

**Demmer Corporation PURCHASE ORDER
TERMS AND CONDITIONS FOR SUPPLIER MATERIALS AND/OR SERVICES**

1. **ENTIRE AGREEMENT:** This contract, together with the attachments, exhibits, supplements, or other terms of Demmer Corporation specifically referenced in this contract, constitutes the entire agreement between Supplier and Demmer Corporation with respect to the matters contained in this contract and supersedes all prior oral or written representations and agreements. No additional or differing terms in any confirming document will become a part of this agreement, unless specifically agreed to, in writing by an authorized Demmer Corporation Buyer. To the extent of any conflict between this Purchase Order's Terms and Conditions and the terms of any other document as that is part of the Agreement, the Terms and Conditions of this Purchase Order shall prevail. Supplier agrees to participate in Demmer Corporation's supplier quality and development program(s) and to comply with all quality requirements and procedures specified by Demmer Corporation.

2. **TIME REQUIREMENT:** Time is of the essence. Demmer Corporation requires 100% on time delivery or performance. Demmer Corporation's production schedules are dependent upon the delivery or performance schedules made a part of this agreement. Supplier's failure to deliver or perform services on a timely basis is a default, and will entitle Demmer Corporation, as its election, to all proper remedies, including cancellation of this agreement. It is Demmer Corporation's policy to recover costs incurred due to delivery or performance deficiencies.

Note: Recovery plans and alternative support will be given to Demmer Corporation Buyer in writing 3 weeks prior to performance or delivery failure from Supplier.

3. **CITIZENSHIP REQUIREMENT:** All work will be conducted by United States citizens.

4. **RIGHT OF ACCESS:**
 - (A) If services to be provided under this Agreement require the agents, employees, or contractors of Supplier to enter onto the Project site, Demmer Corporation shall provide right-of-access to the site to Supplier, its employees, agents and contractors, to conduct the planned field observations or services.

 - (B) Supplier shall take reasonable precautions to minimize damage to the site due to its operations. At Demmer Corporation's request and for additional fee, as agreed upon by the parties, Supplier will, to the extent reasonably practicable, restore the site to conditions substantially similar to those existing prior to Supplier's operations.

5. **REQUIREMENTS FOR SUPPLIERS OF MATERIALS:**

- (A) **CONFORMANCE REQUIREMENT:** Demmer Corporation requires 100% Quality material. Demmer Corporation's production schedules are dependent upon receipt of quality material. Supplier's failure to supply quality goods is a default, and will entitle Demmer Corporation, at its election, to all proper remedies, including cancellation of this agreement. It is Demmer Corporation's policy to recover costs incurred due to quality deficiencies. Included as part of the Cost Recovery Policy are the following:
- (1) An Accounts Payable Debit Memo (APDM) will be processed for each incident of non-conforming product and issued to the Supplier for a dollar amount determined by the Purchasing Department.
 - (2) An Administrative Fee will be added for each APDM issued. The amount of such fee is determined by the Purchasing Department and is subject to change without notice.
- (B) **WARRANTIES:** Supplier warrants that all material(s) and/or work covered by this Order will (i) conform in all respects to the requirements of this Order (and Supplier will provide certification of same to Demmer Corporation if requested), (ii) be free from defect of material (s) and/or workmanship, and (iii) be fit and sufficient for the purposes intended.
- (C) **INSPECTION AND REJECTION:** All materials shall be received by Demmer Corporation or Demmer Corporation's designee subject to inspection and rejection. Supplier acknowledges that Demmer Corporation is under no obligation to perform incoming inspections of the goods, and waives any rights to require Demmer Corporation to conduct such inspections. Materials not conforming to Demmer Corporation's specifications will be held at Supplier's expense, and if directed by Supplier, returned to Supplier.
- (1) Supplier is responsible to notify Demmer Corporation Buyer when shipment of nonconforming product is pending, per instructions as referenced in the Demmer Corporation Supplier Manual.
- (D) **ACCESS OF DEMMER CORPORATION TO SUPPLIER'S FACILITIES:** Demmer Corporation, Demmer Corporation's Customers, and authorized Regulatory Authorities reserve the right to access the Supplier's facilities involved in the order and to all quality records applicable to such orders. This includes the right to inspect item(s) covered under purchase orders issued to Supplier.
- (E) **CHANGE IN PRODUCT AND/OR PROCESS:** Supplier shall not make changes to product or to approved processes without first obtaining approval from Demmer Corporation Buyer, as referenced in the Demmer Corporation Supplier Manual.

- (F) **CONSTRUCTIVE ACCEPTANCE:** Commencement of shipment of materials described in this Order constitutes acceptance, irrespective of whether Supplier confirms its acceptance by a written agreement.
- (G) **ALTERATIONS:** Changes may be made to the Order by Demmer Corporation, from time to time, and equitable adjustments will be made to the price and/or other terms as are proper.
- (H) **DEMMER CORPORATION'S PROPERTY:** All supplies, material, tools, jigs, gauges, fixtures, molds, patterns equipment and other items furnished by Demmer Corporation, either directly or indirectly to Supplier to perform this contract or for which Supplier has been reimbursed by Demmer Corporation, shall be and remain property of Demmer Corporation on a bailment basis. Unless otherwise agreed to by Demmer Corporation, Supplier shall at its expense keep in good condition, and replace Demmer Corporation's property when necessary.
- (I) **VISITATION AND AUDIT:** Demmer Corporation shall have the right to enter Supplier's facility at reasonable times to inspect the facility, goods, material, and any property of the Demmer Corporation covered by this agreement.
- (J) **PREMIUM SHIPMENTS:** If Supplier's acts or omissions result in Supplier's failure to meet Demmer Corporation's delivery requirements and Demmer Corporation requires a more expeditious method of transportation. Supplier shall ship the goods as expeditiously as possible at Supplier's sole expense.
- (K) **SPECIALITY TESTING REQUIREMENTS:** Suppliers contracted to supply specialty material and or manufacture components which need to meet ballistics requirements the Supplier is responsible to coordinate all testing at ATC (Aberdeen Testing Center). The Supplier is responsible to provide all test results to Demmer Corporation at time of receipt of Demmer Corporation.
- (L) All unit prices and quantities reflected on the Demmer Corporation Purchase Order are accepted by the Supplier unless the responsible Demmer Corporation Buyer indicated on the PO is notified prior to shipment.
- (M) All Supplier packing slips must reference a Demmer Corporation Purchase Order Number. Additionally, Demmer Corporation will audit all receipts to ensure that the proper information is contained on the packing slip.
- (N) Shipping costs will be included in the piece price when a shipment is made prepaid. If the shipment is made collect, Demmer Corporation will pay the third party freight bill and these costs will be charged to the appropriate program directly.

6. **REQUIREMENTS FOR SUPPLIERS OF SERVICES:**

(A) SAFETY:

- (1) It is understood and agreed that, with respect to Project site health and safety, Supplier is responsible solely for the safe performance by its personnel of their activities in performance of the required services. Except as noted, it is expressly agreed that Supplier's services hereunder do not involve any responsibility for the protection and safety of other persons on and about the Project, nor is Supplier to review the adequacy of job safety on the Project for other persons. It is further understood and agreed, and not in limitation of the foregoing, that Supplier shall not be in charge of, and shall have no control or responsibility over any aspect of the erection, construction or use of any scaffolds, hoists, cranes, stays, ladders, supports, or other similar mechanical contrivances or safety devices as defined and interpreted under any structural work act or other statute, regulation, or ordinance relating in any way to Project safety.
- (2) Unless otherwise specifically provided in this Agreement, Demmer Corporation, to the extent applicable, shall provide, at its expense, facilities and labor necessary to afford Supplier field personnel access to sampling, testing, or observation locations in conformance with federal, state, and local laws, ordinances, and regulations specifically, including, but not limited to regulations set forth in OSHA 29 CFR 1926 and OSHA 29 CFR 1910.
- (3) If, in Supplier's reasonable opinion, its field personnel are unable to access required locations and perform the required services in conformance with federal, state, and local laws, ordinances and regulations due to Project site conditions or operations of other parties present on the Project site, Supplier may, at its discretion, suspend its services until such conditions or operations are brought into conformance with applicable laws, ordinances and regulations. If, within a reasonable time, operations or conditions are not in conformance with applicable laws, ordinances, and regulations, Supplier may, at its discretion, terminate this Agreement. In the event that the Agreement is terminated pursuant to this Section, Demmer Corporation shall pay Supplier for services and termination expenses in a manner consistent with Section 15 of this Purchase Order.
- (4) Current regulations promulgated by the Occupational Safety and Health Administration (OSHA) require that a "competent person" conduct inspections of excavations and review any supporting system if workers are to enter the excavations. See OSHA 29 CFR Part 1926 (Subpart P). Under the scope of work incorporated in this Agreement, Supplier does not provide and has not assumed any duties of inspection and/or

monitoring of excavations required of the "competent person" under OSHA 29 CFR Part 1926 (Subpart P).

- (B) **SAMPLES:** Unless otherwise specifically provided in this Agreement or amendments thereto, Supplier reserves the right to discard samples immediately after testing, if any testing is performed. Upon request, the samples will be shipped or stored.
- (C) **REPORTS AND OWNERSHIP OF DOCUMENTS:** Supplier shall furnish up to six (6) copies of each report to Demmer Corporation. Additional copies shall be furnished at the rates specified in the fee schedule. With the exception of Supplier reports to Demmer Corporation, all documents, including, if applicable, original boring logs, field data, field notes, laboratory test data, calculations, and estimates, are and remain the property of Supplier. Demmer Corporation agrees that all reports and other work product furnished to Demmer Corporation not paid for in full will be returned upon demand and will not be used for any purpose, including, but not limited to design, construction, permits, or licensing.
- (D) **STANDARD OF CARE:**
 - (1) Supplier represents that it will perform its services under this Agreement in conformance with the care and skill ordinarily exercised by reputable members of its professional community or industry practicing or performing under similar conditions at the same time in the same or similar locality.
 - (2) NO OTHER WARRANTY OF ANY KIND, EXPRESSED OR IMPLIED, AT COMMON LAW OR CREATED BY STATUTE, IS EXTENDED, MADE, OR INTENDED BY THE RENDITION OF SERVICES OR BY FURNISHING ORAL OR WRITTEN REPORTS OF THE FINDINGS MADE. THIS PROVISION DOES NOT AFFECT ANY WARRANTY FOR MATERIALS AS PROVIDED ABOVE.
 - (3) Except for work under this Agreement, Supplier is not responsible for supervising, directing, controlling, or otherwise being in charge of the construction activities at the Project site; or supervising, directing, controlling or otherwise being in charge of the actual work of the contractor, its subcontractors, or other material men or service providers not engaged by Supplier.
- (E) **HAZARDOUS SUBSTANCES:**
 - (1) Upon entering into this Agreement, Demmer Corporation shall notify Supplier of all such hazardous substances or hazards that it knows are or may be present at or contiguous to the Project site or which may otherwise affect the services to be provided. Thereafter, such notification to

Supplier shall be required as soon as practicable after Demmer Corporation discovers the presence of hazardous substances which were not previously disclosed, increased concentrations of previously disclosed hazardous substances. Hazardous substances shall include, but not be limited to, any substance which poses or may pose a present or potential hazard to human health or the environment whether contained in a product, material, by-product, waste, or sample and whether it exists in a solid, liquid, semi-solid, or gaseous form.

- (2) Following any disclosure as set forth in the preceding paragraph, or if any hazardous substances or conditions are discovered or reasonably suspected by Supplier after its services are undertaken, Supplier may, at its discretion, suspend its services until reasonable measures have been taken at Demmer Corporation's expense to protect Supplier's employees from such hazardous substances or conditions.

(F) **ALLOCATION OF RISK:**

SUPPLIER SHALL INDEMNIFY AND HOLD HARMLESS DEMMER CORPORATION AND BE RESPONSIBLE FOR ANY CLAIMS, DAMAGES, LOSSES AND EXPENSES OF ANY TYPE OR NATURE TO THE EXTENT CAUSED BY NEGLIGENT ACTS AND/OR OMISSIONS OR WILLFUL MISCONDUCT OF SUPPLIER ITS EMPLOYEES, AGENTS, STAFF, CONSULTANTS, CONTRACTORS OR SUBCONTRACTORS EMPLOYED BY IT OR BY ANY OTHER RELATED ENTITY.

- (G) **RELATIONSHIP OF Demmer Corporation TO SUPPLIER FOR PURPOSES OF SERVICES:** The relationship between Demmer Corporation and Supplier created under this Agreement is that of principal and independent contractor. Neither the terms of this Agreement nor the performance thereof is intended to directly or indirectly benefit any person or entity not a party hereto and no such person or entity is intended to be or shall be construed as being, a third-party beneficiary of this Agreement unless specified by name herein or in an Amendment hereto, executed by Supplier's authorized representative.

7. **SEVERABILITY:** In the event that any provision herein shall be deemed invalid or unenforceable, the other provisions hereof shall remain in full force and effect, and binding upon the parties hereto.
8. **SURVIVAL:** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating responsibility or liability between Demmer Corporation and Supplier shall survive the completion of services and the termination of this Agreement.

9. **WRITTEN NOTICE:** Written notice shall be deemed to have been duly served if delivered in person to the individual or a member of the firm or entity or to an officer of the corporation for which it was intended, or if delivered at or sent by registered or certified mail or electronic mail to the last business address known to the party giving notice.
10. **CHANGE IN SERVICE/SCOPE OF WORK:** Supplier shall not make changes to material, service or scope of work without first obtaining approval from Demmer Corporation.
11. **ASSIGNMENT AND SUBCONTRACTORS:** This agreement may not be assigned by the Supplier without the written consent of Demmer Corporation. Use of subcontractors by Supplier is subject to Demmer Corporation's approval.
 - (A) Supplier shall not subcontract any portion of work contracted by Demmer Corporation to the Supplier unless prior written authorization is issued by Demmer Corporation Purchasing Department. Supplier is obligated to notify the Demmer Corporation Purchasing Department of any intent to subcontract in a timely manner so that appropriate reviews, approvals or denials can be completed without adversely affecting delivery.
 - (B) Where the Supplier uses subcontract suppliers, it is the responsibility of the Supplier to flow down to such sub-tier suppliers, the applicable requirements in the purchasing documents, including key characteristics, where required, as specified by Demmer Corporation.
12. **APPLICABLE LAW AND DISPUTE RESOLUTION:** This agreement will be construed under laws of the State of Michigan, exclusive of any conflict of law provisions. The parties agree to informally discuss any dispute. If such informal discussions cannot or do not timely resolve any dispute, disputes may be referred to a state court of competent jurisdiction in Ingham County.
13. **ALTERATIONS:** Changes may be made to the Order by Demmer Corporation, from time to time, and equitable adjustments will be made to the price and/or other terms as are proper. Any changes or adjustments shall be made upon mutual agreement of the parties and will be in writing and signed by both parties.
14. **CANCELLATION:** Demmer Corporation reserves the right, at any time and without cause, to cancel all or any portion of the undelivered portion of this Order by written notice to the Supplier. At cancellation of this Order, a Supplier of services shall be paid for services performed up to the date of termination provided in the written notice. At cancellation of the Order, a Supplier of materials and Demmer Corporation will make equitable adjustments, and reasonable consideration will be given for raw and unfinished material at Supplier's location.

15. **GOVERNMENT REGULATIONS:** In performance of work under this order, Supplier agrees to comply with all applicable federal, state or local laws, rules, regulations and ordinances.
16. **REGULATIONS:** Except, and to the extent expressly stated in this Agreement, in no event shall Supplier be considered the generator of any pre-existing waste from the project site pursuant to any state, local or federal law or regulation. All materials delivered under this Purchase Order shall satisfy current governmental and safety constraints on restricted toxic and hazardous materials, as well as environmental, electrical and electromagnetic considerations. All services performed under this Purchase Order shall satisfy current governmental and safety constraints on restricted toxic and hazardous materials, as well as environmental, electrical and electromagnetic considerations.
17. **EQUAL OPPORTUNITY CLAUSE:** During the performance of this contract, the Supplier agrees as follows:
 - (A) The Supplier will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Supplier will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following employment, upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Supplier agrees to post in conspicuous places available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
 - (B) The Supplier will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
 - (C) The Supplier will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of the Contractor's commitments under Section 2020 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
 - (D) The Supplier will comply with all provisions of Executive Order 11246 of September 24, 1965, and by the rules, regulations, and relevant orders of the Secretary of Labor.

- (E) The Supplier will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
 - (F) In the event of the Supplier's noncompliance with the nondiscrimination clause of this contract or with any such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the Supplier may be declared ineligible for further Government contracts in accordance with procedure authorized in Executive Order 11246 of
 - (G) September 24, 1965 and such other sanctions as may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule regulation, or order of the Secretary of Labor, or as otherwise provided by law.
 - (H) The Supplier will include provisions of paragraphs (A) through (G) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246, so that such provisions will be binding upon each subcontractor or vendor. The Supplier or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event the Supplier becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Supplier may request the United States to enter into such litigation to protect the interests of the United States.
18. **FORCE MAJEURE:** Any delay of failure of either party to perform to its obligations shall be excused if, and to the extent that, it is caused by an event of occurrence beyond the reasonable control of the party and without its fault or negligence, including but not limited to acts of God, actions by any Government authority, fires, floods, windstorms, explosions, riots, natural disasters, wars, sabotage, labor problems (including lockouts, strikes and slowdowns), inability to obtain material, power, labor, equipment, transportation, court injunction or order provided that written notice of any such delay on the part of the Supplier (including anticipated duration of delay) shall be given to Demmer Corporation as soon as possible after the event or occurrence (but no more than ten (10) days thereafter). During the period of such delay or failure to perform by Supplier, Demmer Corporation may at its option, purchase materials and/or services from other sources and reduce its schedules to Supplier without liability to Supplier, or have Supplier provide the materials and/or services from other sources at times requested by Demmer Corporation, and at the price set forth in this contract. If the delay lasts more than 30 days or Supplier does not provide adequate assurance that the delay will cease within 30 days, Demmer Corporation may immediately terminate this contract without liability.

19. **ENVIRONMENTAL CONFORMANCE:** The Supplier will conform to Demmer Corporation's EMS policy, and any procedures as defined in Demmer Corporations ISO 14001 guidelines provided to Supplier before this Agreement is executed.
20. **AFFIRMATIVE ACTION COMPLIANCE PROGRAM CLAUSE:** The Supplier certifies that it has developed and presently has in full force and effect a written affirmative action program in accordance with the requirements set forth in Title 41, Part 60-1 - Obligations of Contractor and Subcontractor and Part 60-2 - Affirmative Action Programs, Section 60-1.40, of the Code of Federal Regulations, effective July 1, 1966, as amended.
21. **EEO INFORMATION REPORT:** The Supplier certifies that E.E.O.-1, Standard Form 100, promulgated jointly by the Office of Federal Contract Compliance Programs and the Equal Employment Opportunity Commission has been filed in accordance with the requirements set forth in Title 41, Part 60-1 - Obligations of Contractor and Subcontractors, Section 60-1.7, of the Code of Federal Regulations, effective July 1, 1966, as amended.
22. **AFFIRMATIVE ACTION CLAUSES:**
 - (A) All provisions of 41 CFR 60-250 and 41 CFR 61-250, as amended, pertaining to Affirmative Action for Disabled Veterans of the Vietnam Era are hereby incorporated by reference where this contract is for \$10,000.00 or more.
 - (B) All provisions of 41 CFR 60-741, as amended, pertaining to Affirmative Action for Handicapped Workers are hereby incorporated by reference where this contract is for \$2,500.00 or more.
23. **INSURANCE:** The Supplier shall maintain insurance coverage with carriers acceptable to Demmer Corporation and in amounts not less than the following as relevant to the services and as requested by Demmer Corporation:
 - (A) Worker's Compensation - statutory limits for the state or states in which this contract is to be performed (or evidence of authority to self insure).
 - (B) Employers' Liability - \$500,000 bodily injury by accident/each accident, \$500,000 bodily injury by disease/policy limit, and \$500,000 bodily injury by disease each employee.
 - (C) Commercial General Liability including products/completed operations and blanket contractual liability - \$2,000,000 general aggregate limit, \$1,000,000 products/completed operations aggregate limit, \$1,000,000 personal and advertising injury limit, and \$1,000,000 each occurrence limit.

- (D) Commercial Automobile Liability including owned, non-owned and hired vehicles - \$1,000,000 each accident for combined bodily injury and property damage liability.
 - (E) Pollution Contractors and Professional Liability Coverage of \$1,000,000 per claim, \$2,000,000 aggregate.
 - (F) These insurance requirements may be fulfilled by either primary policy limits or by umbrella liability policies. The Supplier shall furnish to Demmer Corporation a certificate of insurance setting forth the amount(s) of coverage and limits, policy numbers and dates of expiration for insurance maintained by the Supplier within ten (10) days of Demmer Corporation's request. This certificate of insurance will provide that Demmer Corporation shall receive thirty (30) days of prior written notice from the insurer of any termination or reduction in the amount or scope of coverage(s) and also name Demmer Corporation as an additional insured to the extent that same is reasonably possible. Supplier's purchase of appropriate insurance or the furnishing of certificates of insurance shall not release Supplier of its obligations or liabilities under this contract. In the event of Supplier's breach of this provision, Demmer Corporation shall have the right to cancel the undelivered portion of any goods or services covered by this contract and shall not be required to make further payment except for the
 - (G) Conforming materials delivered or services rendered prior to the cancellation of Supplier's furnishing of certificates of insurance or purchase of insurance shall not release Supplier of any other obligations or liabilities under this contract.
 - (I) Demmer Corporation must have documented insurance and liability documents from all Suppliers, or other Outside Contractors which are within the properties of Demmer Corporation affiliates. Supplier shall be responsible to maintain and update such insurance and Liability documents and to provide evidence of same to Demmer Corporation.
24. **HOLD HARMLESS:** Contractor agrees to and shall indemnify, protect, defend and save harmless Demmer Corporation from and against all liability or claimed liability for injuries, including death, to any and all persons and for any and all property damage arising out of or resulting from or in any way connected with the work covered by this agreement or the operation or acts of commission or omission of the contractor, his subcontractors, agents or employees. The contractor shall neither be responsible nor relieve Demmer Corporation from liability for the gross negligence or the sole negligence of Demmer Corporation or any of its employees, agents or servants.
25. All purchase orders issued by Demmer Corporation are electronically authorized. This authorization is signified with Demmer Corporation and the authorizing Buyer's ID number.