

# BARMIL LTD. STANDARD PURCHASE ORDER TERMS AND CONDITIONS

REV. IV

SEPTEMBER 2020

## I AGREEMENT

This order contains the entire Agreement between BARMIL and Seller and is not subject to variation, irrespective of the wording of Seller's acceptance, without the prior written agreement by BARMIL. Any additional or different terms of Seller's acceptance are hereby expressly rejected. This order becomes a binding order including all terms and conditions contained herein and/or contained in documents attached to this order, when it is accepted by the Seller, either by acknowledgement or the commencement of performance hereof

## II INSPECTION, ACCEPTANCE AND REJECTION

- (A) All goods to be delivered and services to be performed hereunder shall be subject to inspection, surveillance and test at all times and places, including the period and place of manufacture or performance, by BARMIL.
- (B) Seller and Seller's subcontractors shall provide and maintain an inspection system acceptable to BARMIL. Representatives of BARMIL shall have access to all areas on the premises of the Seller, or of Seller's subcontractors, in which work on this order is being performed. Seller, and Seller's subcontractors, shall provide all reasonable facilities for the safety and convenience of the representatives and inspectors. Seller shall furnish to the representatives and inspectors all information and data as may reasonably be required to perform their inspections. All goods to be delivered hereunder shall be subject to tonal inspection, test and acceptance by BARMIL at destination in Israel, notwithstanding any payment or inspection at source. BARMIL shall accept or give notice of rejection of goods delivered and services performed within one hundred and twenty (120) days after receipt of such goods or completion of such services. No inspection of goods or work by BARMIL prior to acceptance shall release Seller of its responsibility for any nonconformity. Acceptance by BARMIL shall not waive any rights that BARMIL might otherwise have at law

or under Article IV entitled "Warranty", or by express reservation in this order with respect to any nonconformity.

- (C) In the event of any tender of goods or services which is nonconforming, BARMIL shall be entitled to all remedies as provided by law, and in addition thereto shall have the right to do any or all of the following: (i) to hold nonconforming goods for a reasonable period pending a determination to accept or reject any or all thereof; (ii) to return nonconforming goods to Seller for replacement or correction as BARMIL may elect; (iii) to accept nonconforming goods and services subject to an equitable price reduction; (iv) to replace or correct nonconforming goods and services and charge to Seller the cost occasioned to BARMIL thereby; (v) to require Seller to correct nonconforming services at no increase in the price of this contract; (vi) to recover any and all expenses, costs, price reductions and damages paid, incurred, or suffered by BARMIL as a result of such holding, return, replacement, correction, reductions, or rejections of nonconforming goods and services; or (vii) to terminate this order as provided in Article VIII hereof.

### III QUALITY CONTROL

- (A) Seller shall provide and maintain a quality control system, which shall be in accordance with the current state of the art and shall meet the highest quality control standards in the respective industry. Seller shall permit BARMIL to review its procedures, practices, processes and other documents related to its quality control system.
- (B) Seller shall maintain quality control, inspection and production records for at least 10 years starting on the date parts are shipped to BARMIL.
- (C) By conforming a Purchase Order marked with "MFG COC WITH FULL TRACEABILITY AND LOT NO.", the supplier agrees to send all items included in this order with manufacturer COC and back to back traceability.
- (D) Item shall be supplied to the latest revision of its applicable specifications available in seller's stock/warehouse (unless stated otherwise in order). Seller shall note revision on COC. If a specific revision is required in a said order and seller cannot supply the required revision, seller is required to advise prior to shipment, so that BARMIL may approve with customer.

- (E) Seller shall take measures to avoid supply of counterfeit items by purchasing from approved suppliers only. Seller will advise Barmil ltd. of any suspicious item revealed after supply.
- (F) If seller's quality system conforms to AS9120, when splitting product, copies of original document shall be annotated with the following information: amount delivered relative to amount received, purchase order number, customer's name and supplier's name.

#### IV WARRANTY

- (A) Seller warrants that all goods delivered hereunder shall be new and not used, and that all goods and services furnished hereunder will conform to the requirements of this contract (including all descriptions, specifications and drawings made a part of this order) and such goods will be merchantable, fit for their intended purposes, free from defects in materials and workmanship and, to the extent not manufactured pursuant to detailed designs furnished by BARMIL, free from defects in design. BARMIL's approval of designs or specifications furnished by Seller shall not relieve Seller of its obligations under this warranty.
- (B) Except as may be otherwise provided in the specifications applicable to this order or other documents incorporated herein by reference and except for latent defects, fraud or gross mistakes of Seller as amount to fraud wherein there shall be no time limitation for a warranty notice, notice of any defect or nonconformity must be given to the Seller within the one (1) year period beginning with the latter of receipt and acceptance by BARMIL. If the goods or the results of services to be provided hereunder are incorporated by BARMIL in items for resale by BARMIL, said one (1) year period shall begin as of the date of BARMIL's delivery of any such resale items to its customers. Goods and services corrected or replaced by Seller, at the option of BARMIL, shall be subject to all of the provisions of this order in the manner and to the extent as goods and services originally furnished hereunder. The Seller shall replace the defective Goods within one (1) week from its receipt, or in the event of repair, such Goods shall be repaired within fourteen (14) days of its receipt. If Seller fails to replace/repair the Goods within the above described time, BARMIL has the option of repairing the Goods itself, or sending the Goods for replace/repair

at a third party service provider, in each instance, Seller paying the costs for such replace/repair.

- (C) The above warranties shall not apply if the non-conformity/defect is attributable to a failure to preserve, store, install, operate, or maintain the goods in accordance with Seller's reasonable written instructions furnished to BARMIL. BARMIL may, at its option, either return for credit or refund or require prompt correction or replacement of the defective or nonconforming goods or part thereof. All shipping costs with respect to any defective or nonconforming goods shall be at Sellers expense.
- (D) The aforesaid express warranties shall be in addition to any standard warranty or guarantee of and any warranties otherwise created by operation of law or contract. All warranties and guarantees shall run to BARMIL and BARMIL's customers.
- (E) We have been requested by our customers to provide them instantaneously with any failure announcements related to parts supplied to them. Therefore, if you receive such failure notice, please make sure to pass it to us immediately. If item was not purchased directly from the manufacturer, please flow down this requirement to all suppliers in chain of supply. This requirement is valid towards supplier's subcontractors/manufacturers as well.

## V DELIVERY, SHIPPING AND PACKING

- (A) It is agreed that time is of the essence in the performance of this order by Seller. Deliveries shall be in accordance with the schedule and quantities as specified in this order, and Seller shall strictly adhere to the delivery and completion schedules specified herein. If, at any time, Seller believes it may be unable to comply with the delivery or completion schedules, Seller shall immediately notify BARMIL in writing of the probable length of any anticipated delay and the reasons for it, and shall continue to notify BARMIL of any material change in the situation. In the event of such notification or of an actual failure by Seller to comply with the delivery or completion schedules: (i) Seller shall, at Seller's expense, make every effort to avoid or minimize the delay to the maximum extent possible including the expenditure of premium time; and (ii) BARMIL may, in addition to all other remedies, require Seller, at Seller's expense, to ship goods via air freight or expedited routing to avoid or minimize delay. In the

event of early delivery, BARMIL may store goods at Seller's expense. Unless otherwise agreed in writing, Seller shall not make material commitment or production arrangements in excess of the amount or in advance of the time reasonably required to meet BARMIL's delivery schedule. Seller shall not ship goods to arrive at BARMIL's plant earlier than two (2) weeks in advance of the specified schedule unless authorized in writing by BARMIL. At BARMIL's option, any such deliveries may be returned to Seller at Seller's expense or payment deferred to the date payment would become due according to the specified schedule. At BARMIL's option, articles furnished in excess of the quantity specified or of any allowable overage may be returned to Seller or retained by BARMIL at no additional cost, unless Seller notifies BARMIL within 45 days of shipment that it desires the return thereof. Seller will reimburse BARMIL for the cost of returning such over shipment.

- (B) In the event that Supplier fails to deliver any product on the delivery date [fixed in the order] in full conformance with all requirements [of the order], Supplier shall pay to BARMIL, as liquidated damages and not as a penalty, 0.5% of the price of the delayed order, for each week of delay, up to a maximum of 10% of the price of the order. BARMIL shall be entitled to set-off such liquidated damages against any payment due to Supplier. A fraction of a week shall be counted as a full week for purposes of calculation of the liquidated damages. The delay shall be calculated beginning from the first day [Sunday] of the week following the originally required delivery date. A delay of one week/four weeks or less shall not lead to imposition of liquidated damages, however, if the delay exceeds one week/four weeks then the delay shall be counted from the first day of the delay. BARMIL's aforesaid right to liquidated damages shall not derogate from BARMIL's right to any remedy or relief available to it under these Procurement Terms and Conditions or otherwise under applicable law.
- (C) All goods to be supplied by Seller hereunder shall be shipped to BARMIL, at the point designated in this order. Unless otherwise set forth in this order, DDP INCOTERMS 2000 shall be applicable to this order. On date of shipment, Seller shall send original bill of lading, air bill or express receipt reflecting BARMIL's Purchase Order Number to BARMIL.
- (D) All goods shall be packed in accordance with best commercial practice to prevent damage or deterioration and secure lowest transportation rates, in shipping containers (unless otherwise provided in this order) provided by Seller

which are suitable for protection of said goods during shipment to and storage in Israel, including but not limited to the application of ISPM No. 15 Standard, latest revision, regarding packaging material made from wood, No charges will be paid by BARMIL for preparation, packing, crating, reusable containers or shipment unless so stated in this order. Damage to any goods resulting from improper packing will be charged to Seller.

(E) Each container shall be marked with BARMIL's Purchase Order Number. Each container of a multiple container shipment shall be identified (i) to show the number of the container and the total number of containers in the shipment; and (ii) the number of the container in which the packing list has been enclosed. BARMIL shipments by Seller must include, in a conspicuous and easily accessible place on the inside of the shipping container, a packing list, containing BARMIL's Purchase Order Number, quantity, part number/size, description of the goods shipped and appropriate evidence of inspection, including acceptance test reports, material test certificates, certificates of conformance and/or serviceability tags. In addition, a duplicate set of the aforementioned documentation shall be in a conspicuous and easily accessible place on the outside of the shipping container.

(F) Materials with limited shelf life must be of new manufacture and must have a residual shelf life of at least 90%, on delivery. Each individual package or container of every shipment must be clearly marked and identified with the manufacture date, storage condition and the shelf life expiry date. Cure date\Shelf life\expiry date should be marked on material and indicated on the certification.

Failing to supply such documentation will allow prompt return of goods without any fee or charge to BARMIL, including but not limited to restocking fee and shipping charges (both ways).

(G) Seller will maintain an FOD inspection prior to any shipment to Barmil Ltd.

## VI CHANGES

BARMIL may, at any time, exclusively by a written order signed by its authorized representative, and without notice to sureties, make changes within the general scope of this contract which affect the (i) drawings, designs, or specifications, (ii) description

of services to be performed; (iii) methods of shipment or packing; (iv) place of inspection, delivery or acceptance; (v) delivery/performance schedules; (vi) data requirement, (vii) quality of items to be delivered, and Seller shall comply therewith. During the Term of this Agreement, at least six (6) months prior to its expiration, BARMIL may order an additional quantity of Goods, up to twenty (20%) percent of the quantity of the original purchase order, at the same prices and under the same terms and conditions as contained in this Purchase Order.

Should any change cause an increase or decrease in the cost of or the time required for performance of this order, an equitable adjustment shall be made with respect to the order and the order shall be modified in writing accordingly. Notwithstanding the foregoing, BARMIL shall have the right to postpone receipt of deliveries for up to six months from the scheduled delivery date at no cost to BARMIL. Any claim by Seller for adjustment under this article must be asserted in writing to BARMIL not later than ten (10) days after the date of receipt by Seller of the written change authorization or within such extension as BARMIL may grant in writing. BARMIL may, in its sole discretion, consider any such claim regardless of when asserted. Such claim shall be in the form of a complete change proposal fully supported by factual information. Pending any such adjustment, Seller will diligently proceed with the contract as modified. Where the cost of property made excess or obsolete as a result of a change is included in Seller's claim for adjustment, BARMIL shall have the right to direct the manner of disposition of such property. BARMIL shall have the right to examine any of Seller's pertinent books and records for the purpose of verifying Seller's claim.

BARMIL and Seller agree that there shall be no adjustment in the price or time for performance hereunder unless BARMIL shall have directed a change thereto by the issuance of a written notice as provided by this clause. Seller shall advise BARMIL in writing if Seller receives any notification that Seller regards as a change to this order from any source other than the written notice referred to in the preceding sentence. Seller shall provide such advice, in writing, no later than five (5) working days from receipt of any such notification, and prior to taking any action in accordance therewith.

## VII PRICES, TAXES, INVOICE AND PAYMENT

---

- (A) The prices stated in this order are firm fixed prices and are stated in U.S. Dollars, unless otherwise specified in this order. All overseas bank expenses will be charged to the supplier.
- (B) Unless otherwise specified in this order, Seller shall pay all non-Israeli taxes and import or export or other duties of any kind, including those taxes or duties that may be imposed or assessed on any BARMIL furnished property (data, information, materials, parts, components or tooling). All such taxes and duties, existing, new or increased, are included in the prices stated in this order.
- (C) For each shipment of goods or completed item of services, Seller shall submit an original invoice marked "original" and two copies marked "copy" to BARMIL. Taxes and duties, if any are included in this order, must be separately itemized. Purchase order numbers must appear on all shipping documents, invoices, quality certifications, and packing lists. With each invoice, Seller shall deliver a copy of all appropriate evidence of inspection of the goods, including acceptance test reports, material test certificates and certificates of conformance.
- (D) Determination of payment due date, , will be based on the latest of (i) the date goods are received or services are completed; (ii) the date goods are scheduled to be shipped/received or services are scheduled l-or completion under this order, or (iii) ninety (90) days after the date an accurate invoice is received. Any payments made pursuant to the above, prior to BARMIL's acceptance of the Goods, shall not be deemed a waiver of BARMIL's right of rejection as described herein.

## VIII TERMINATION/CANCELLATION

By written notice to Seller, BARMIL may cancel this order, in whole or, from time to time, in part, in the event of suspension of Seller's business, insolvency of Seller, institution of bankruptcy, reorganization, arrangement or liquidation proceedings by or against Seller, appointment of a trustee or receiver for Seller's property or business or any assignment by Seller for the benefit of creditors. Such cancellation shall be deemed "for default" in accordance with paragraph VIII(B) hereof and the rights and obligations of the parties shall be determined as therein provided.

## IX NON-DISCLOSURE; PUBLICITY

- (A) Seller shall not, without the written consent of BARMIL, either during or after the performance of the work required hereunder, use, other than for such performance, or disclose to any person, other than a duly authorized representative of BARMIL, any information, data, material or exhibit created, developed, produced or otherwise obtained in the course of the work required hereunder, or any information contained in reports, drawings, documents, or other records furnished to Seller by BARMIL (collectively, "information"). Information provided by BARMIL to Seller remains the property of BARMIL and shall be returned to BARMIL upon completion by Seller of its obligations under this order or upon demand. Seller further agrees that it will not divulge any matter, the disclosure of which would be detrimental to the interests of BARMIL.

The restrictions of this clause shall not apply to information in the prior possession of Seller or acquired by Seller from a source other than BARMIL that has the right to disclose such information to Seller, nor shall it limit any rights the Government, if applicable, may have in such information. Any information which Seller may disclose to BARMIL with respect to the design, manufacture, sale or use of the articles covered by this order shall be deemed to have been disclosed as part of the consideration for this order, and Seller shall not assert any claim against BARMIL by reason of BARMIL's use thereof.

- (B) Seller shall not, without the prior written consent of BARMIL: (i) make any news release, public announcement, denial or confirmation of all or any part of the subject matter of this order, or any phase of any program hereunder; or (ii) in any manner advertise or publish the fact that BARMIL has placed this order.

## X SUBCONTRACTING

Seller will not subcontract, without BARMIL's prior written consent, for the design, development or procurement of the whole or any substantial portion of any goods ordered hereunder. This limitation shall not apply to Seller's purchases of standard

commercial supplies or raw material. BARMIL's consent to any such subcontract shall not relieve Seller from any obligation imposed by this order or impose on BARMIL any responsibility for the work to be performed under such subcontract. Seller will flow down all of BARMIL's terms and demands to any subcontractor.

#### XI PRECEDENCE

In the event of any conflict between the clauses, attachments, specifications or provisions which constitute this order, the following order of precedence shall apply: (i) terms and conditions appearing on the face of the order; (ii) the terms and conditions contained in these Standard purchase Order Terms and Conditions; (iii) specifications; (iv) the drawings; (v) the statement of work; and (vi) all other attachments incorporated herein by reference.

All goods listed herein to which BARMIL's specifications are applicable must comply with such specifications current as of the date of this order. BARMIL's specifications shall prevail over any subsidiary documents referenced therein.

#### XII GRATUITIES AND CONTINGENCIES

- (A) Seller agrees that in consideration of this order, neither Seller nor any agent or representative of Seller has nor will pay any fees, commissions, percentages, brokerage fees or other sums to persons contingent upon or resulting from execution of this order nor has or will Seller extend or offer any form of compensation or remuneration to BARMIL's employees for the purposes of securing this order, or obtaining favorable treatment with respect to Seller's performance of this order.
- (B) In the event of breach or violation of the agreements described in (A) above, BARMIL shall have the right at its option to terminate this order for default without liability, or at its option may deduct from amounts that otherwise may be owed Seller the full amount of any such fees, commission, remuneration or other sum. Such rights and remedies of BARMIL shall be in addition to any other rights and remedies provided by law or under the terms of this order.

#### XIII COMPLIANCE WITH LAWS AND EXPORT APPROVALS

- (A) In the performance of this order, Seller shall comply with all applicable statutes, rules, regulations and orders of Seller's country and of any state or local authority or political subdivision thereof. Seller shall indemnify, save harmless and defend BARMIL from and against all losses, costs, fees and damages arising, directly or indirectly, from any actual or alleged failure by Seller to comply with any of the aforesaid statutes, rules, regulations and orders.

- (B) Seller shall comply with import/export laws and licenses and regulations of any applicable country or jurisdiction. Seller agrees that it will not transfer any export controlled item, data or service, including transfer to foreign persons, without the authority of an Export License or applicable license exception.

Seller shall be responsible for and shall obtain all permits and authorizations required for the export of the goods and services from Seller's country to Israel. Failure to obtain or maintain all required export licenses shall be a breach of this Purchase Order.

- (C) In connection with its performance of this Order, Seller shall (i) comply with all applicable country laws relating to anti-corruption or anti-bribery, including but not limited to legislation implementing the Organization for Economic Co-operation and Development "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions" (the "OECD Convention") or other anti-corruption/anti-bribery convention; and (iii) neither directly nor indirectly, pay, offer, give, or promise to pay or give, any portion of monies or anything of value received from BARMIL to a public official or any person in violation of the OECD Convention and/or in violation of any applicable country laws relating to anti-corruption or anti-bribery.

#### XIV DISPUTES AND APPLICABLE LAW

This order shall be governed by and construed in accordance with the laws of the State Israel (excluding its choice of law rules), regardless of the places of execution or performance of this order. Except as otherwise provided in the order, the Seller may appeal any decision of BARMIL concerning an issue of law, fact or contractual interpretation arising under the order which is not disposed of by agreement, by pursuing any right or remedy which Seller may have in law or equity in any Israeli court of competent jurisdiction, Pending the final decision on a dispute hereunder, the Seller shall proceed diligently with its performance of the order obligations in accordance with the direction of BARMIL.

#### XV MISCELLANEOUS

- (A) Any action or inaction by BARMIL or the failure of BARMIL, on any occasion, to enforce any right or provision of this order shall not be construed to be a waiver by BARMIL of its rights hereunder, and shall not prevent BARMIL from enforcing such provision or right on any future occasion. A determination that any portion of this order is unenforceable or invalid shall not affect the enforceability or validity of any of the remaining portions of this order. The rights and remedies of BARMIL herein are cumulative, and are in addition to any other rights or remedies that BARMIL may have at law or in equity.

- (B) Assignment of this order or any interest therein or any payment due or to become due there-under, without the written consent of BARMIL, shall be void. BARMIL shall be entitled at all times to setoff any amount owing at any time from Seller to BARMIL or to any or BARMIL's affiliated companies against any amount payable at any time by BARMIL.
- (C) Each Party and its representatives, nominated by a party for the performance of its rights and obligations under this order, shall, to the extent such performance takes place in the other party's premises, be subject to such other party's relevant security regulations.
- (D) Notwithstanding any other provision contained herein, the Seller agrees to indemnify and hold BARMIL harmless against any and all damages (including consequential damages), claims, losses or expenses (whether in contract, tort, negligence or otherwise and inclusive of all attorney's fees) which arise out of Seller's performance of this order or are in any way connected with the goods and services delivered hereunder.
- (E) Except if title has heretofore passed to BARMIL or BARMIL's customers under other provisions of this order, title to the articles shall pass to BARMIL upon delivery of the articles to BARMIL.
- (F) Seller shall notify BARMIL of every article ordered hereunder which contains material hazardous or injurious to the health or physical safety of persons even though said hazard or injury may only occur due to mishandling or isuse of the article. Seller shall identify the hazardous or injurious material, notify BARMIL of the effects of such material on human beings and the physical manifestations that could result there from and supply BARMIL warning labels (and instructions) to warn persons coming in contact therewith of the hazard and its effects.
- (G) Seller shall carry all insurances that are customarily carried by like sellers in the industry, including but not limited to hull all risks and third party liability insurance.

## XVI OFFSET OBLIGATIONS

Seller (i) undertakes and commits to enter into commercial transactions with Israeli entities, including, without limitation, BARMIL, in accordance with the Industrial Cooperation Requirements of the State of Israel, and (ii) undertakes and commits to transfer exclusively to BARMIL, for the use by BARMIL to fulfill its past, present and future (i.e., arising after the date of this Agreement) offset obligations generally, all offset credits generated by Seller in relation to Goods sold to BARMIL under this Agreement. BARMIL has and shall retain, the right to assign all such offset credits to third parties. Seller shall assist and support BARMIL in obtaining offset credits in the amount required by Industrial Cooperation Requirements of the State of Israel.