



A Textron Company

## Bell Standard Purchase Order Terms and Conditions

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### Clause 1 – DEFINITIONS

The following definitions apply unless otherwise specifically stated:

“Article(s)”:	Good(s) and service(s) described in the Order;
“Buyer” or “Bell”:	The legal entity issuing the Order: Bell Textron Inc. (“BTI”), Fort Worth, TX, and/or Bell Textron Canada Limited (“BTCL”), Mirabel, Canada;
“Buyer Furnished Manufacturing Material”	Government property or Buyer property furnished to or acquired by the Seller under the Order;
“Buyer Specifications”:	Requirements and specifications, requirements and specification control documents, interface data, interface control documents, schematics, item definitions and configurations, certification data, and all intellectual property rights therein, that are used or intended to be used by Buyer: (1) to define technical architecture descriptions and requirements for Articles and associated processes, system specifications, service and maintenance requirements, configuration control, and certification; or (2) to procure and certify Articles or similar goods and to ensure integration of Articles or similar goods within a Bell product, or within systems incorporated in a Bell product;
“Contracting Officer”:	U.S. Government Contracting Officer for the Prime Contract;
“Manufacturing Materials”:	Supplies, materials, samples, tooling, dies, jigs, fixtures, plans, designs, specifications, software, drawings, technical information, and contract rights used in the processing, refining, making, and/or providing of Articles, or in the completion of the Order;



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“Material Adverse Change”:	Any event, occurrence, fact, condition or change that is or could reasonably be expected to become, individually or in the aggregate, materially adverse to: (a) the business, results or operations, financial condition, assets, liabilities, or prospects, or (b) the ability of the Seller to consummate the Order as contemplated on a timely basis;
“Offset”:	A benefit or obligation agreed to by a contractor and a government or international organization as an inducement or condition to purchase supplies or services pursuant to a foreign military sale (FMS);
“Order”:	Purchase order, change order, subcontract or contract for the Articles;
“Parties”:	Buyer and Seller collectively;
“Prime Contract”:	U.S. Government contract under which an Order may be issued;
“Seller”:	Person or Company providing the Article;
“Small Business”:	A business determined by the Small Business Administration to meet the requirements under FAR Part 19;
“FAR”:	Federal Acquisition Regulation;
“DFARS”:	Department of Defense Federal Acquisition Regulation Supplement.

### Clause 2 – ORDERS/CHANGE ORDERS

These Terms and Conditions are a part of each Order that Buyer may issue to Seller. Each Order must contain a description of the Articles and identify the specifications, drawings, quantities, prices, delivery schedule, terms, and place of delivery. EACH ORDER OR CHANGE TO AN ORDER MUST BE SIGNED (OR AUTHENTICATED IF THIS IS AN ELECTRONIC ORDER) BY BUYER'S AUTHORIZED PROCUREMENT REPRESENTATIVE TO BE VALID.

### Clause 3 – AGREEMENT/ACCEPTANCE/MODIFICATIONS

An Order is Buyer's offer to Seller, and acceptance is expressly limited to the Buyer's terms contained in the Order, without additions, deletions, or other modifications. Evidence of acceptance by Seller shall include, but is not limited to: Seller's commencement of performance, delivery of any Articles, or acknowledgment of the Order or electronic signature. NO CHANGE OR MODIFICATION TO THE ORDER (INCLUDING ANY ADDITIONAL OR DIFFERENT TERMS IN SELLER'S ACCEPTANCE) WILL BE BINDING ON BUYER UNLESS SIGNED (OR AUTHENTICATED IF THIS IS AN ELECTRONIC ORDER) BY BUYER'S AUTHORIZED PROCUREMENT REPRESENTATIVE.

### Clause 4 – CHANGES

- (A) Buyer may by written notice make changes within the general scope of the Order in any one or more of the following manners:
- (i) drawing, designs, or specifications;
  - (ii) method of shipment or packaging;
  - (iii) place of inspection, delivery or acceptance;
  - (iv) amount of Buyer-furnished Manufacturing Materials;
  - (v) quantity.



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- (B) Seller shall proceed immediately to perform the Order as changed. If any such change causes a material increase or decrease in the cost of, or the time required for the performance of any part of the work in the Order, except as otherwise provided for in paragraph (C) below, Buyer will make an equitable adjustment in the purchase price or delivery schedule or both in writing. Seller shall provide written notice of its intent to assert a claim within ten (10) calendar days from the date of receipt by Seller of such written notice of change. Seller shall substantiate its claim with evidence provided to Buyer no later than fourteen (14) days after providing written notice. Buyer shall use commercially reasonable efforts to adjudicate Seller's claim for equitable adjustment within one hundred and eighty (180) days from the date of receipt of sufficient data to substantiate its claim for adjustment. Failure to substantiate Seller's claim will result in denial of an equitable adjustment claim. Seller shall proceed with the change pending resolution of any claim for adjustment.
- (C) Notwithstanding paragraphs (A) and (B) above, Buyer may make changes to the Order delivery schedule without cost impact provided that:
  - (i) Buyer provides a minimum four (4) week notice to Seller for any delivery schedule acceleration; or
  - (ii) Buyer provides a minimum four (4) week notice to Seller for any delivery schedule deceleration.
  - (iii) Seller shall, at no cost to Buyer, use best effort to support any changes required by Buyer within the four (4) week notice period.

#### **Clause 5 – STOP WORK**

- (A) When directed by written notice from Buyer, Seller will immediately stop all or part of the work relating to the Order to the extent specified in the notice for a period of up to one hundred-eighty (180) calendar days or longer if extended by mutual agreement. Seller shall take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the Order during the period of the stop work.
- (B) Within such period, Buyer may either terminate or continue the work by written order to the Seller. If a Stop Work notice is cancelled or the period of the Stop Work notice or any agreed extension thereof expires, Seller must resume work and Buyer and Seller will agree upon a reasonable adjustment in the delivery schedule. In no event will such adjustment exceed the period of time in which the Stop Work notice was in effect. Except as otherwise provided herein, the total Order price will not be adjusted, and Buyer will not incur any liability by the issuance of a Stop Work notice.

#### **Clause 6 – TERMINATION FOR CONVENIENCE**

- (A) Notwithstanding any other provisions of the Order, the Buyer may by written notice terminate for its convenience the whole or any part of an Order upon providing ten (10) calendar days' notice thereof, except that the Buyer may immediately terminate for its convenience the whole or any part of the Order in those instances in which such action is reasonably required as a result of Buyer's customer taking action affecting all or part of the performance of work under the Prime Contract, or Buyer's decision to terminate the program. Upon receipt of such notice, the Seller must immediately cease work, including but not limited to the manufacture and procurement of materials for the fulfillment of the terminated portion of the Order.
- (B) Buyer's only obligation shall be to pay Seller a percentage of the price reflecting the actual work performed prior to the notice of termination based on data submitted by Seller. Seller shall not be paid for any work performed or costs incurred that reasonably could have been avoided.
- (C) Buyer shall not be liable for lost or anticipated profits, unabsorbed indirect costs or overhead, or any amount in excess of the total Order price.
- (D) Seller shall continue all work not terminated.
- (E) In the event Seller has a claim for adjustment, it must notify Buyer in writing of its intent to file a claim within twenty-one (21) calendar days from the effective date of termination. Seller's final termination claim must be submitted to Buyer within ninety (90) calendar days from the date that Seller's intent to file a claim was submitted to Buyer. Failure to substantiate Seller's final claim will result in denial of Seller's adjustment claim. Seller shall have no other remedies after this period.



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### Clause 7 – TERMINATION FOR DEFAULT

- (A) If the Seller fails to comply with any of the terms of the Order, fails to make progress so as to endanger performance of the Order, fails to provide adequate assurance of future performance, files or has filed against it a petition in bankruptcy, or becomes insolvent or suffers a Material Adverse Change in financial condition, the Buyer shall, prior to termination of the whole or part of the Order, give the Seller notice of default. The Seller shall have ten (10) calendar days (or more if authorized in writing from the Buyer) from the date of receipt of such notice in which to either cure the default or provide a recovery plan satisfactory to the Buyer. Upon failure to cure the default, Buyer may give the Seller written notice of Termination for Default.
- (B) Upon termination, the Seller will have no claim for further payment other than as provided in this Clause. Additionally, Seller will be liable to the Buyer for all direct losses and direct damages which may be suffered by the Buyer by reason of the default, including any substantiated increase in the costs incurred by the Buyer in procuring the Articles from another source. Nothing in this Clause affects any obligation of the Buyer under the law to mitigate damages and Seller must proceed with the portion of the Order not terminated under the provisions of this Clause.
- (C) If the Order is terminated for default, the Buyer may require the Seller to transfer the title and deliver, as directed by the Buyer any:
  - (i) completed Articles, and
  - (ii) Manufacturing Materials that the Seller and its subcontractors have specifically produced or acquired for the portion of the Order under notice of Termination for Default. Upon direction of the Buyer, the Seller shall also protect and preserve property in its possession in which the Buyer has any interest.
- (D) The Buyer shall pay the Order price for completed Articles that have been delivered and accepted. The Seller and Buyer will agree on the amount of payment for Manufacturing Materials delivered and accepted. The Buyer may withhold from these amounts any sum the Buyer determines to be necessary to protect the Buyer against loss because of outstanding liens or claims of former lien holders and Buyer's estimate of re-procurement costs due Buyer.
- (E) If, after termination, it is determined that the Seller was not in default, or that the default was excusable, as defined in the Excusable Delay clause herein, the rights and obligations of the parties will be the same as if the termination had been issued for the convenience of the Buyer and the provisions of the Termination for Convenience clause, will apply.

### Clause 8 – EXCUSABLE DELAY

- (A) A delay in the performance by the Seller of any obligations under the Order that is caused by an event which:
  - (i) is an act of God, act of Government, fire, riot, war, terrorism, pandemic, epidemic, or any other event which constitutes a superior force and is beyond the reasonable control of the Seller; and
  - (ii) is without any fault on the part of the Seller;
  - (iii) interferes with the performance of Seller's obligations; and
  - (iv) the effects of which could not reasonably have been avoided by the Seller.
- (B) In addition to the events described in paragraph (A), a delay caused by the default of a subcontractor of the Seller may constitute an Excusable Delay if the event causing the default of such subcontractor is an event that meets the criteria set out in paragraph (A) and such delay has not been contributed to by the Seller, unless the subcontracted supplies or services were obtainable from other sources in sufficient time for the Seller to meet the required delivery schedule.
- (C) Except as otherwise provided herein, the following will not be considered as events beyond the reasonable control of the Seller:
  - (i) lack of financial resources of the Seller or its subcontractors; or
  - (ii) any labor disturbances including strikes/lock-outs experienced by the Seller or its subcontractors;
- (D) To claim an Excusable Delay, the Seller must, by written notice to the Buyer, describe in detail any excusable delay and provide the Buyer with an acceptable "work-around" plan within ten (10) calendar days of such facts coming to the attention of Seller. The Buyer may accept or reject such "work-around" plan in writing and, if accepted, the Seller must promptly implement such "work-around" plan at Seller's expense.
- (E) In the event of an Excusable Delay, any affected delivery date will be postponed for such period as is reasonably



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necessary to offset the effects of the Excusable Delay. In no event will the delivery date be extended by a time period longer than the time period in that the Excusable Delay was in effect. No adjustment will be made to the Order price; adjustment to the delivery schedule is the exclusive remedy of the Seller in the case of an Excusable Delay.

- (F) Notwithstanding the above, after an Excusable Delay has continued for a period of thirty (30) calendar days in the aggregate the Buyer may, in the Buyer's absolute discretion, terminate the Order. In the event of such termination, the rights and obligations of Buyer and Seller shall be determined in accordance with the provisions of the Termination for Convenience clause herein.

#### **Clause 9 – BUYER FURNISHED MANUFACTURING MATERIALS**

The restrictions in this section do not apply to the Seller's performance of U.S. Government contracts to the extent the U.S. Government has unlimited rights in the Manufacturing Materials pursuant to DFARS 252.227-7013 "Rights in Technical Data-Other Than Commercial Products and Commercial Services."

- (A) Except as otherwise provided herein, Seller must not use, reproduce, or disclose for the benefit of any party other than Buyer, any Manufacturing Materials furnished by Buyer. Seller must not use the Manufacturing Materials to produce or manufacture Articles, other than those required by the Order, without prior written authorization from Buyer.
- (B) Seller is responsible for importing Buyer Furnished Manufacturing Materials, if shipped from a location outside their country.
- (C) Seller must include a line item on each invoice identifying the value of all Buyer Furnished Manufacturing Materials used to produce the Articles being shipped. The value of tooling and engineering is to be included on the first shipment of the Articles.
- (D) Title to Manufacturing Materials furnished by Buyer will remain with Buyer or the U.S. Government, as applicable, at all times. Seller must bear the risk of loss, damage, or destruction of the Manufacturing Materials furnished by Buyer and shall promptly replace or repair, without expense to Buyer, any of the Manufacturing Materials which are lost, damaged, or destroyed unless such loss, damage or destruction is solely and directly caused by Buyer's negligence.
- (E) Seller is responsible for care, maintenance, use, and records of Buyer Furnished Manufacturing Materials. Physical Inventories shall be performed by Seller when requested by Buyer.
- (F) At the completion or termination of the Order, the Buyer Furnished Manufacturing Materials and Articles must be returned to the Buyer unless otherwise directed by the Buyer. When Buyer approves Manufacturing Materials to be furnished to Seller's subcontractors for procurement of Articles by Seller for use in the performance of Buyer's Order, Seller must insert the substance of this clause in its subcontracts.
- (G) Seller acknowledges that Buyer's Manufacturing Materials are unique and proprietary and that monetary damages will be inadequate to compensate Buyer for Seller's breach of this provision. The parties agree that, in addition to any other remedies available to Buyer under the Order, or at law or in equity, Buyer will be entitled to seek injunctive relief to enforce the terms of this clause.
- (H) If the U.S. Government provides to the Seller Buyer's Manufacturing Materials with unlimited rights, or Buyer has authorized Seller to manufacture Articles for direct sale to the U.S. Government or a third party, Seller may use Manufacturing Materials, provided:
- (i) Seller provides to Buyer a notice of each such proposed use, identification of each Article being provided by Seller, and applicable U.S. government contract number;
  - (ii) Buyer's name and cage code number must not be used to identify Articles;
  - (iii) Seller agrees to make no claim against Buyer, which arises out of Seller's use of the Manufacturing Materials;
  - (iv) Seller indemnifies and holds Buyer harmless from any and all claims and causes of action for wrongful death, bodily injury or property damage based upon, but not limited to, theories of strict liability or negligence, actual or implied, which may arise out of such use and direct sale, and;
  - (v) Seller certifies that use of such Manufacturing Materials will be limited to manufacturing Articles for delivery to the U.S. Government or authorized third party and agrees to provide Buyer reasonable access to Seller's books and records to verify compliance with this provision.



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### Clause 10 – QUALITY CONTROL/INSPECTION

- (A) Seller must provide and maintain a Quality Management System in accordance with the latest revisions to ISO-9001 or AS/EN-9100. Seller's system must also be in compliance with the applicable requirements of the Seller's civil airworthiness authority (i.e., Transport Canada, the Federal Aviation Administration (FAA), or Foreign Air Worthiness Authority) and the Supplier Quality Requirements Manual (SQRM-001) referenced in the Order. Seller agrees to permit Buyer or U.S. Government access to its facilities, quality system procedures, processes, and documentation related product/service compliance to requirements. This accessibility will remain applicable to Seller in addition to any special quality assurance provisions, which may be incorporated elsewhere in the Order. If FAA surveillance is required, a bilateral agreement between the FAA and a foreign civil air authority may apply.
- (B) All Articles are subject to final inspection and acceptance by Buyer at destination, notwithstanding any payment or prior inspection at source. The final inspection will be made within a reasonable time, not to exceed thirty (30) calendar days after receipt of the Articles. When Buyer inspection is performed at Seller's facility, Seller must provide, at no charge to the Buyer, appropriate facilities and assistance to allow the performance of the inspection. Buyer must notify Seller if any Articles delivered hereunder are rejected, and such Articles may be returned to Seller at Seller's risk and expense at Buyer's discretion. Inspection and tests by Buyer do not relieve the Seller of responsibility for defects or other failures to meet the Order's requirements. Acceptance will not be final with respect to latent defects, fraud, or gross mistakes amounting to fraud. Notwithstanding anything else in the contract terms herein to the contrary, Seller and Buyer expressly agree that Seller is responsible for any claims for damages, losses, expenses—which specifically exclude any administrative fees referenced in paragraph E and F below—that result from, or arise out of Seller's failure to comply with the requirements of this clause.
- (C) The Seller must have an effective program for investigation of quality system or product deficiencies that includes utilization of a disciplined problem-solving method for determining the root cause and determination of effective corrective actions that preclude recurrence of deficiencies detected by the Seller or Buyer. The Buyer may forward a request for root cause and corrective actions response for quality system and product deficiencies from the Seller when the Buyer discovers discrepancies for which the Seller is responsible. The Seller's response must be returned to the Buyer within thirty (30) calendar days unless otherwise specified by the Buyer. The response will include the corrective action effectivity point by part number, unit serial number, ship dates into Buyer, quantity and/or manufactured date.
- (D) The Seller is responsible for compliance to all contract and Order (e.g., engineering drawing, specification, purchase order) requirements. All documents, drawings, and specifications, regardless of origin, are applicable to the Seller when specified in the contract or Order, or in documents referenced in the contract, and are required to be flowed down to all levels of the supply chain. Any audit, surveillance, inspection, or test made by Buyer, representatives of the Buyer or its customer(s), at Seller's facilities, at any sub-tier facilities, or upon receipt at Buyer's facility, will not relieve the Seller of the responsibility to furnish acceptable products or services that conform to all contract or Order requirements; nor does it preclude subsequent rejection by Buyer or its customers. Failure to comply with Quality System requirements or to achieve an acceptable quality performance level may result in an on-site audit or additional source inspection oversight being initiated by Buyer, at Seller's expense. Buyer reserves the right to debit Seller accounts to compensate for inspection or related activities that take place as a result of Buyer directed inspections, including source inspections being by-passed by the Seller.
- (E) As described in paragraph (B) of this clause, the following administrative fees shall apply:
- (i) If Buyer determines that the defective Article is non-conforming to the applicable engineering drawings or specifications, and must be returned to Seller, Buyer shall debit Seller's account per event for actual freight charges and customs brokerage incurred in shipping defective Articles both to and from the Buyer to Buyer's operators, plus \$300.00 U.S. per event for administration fees. It is the Buyer's sole discretion to choose a freight carrier(s) and customs broker(s) of its choice.
  - (ii) If Buyer determines that the defective Article is non-conforming to the applicable engineering drawings or specifications, however if it is dispositioned by Buyer to be 'USE AS IS,' Buyer shall debit Seller's account a review and disposition fee of \$500.00 U.S.
  - (iii) If Buyer determines that the defective Article is not re-workable and must be scrapped, then Buyer shall debit Seller's account the amount of the parts cost to Buyer plus an administration fee of \$300.00 U.S.



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- (F) If Buyer finds it impractical to return defective Articles, or Seller is unable to repair or replace the defective Article within the time allotted herein, Buyer may perform necessary repair at its own facility and charge or debit Seller's account for those costs.
- (G) Buyer shall debit Seller's account \$1,000.00 U.S. for each Supplier Material Disposition Action Request (SMDAR) submitted to Buyer where the nonconformance is determined to be caused by Seller.

#### **Clause – 11 SUSPECT/COUNTERFEIT PARTS**

- (A) Seller shall supply Articles that are not and do not contain suspect/counterfeit subcomponents and/or parts. A "suspect item" is an item in which there is an indication by visual inspection, testing, or other information that it may not conform to established government or industry accepted specifications, or national consensus standards. A "counterfeit item" is any item that is a copy or substitute without legal right or authority to do so, or one whose material, performance, characteristics or identity does not appear to be authentic. The term also includes approved Articles which have reached a design life limit or have been damaged beyond possible repair, but are altered and deliberately misrepresented as acceptable. Failure by Seller to document material substitution or identify that an item has been refurbished or remanufactured is considered to be fraud, and the item then becomes suspect/counterfeit.
- (B) Certification of the Article and its subcomponents and/or parts shall include name and location of all supply chain intermediaries from the source providing the product to the approved original manufacturing source. Seller shall maintain documentation of traceability, inspection, testing, and make such documentation available to Buyer upon request.
- (C) If it is determined by Buyer that a suspect/counterfeit item has been supplied, Buyer will impound the items pending a decision on disposition. Notwithstanding anything else to the contrary herein, Seller shall replace such items with items acceptable to Buyer and shall be liable for all costs relating to the impoundment, removal, and replacement. Buyer may also notify the applicable Government representatives and reserves the right to withhold payment for the items pending results of the investigation.

#### **Clause 12 – GENERAL TOOLING DOCUMENT**

When required, Buyer's latest revision of the General Tooling Document is applicable to the Order. All lost, damaged or destroyed tools will be charged to the Seller at replacement value. Invoices for tooling will not be processed until Buyer's inspection has accepted Articles produced from such tools and a certified OMTR (Outside Manufacturing Tooling Requirement) has been submitted to and approved by Buyer. Where Bell-to-Furnish tooling is required for the performance of the Order, Seller must refer to Buyer's Technical Data Package or equivalent for Orders issued by BTI or Manufacturing Engineering Planning Instructions for Orders issued by BTCL for the list of tools to be supplied by Buyer.

#### **Clause 13 – WARRANTY**

- (A) Seller warrants that all Articles delivered under the Order will be free from defects in design; material and workmanship; will conform to applicable descriptions, specifications, and drawings; and are suitable for the purpose intended. THIS WARRANTY SHALL BE IN ADDITION TO ALL WARRANTIES ARISING AS A MATTER OF LAW AND SHALL SURVIVE ACCEPTANCE AND PAYMENT.
- (B) Seller's express warranties must be enforceable by Buyer's customers as well as Buyer and will begin at delivery to Buyer and be valid for thirty-six (36) months after delivery to Buyer's customers.
- (C) Buyer shall debit Seller's account for reasonable labor charges incurred by Buyer's customer(s) associated with warranty related issues, including part(s) removal and re-installation.
- (D) Defective Articles will be returned to Seller at Seller's expense for repair or replacement, at Buyer's option. In the event defective Articles are returned to Seller, the repaired or replacement Articles will be provided by Seller, FCA Seller's plant, to Buyer within twenty-one (21) calendar days from receipt of the defective Article by Seller. For valid warranty claims, Buyer will debit Seller's account for actual freight charges and costs incurred both from and to the Buyer. If Buyer finds it impractical to return defective Articles, or Seller is unable to repair or replace the defective Article within the time allotted herein, Buyer may perform necessary repair at its own facility and charge or debit Seller's account for those costs.
- (E) If defective Articles cannot be repaired or replaced by Seller with an Article as warranted and Buyer finds it



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impractical to repair Articles per subclause (D) of this section, Buyer will debit Seller's account for the price of the Article and any increase in the costs incurred by the Buyer in procuring the Articles from another source.

- (F) In addition to remedies contained in this clause, Buyer also has the right to charge Seller administrative fees for warranty administration as set forth in clauses 10(E) and (F).

#### **Clause 14 – INTELLECTUAL PROPERTY RIGHTS & INDEMNITY**

- (A) If this Order includes Articles which are for use in connection with a U.S. Government Prime Contract or subcontract, then this Clause does not change the rights in technical data that the U.S. Government obtains pursuant to any FAR or DFARS clauses incorporated into this Order.
- (B) Except for Orders funded by the U.S. Government, any copyright, trademark, trade secret, software, data, idea, concept, process, formula, invention, system, report, or other intellectual property resulting from any Seller work performed for the Order, or conceived or reduced to practice by Seller using Buyer's funds, will be the sole property of Buyer. Seller agrees to assign and upon acceptance of this Order assigns to Buyer any interest Seller may have in such intellectual property right or invention(s) conceived by Seller or reduced to practice by Seller.
- (C) For all Orders, irrespective of funding source, any copyright, trademark, trade secret, software, data, idea, concept, process, formula, invention, system, report, or other intellectual property that modifies or is derived from information provided by Buyer—including any modifications or suggestions to modify Buyer Specifications—will be exclusively owned by Buyer.
- (D) Seller retains ownership of all of its intellectual property that is developed independently of the Order and is not otherwise assigned to Buyer under Subsections (B) or (C), above. Seller grants to Buyer an irrevocable, non-exclusive, sublicensable, perpetual, fully-paid, royalty-free, worldwide license to use all such Seller-owned intellectual property to the extent necessary to enable Buyer, its agents, customers, and users of Buyer's products to use and fully enjoy the Articles, Buyer Specifications, and intellectual property assigned to Buyer under Subsections (B) and (C).
- (E) With respect to Articles delivered under the Order, Seller shall save and hold harmless Buyer, Buyer's agents, customers, and users of Buyer's products from all loss, damage, and liability arising from any infringement or alleged infringement of a Patent, copyright, or trademark or misappropriation of a trade secret or other violation of an intellectual property right of a third party, arising out of the manufacture, sale, or use of such Articles by Seller, Buyer, Buyer's agents, customers, or users of Buyer's products. Seller shall, at its own expense, defend all claims, suits and actions against Buyer, Buyer's agents, customers, or users of Buyer's products in which such infringement or other violation of an intellectual property right of any third party is alleged, provided Seller is notified of such claims, suits, and actions. This indemnification does not apply to articles manufactured to detailed designs developed and furnished by Buyer.

#### **Clause 15 – BOOKS AND RECORDS**

For new contracts, or for any related follow-on efforts or proposals submitted by the Seller, including but not limited to Changes, Termination for Default, or Termination for Convenience, Seller will provide authorized representatives of Buyer, reasonable access to books, records, and other relevant cost and pricing data which will permit the adequate evaluation of the sellers proposed values.

#### **Clause 16 – PRICES, PAYMENT, AND DISCOUNT**

Payment by Buyer will be made net sixty (60) days from the later of the following: (i) the date of acceptance of the Articles; or (ii) from Buyer's receipt of an acceptable invoice as described in Clause 17 below. Any payment discounts will be calculated from the same date. Discount terms shall be clearly stated on the face of each invoice. Buyer shall make payments to Small Businesses net thirty (30) days.





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### Clause 17 – INVOICING, PACKING, AND SHIPPING

- (A) Separate invoices indicating Order number, line item number(s), quantity, description of part or service, unit price and extended value are required for each Order unless Pay Upon Receipt has been established with the Seller. For international shipments, Seller should indicate the Harmonized Tariff System Schedule Number and Country of Origin for each item shipped on the export documents related to the export shipment.

For shipments in fulfillment of BTI issued Orders, on date of shipment(s) Seller shall mail or email one copy of each invoice to the address below, unless a different address is provided in the face of the Purchase Order:

Textron Finance Shared Services Center  
ATTN: Bell Accounts Payable  
P.O. Box 77090  
Fort Worth, TX 76177-0090  
[APBell@textron.com](mailto:APBell@textron.com)

For shipments in fulfillment of BTCL issued Orders, on date of shipment(s) Seller shall mail one copy of each invoice to the address below:

Textron Finance Shared Services Center  
ATTN: Mirabel Accounts Payable  
P.O. Box 77036  
Fort Worth, TX 76177-0036  
[APBellMirabel@textron.com](mailto:APBellMirabel@textron.com)

- (B) Seller must ship orders in compliance with Buyer's routing instructions, to be found via [www.routingguides.com](http://www.routingguides.com), and in the Order. In the case of noncompliance of those instructions, Seller can be subject to a freight debit, representing the cost difference between Buyer's endorsed carrier code and the one used by the Seller, and/or as well as the mode of transport, and/or transit time service used. Seller will be subject to a tariff debit should Buyer incur additional tariffs due to noncompliance with those instructions. Seller must not prepay, insure, or declare value of any shipment made FCA shipping point.
- (C) Premium transportation will be paid by Buyer only when specifically authorized in writing. Seller is solely responsible for the costs of premium transportation if Seller is the cause of the delay requiring premium transportation.
- (D) Separate packing lists are required for each Order and must accompany each shipment. The location of the packing slip must be clearly marked on the container. The complete Order number must appear on all documents.
- (E) Single Article containers will be identified with Order, part number, and quantity. When multiple Orders or Articles are combined in one container, they must be separately packaged inside that container and the packages identified as to Order, part number and quantity.
- (F) Test reports, x-rays, certificates, and other supporting documents must accompany each shipment when required by the Order.
- (G) Seller will not combine shipments destined for different Bell facilities on the same Bill of Lading or in the same container.
- (H) Articles will be marked in such a manner as to be readily identifiable with the part number reflected on the Order and the Article's Country of Origin. Kits, assemblies and all parts consisting of multiple Articles, that is, hardware, pins, gaskets, etc., must be unit packaged as a complete unit and so identified. If the Article is individually packaged, the package will be so marked. Single Articles too small to be separately identified will be separated into lots and tagged or bagged. Proper markings corresponding to the Order description and part number must be applied to the tags or bags for handling and storage purposes.
- (I) When required by Buyer, Seller will provide bar coded shipping labels with each shipment. Seller will comply with Advance Shipping Notification (ASN) instructions listed in the "ASN Training" document on [www.sell2bell.com](http://www.sell2bell.com).
- (J) With each shipment to Buyer the Seller must include on the packing slip a "Statement of Product Conformity". Unless otherwise required by contract, the Seller must include a statement declaring compliance to all requirements



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specified in applicable standards or specification documents. This certification of compliance must be signed by Seller's authorized Quality representative.

- (K) Unless otherwise specified, the price stated in the Order includes the costs of preparing and packing for shipment, container marking, and furnishing packing lists and test reports.
- (L) In addition to the above, for orders issued by BTI to Sellers outside of the United States or by BTCL to Sellers outside of Canada:
- (i) Seller shall be the importer into, and exporter from, Seller's country for all Articles sold by Seller and for any property furnished by Buyer (technical data, software, Buyer Furnished Materials, components, or tooling). Seller shall pay all taxes, tariffs, or import/export duties of any kind, including those taxes, tariffs, or duties that may be imposed or assessed on these import or export shipments by its government. All such taxes, tariffs, and duties, existing, new, or increased, are included in the price stated in the Order. Buyer shall be the importer into and exporter from its country for all Articles purchased by them and for all property furnished by them to the Seller. Buyer shall pay all taxes, tariffs or import/export duties imposed on these import or export shipments by its government.
  - (ii) The Buyer and Seller acknowledge that licenses and/or permits may be required for the export or import of certain "controlled" Articles as is understood under the import/export laws of Buyer's country. These licenses or permits may impose restrictions on use of the controlled Articles, technical data, and/or software subject to the Order. Each Party shall comply with all applicable export and import laws and regulations controlling the import and/or export of the controlled Articles, technical data, and/or software. Each Party will, at its expense, obtain all necessary licenses and/or permits required for its import or export responsibilities described in (i). The Parties will cooperate with each other to obtain these licenses/permits in a timely manner and will notify each other, without delay, of any obstacles that may delay performance of this Order.
  - (iii) All wood packaging material must conform to ISPM 15 Regulation of Wood Material in International Trade. Penalties for noncompliance are the Seller's responsibility.
  - (iv) Each package in the shipment shall contain the following, in English, on the outside of the container, for the purposes of clearing Customs: (1) A packing list listing the contents of that package; (2) The commercial invoice as detailed in Clause 17 (A); (3) Certificates of origin as described in Clause 36 (A), if applicable. If the Articles covered by the Order are build-to-print and the Seller requires assistance in determining the Harmonized Tariff Schedule number, they may request assistance from Buyer's Global Trade Compliance Department at [GTCMaterialMaster@bellflight.com](mailto:GTCMaterialMaster@bellflight.com) prior to preparing the invoice and shipping documents to ensure the correct information is placed on these documents, as required by U.S., Canada, and international law.
  - (v) In order to comply with Importer Security Filing requirements for ocean shipments under U.S. Customs regulations, the following information must also be emailed to Buyer's Customs broker as designated in the routing guides, at least 72 hours prior to loading the shipment onto the vessel: (1) Seller name and address; (2) Buyer name and address; (3) Importer of Record number; (4) Consignee number(s); (5) Manufacturer/Supplier name and address (if different from Seller); (6) Ship to Party name and address (if different than Buyer); (7) Country of Origin/Country of Manufacture; (8) Commodity Harmonized Tariff Schedule of the United States (HTS or HTSUS) number; (9) Container stuffing location; and (10) Consolidator (who stuffed the container). The manufacturer/supplier, country of origin, and HTS number must be linked to one another at the line item level. Contact Buyer's Customs brokers for the appropriate form.
  - (vi) For broker information and routing instructions, please consult [www.routingguides.com](http://www.routingguides.com).
- (M) All full truckloads ("FTL") carrying international shipments, and going to any Bell site (international or domestic), must undergo a seven point inspection prior to stuffing to verify physical integrity. The seven point inspection includes: front wall, left side, right side, floor, ceiling, inside/outside doors, outside/undercarriage. Containers must be sealed using high security seals, and the seal number must be noted on the commercial invoice and packing lists.
- (N) If Seller fails to comply with invoice, packing, or shipping instructions, title and risk of loss shall not pass to Buyer until acceptance of Articles.



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### Clause 18 – DELIVERY

- (A) Seller is responsible for the Articles covered by the Order until they are delivered to the designated FCA point specified on the Order. Title and risk of loss shall pass to Buyer upon receipt of Articles at point specified on the Order, subject to Clause 17(N). The Order will be governed by the provisions of Incoterms ® Rules as published by the International Chamber of Commerce 2020, Paris, France. If Articles are received more than five (5) calendar days ahead of specified schedule, Buyer reserves the right to keep the Articles and make payment as if the delivery was made per the specified delivery schedule, return the Articles to Seller at Seller's expense or place the Articles in a Foreign Trade Zone ("FTZ") at Seller's expense until the specified delivery schedule. Buyer may debit Seller's account for actual freight charges incurred both from and to Buyer or for any applicable FTZ charges. The delivery dates contained in the Order are the dates that the Articles are required on dock at Buyer's facilities.
- (B) Should Seller experience or anticipate any delay in performing the Order, Seller must immediately notify Buyer in writing of such delay, its expected duration, and the reasons thereof. Neither such notification nor an acknowledgment by Buyer will constitute a waiver of the Order's specified delivery schedule.
- (C) The Parties agree that on-time delivery is critical to this Order. The Parties further agree that a breach and/or late delivery by Supplier may cause Buyer to incur economic damages and losses of types and in amounts which are difficult to ascertain with any certainty as a basis for recovery of actual damages. Therefore, the Parties have agreed that the sole and exclusive remedy for late delivery under this Clause 18 shall be the payment of liquidated damages, which each believes to represent a fair, reasonable, and appropriate estimate thereof, as set forth herein. Such liquidated damages are intended to represent estimated actual damages as contemplated by the parties at the time of entering into this Agreement, and are not intended as a penalty.
- (i) Accordingly, Buyer will assess 3% of the price of the late Article(s) per calendar day for each day of delay. The total amount of the above-mentioned withholding shall not exceed 30% of the price of the late Articles. Seven (7) calendar days grace period will be granted by Buyer from the delivery date contained in the Order before Buyer begins to calculate withholdings.
- (ii) Damages which become due under this Clause 18 may be setoff or withheld pursuant to Clause 22 below, or may be collected by Buyer through means of direct payment from the Seller.
- (D) In the event that the delivery of Seller's Articles are delayed for a period in excess of thirty (30) calendar days, the Buyer has the right to Terminate the Order, in full or in part, for Default, in accordance with Clause 7 of these Terms and Conditions, at its sole discretion;
- (E) Neither the Buyer's right to not accept defective Articles from Seller in accordance with the Quality Control/Inspection provision herein, nor any delay in Buyer issuing the demand for payment to Seller, constitutes a waiver of this liquidated damages clause.
- (F) This clause does not limit the rights and remedies of the Buyer in any other clause of the Order provided by the law or under these Terms and Conditions. While liquidated damages are the sole and exclusive remedy for late delivery, Buyer retains its rights to pursue other remedies for breaches of the Order other than or in addition to late delivery

### Clause 19 – ASSIGNMENT & CHANGE OF CONTROL

- (A) Seller may not assign (by operation of law, merger, consolidation or otherwise (whether or not Seller is the surviving entity)), transfer or delegate the Order or any of its rights or obligations under the Order and Seller may not undergo, directly or indirectly, a Change of Control (as defined herein) without the prior written consent of Buyer, which consent shall not be unreasonably withheld. Any purported assignment, delegation or transfer by Seller in violation of this Clause 19 shall be null and void.
- (B) A Change of Control shall mean (a) a transaction or series of related transactions in which any person, entity, or group of persons or entities, acting individually or in concert, becomes the beneficial owner of more than 30% of the combined voting power of Seller; or (b) the sale of all or substantially all of Seller's assets.
- (C) If, without Buyer's prior written consent, Seller assigns, delegates or transfers this Agreement or any of its rights or obligations hereunder or Seller undergoes a direct or indirect Change of Control, Buyer shall have the right (in its sole discretion) to terminate the Order for Seller's default under Clause 7. If Seller requests Buyer's consent to the assignment, delegation or transfer of the Order or to the Change of Control of Seller, the Seller must provide the Buyer:
- i. Written notification of the request;



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- ii. Detailed description of any impact on the Order; and
  - iii. Transition plan, if needed
- (D) No changes in pricing or terms and conditions will be allowed, except through a mutually acceptable modification to the Order, signed by both Parties.
- (E) Any costs associated with Buyer's efforts to approve an assignment including, but not limited to, Quality Assurance or financial audits, shall be borne by the Seller. Should the assignment be unacceptable to the Buyer, this Order will be terminated and the provisions of the Termination for Default clause 7 will apply.

#### **Clause 20 – SALES LIMITATION**

If the U.S. Government has unlimited rights or Buyer has granted Government Purpose Rights in the Manufacturing Materials pursuant to DFARS 252.227-7013 "Rights in Technical Data-Other Than Commercial Products and Commercial Services," Articles carrying Buyer's part numbers may not be sold to third parties without the prior written consent of Buyer.

#### **Clause 21 – PUBLIC RELEASE OF MATERIAL**

Seller shall not advertise or publicize without Buyer's prior written consent, in any medium, including, without limitation, any print, broadcast, direct mailing, or any internet web site maintained by or for Seller, the fact that Seller is a supplier of products or services to Buyer. Neither Seller nor its subcontractors, suppliers or agents shall without Buyer's prior written consent (i) use Buyer's name, photographs, logos, trademarks, or any other identifying information in any such medium; (ii) use (except to communicate with Buyer or its affiliates) any internet domain names, metatags, or electronic mail addresses containing the names, "Bell," "Bell Helicopter," "Bell Flight," "Textron," or the names of any product or service for which Buyer owns the trademark; or (iii) provide a link to any domain name or internet address registered to Buyer or any of its affiliates.

#### **Clause 22 – SET-OFF AND WITHHOLDING**

Buyer has the right of set-off against any payments due or at issue under the Order or any Order between Buyer and Seller. Buyer may withhold from payment to Seller in an amount sufficient to reimburse Buyer for any loss, damage, expense, cost or liability relating to or arising from Seller's failure to comply with any requirements of the Order.

#### **Clause 23 – DRAWINGS & DATA**

- (A) All drawings, models, specifications, and data furnished by the Buyer to the Seller shall remain the property of the Buyer and shall not be disclosed to others by the Seller and shall be used by Seller only as and to the extent required for the performance of the Order, unless otherwise approved by Buyer in writing.
- (B) If during the performance of the Order, Seller is obligated to manufacture Seller-designed, Bell part-numbered Articles to the Seller's revision level as specified in the Order or approved by Buyer, and where manufacturing will be to a different revision level, Seller will provide Buyer released updated engineering data with explanation as to how the present configuration differs from the specified or approved revision level configuration. Seller must receive Buyer's approval of updated engineering data prior to the manufacturing and shipment of Articles to Buyer.
- (C) No review or approval by the Buyer of any work hereunder or of any drawings, models, specifications, and data prepared by Seller will be construed to relieve Seller, in any way from design responsibility for the Articles to be delivered hereunder, or from responsibility to comply with the requirements of the Order.

#### **Clause 24 – DISPUTES**

- (A) In the event of a dispute arising between Buyer and Seller, which is not disposed of by agreement, Seller must request a final written decision from Buyer's Procurement Manager. If the parties cannot agree on a dispute resolution process or otherwise resolve a dispute, the said dispute may be filed in the court of proper jurisdiction for disposition pursuant to the Applicable Law and Venue clause hereof.
- (B) Pending final resolution of any dispute or appeal hereunder, the Seller shall proceed diligently with the performance of the Order as directed by the Buyer.



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### Clause 25 – GRATUITIES

- (A) Seller (or any agent or representative of Seller) will not offer or provide gratuities to any employee of Buyer. Failure of Seller to honor this commitment may, at Buyer's option, result in immediate termination of the Order in accordance with the Termination for Default clause, without provision for cure.
- (B) Seller is prohibited from providing, offering, or attempting to offer kickbacks or soliciting or accepting kickbacks. Seller must have and follow procedures designed to prevent and detect possible violations, shall report in writing and telephonically any violation to the Buyer's Ethics Department (800) 94-ETHICS, and shall cooperate fully with any Government agency investigating a possible violation. The substance of this clause shall be included in all subcontracts issued under the Order.
- (C) For orders issued by BTI, Seller, by accepting the Order or any long-term contract from Buyer or performing against such Order or contract, hereby certifies, to the best of their knowledge and belief, that:
  - (i) No United States Government ("Federal") appropriated funds have been paid or will be paid, by or on behalf of the Seller to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.
  - (ii) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, Seller shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying" in accordance with its instructions.
  - (iii) Seller shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under subgrants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.
  - (iv) This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S.C.

### Clause 26 – COMPLIANCE WITH LAWS; TEXTRON CODE OF CONDUCT FOR SUPPLIERS AND OTHER BUSINESS PARTNERS

- (A) Seller shall comply with all applicable federal (U.S. or Canada), state, provincial and local laws, including, but not limited to, laws with respect to the protection of the environment, and Seller hereby certifies that it is in compliance with all such laws and regulations in the production of the Articles, and that the Articles themselves are compliant with all applicable laws. Seller will indemnify and hold Buyer harmless to the full extent of any loss, damage or expense, including lost profit, attorneys' fees and court costs, for any failure or alleged failure of Seller to comply with the requirements of this clause or for any release or threat of release of any hazardous substance, hazardous or solid waste, pollutant or contaminate from any site now, or in the past, owned or operated by Seller, or any site where Seller disposed of or arranged for the disposal of any hazardous substance, hazardous or solid waste, pollutant or contaminate.
- (B) Seller shall comply with the Textron Code of Conduct for Suppliers and Other Business Partners, available at [http://www.textron.com/assets/resources/Textron Code of Conduct Suppliers Business Partners.pdf](http://www.textron.com/assets/resources/Textron_Code_of_Conduct_Suppliers_Business_Partners.pdf).

### Clause 27 – HAZARDOUS MATERIAL

- (A) Seller certifies it is in compliance with all federal, state or provincial laws, including but not limited to the U.S. Occupational Safety and Health Act of 1970 (OSHA) or the Canadian Hazardous Products Act as applicable. Furthermore, if the Articles purchased under the applicable Order are considered toxic or hazardous as defined in the above set of regulations, Seller shall provide a copy of the Safety Data Sheet (SDS) with each shipment or as otherwise specified on the Order. Seller agrees to provide any required information or documentation as reasonably requested by Buyer in a timely manner to ensure compliance with the applicable Hazardous Material law or regulation.



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- (B) Seller shall comply with all applicable Registration, Evaluation, Authorization, and Restriction of Chemicals EC No. 1907/2006 (REACH) regulations and any subsequent revisions or amendments. Seller must flow down these requirements to its supply chain as necessary to ensure documentation and reporting as required. Seller agrees to timely respond to and provide all information or data reasonably requested by Buyer to document Seller's compliance with REACH and to satisfy Buyer's reporting obligations under REACH. Seller shall bear all costs and expenses related to REACH compliance. Information about REACH regulations, detailed reporting requirements, lists of substances subject to authorization, and information concerning Substances of Very High Concern (SVHC) can be found at [www.sell2bell.com](http://www.sell2bell.com). Buyer can be contacted at [reachbell@bellflight.com](mailto:reachbell@bellflight.com) for any REACH reporting and documentation related to inquiries.
- (i) For Suppliers NOT manufacturing or delivering from the European Union (EU): If articles delivered by Seller under any Order may be incorporated into goods destined for the European Union, REACH regulations will apply. Pursuant to subsection (B)(iii) below, Seller agrees to provide all information or data as reasonably requested by Buyer to satisfy Buyer's reporting obligations under REACH. Seller must flow down these requirements to its supply chain as necessary to ensure documentation and reporting as required. Seller shall bear any and all costs and expenses related to REACH compliance.
- (ii) For Suppliers manufacturing or delivering from the EU: Articles manufactured or delivered from the European Union by Seller under any Order must be compliant with REACH. Chemical substances and preparation integrated in such Articles must be made only with non-SVHCs or substances pre-registered and authorized by REACH regulations. This requirement is also applicable for chemical substances and preparation used in manufacturing processes. Pursuant to subsection (B)(iii) below, Seller agrees to provide all information or data as reasonably requested by Buyer to document compliance with REACH regulations. Supplier is solely responsible for all obligations under REACH in connection with the Articles delivered under any Orders. Seller must flow down these requirements to its supply chain as necessary to ensure documentation and reporting as required. Seller shall bear any and all costs and expenses related to REACH compliance.
- (iii) REACH Reporting and Documentation: Upon Buyer's request, Seller agrees to timely respond to all of Buyer's written inquiries and will include all requested information at the part number level. Detailed reporting requirements can be accessed at [www.sell2bell.com](http://www.sell2bell.com). Buyer can be contacted at [reachbell@bellflight.com](mailto:reachbell@bellflight.com) for all REACH reporting and documentation related issues.
- (C) To the extent Seller's Articles or any substances in the Articles fall within the scope of other hazardous material, substances regulations, laws that restrict or regulate product content, or other similar chemicals regulations (collectively "Substance Laws") in any country or locality, Seller must comply with all applicable regulations and agrees to provide any required information or documentation as needed to ensure compliance.
- (D) In the event that Seller does not fulfill its obligations under REACH, the Substance Laws, or this Clause 27, Buyer may terminate any Order pursuant to Clause 7 Termination for Default. Seller shall be responsible for all losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorneys' fees and court costs, arising from any act or omission of Seller, its officers, employees, agents, suppliers, or subcontractors at any tier in the performance of any of its obligations under this Clause or for any failure to comply with any applicable REACH regulation or any Substance Laws.

### **Clause 28 – INSURANCE, DEFENSE OF CLAIMS, AND INDEMNIFICATION**

- (A) During the term of this Agreement, Seller shall maintain at its own expense, insurance of the type and in the amounts specified: (i) Aviation Products Liability insurance including Completed Operations and Grounding Liability insurance for a Combined Single Limit (Bodily and Property Damage) in the amount of ten (10) times Seller's annual sales to Buyer in the last calendar year rounded to the nearest million dollars or five million dollars (\$5,000,000), whichever is greater, and (ii) Property Insurance against loss of or damage to any materials or tools in an amount equivalent to replacement cost value of the material and/or tools in the event the aforesaid material and/or tools are furnished by Buyer to Seller.
- (B) All such insurance shall be placed with reputable companies, Seller shall name Bell Textron Inc. as an additional insured on each certificate, and Seller shall furnish Certificates of Insurance to Bell upon award or signing of the Contract or start of production, and within 15 days of the expiration date of each insurance renewal thereafter as long as the Contract shall remain in effect. All such insurance shall not be canceled without thirty (30) days prior



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written notice to Buyer.

Certificate(s) of Insurance and any endorsements are to be mailed to:

Bell Textron Inc.  
P.O. Box 482  
Attn: Risk Mgmt. - Plant 1 Drop 1104  
Fort Worth, Texas 76101

- (C) In the event a claim or claims are made against the Buyer resulting from incidents, accidents, injuries or deaths to any person and/or losses to property, and defense of the Buyer has not been accepted under the insurance contract(s) specified in subparagraph A, above, Seller agrees to pay the defense costs of the Buyer for any claims which result in whole or in part or are alleged to have resulted in whole or in part from (a) any act or omission of Seller with respect to the products or services furnished to Buyer hereunder; (b) any claimed defect in the goods or services supplied to Buyer by Seller; or (c) any claim by a third party alleging negligent supervision on the part of Buyer regarding (i) the goods and/or services supplied by Seller; (ii) the design/manufacturing or other activities of Seller in making or supplying the goods or services. Seller further agrees to indemnify Buyer to the extent Buyer is vicariously liable for the acts, omissions, or strict product liability of Seller.
- (D) If Seller does not have actual notice of a claim, Buyer agrees to give Seller prompt notice of any such claim and legal action within a reasonable period of time, after Buyer receives written notice thereof; to tender to Seller the defense and handling of any such claim and legal action, including the right to settle or compromise such claim or action at Seller's sole expense, however, Seller will not consent to the entry of a judgment with respect to any claim or enter into any settlement which does not include a provision whereby the plaintiff or claimant in the matter releasing the Buyer from all liability with respect thereto, without the written consent of Buyer and to reasonably cooperate with Seller in the defense of every such claim or legal action at the sole expense of Seller.

#### **Clause 29 – APPLICABLE LAW AND VENUE**

- (A) If the Order is issued by BTI:
  - i. Pursuant to a U.S. Government Prime Contract, the Order including these terms and conditions will be construed and applied in accordance with the Federal common law of Government contracts. To the extent that the Federal common law of Government contracts is not dispositive or applicable, choice of law shall be determined in accordance with paragraph (ii) below.
  - ii. Except as set forth in (i) above, Seller and Buyer agree that this Order shall be deemed made and entered into the State of Kansas, and any dispute arising under, out of, or related in any way to this Order, the legal relationship between Seller and Buyer, or the transaction that is the subject of this Order shall be governed and construed exclusively under the laws of the State of Kansas, USA, exclusive of conflicts of laws. Any dispute arising under, out of, or related in any way to this Order or the legal relationship between Seller and Buyer shall be adjudicated solely and exclusively in (a) the Courts of General Jurisdiction of the State of Kansas in the County of Sedgwick, or (b) the Federal District Court for the Northern District of Kansas, Wichita Division. The Seller and Buyer agree that this forum selection is mandatory and exclusive of all other forums.
- (B) If the Order is issued by BTCL, Seller and Buyer agree that this Order shall be deemed made and entered into within the Province of Quebec, Canada, and any dispute arising under, out of, or related in any way to this Order, the legal relationship between Seller and Buyer, or the transaction that is the subject of this Order shall be governed and construed exclusively under the laws of the Province of Quebec and Canada, exclusive of conflicts of laws. Any dispute arising under, out of, or related in any way to this Order or the legal relationship between Seller and Buyer shall be adjudicated solely and exclusively in the Courts of the Province of Quebec.
- (C) The Seller and Buyer agree that the rights and remedies of the Buyer in this Order or in any other clause of the Order are in addition to any other rights and remedies provided to Buyer by the law or under these Terms and Conditions. The Seller and Buyer agree that this forum selection is mandatory and exclusive of all other forums. The parties agree that these Terms and Conditions and any document referenced herein or attached hereto be drafted in English. Les parties aux présentes ont convenu que ces termes et conditions et tout document s'y



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### Clause 30 – PARTIAL INVALIDITY; WAIVER

If any provisions of the Order including these Terms and Conditions become void or unenforceable, the other provisions will remain valid and enforceable. Waiver of one or more provisions of these Terms and Conditions by Buyer will in no way act as a waiver of any other provision herein.

### Clause 31 – ORDER OF PRECEDENCE

In the event of any inconsistency among the provisions of the Order hereunder, such inconsistency will be resolved by giving precedence in the following sequence:

- (A) Provisions typed on the face of the Order including any applicable mandatory flow-downs in Buyer's Prime Contract
- (B) Long Term or Multiyear Agreement/Contract (including attachments) between Buyer and Seller (If applicable)
- (C) Terms and Conditions referred in the Order
- (D) Statement of Work
- (E) Specifications
- (F) Other documents, exhibits, and attachments to the Order
- (G) Proprietary Information Exchange Agreement ("PIEA")

### Clause 32 – OFFSET CREDIT & INDUSTRIAL PARTICIPATION

- (A) Buyer represents that its business base consists of international orders, and that it must, from time to time, enter into agreements resulting in Offset or Industrial Participation ("Offset") Obligations to secure such orders. Seller agrees to support Buyer in fulfillment of Offset obligations for all foreign sales determined by the Buyer directly related to this Order to the extent that the Articles ordered hereunder:
  - (i) are components of Buyer's products or systems sold to a foreign nation or concern, or
  - (ii) contain non-US content, or
  - (iii) are non-recurring activities, tooling, equipment, engineering, etc. associated with the Buyer's products or systems sold to a foreign nation or concern.
- (B) Where deemed appropriate by Buyer, Seller and Buyer shall enter into good faith discussions to determine Seller's proportionate scope of supporting activities and/or share of Buyer's Offset Obligation(s).
- (C) Seller agrees to provide all reasonable documentation, information or assistance which Buyer or its assignees may request to substantiate claims for Offset credit in relation to Buyer's Offset Obligation(s). Reasonable information includes, but is not limited to, any information required by international offset authorities to document offset credit claims including information confirming local content value.
- (D) Buyer expressly claims the first right to all Offset credits arising with respect to any goods and services subcontracted by the Seller to non-US sources as a result of this Order. Buyer is, at least in part, placing this Order for the purpose of earning Offset credits to satisfy current or future Offset obligations.
- (E) If the Canada Industrial and Technological Benefits (ITB) requirements are applicable, Buyer expressly claims the right to any and all ITB credits for work undertaken by Seller in Canada as a result of this Order, as well as any related subcontracts issued by the Seller to, or other eligible transactions undertaken by the Seller with, Canadian entities. The Seller shall return the Canadian Content Certificate (CCC), duly completed, via e-mail to Buyer as soon as possible and no later than two (2) weeks after the first delivery under this Order. The CCC form is available from the Sell2Bell portal or via Buyer. It is the Seller's responsibility to provide an updated CCC to Buyer, should there be any changes to its content, during the period of performance of the Order. Unless otherwise directed by Buyer, Seller shall keep on file, for a period of a minimum of ten (10) years from receipt of final payment from Buyer under this Order, all proper records and all documentation relating to the determination of Canadian Content Value (CCV) for ITB credit claims resulting from this Order. Other transactions that may qualify for ITB credit include, but are not limited to, subcontracting, purchase of equipment/tools, labor, research and development expenses, training and qualification activities, and investments. All records and documentation pertaining to such activities shall at all times during the CCV retention period stated above, be open to verification,





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inspection and examination by Buyer or by the Innovation, Science and Economic Development Canada (ISED) ITB Authority or his/her delegate(s), who may make copies thereof and take extracts therefrom.

### Clause 33 – OUTSOURCING

Notwithstanding any other provision of the Order, Seller must not procure any of the completed or substantially completed Articles described in the Order without the prior written consent of Buyer.

### Clause 34 – ELECTRONIC DATA INTERCHANGE AND SUPPLIER PORTAL

- (A) The Parties agree that if an Order is transmitted electronically, neither Party shall contest the validity of the Order, or any acknowledgement thereof, on the basis that the Order or acknowledgement contains an electronic signature. If an electronic Order or acknowledgment contains an electronic signature, both Parties agree that the Order is valid. Any terms or conditions that conflict with the terms and conditions herein in any acknowledgement are expressly rejected.
- (B) Buyer and Seller agree that in the event any part of the purchase and sale of Articles covered by these Terms and Conditions will hereafter be effected using electronic data interchange, these Terms and Conditions shall continue to apply thereto.
- (C) Supplier Portal [www.sell2bell.com](http://www.sell2bell.com):  
Supplier shall use the Sell2Bell supplier portal to conduct business with Buyer.
- (D) Seller will use the Supplier Network Collaboration (SNC) application in Sell2Bell to confirm acceptance of the Order. This includes delivery quantity, delivery dates, acknowledge of Defense Priority & Allocation System (DPAS) rating (if applicable) and any relevant comments regarding quantity and delivery dates. If SNC is unavailable, Seller will confirm acceptance of purchase orders and changed orders via email.

### Clause 35 – GOVERNMENT REGULATIONS RELATING TO EXPORT/IMPORT OF GOODS AND TECHNICAL DATA

- (A) Articles, technical data, and software provided under the Order may be subject to the export control laws of the United States, Canada and other applicable jurisdictions. The Parties acknowledge that the export control laws of the U.S. impose restrictions on the import, export, re-export, or transfer to third countries certain categories of articles, technical data, and software. Neither Party shall export, transfer, re-export, or re-transfer any Articles, technical data, and software to any U.S. or Canadian Government sanctioned countries, denied/debarred, or designated parties even where the Articles have been integrated into Seller's product. These restrictions apply to Seller, its employees, and any third party including, but not limited to Seller's suppliers and subcontractors. All relevant manufacturing location(s) of products subject to the Order during Seller's performance shall be compliant with all applicable U.S. and other relevant export and/or import laws and regulations.
- (B) All technical data and software subject to the International Traffic in Arms Regulations (ITAR) (22 CFR 120-130) or the Export Administration Regulations (EAR) (15 CFR 730-774) shall be clearly marked with their applicable export classification(s) and any subsequent information identified by either Party impacting the classification of the subject Articles shall be communicated to the other Party within a reasonable time. Upon completion of performance or termination of the Order, Buyer furnished articles, technical data, and software shall, at Buyer's option, be returned to Buyer.
- (C) **Seller shall be responsible for all losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorneys' fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of Seller, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this clause.**

### Clause 36 – PRODUCT CLASSIFICATION AND ORIGIN

- (A) Upon acceptance of the Order, Seller will provide Buyer with a statement specifying country of origin, the Article name and description, Buyer and Seller part number, Harmonized (Tariff) Schedule (HTS/HS) number, the Export Control List number, and manufacturer name and location. These statements should be sent to Buyer's Global Trade Compliance Department at: [GTCMaterialMaster@bellflight.com](mailto:GTCMaterialMaster@bellflight.com).



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- (B) As requested, Seller will also provide any required information or documentation to [importcompliance@bh.com](mailto:importcompliance@bh.com), whether procured directly or from a third-party source, to support any Government compliance agency. Non-responses to these inquiries within five (5) days will result in returns at the Seller's expense.
- (C) Articles delivered to Buyer may be incorporated into goods destined for the European Union. To comply with the European Union's Council Regulation (EU) No 833/2014 Article 3g and Annex XVII to the same, Seller shall not incorporate products containing Russian steel or iron into Articles sold to Buyer. Upon request from Buyer, Seller will supply a Mill Test Certificate or other such substantiating documentation as may be required by Buyer to document the origin of the steel or iron. Mill Test Certificates may also be required for Articles made of aluminum or other metals to comply with U.S. and other countries' import regulations.
- (D) If the Seller knows that the Articles provided under the Order qualify for preferential duty treatment under a Free Trade Agreement, Seller will provide Buyer's Global Trade Compliance Department with Certificates or other documentation needed to enable Buyer to claim preferential duty treatment at the time of entry. Seller acknowledges that the Certificate will be used by Buyer as proof of eligibility for preferential duty treatment, and agrees to provide full cooperation to Buyer for any U.S., Canadian or other foreign Customs inquiries into preferential duty claims that arise out of any Article furnished under the Order. Unless Buyer requests individual Certificates for each shipment, Seller may provide annual blanket Certificates to cover multiple shipments during the calendar year.
- (G) Seller must notify Buyer in writing of any change in the Origin of the Article.

#### **Clause 37 – ENTIRE AGREEMENT/SEVERABILITY/SURVIVAL**

- (A) The Order, including attachments hereto, constitutes the entire understanding and agreement between the parties with respect to the subject matter hereof and supersedes all prior representations and understandings, whether oral or written. However, nothing herein will be construed as a limitation or exclusion of any right or remedy available to Buyer by law. Buyer and Seller agree that the U.N. Convention on Contracts for the International Sale of Goods will not apply to any purchase and sale of Articles governed by these Terms and Conditions.
- (B) If any provision of the Order is invalid or is prohibited by applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions, terms or conditions or of such Order.
- (C) The provisions of the Order which by their nature are intended to survive the termination, cancellation, completion or expiration of the Order, including any indemnities, warranties and expressed limitations of or releases from liability, shall continue as valid and enforceable obligations of the parties notwithstanding any such termination, cancellation, completion or expiration.

#### **Clause 38 – INDEPENDENT CONTRACTOR**

Seller is an independent contractor in all its operations and activities under the Order and all personnel furnished by Seller or used by Seller in the performance of the Order will be Seller's employees exclusively without any relation whatsoever to Buyer. Seller is responsible for all obligations and reporting requirements covering social security, unemployment insurance, worker's compensation, income tax, and any other reports, payments or deductions required by local, state, or federal law or regulation. Seller is not granted, expressly or impliedly, any right or authority to create any obligation or liability on behalf of or in the name of Buyer.

#### **Clause 39 – INFORMATION ON POLITICAL CONTRIBUTIONS AND FEES OR COMMISSIONS IN CONNECTION WITH THE SALE OF DEFENSE ARTICLES OR SERVICES**

Seller agrees to report any payment, offer or agreement to pay "political contributions" or "fees or commissions" (as those terms are defined at 22 C.F.R. § 130) in excess of USD \$1,000.00 made in connection to any purchases by the Buyer of "defense articles or services" (as those terms are defined in paragraphs (3), (4), and (7) of Section 47 of the Arms Export Control Act (22 U.S.C. 2794). Such reports should be sent to Buyer's Global Trade Compliance Department at [GTCMaterialMaster@bellflight.com](mailto:GTCMaterialMaster@bellflight.com) and reference the Order number.



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### Clause 40 – BUYER INFORMATION

Seller agrees to comply with the terms of any Proprietary Information Exchange Agreement(s) (PIEA) with Buyer and to comply with all proprietary information markings and restrictive legends on information provided hereunder by Buyer to Seller. Seller agrees not to use any Buyer-provided information for any purpose except to perform the Order and agrees not to disclose such information to third parties without the prior written consent of the Buyer.

### Clause 41 – CONFLICT MINERALS

Seller acknowledges that Buyer's ultimate parent company, Textron Inc., is subject to Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and the implementing rule promulgated by the U.S. Securities and Exchange Commission ("SEC") which will require reporting related to tin, tantalum, tungsten and gold (the "Conflict Minerals") contained in products sold by Buyer. Seller shall promptly provide such written certifications concerning Conflict Minerals contained in products, components, parts and materials supplied to Buyer by Seller as Buyer may request from time to time. Seller acknowledges that for purposes of any reports Textron Inc. may file with the SEC, Buyer and Textron Inc. will rely on the accuracy and completeness of each such certification. Seller represents and warrants that it has adopted and will maintain a supply chain policy and procedure to conduct, and require its suppliers to conduct, a reasonable inquiry to determine (i) whether the products, components, parts or materials supplied to Buyer contain Conflict Minerals and (ii) whether the source of any such Conflict Minerals not derived from recycled or scrap materials may be the Democratic Republic of the Congo or an adjoining country and if so, to perform due diligence to identify the facilities used to process such Conflict Minerals and make efforts to identify the location of each mine or location of origin of such Conflict Minerals with the greatest possible specificity. Seller represents, warrants and certifies that its products, parts, components and materials are not, and will not be, produced with child, indentured, forced, or prison labor.

### Clause 42 – RESCISSION, ADJUSTMENT, AND TERMINATION FOR ILLEGAL OR IMPROPER ACTIVITY

For Orders in fulfillment of a U.S. Government contract:

- (A) If the Government pursues action under FAR 52.203-8, "Cancellation, Rescission and Recovery of Funds for Illegal or Improper Activity" and cancels the solicitation or rescinds the Prime Contract to which the Order relates, and such action results from Seller's violation of the Procurement Integrity Act, 41 U.S.C. 423, Buyer may 1) rescind the Order; 2) recover from Seller all amounts paid by Buyer to Seller related to the Order; 3) recover from Seller any amounts including any penalty prescribed by law, which Buyer is required to pay; and 4) recover from Seller any other costs, expenses, and/or liabilities incurred by Buyer in connection with Seller's violation of the Procurement Integrity Act.
- (B) Seller agrees to pay Buyer the amount that Buyer's price or fee is reduced pursuant to FAR clause 52.203-10, "Price or Fee Adjustment for Illegal or Improper Activity" to extent such reduction results from Seller's violation of the Procurement Integrity Act and as such act is implemented in the FAR. In the event the Government terminates for default any Buyer prime contracts under which the Order is issued, as a result of Seller's violation of the Procurement Integrity Act, Buyer shall have the right to terminate the Order in whole or part.
- (C) Buyer's rights and remedies under this clause are in addition to any other rights and remedies provided by law, regulation, or under the Order.

### Clause 43 – FEDERAL ACQUISITION REGULATION (FAR)

- (A) If the Order contains a U.S. Government Prime Contract Number or if any of the Articles to be supplied under the Order (or any other Orders placed under the Agreement under which the Order is placed) are to be used on a U.S. Government contract, the FAR and, if applicable, DFARS clauses listed under the **Bell Standard Purchase Order Terms and Conditions - FAR and DFARS Clause Flow-downs in Fulfillment of a U.S. Government Contract (Flow-Downs)** is incorporated herein by reference and made a part of these Terms and Conditions. The Parties agree that Sections I and III of the Flow-Downs shall be incorporated in all Orders in support of a U.S. Government Prime Contract until Seller provides sufficient documentation that the Article(s) qualifies for Commercial Item status in accordance with FAR 2.101. If and when Buyer determines the Article to be a Commercial Item, then Section II will be incorporated into all Orders for that particular Article. Unless specified otherwise, Buyer agrees that Articles supplied to BTCL are Commercial Items.
- (B) The dates of these clauses are the dates in effect in the U.S. Government Prime Contract issued to Buyer. Unless



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specified otherwise, the term “Contractor” will mean “Seller,” the term “Contract” will mean “Order,” and the term “subcontractor” will mean Seller’s subcontractors. Seller agrees to negotiate with Buyer to incorporate additional provisions beyond those identified in the Flow-Downs or to change provisions as Buyer reasonably deems necessary to comply with the applicable Prime Contract, or with amendments or modifications to the applicable Prime Contract. Seller shall accept mandatory flow-down clauses in Buyer’s Prime Contract or modifications thereto at no additional cost to Buyer.

(C) The following FAR clauses are incorporated by reference and made a part hereof, notwithstanding the presence or lack thereof of a U.S. Government Prime Contract. The dates of these clauses are the dates in effect at the time of execution. The term “Contractor” shall mean “Seller,” the term “Contract” shall mean “Order,” and the term “subcontractor” shall mean Seller’s subcontractors. The terms “Government” and “Contracting Officer” do not change to reference the Buyer when a right, act, authorization, or obligation can be granted or performed only by the United States Government or a Contracting Officer or his/her duly-authorized representative.

- (i) 52.203-13, Contractor Code of Business Ethics and Conduct;
- (ii) 52.203-19, Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements;
- (iii) 52.222-21, Prohibition of Segregated Facilities;
- (iv) 52.222-26, Equal Opportunity, paragraphs (c)(1) through (c)(11);
- (v) 52.222-35, Equal Opportunity for Veterans;
- (vi) 52.222-36, Equal Opportunity for Workers with Disabilities;
- (vii) 52.222-40, Notification of Employee Rights Under the National Labor Relations Act;
- (viii) 52.222-50, Combating Trafficking in Persons;
- (ix) 52.247-64, Preference for Privately Owned U.S.-Flag Commercial Vessels.

### Clause 44 – OBSOLESCENCE

Seller shall be responsible for monitoring component obsolescence and providing written notification within a reasonable time to Buyer of any impending obsolescence during the life of the Order. Seller shall be responsible for all costs incurred due to component obsolescence, including but not limited to component lifetime purchases, storage of components, and non-recurring engineering/redesign efforts. Seller shall provide timely written notification to Buyer of any imminent lifetime purchases. Buyer may direct Seller to procure additional quantities of components deemed necessary to support program objectives beyond the Order term. Buyer shall be responsible for the mutually agreed upon cost of any additional quantities of components procured by Seller beyond the Order term. If Seller's purchase of an obsolete component results in a reduction of that component's bill-of-material unit price, then Seller will reduce the unit price of each Article by a value to be mutually agreed upon by the Parties. If Seller determines a component to be at risk of obsolescence after the effective Order term, then Seller shall provide timely written notification to the Buyer with funding requirements for a lifetime purchase and a cutoff date to support component order placement or, if necessary, funding requirements for a redesign effort.

### Clause 45 – IT DATA SECURITY

- (A) Seller shall notify Buyer upon any actual, potential or suspected breach of security of Buyer’s data. A “breach of security” shall mean the acquisition of, or access to, computerized data by an unauthorized person that compromises the security, confidentiality, or integrity of such data. The notification of a breach of security of data shall be sent to Bell IT Security at [scmcyberrisk@bellflight.com](mailto:scmcyberrisk@bellflight.com) within 72 hours after other mandatory notifications obligations are met. Buyer may conduct an audit in the event of a breach of security of Seller data.
- (B) When DFARS clause 252.204-7012 “Safeguarding Covered Defense Information and Cyber Incident Reporting” is applicable, Seller shall report cyber incidents to the Department of Defense (DoD) at <https://dibnet.dod.mil> within 72 hours of discovery, and Seller shall provide the incident report number to Buyer promptly. Seller shall maintain a System Security Plan(s) (SSPs). Buyer reserves the right to request confirmation of the existence of Seller’s SSP.
- (C) Seller will indemnify, hold harmless and defend Buyer against, and compensate Buyer for, any and all liabilities, damages, losses, costs, expenses, claims, demands, suits, fines or judgments (including reasonable attorneys’ fees and costs and expenses incidental thereto) resulting from or arising out of the failure by Seller or its third-party service providers to safeguard Buyer data. Seller shall be liable for all costs and expenses of incident remediation.