the term of the NDA expires before the expiration or termination of the Purchase Order, then the term of the NDA shall be automatically extended to match the term of the Purchase Order, with respect to all matters related to the Purchase Order.
- B. The Company and Seller shall treat the terms, conditions, and existence of each Purchase Order as Confidential Information belonging to Company.
- C. Seller shall obtain Company's written consent prior to any publication, presentation, public announcement, or press release concerning its relationship with Company.

XI. Indemnification

- A. As used in this Section, these capitalized terms have these meanings:
 - a. A "Claim" is any claim, demand, loss, damage, liability, cost, or expense (including professional fees and costs as incurred);

- b. "Controlled" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract interest, or otherwise.
 - c. the "Affiliated Entities" of a Business are (i) each entity that directly or indirectly, through one or more intermediaries, owns more than 50% of the outstanding voting securities of the Business [parent organizations], (ii) each entity that directly or indirectly through one or more intermediaries, is Controlled by the Business [child organizations], and (iii) each entity that directly or indirectly through one or more intermediaries, is Controlled by the same entity as the Business [sister organizations];
- B. Seller shall defend, indemnify, and hold Company harmless from and against any and all Claims as incurred, arising out of or in connection with any (i) act or omission of Seller (including its Subcontractors) in the performance or fulfillment of the Purchase Order; (ii) any infringement of a third party's Intellectual Property Rights or any other rights, (iii) any negligent or willful acts or omissions of Seller which results in personal injury (including death) or damage to tangible property (not including lost or damaged data), or (iv) failure to perform as expected on the part of the Article(s) procured under the Purchase Order. For purposes of this paragraph only, the term "**Company**" also includes the employees, officers, directors, agents, and each of Company's Affiliated Entities.
- C. Company will provide the Seller with prompt written Notice of the Claim and permit Seller to control the defense, settlement, adjustment, or compromise of any Claim. Company may employ counsel at its own expense to assist it with respect to any Claim. Seller will have no authority to settle, adjust, or compromise any Claim on the Company's behalf, except where the settlement, adjustment, or compromise has been accepted, in writing, by Company.
- D. If a third party enjoins or interferes with Company's use or sale of any Goods, then in addition to Seller's other obligations under the Purchase Order, Seller shall use its best efforts to (i) obtain any licenses necessary to permit Company to continue to use or sell the Goods, (ii) replace or modify the Goods as necessary to permit Company to continue to use or sell the Goods, or if (i) and (ii) are not commercially reasonable, then, (iii) promptly refund to Company the amount paid for any Goods for which a third party enjoins or interferes with Company's use of the Goods, and defend, indemnify, and hold Company harmless from and against any and all Claims arising as a consequence of or in relation to such injunction or interference.
- E. Nothing in this Section shall limit any other remedy of Company and Seller.

XII. Liability

- A. NOTWITHSTANDING ANYTHING ELSE IN THE PURCHASE ORDER OR OTHERWISE, COMPANY SHALL NOT BE LIABLE TO SELLER WITH RESPECT TO THE SUBJECT MATTER OF THE PURCHASE ORDER UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY AMOUNTS IN EXCESS IN THE AMOUNT COMPANY OWED TO SELLER UNDER THE PURCHASE ORDER.
- B. IN NO EVENT SHALL COMPANY BE LIABLE TO SELLER FOR ANY INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL DAMAGES OR LOSS OF PROFITS ARISING OUT OF, OR IN CONNECTION WITH, THE PURCHASE ORDER, WHETHER OR NOT COMPANY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.
- C. THE LIMITATIONS OF THIS LIABILITY SECTION WILL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED HEREIN. NOTHING IN THE PURCHASE ORDER LIMITS EITHER PARTY'S LIABILITY FOR BODILY INJURY OF A PERSON, DEATH, OR PHYSICAL DAMAGE TO PROPERTY OR ANY LIABILITY WHICH CANNOT BE EXCLUDED UNDER APPLICABLE LAW.

XIII. Insurance

- A. Seller shall secure and maintain insurance providing coverage for liabilities to third parties for bodily injury (personal injury) and damage to property in amounts sufficient to protect COMPANY in the event of such injury or damage, and shall be in compliance with any and all laws, regulations, or orders addressing the liabilities of an employer to its employees for injuries and disease suffered in connection with employment. Seller further will

maintain such additional types and limits of insurance as is customary for a company of similar size and similar operations to Seller in the jurisdiction or jurisdictions in which Seller's operations take place.

XIV. Warranty, Breach and Remedies.

- A. In addition to any other warranty offered by Seller, and in addition to all warranties provided under the Uniform Commercial Code, Seller warrants that Goods provided by Seller to Company shall:
1. Conform in all ways to the Purchase Order;
 2. Conform in all ways to each certification, approval, and authorization applicable to the Goods (including those issued by the manufacturer and those issued by any government);
 3. Be delivered according to the requirements of the Purchase Order;
 4. Be accompanied by documentation meeting these terms and conditions;
 5. Be in the condition identified in the documentation and in the Purchase Order; and,
 6. Have been manufactured, produced, labeled, furnished, shipped, and delivered to Company in full and complete compliance with all applicable laws and regulations.
- B. In the event that the Goods breach this warranty, and the breach was not discerned upon Company Inspection, Company may make a warranty claim by notifying Seller in writing of the breach. Seller shall refund to Company the full value paid for the non-conforming Goods, including shipping costs, as well as all reasonable incidental and/or consequential damages. The warranty period begins when title to the Goods passes to the Company, unless title to the Goods fails to pass to Company in which case the warranty period begins when the Goods are proffered by Seller for delivery to the destination stated in the Purchase Order. The warranty period lasts through the 365th day after the first day of the warranty period, unless title to the Goods fails to pass to Company in which case the warranty period lasts through the 365th day after the Goods are delivered to the destination stated in the Purchase Order. For the avoidance of doubt, if the warranty period has begun but the end of the warranty period cannot yet be determined, then the warranty period is still active.

XV. Documentation of Goods.

- A. All Goods provided to Company must have full trace documentation to one of the following certificated sources:
- a. For an Article that has never been installed, a production approval holder that holds an ANAC, EASA, FAA, JCAB, or TCCA production approval;
 - b. For an Article that has been previously installed to:
 - i. An operator with a US FAA Part 121 certificate; or,
 - ii. An operator with a US FAA Part 129 certificate; or,
 - iii. An operator with a JCAB air carrier certificate.
- B. Unless an alternative or variance is specifically pre-approved by Company in writing, all Goods Provided to Company must have ALL of the following elements:
- a. Seller's Certificate of Conformance or Material Certification, indicating the identity and condition of each article;
 - b. Except for new articles that were not owned or possessed by anyone other than Seller: a packing slip, invoice or other commercial document from the certificated source indicating that the Goods were released from that source and showing that ownership of the Goods or the right to sell the Goods was transferred to Seller;
 - c. Except for new articles, one of the following: (a) A non-incident statement from the certificated source indicating that the Goods were not previously installed on an aircraft involved in an accident or incident OR (b) a statement indicating that the Goods have never been subject to unusual heat, stress or environmental conditions that might tend to adversely affect the airworthiness of the Goods;
 - d. For each new article, a statement indicating that the Goods have never been subject to unusual heat, stress or environmental conditions that might tend to adversely affect the airworthiness of the Goods;
 - e. For Goods that were previously installed, a statement that the Goods were not procured from any government or military source, or a statement from each government or military operator who operated a public aircraft with this Article installed certifying that the relevant aircraft was maintained according to civil aviation standards;
 - f. For each life-limited part, full back-to-birth traceability that verifies current life status;
 - g. For each Article removed as part of a disassembly, a copy of the tear-down report;

- h. For each Article that is represented as having one or more Airworthiness Directive(s) completed, a Certificate of Compliance or maintenance release attesting to the completion of the Airworthiness Directives (ADs), which shall include AD number, AD amendment number, date and method of compliance;
- i. Verification (such as a part marking where appropriate, OEM documentation, or written verification by a certificated source) that the part was produced by the production approval holder.

NOTE: Accident/Incident-related material is NOT accepted by Company.

- C. For each Article that was previously installed, Seller shall provide an unserviceable tag indicating the reason for removal, or Seller shall pay (as part of the repair/inspection fee) for such additional tests and analysis as may be deemed necessary to verify identity, assure reparability and/or confirm airworthiness at the discretion of the Authorized Repair Facility.
- D. Units provided without acceptable documentation shall be considered rejected as of the date of delivery, and Seller shall be responsible for all shipping costs for delivery to Seller and for return of the Goods to Seller (including reimbursement of any such costs paid by Company). At Company's sole discretion, Company may, in writing, permit Seller to provide acceptable documentation within a time limit set by Company. If Company determines that this documentation is acceptable then Company may, in its sole discretion, revoke the rejection.

XVI. Notice

- A. Where Notice is required, Notice shall be delivered in writing and may be delivered using hand delivery, email, postal mail, facsimile transmission, or overnight delivery service.
- B. Notice to Company shall be delivered to the Company postal address, Company email address, or Company facsimile number shown in the letterhead of the Purchase Order.
- C. Notice to Seller may be delivered to the same address as the Purchase Order, using the same mode of delivery as the Purchase Order. Where multiple copies of a Purchase Order have been sent (such as where an emailed copy and a postal-mailed copy are both transmitted), Notice to Seller may be sent using any one of the modes by which the Purchase Order was sent. Notice to Seller may also be delivered to the Seller's physical office.

XVII. Timing. In all transactions, unless otherwise specified, time is considered of the essence. Failure by a Seller to meet a deadline specified in any Purchase Order or other agreement with Company will be considered a material breach of these terms and conditions. If any Goods or Services are not delivered within the time specified in a Purchase Order, Company may refuse to accept all or any part of such Goods and may cancel the order.

XVIII. Compliance With All Laws. Seller guarantees that its actions and omissions are in full compliance with all relevant laws, regulations, and government policies, including but not limited to those related to airworthiness and export. Seller agrees to defend, hold harmless, and indemnify Company from any Claims that are caused by or attributed to non-compliance with this guarantee. Seller agrees to promptly reimburse Company for any fees, expenses, fines, penalties or other costs (including attorneys' fees, reasonably foreseeable consequential and incidental damages, and the reasonable economic effect of any injunctive relief) that are caused by or attributed to non-compliance with this guarantee.

XIX. Jurisdiction. All agreements made by Company are made in California and shall be interpreted under the laws of California, not including the state's conflict of laws provisions. Company and Seller agree that any suit brought in relation to this agreement, or to enforce any clause of this agreement, shall be brought in a trial court in Los Angeles or Orange county California. Company and seller agree to be subject to the personal jurisdiction and venue of that court.

XX. Costs and Attorneys Fees. In the event that Company needs to hire an agent or attorney or make use of an arbitrator, mediator, court system or other legal mechanism in order to secure a right owed to Company or otherwise enforce a right enjoyed by Company under any agreement subject to these terms and conditions, Seller shall be liable to Company for all costs and fees (including attorneys fees) associated directly or indirectly with this process.

XXI. Information for Seller. Company shall ensure the adequacy of requirements prior to Company's communication to Seller. Company shall communicate to Seller Company's requirements for:

- A. The processes, products, and services to be provided including the identification of relevant technical data (e.g., specifications, drawings, process requirements, work instructions);
- B. The approval of:
 - a. products and services;
 - b. methods, processes, and equipment;
 - c. the release of products and services;
- C. Competence, including any required qualification of persons;
- D. Seller's interactions with Company;
- E. Control and monitoring of Seller's performance to be applied by Company;
- F. Verification or validation activities that Company, or Company's customer, intends to perform at Seller's premises;
- G. Test, inspection, and verification;
- H. The use of statistical techniques for product acceptance and related instructions for acceptance by the organization;
- I. The need to:
 - a. implement a quality management system;
 - b. use Company's customer-designated or approved Seller, including process sources (e.g., special processes);
 - c. notify Company of nonconforming processes, products, or services and obtain approval for its disposition;
 - d. prevent the use of suspected unapproved, unapproved, and counterfeit parts;
 - e. notify Company of changes to processes, products, or services, including changes of Seller or location of manufacture;
 - f. flow down to Seller applicable requirements including Company's customer's requirements;
 - g. provide a certificate of conformity, test reports, or authorized release certificate, as applicable;
 - h. retain documented information, including retention periods and disposition requirements;
- J. The right of access by Company, Company's customer, and regulatory authorities to the applicable areas of facilities and to applicable documented information, at any level of the supply chain;
- K. Ensuring that persons are aware of:
 - a. their contribution to product or service conformity;
 - b. their contribution to product safety;
 - c. the importance of ethical behavior.