



VSE Aviation Services, Inc.
Terms and Conditions of Purchase

Page 1
Revision 2
Rev. Date: 4/26/21

1. APPLICABILITY

The following Terms and Conditions (“Terms and Conditions”) apply to the purchase of any goods or services (“Products”) by VSE Aviation Services, Inc., including its affiliates (“VSE”) from the providing party (“Supplier”).

VSE is not obligated to procure any Products from Supplier. Any order covering the provision of Products (“Purchase Order”) will be governed solely by these Terms and Conditions. VSE does not waive any term in these Terms and Conditions if it fails to object to provisions appearing on, incorporated by reference in, or attached to any documentation provided by Supplier including a quote, confirmation or acknowledgement of the Purchase Order (“Supplier Documents”). Any additional or different terms, which may be contained in any Supplier Documents are deemed material and VSE hereby objects to and rejects them. Any such additional or different terms are effective only if in writing and signed by an authorized representative of both VSE and Supplier. Verbal understandings are not binding on VSE.

2. Purchase Orders

(a) **Purchase Order Acknowledgement.** Supplier must provide VSE within forty-eight (48) hours of receiving a Purchase Order an acknowledgement of receipt, by fax or email, verifying price, quantity, delivery schedule, revision level, and the country where the merchandise is manufactured. Supplier shall also provide VSE a list of all countries where the parts of the merchandise are substantially manufactured. If Supplier uses its own form to accept or confirm a Purchase Order, it is understood that any terms or conditions therein which are in addition to or inconsistent with these Terms and Conditions shall be of no force or effect.

(b) **Supplier Changes.** Supplier shall not change the product specification, manufacturing process, or manufacturing location, including subcontracted component(s) without prior written approval by VSE. In the event of a proposed change, Supplier shall submit to VSE a sample(s) for testing along with data supporting the change(s) in the form of written documents such as drawings, specifications, process requirements, material data, inspection instructions test reports and other relevant technical data VSE may reasonably request for evaluation. VSE may accept or reject, in its sole discretion, any proposed changes. Approved changes shall be governed by these Terms and Conditions and be approved by the relevant authorities.

(c) **VSE Changes.** At any time, VSE may notify Supplier, in writing, of changes in merchandise or services covered by a Purchase Order including, without limitation, specifications, design or drawings, packaging, quantity, time of delivery, or the manner in which services are rendered. If any such change causes an increase or decrease in the cost of, or the time required for, Supplier’s performance of any part of a Purchase Order, an equitable adjustment may be requested in the price and /or delivery schedule, and any such adjustment shall be set forth in a mutually agreed upon written modification to the Purchase Order prior to shipment.



VSE Aviation Services, Inc.
Terms and Conditions of Purchase

Page 2
Revision 2
Rev. Date: 4/26/21

(d) **Government Contracts.** For Purchase Orders placed in support of and charged to a U.S. Government Prime Contract or subcontract thereunder procuring an item meeting the Federal Acquisition Regulation (FAR) definition of a commercial item, clauses set forth in the FAR or the Defense Federal Acquisition Regulation Supplement (DFARS) in effect as of the date of the prime contract or higher-tier subcontract are incorporated herein by reference as if set forth in full text unless made inapplicable by its corresponding note, if any. Supplier shall incorporate into each lower tier contract issued in support of this Purchase Order all applicable FAR and DFARS clauses in accordance with the flow down requirements specified in such clauses.

3. PAYMENT AND DELIVERY

(a) **Prices.** Prices for Products shall include, without charge to VSE, storage, packaging, sales taxes, excise taxes, tariffs, duties or other governmental charges, and other materials and services normally included with such goods, unless specifically provided in writing to the contrary.

(b) **Invoices and Shipping Documents.** On the date any merchandise is shipped, Supplier shall send to VSE an invoice, an original bill of lading, a packing list and such other shipping documents as VSE may reasonably request. All invoices shall be dated the same date as the shipping date, unless summary invoice procedures are pre-approved by VSE, in which event summary invoices shall be delivered periodically, and shall bear the date(s) upon which such merchandise was shipped. If no packing list accompanies the shipment, VSE's count of delivered merchandise shall be conclusive and binding upon Supplier. The packing list and invoice shall contain all pertinent information related to the Purchase Order to ensure timely receipt and invoice reconciliation. This information includes, but is not limited to, the Purchase Order number, part number(s), and quantity, price, and revision level by line item. Inaccurate documents may delay payment and administration fees may apply.

(c) **Unit Documentation and Certification Requirements:**

If Supplier is providing aircraft related Products, Supplier shall provide the following with each shipment of a Unit: (i) A Certificate of Conformity (COC); (ii) FAA Form 8130-3, EASA FORM 1 Dual Release and/or Transport Canada FORM ONE; (iii) complete back-to-birth records; and (v) non-incident statements (ATA-106 or equivalent from an FAA approved source) and part movement traceability sheets (PMTS) in accordance with the relevant aircraft manufacturer and OEMs requirements and/or any associated airworthiness directive.

If Supplier is providing chemical related Products, with each shipment of a Unit Supplier shall provide a Certificate of Compliance and a MSDS/SDS or similar certificate verifying compliance.

If a Supplier is providing calibration related Products, with each shipment of a Unit Supplier shall provide a Certificate traceable to National Institute of Standards and Technology (NIST).

Suppliers will not provide any PMA Units or perform DER repairs without Customer approval.

Supplier must provide the expiration date for all Units with a shelf life and will not send to Customer any Unit that has expired.



VSE Aviation Services, Inc.
Terms and Conditions of Purchase

Page 3
Revision 2
Rev. Date: 4/26/21

Customer shall provide Supplier all Documentation with all necessary updates no later than on the Unit delivery date at Supplier facilities. Any part and/or component of the Unit received with missing Documentation will be replaced by Supplier at Supplier's charge.

(d) **Payment.** VSE shall be entitled to pay invoices via credit card, wire transfer, or by check. All payments shall be due Net 60 days following the later of: (a) delivery and acceptance of the merchandise, or (b) receipt of the invoice. If VSE disputes Supplier's invoice, or any portion thereof, Customer will so notify Supplier. The parties will use all reasonable efforts to resolve invoice disputes expeditiously.

(e) **Delivery.** Products shall be shipped DDP VSE's facility (Incoterms 2020).

(f) **Right of Rejection.** All merchandise, upon delivery to VSE shall be subject to inspection by VSE or its representatives. VSE may, at any time, (a) return to Supplier at Supplier's expense, or (b) hold at Supplier's risk and expense, any Products that (1) are non-conforming, (2) are shipped contrary to VSE's instructions, (3) are delivered at a time other than the date specified for delivery, (4) are in excess of the quantities covered by the Purchase Order, (5) contain a defect or inadequate warnings or instructions, (6) violate any law, regulations, or court or administrative order, or (7) infringe upon any patent, trade name, trademark, copyright or other right. Payment of any invoice does not limit VSE'S right to reject or revoke acceptance of such non-conforming merchandise. Supplier hereby assumes, and shall bear and pay, all risks and expense of unpacking, examining, repacking, storing, holding, handling and/or returning any such non-conforming merchandise, and shall reimburse VSE its actual costs with respect to any such rejected merchandise. No replacement of non-conforming merchandise shall be made unless specified by VSE in writing. Return of non-conforming merchandise by VSE shall not be deemed a waiver of any right or remedy which VSE may have as a result of, or in connection with, any non-conformity, breach of warranty or other failed performance under these Terms and Conditions.

(g) **Returns.** VSE reserves the right to return to Supplier all merchandise within an eighteen (18) month time period of the original purchase date for full credit of the original invoice value. VSE may offset any credit issued by Supplier against amounts owed to Supplier.

(h) **Recalls.** In the event merchandise is the subject of a recall, Supplier shall be responsible for all expenses and losses incurred by VSE including, without limitation, product testing, legal and consulting fees in recalling non-conforming merchandise, refunds to customers of VSE, and the cost of unsold merchandise.

4. AIRCRAFT PRODUCT SUPPLIER REQUIREMENTS

Suppliers of aircraft related Products shall (i) provide positive identification of applicable revisions specifications, drawings, process requirements, inspection instructions, and other relevant technical data; (ii) notify VSE of nonconforming Product(s) and obtain approval for disposition; (iii) will flow down the applicable requirements in VSE's purchasing documents, including key characteristics and VSE requirements, to any sub-tier suppliers; (v) report Product malfunctions or defects, conditions under which Product malfunctions, or if a Product becomes unairworthy to all concerned stakeholders including VSE, regulatory authorities and other impacted customers; (vi) implement a quality



management system; and (vii) comply with the U.S. regulatory requirements contained in the U.S. International Traffic in Arms Regulations (ITAR) including 22 CFR §122.1.

Supplier must prevent the use of unapproved parts by: (i) providing training of appropriate persons on the awareness and identification of suspected unapproved and counterfeit parts; (ii) establishing procurement requirements for assuring traceability of parts and components to an authorized source; (iii) implementing inspection processes to detect suspected unapproved and counterfeit parts; (iv) monitoring suspected unapproved and counterfeit parts reporting from external sources; and (v) quarantining and reporting suspected unapproved and counterfeit parts in accordance with applicable requirements from the competent authority or VSE.

Suppliers will ensure that its personnel are aware of their contribution to Product conformity, Product safety and the importance of ethical behavior. All Suppliers performing maintenance functions for VSE will comply with the applicable requirements set in part for Duty Time Limitations and Human Factors Training under 14 CFR 121.377. Suppliers providing calibration will provide certificates traceable to NIST or other international measurement standard.

VSE and regulatory authorities will have the right to access Supplier's facilities and records at any time related to the Purchase Order. Supplier is to maintain records for a period of no less than ten (10) years.

5. NONDISCLOSURE

These Terms and Conditions do not supersede any confidentiality agreement executed by VSE and Supplier that otherwise applies to Products, technical data or other information delivered in connection with any Purchase Order. In the absence of such confidentiality agreement, Supplier agrees that it shall not, without the prior written consent of VSE, use or disclose any of VSE'S Confidential Information or data, material or deliverables created, developed, produced or otherwise obtained in the course of the work required hereunder including any pricing or quantity information (hereafter "Confidential Information") for any purpose except as necessary to implement or perform the Purchase Order and shall protect the Confidential Information using the same standard of care as it uses to protect its own confidential information.

For purposes of these Terms and Conditions, "Confidential Information" shall mean any business records, technical information or data of any kind including, but not limited to, all financial information, costs, quotations, price lists, designs, specifications, or drawings, that have been disclosed by VSE, or any other information expressly marked as "Confidential" or "Proprietary" by VSE or any of its suppliers.

Confidential Information shall remain the property of VSE. Supplier may only disclose Confidential Information to its employees on a need-to-know basis, will protect against its inadvertent disclosure, and will not disclose Confidential Information to any third party without VSE's prior written consent. Supplier further agrees that it will not divulge any matter known to it, the disclosure of which would be detrimental to the interests of VSE as determined by VSE.

VSE'S Equipment – Supplier shall maintain as strictly confidential the features of any equipment, tools, gauges, patterns, designs, drawings, engineering data or other technical or proprietary information



furnished by VSE for production of certain merchandise under a Purchase Order, and Supplier shall use such items only in the production of merchandise for VSE and in accordance with the manufacturer's specifications, and not otherwise. All tools, gauges and equipment furnished to Supplier by VSE shall be maintained by Supplier in good working condition at Supplier's cost and expense. Supplier shall promptly notify VSE of any tools, gauges or equipment which require repair or replacement as the result of reasonable wear and tear, or otherwise. Supplier shall be responsible for the repair or replacement of VSE'S tools, gauges or equipment damaged by the misuse or neglect of Supplier or its employees, agents or representatives. Upon written request of VSE, Supplier shall, within three business days, return such items to VSE or make such other disposition thereof as directed by VSE. Supplier hereby grants to VSE a right of entry onto SELLER'S premises during normal business hours to recover any such items which are not timely returned to VSE.

6. WARRANTY

(a) **General Warranty.** Supplier warrants that the merchandise and services covered under this Purchase Order to be free from defects in workmanship and materials, and shall be in conformity with the specifications, drawings, samples and descriptions attached to the Purchase Order, if applicable. Supplier warrants that the merchandise and services covered by this Purchase Order shall be manufactured in accordance with industry standard manufacturing practices and shall be suitable for the particular purposes and uses, as specified by VSE. The foregoing warranties and remedies shall be in addition to any warranties or remedies provided by law and shall survive inspection testing and acceptance by VSE.

In addition, Supplier will assign to VSE all applicable Product warranties provided by the manufacturer to Supplier. Supplier shall assist VSE in processing any warranty claims with manufacturer.

(b) **Intellectual Property Warranty.** Supplier warrants that the Products delivered under these Terms and Conditions will not infringe or otherwise violate the intellectual property rights of any party in the United States or any foreign country. Supplier agrees to defend, indemnify, and hold harmless VSE and its customers from and against any claims, damages, losses, costs, and expenses, including reasonable attorneys' fees, arising out of any action or allegation by any party claiming that Products or Services delivered under this contract infringe or otherwise violate the intellectual property rights (to include patents, trademarks, copyrights, and service marks) of any party, or misappropriate any party's trade secrets, or violate rights of privacy or publicity, or contain libelous or other unlawful matter.

7. IDEMNIFICATION

To the fullest extent permitted by law, Supplier agrees to defend, protect, indemnify and hold harmless VSE, as well as its officers, employees, agents, shareholders, corporate affiliates, partners, customers, consultants, or other subcontractors ("Associated Personnel"), from and against any actions, causes of actions, liabilities, claims, suits, judgments, liens, awards, costs, penalties, damages, or expenses of any kind (including, but not limited to, fees and charges of attorneys, engineers, architects, or other professionals, and all court or arbitration or other dispute resolution costs), that arise from, or are related to, the performance, products, systems, or services provided under these Terms and Conditions ("Offerings"), including any acts or omissions of Supplier, or any of Supplier's officers, employees,



agents, shareholders, partners, subcontractors, or consultants related to such Offerings, or to costs or liabilities arising from false claims, or defective cost or pricing data, associated with invoices or payments submitted under this Order. This includes, but is not limited to, liability for costs associated with performance or default of its obligations herein, third party liabilities, injury or death to persons, loss or damage to property (including loss of use thereof), and impairment and natural resource damages.

In no event shall obligations hereunder be limited to the extent of insurance available to, or provided by, Supplier or any subcontractor or agent thereof.

8. INSURANCE.

General Provisions. Within 10 calendar days of receipt of a Purchase Order, and before commencing work, Supplier shall furnish a certificate of insurance through myCOI managed by Century Risk Advisors, evidencing insurance of the kinds and limits enumerated hereunder. Participation in the myCOI program will be mandatory for all Suppliers who work with VSE. Supplier will receive a registration e-mail from VSECOI@centuryra.com and should follow the instructions in the e-mail to complete registration with the software powered by myCOI. Any insurance policy required to be held by Supplier shall be maintained with an insurance carrier having a minimum A. M. Best financial rating of A- VII. Supplier shall provide evidence of renewed coverage, as applicable under these Terms and Conditions, on an annual basis. Such certificate of insurance shall show VSE Aviation Services Inc. and its affiliates VSE Aviation, Inc. and VSE Corporation as Additional Insured with respect to General Liability insurance and the certificate must also show that Supplier's insurer waives any right to subrogate against VSE and VSE Corporation with respect to General Liability and Worker's Compensation coverage. Any exceptions to these terms must be approved in advance by VSE.

The types of insurance required of Supplier shall include, at a minimum: Commercial General Liability Insurance, including Product, Personal and Advertising Injury, Completed Operations, Medical Payments, Bodily Injury, and Property Damage.

Such insurance shall (a) contain coverage for Contractual Liability, (b) provide that defense costs will not apply against coverage limits, (c) contain a waiver of subrogation in favor of VSE Aviation Services, Inc., VSE Aviation, Inc. and VSE Corporation, where permitted by law, (d) provide that such insurance is primary, non-contributory, and not excess coverage, (e) provide coverage for claims occurring worldwide, and (f) name VSE, its parent company, subsidiaries & affiliates as additional insured.

The following additional insurance requirements apply to Suppliers:

The required general liability and/or aircraft products liability coverage for Aircraft Parts Suppliers, Subcontract Repair Services Suppliers, and Chemical Suppliers is \$25,000,000 per occurrence. This category also applies to pre-assembled products that may include such aircraft parts.

The required pollution liability coverage for Recycling Suppliers is \$10,000,000 per occurrence and general liability coverage of \$1,000,000 per occurrence.



The required professional liability coverage Engineering Services Providers is \$10,000,000 per occurrence. And general liability coverage of \$1,000,000 per occurrence.

All other Suppliers must maintain general liability insurance of at least \$1,000,000 per occurrence.

Notes:

1. If Supplier is selling products defined by VSE as critical and non-critical parts, evidence of coverage must meet the minimum requirements of the highest categorized product being sold.
2. Coverage limits may be met by a combination of Primary and Excess policies.

Automobile Liability Insurance for Freight Carriers. For any Supplier whose employees or agents will be driving on VSE's premises or making delivery to Company's premises, with minimum limits of \$1,000,000 per occurrence. Such insurance shall (a) provide that defense costs will not apply against coverage limits, (b) contain a waiver of subrogation in favor of VSE Aviation Services, Inc., VSE Aviation, Inc. and VSE Corporation, where permitted by law, (c) provide that such insurance is primary, non-contributory, and not excess coverage, and (d) name VSE Aviation Services, Inc., VSE Aviation, Inc. and VSE Corporation its parent company, subsidiaries & affiliates as additional insured.

Workers Compensation Insurance. For any Supplier whose employees will be entering Company's premises, with statutory limits, or \$500,000 if no statutory requirement, and \$500,000 in employer's liability coverage. Such insurance shall (a) contain a waiver of subrogation in favor of VSE Aviation Services, Inc., VSE Aviation, Inc. and VSE Corporation, where permitted by law, and (b) provide that such insurance is primary, non-contributory, and not excess coverage as required by statute in all jurisdictions where Supplier may assign employees to perform work under this agreement.

Changes to Insurance Coverage. The foregoing insurance coverage shall not be terminated or canceled unless VSE is given thirty (30) days prior written notice by the insurance carrier, and Supplier obtains the same minimum limits of coverage from another insurance carrier effective upon termination of prior policy, as demonstrated by a certificate of insurance satisfactory to VSE. Any changes made by Supplier to its insurance policies without notice that are adverse to VSE, or are otherwise in violation of the terms of this Order, will be considered a breach of this Agreement.

9. ASSIGNMENT

Supplier will not assign any rights nor delegate any obligations under these Terms and Conditions or any portion thereof in whole or in part, by operation of law or otherwise, without VSE's advance, written consent. Any attempt to assign or delegate in violation of this section will be void.

10. NOTICES

(a) Notices or non-routine communications between the parties, other than Purchase Orders, will be in writing, sent by prepaid overnight courier service or email and shall be effective upon receipt by the party to which notice is given.



(b) Notices shall be addressed to the following respective mailing or email addresses of the parties, or such other addresses as the parties may designate by notice from time to time:

- (i) If to Supplier: The addresses indicated on Supplier's Quote.
- (ii) If to Customer: To Customer's addresses on its Purchase Order.

11. WAIVER

The failure or delay of Supplier to enforce any of the provisions of these Terms and Conditions shall not be construed to be a continuing waiver of any provisions hereunder nor shall any such failure prejudice the right of Supplier to take any action in the future to enforce any provisions hereunder.

12. COMPLIANCE WITH LAWS

Supplier warrants all Products to be manufactured, processed, packaged, labeled, marked, tagged, tested, certified, weighed, inspected, shipped and sold to VSE in compliance with all applicable international government, US federal, US state and US local laws and regulations, including but not limited to the US Foreign Corrupt Practices Act and the UK Bribery Act (collectively, the "Laws"). All merchandise may be tested by VSE or its representatives, at all reasonable times and places. If such testing is conducted on Supplier's premises, Supplier shall provide, without charge, reasonable facilities and assistance to support such testing. No satisfactory test results shall relieve Supplier of any non-conformity, breach of warranty or other failed performance under these Terms and Conditions.

Supplier agrees upon request to furnish VSE with a certificate of compliance relating to any such laws and regulations in such form as VSE may require. Supplier agrees to indemnify and hold VSE harmless from any liability arising from any failure of Supplier to comply with such laws and regulations.

Supplier certifies that it complies with the following: The equal employment opportunity clause required under Executive Order 11246; the affirmative action commitment for disabled veterans and veterans of the Vietnam era, set forth in 41 CFR 60-250.4; the affirmative action clause for disabled workers, set forth in CFR 60-471.4; and the related regulations of the Secretary of Labor, 41 CFR Chapter 60. Supplier certifies that it does not maintain segregated facilities or permit its employees to perform services at locations where segregated facilities are maintained, as required by 41 CFR 60.1.8.

13. GOVERNING LAW, VENUE AND JURISDICTION

These Terms and Conditions and the transactions arising out of or related to a Purchase Order will be governed by and interpreted in accordance with the laws of the State of Florida, without regard to conflicts of law principles. This choice of the governing law shall also apply to non-contractual claims, including tort claims, arising out of or related to a Purchase Order.

To the fullest extent permitted by law, Supplier hereby unconditionally and irrevocably waives any claim to assert that the law of any other jurisdiction governs these Terms and Conditions and the transactions arising out of or related to a Purchase Order. Venue and jurisdiction for all legal proceedings of any kind or nature brought to enforce or relating to or arising from any provisions of these Terms and Conditions or the transactions arising out of or related to a Purchase Order shall lie exclusively in a court of



competent jurisdiction in the State of Florida, and Supplier hereby irrevocably submits to the exclusive jurisdiction of such courts in any such legal proceedings, and hereby expressly and irrevocably waives its rights to any other jurisdiction that may apply by virtue of its present or future domicile or for any other reason.

This choice of jurisdiction shall also apply to legal proceedings of any kind or nature brought to enforce any non-contractual claims, including tort claims, arising out of or related to a Purchase Order.

14. LIMITATION OF LIABILITY

ALL LIABILITY OF VSE IS PRECLUDED UNLESS VSE IS LIABLE BECAUSE OF GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, THESE LIMITATIONS WILL APPLY REGARDLESS OF WHETHER LIABILITY ARISES FROM BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING BUT NOT LIMITED TO NEGLIGENCE), BY OPERATION OF LAW, OR OTHERWISE.

15. RIGHTS, REMEDIES AND WAIVER

The failure of VSE to insist upon strict performance of these Terms and Conditions, or to exercise any of its rights or remedies under applicable law, shall not be construed as a waiver of VSE'S right to assert any of the same, or to rely on any such terms or conditions or laws at any time thereafter.

16. SURVIVAL

All provisions of these Terms and Conditions which by their nature should apply beyond completion of Customer's order will remain in force after the expiration or any termination of a Purchase Order.

17. SEVERABILITY

If any provisions of these Terms and Conditions are at any time held to be invalid or unenforceable, such provisions shall be construed as severable and shall not in any way render invalid or unenforceable the remainder of the provisions which shall remain in full force and effect and, in lieu of the invalid or unenforceable provisions, there will be added as part of these Terms and Conditions one or more provisions as similar in terms as may be valid and enforceable under applicable law.

18. ASSIGNMENT

These Terms and Conditions shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns; expect that Supplier may not transfer any rights or obligations under these Terms and Conditions without VSE'S prior written consent. VSE may assign or transfer any of its obligations under these Terms and Conditions to any third party in its sole discretion.

19. NO AGENCY RELATIONSHIP

The parties acknowledge that they are independent contractors and no other relationship, including without limitation partnership, joint venture, employment, franchise, master/servant or principal/agent is intended by these Terms and Conditions. Neither party has the right to bind or obligate the other.



**VSE Aviation Services, Inc.
Terms and Conditions of Purchase**

Page 10
Revision 2
Rev. Date: 4/26/21

20. HEADINGS

Headings and captions are for the convenience of reference only and do not alter the meaning or interpretation of these Terms and Conditions.